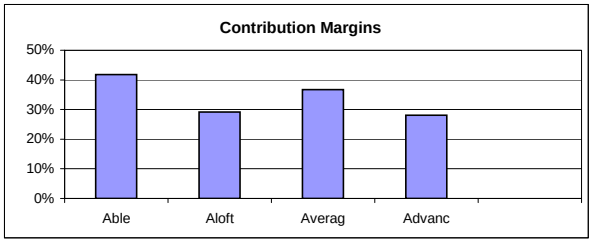
2014 Income Statement

Product Name	Able	Aloft	Averag	Advanc	Anew	2014 Total	Common Size	2013
Sales	$57'656	$20'060	$30'214	$33'796	$0	$141'726	100.0%	$141'008
Variable Costs								
Direct Labor	$14'918	$5'263	$10'797	$13'025	$0	$44'002	31.0%	$46'965
Direct Material	$18'644	$7'379	$7'792	$11'129	$0	$44'944	31.7%	$47'516
Inventory Carry	$0	$1'562	$547	$159	$0	$2'268	1.6%	$1'888
Total Variable Costs	$33'562	$14'204	$19'136	$24'312	$0	$91'214	64.4%	$96'370
Contribution Margin	$24'094	$5'856	$11'078	$9'484	$0	$50'512	35.6%	$44'638
Period Costs								
Depreciation	$1'680	$840	$600	$720	$0	$3'840	2.7%	$3'640
SG&A: R&D	$675	$1'000	$0	$761	$1'000	$3'436	2.4%	$744
Promotions	$2'000	$2'000	$250	$2'500	$0	$6'750	4.8%	$6'050
Sales	$2'000	$2'000	$250	$2'000	$0	$6'250	4.4%	$5'500
Admin	$1'483	$516	$777	$869	$0	$3'646	2.6%	$3'454
Total Period Costs	$7'838	$6'356	$1'877	$6'851	$1'000	$23'922	16.9%	$19'388
Net Margin	$16'256	($500)	$9'201	$2'634	($1'000)	$26'590	18.8%	$25'250
Other						$7'479	5.3%	$463
EBIT						$19'111	13.5%	$24'787
Short Term Interes						$326	0.2%	$335
Long Term Interes						$352	0.2%	$374
Taxes						$6'452	4.6%	$8'427
Profit Sharing						$240	0.2%	$313
Net Profit						$11'742	8.3%	$15'338

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

