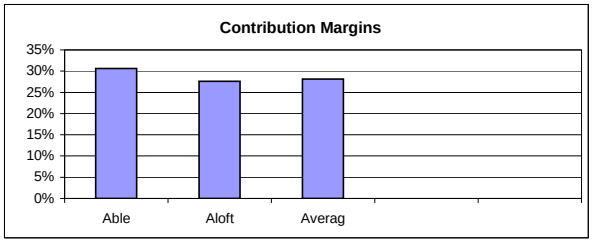
2012 Income Statement

Product Name	Able	Aloft	Averag	Advanc	Na	2012 Total	Common Size	2011
Sales	$63'093	$25'918	$39'970	$0	$0	$128'982	100.0%	$121'178
Variable Costs								
Direct Labor	$20'501	$7'121	$15'699	$0	$0	$43'320	33.6%	$43'329
Direct Material	$23'262	$9'916	$13'052	$0	$0	$46'230	35.8%	$45'815
Inventory Carry	$0	$1'722	$0	$0	$0	$1'722	1.3%	$1'018
Total Variable Costs	$43'763	$18'758	$28'751	$0	$0	$91'272	70.8%	$90'162
Contribution Margin	$19'330	$7'160	$11'219	$0	$0	$37'710	29.2%	$31'016
Period Costs								
Depreciation	$1'272	$747	$747	$0	$0	$2'765	2.1%	$2'765
SG&A: R&D	$541	$393	$0	$1'000	$0	$1'934	1.5%	$811
Promotions	$1'300	$1'500	$1'500	$0	$0	$4'300	3.3%	$5'300
Sales	$900	$2'500	$1'600	$0	$0	$5'000	3.9%	$5'150
Admin	$1'592	$654	$1'009	$0	$0	$3'255	2.5%	$3'693
Total Period Costs	$5'606	$5'794	$4'855	$1'000	$0	$17'255	13.4%	$17'719
Net Margin	$13'724	$1'367	$6'364	($1'000)	$0	$20'455	15.9%	$13'296
Other						$275	0.2%	$100
EBIT						$20'180	15.6%	$13'196
Short Term Interes						$368	0.3%	$790
Long Term Interes						$691	0.5%	$646
Taxes						$6'692	5.2%	$4'116
Profit Sharing						$249	0.2%	$153
Net Profit						$12'180	9.4%	$7'491

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

