Income Statement

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Definition

An accounting of sales, expenses and net income for a certain period.

An Income statement is a financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period, such as a month, three months, or a year.

The income statement in general shows incomes, costs, capital gains and losses. The bottom line shows the profit or loss for the period.

The income statement is an important instrument as it demonstrates the profitability of a company. It is also read by investors, lenders, shareholders, competitors and many others

The income statement is the one of the three major financial statements. The other two are the balance sheet and the statement of cash flows. The income statement is divided into two parts: the operating and non-operating sections

The operating sections

- The portion of the income statement that deals with operating items is interesting to investors and analysts alike because this section discloses information about revenues and expenses that are a direct result of the regular business operations.

The non-operating sections

- The non-operating items section discloses revenue and expense information about activities that are not tied directly to a company's regular operations

An income statement, for example, includes the following items:

• Income from main activities
• Income from indirectly activities, or non-operating revenues
• Capital gains
• Financial income

Income from primary activities
For a retailer, wholesaler, and distributor the primary activities would be the buying of merchandise and then the sale of that merchandise. For Akelius and other real-estate company, the primary income is rent.

Income from secondary activities

This income is often referred to as non-operating revenues or other revenues,as they are not derived from the company´s mail business

If the net amount of income and gains minus costs and losses is positive, the bottom line of the profit and loss statement is labeled as **net income**. If the net amount (or bottom line) is negative, there is a **net loss**.

To understand how income statements are set-up, think of them as a set of stairs.

You start at the top with the total amount of sales made during the accounting period. Then you go down, one-step at time. At each step, you make a deduction for certain costs or other operating expenses associated with earning the revenue. At the bottom of the stairs, after deducting all of the expenses, you learn how much the company actually earned or lost during the accounting period, also known as the” "the bottom line."

INCOME STATEMENTS

Group, amounts in MSEK	2008/09 July-Dec 18 mths	2007/08 July-June 12 mths
Rental income	**4,182**	**2,318**
Operating costs	-1,523	-870
Maintenance	-529	-298
Property tax and site leasehold fees	-103	-62
Property Costs	**-2,155**	**-1,230**
Operating surplus	**2,027**	**1,088**
Depreciations, write-downs, reversals	-341	-317
Gross Profit	**1,686**	**771**
Other revenues	2	3
Central administration expenses	-58	-22
Income from sales	857	901
Operating profit/loss	**2,487**	**1,653**
Financial income	144	26
Financial costs	-1,723	-927
Earnings before tax	**908**	**752**
Tax	176	116
Profit for the year	**1,084**	**868**