

NINJA NOTES

Financial Accounting & Reporting 2026



Income Statement & Statement of Comprehensive Income

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Income Statement

Description

- Income Statement measures the financial performance of an enterprise from the aggregation of revenues, expenses, gains, and losses that are not items of other comprehensive income.

Format

- Single-Step Income Statement
 - Single-Step Income Statement is a simplified version of the traditional Income Statement, and it's called "Single-Step" because it uses only one subtraction to arrive at the Net Income.

Income Statement	
For the Year Ended December 31, Year 1	
Revenues & Income	XXX
Less: Expenses & Losses	(XXX)
Income (Loss) from Continuing Operations, Gross of Taxes	XXX
Less: Taxes (Current Taxes + Deferred Taxes)	(XXX)
Income (Loss) from Continuing Operations, Net of Taxes	XXX
Income (Loss) from Discontinued Operations, Net of Taxes	XXX
Net Income	XXX

- Multiple-Step Income Statement
 - Multiple-Step Income Statement, in contrast to the Single-Step Income Statement, provides a more detailed view of a company's financial performance by breaking down revenues and expenses into several categories.

Income Statement	
For the Year Ended December 31, Year 1	
Net Revenues	XXX
Less: Cost of Goods Sold	(XXX)
Gross Profit	XXX
Less: Operating Expenses	(XXX)
Operating Profit	XXX
Add: Non-Operating Gains & Revenues	XXX
Less: Non-Operating Losses & Expenses	(XXX)
Income (Loss) from Continuing Operations, Gross of Taxes	XXX
Less: Taxes (Current Taxes + Deferred Taxes)	(XXX)
Income (Loss) from Continuing Operations, Net of Taxes	XXX
Income (Loss) from Discontinued Operations, Net of Taxes	XXX
Net Income	XXX

Components of an Income Statement

- Net Revenue

- Revenue Recognition Steps:

- Step 1: Identify the contract(s) with a customer.
 - Step 2: Identify the performance obligations in the contract.
 - Step 3: Determine the transaction price (i.e., amount).
 - Step 4: Allocate the transaction price to the performance obligations in the contract.
 - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

- Revenue Recognition Calculation

Sales	XXX
Less: Sales Return	(XXX)
Net Revenue	XXX

- Cost of Goods Sold

Opening Inventory	XXX
Add: Purchases	XXX
Less: Ending Inventory	(XXX)
Cost of Goods Sold	XXX

- Gross Profit

Revenues	XXX
Less: Cost of Goods Sold	(XXX)
Gross Profit	XXX

- Operating Expenses

Selling Expenses	Sales Staff Salaries & Commission, Freight Outward, Advertisements, Bad-Debt Expense & Depreciation on Sales Vehicles
General & Administrative Expense	Salaries, Rent, Insurance, Legal, Accounting Expenses & Depreciation on Office Equipment
Research & Development Expense	Research & Development Expense, Depreciation on Research & Development Equipment
Impairment Losses	Impairment on Tangible & Intangible Assets (For SEC Registrants)

- Operating Profit

Gross Profit	XXX
Less: Operating Expenses	(XXX)
Operating Profit	XXX

- Non-Operating Items

Investment Income & Expense	Interest Income, Interest Expense, Dividend Income, Unrealized Gain or Loss on Trading Securities, Gain or Loss on Foreign Currency Transactions.
Gain or Loss on Disposal	Gain or Loss on Sale of PPE & Intangible Assets
Unusual &/or Infrequent Items	Loss due to Natural disasters such as Fire, Hurricanes, etc.
Impairment Losses	Impairment on Tangible & Intangible Assets (For Non-SEC Registrants)

- Income (Loss) from Continuing Operations, Gross of Taxes

Operating Profit	XXX
Add/Less: Non-Operating Items	XXX/(XXX)
Income (Loss) from Continuing Operations, Gross of Taxes	XXX

- Income Taxes

Current Tax Liability	XXX
Add: Deferred Tax Liability	XXX
Less: Deferred Tax Asset	(XXX)
Income Tax Expense	XXX

- Income (Loss) from Continuing Operations, Net of Taxes

Income (Loss) from Continuing Operations, Gross of Taxes	XXX
Less: Income Tax Expense	(XXX)
Income (Loss) from Continuing Operations, Net of Taxes	XXX

- Income (Loss) from Discontinued Operations, Net of Taxes

Gain or Loss from Operations	XXX/(XXX)
Impairment Loss [CV – NRV]	(XXX)
Gain or Loss on Disposal [Proceeds – CV]	XXX/(XXX)
Income from Discontinued Operations, Gross of Tax	XXX/(XXX)
Add/Less: Tax Effects	XXX/(XXX)
Income from Discontinued Operations, Net of Tax	XXX/(XXX)

- Net Income

Income (Loss) from Continuing Operations, Net of Taxes	XXX
Income (Loss) from Discontinued Operations, Net of Taxes	XXX
Net Income	XXX

Statement of Comprehensive Income

Description

- Statement of Other Comprehensive Income (OCI) is a financial statement that displays items that are not included in the Net Income but affect the equity section of the Balance Sheet.
- Statement of Other Comprehensive Income (OCI) includes certain unrealized revenues, expenses, gains, and losses that are excluded from Net Income.

Format

Statement of Comprehensive Income	
For the Year Ended December 31, Year 1	
Net Income	XXX
Other Comprehensive Income	
Foreign Currency Translation Gain/Loss	XXX
Pension Adjustments	XXX
Unrealized Gain/Loss on Available-for-Sale Debt Securities	XXX
Gains/Loss on Derivatives designated as Cash Flow Hedges	XXX
Comprehensive Income	XXX

Components of Statement of Comprehensive Income

- Foreign Currency Translation Gain or Loss
- Pension Adjustments
- Unrealized Gains and Losses on Available-for-Sale (AFS) Debt Securities
- Gains and Losses on Derivative Instruments that are Designated as Cash Flow Hedges

Reclassification

- Reclassification Adjustments move specific gains and losses from AOCI to Retained Earnings when those gains and losses are realized.

Presentation

- Combined Statement of Income and Comprehensive Income
 - Income Statement (or Statement of Profit or Loss) and the Statement of Comprehensive Income into a single statement
- Separate Statement of Income and Statement of Comprehensive Income
 - Income Statement and the Statement of Comprehensive Income as two separate but consecutive statements.