KEEP IT NEXT TO YOUR NEXT REPORT

The one-page P&L cheat sheet

Every P&L is a staircase: start with what you sold, take off each layer of cost, and see what's left. Here it is with one company's numbers, plus the formulas and questions that matter in a review meeting.

The P&L staircase

Revenue What did we sell?	$39.0m	100%
– Cost of sales What did it cost to deliver?	$23.85m	
Gross profit Did we sell at the right price?	$15.15m	38.8%
– Operating expenses People, rent, marketing, IT	$8.6m	
EBITDA Do operations make money?	$6.55m	16.8%
– Depreciation & amortization Wear and tear on what we own	$1.3m	
Operating profit (EBIT) Does the business make money?	$5.25m	13.5%
– Interest & tax The cost of loans, and the tax bill	$1.6m	
Net profit What's left for the owners	$3.65m	9.4%

Halvard Coffee Systems, 2024 (a fictional company). % = share of revenue.

Five formulas worth knowing

Gross margin

`gross profit ÷ revenue`

Halvard: 15.15 ÷ 39.0 = 38.8%

EBITDA margin

`EBITDA ÷ revenue`

Halvard: 6.55 ÷ 39.0 = 16.8%

Margin vs markup

`margin = profit ÷ price`

`markup = profit ÷ cost`

$70 cost, $100 price: 30% margin, 43% markup

Extra sales a discount needs

`discount ÷ (margin − discount)`

10% off at a 30% margin: 10 ÷ 20 = 50% more sales

Days to collect (DSO)

`receivables ÷ revenue × 365`

Every 30 days on $12m of sales ≈ $1m of cash waiting

Five questions for any P&L

1. **What drove revenue?** Price, volume, mix or a one-off?
2. **Did gross margin hold?** If not: discounts, mix or costs.
3. **Did costs grow faster than revenue?** Then efficiency fell.
4. **What happened below operating profit?** Interest, tax, one-offs.
5. **How does it compare?** With budget, forecast and last year.

Red flags to spot fast

- **Sales up, profit down.** Growth cost more than it earned.
- **Gross margin slipping** quarter after quarter.
- **Profit, but no cash.** Check late payers and stock.
- **Lots of "adjusted" items.** Ask which ones recur.
- **Revenue "on budget"** while margin is below it.

ASK FINANCE

"Which lines of the P&L am I accountable for, and what were they last year as a % of revenue?"

© 2026 Boardroom Numbers · Finance, made simple for leaders