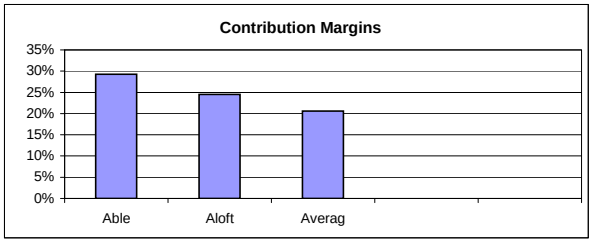
2011 Income Statement

Product Name	Able	Aloft	Averag	Na	Na	2011 Total	Common Size	2010
Sales	$54'657	$33'350	$33'170	$0	$0	$121'178	100.0%	$85'201
Variable Costs								
Direct Labor	$17'849	$11'159	$14'321	$0	$0	$43'329	35.8%	$28'272
Direct Material	$20'794	$13'018	$12'003	$0	$0	$45'815	37.8%	$34'214
Inventory Carry	$0	$1'018	$0	$0	$0	$1'018	0.8%	$0
Total Variable Costs	$38'643	$25'196	$26'324	$0	$0	$90'162	74.4%	$62'487
Contribution Margin	$16'014	$8'155	$6'846	$0	$0	$31'015	25.6%	$22'714
Period Costs								
Depreciation	$1'272	$747	$747	$0	$0	$2'765	2.3%	$1'821
SG&A: R&D	$530	$281	$0	$0	$0	$811	0.7%	$891
Promotions	$1'300	$2'000	$2'000	$0	$0	$5'300	4.4%	$4'500
Sales	$900	$2'500	$1'750	$0	$0	$5'150	4.2%	$5'000
Admin	$1'666	$1'016	$1'011	$0	$0	$3'693	3.0%	$1'546
Total Period Costs	$5'667	$6'544	$5'508	$0	$0	$17'719	14.6%	$13'758
Net Margin	$10'347	$1'611	$1'338	$0	$0	$13'296	11.0%	$8'956
Other						$100	0.1%	$75
EBIT						$13'196	10.9%	$8'881
Short Term Interes						$790	0.7%	$74
Long Term Interes						$646	0.5%	$646
Taxes						$4'116	3.4%	$2'857
Profit Sharing						$153	0.1%	$106
Net Profit						$7'491	6.2%	$5'199

Definitions: **Sales** - Unit sales times list price. **Direct Labor** - Labor costs incurred to produce the product that was sold. **Inventory Carry**- The cost to carry unsold goods in inventory. **Depreciation** - Calculated on straight-line 15-year depreciation of plant value. **R&D** - R&D department expenditures for each product. **Admin** - Administration overhead is estimated at 1.5% of sales. **Promotions** - The promotion budget for each product. **Sales** - The sales force budget for each product. **Other** - Charges not included in other categories such as Fees, Write Offs, and TQM. The fees include money paid to investment bankers and brokerage firms to issue new stocks or bonds, plus consulting fees your instructor might assess you, plus TQM expenditures. Write offs include the loss you might experience when you sell capacity or liquidate inventory as the result of eliminating a production line. If the amount appears as a negative amount, then you actually made money on the liquidation of capacity or inventory. **EBIT** - Earnings Before Interest and Taxes. **Short Term Interest** - Interest expense based upon last year's current debt, including short-term debt, long-term notes that have become due, and emergency loans. Interest income from your cash account is subtracted from these expenses. If interest income exceeds expenses, short-term interest appears as a negative amount. **Long Term Interest** - Interest paid on outstanding bonds. **Taxes** - Income tax based upon a 35% tax rate. **Profit Sharing** - Profits shared with employees under the labor contract. **Net Profit** - EBIT minus interest, taxes, and profit sharing.



Success Measures

