



## Chapter 5 Outline

Major Elements of the Income Statement  
Relationship with the Balance Sheet  
Sales  
Cost of Goods Sold  
Expenses  
Gains and Losses  
Income Taxes  
Extraordinary Items  
Earnings per Share  
Income Statements for Internal and  
    External Users  
Uniform System of Accounts  
Internal Income Statements—A  
    Contribution Approach  
        Contents of the Summary Operating  
        Statement  
Departmental Statements  
Uniform System of Accounts for  
    Restaurants  
Statement of Retained Earnings

## Competencies

1. Identify the purpose of the income statement, its major elements, and its relationship to the balance sheet. (pp. 141–143)
2. Identify when a sale is recorded, describe how to account for allowances and returns, and describe how to account for the cost of goods sold. (pp. 143–146)
3. Identify some common operational expenses and explain how they are recorded, and describe how to calculate and account for gains and losses. (pp. 146–148)
4. Explain how earnings per share is calculated and reported, and describe how income statements for internal and external users differ. (pp. 149–152)
5. Explain the purposes of uniform systems of accounts and identify those systems that are relevant to the hospitality industry. (p. 152)
6. Outline the contents of the income statement and identify the purpose of departmental statements. (pp. 152–162)
7. Describe the purpose of and information reported on the statement of retained earnings. (pp. 162–163)