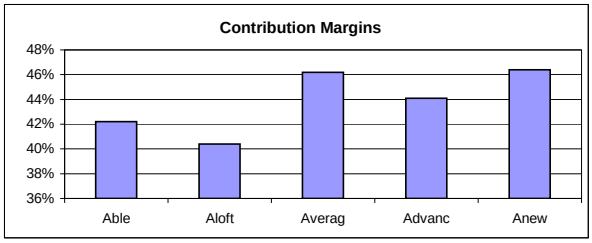
2016 Income Statement

Product Name	Able	Aloft	Averag	Advanc	Anew	2016 Total	Common Size	2015
Sales	$62'139	$36'897	$29'963	$37'620	$30'447	$197'066	100.0%	$188'493
Variable Costs								
Direct Labor	$16'321	$7'656	$9'126	$9'445	$6'316	$48'864	24.8%	$56'709
Direct Material	$19'498	$14'330	$6'943	$11'570	$10'000	$62'341	31.6%	$63'638
Inventory Carry	$101	$0	$36	$0	$0	$137	0.1%	$1'844
Total Variable Costs	$35'920	$21'987	$16'105	$21'015	$16'315	$111'342	56.5%	$122'191
Contribution Margin	$26'220	$14'910	$13'858	$16'605	$14'132	$85'724	43.5%	$66'302
Period Costs								
Depreciation	$1'820	$1'213	$867	$1'213	$1'040	$6'153	3.1%	$5'680
SG&A: R&D	$0	$199	$0	$0	$261	$460	0.2%	$1'264
Promotions	$1'500	$2'000	$500	$2'000	$2'000	$8'000	4.1%	$8'750
Sales	$1'500	$2'000	$500	$2'000	$2'000	$8'000	4.1%	$8'500
Admin	$1'520	$902	$733	$920	$745	$4'820	2.4%	$4'309
Total Period Costs	$6'340	$6'315	$2'600	$6'133	$6'046	$27'433	13.9%	$28'503
Net Margin	$19'880	$8'595	$11'258	$10'471	$8'087	$58'291	29.6%	$37'799
Other						$7'620	3.9%	$5'350
EBIT						$50'671	25.7%	$32'449
Short Term Interes						$365	0.2%	$360
Long Term Interes						$1'824	0.9%	$954
Taxes						$16'968	8.6%	$10'897
Profit Sharing						$630	0.3%	$405
Net Profit						$30'883	15.7%	$19'833

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

