

# [Riordan income statement](https://assignbuster.com/riordan-income-statement/)

Riordan Manufacturing is known to be a global manufacturer of plastic with employment of more than 500 people and with annual earnings of $46 million. Riordan Industry is the official owner of the company as well as a Fortune 1000 whose annual revenues are more than $1 billion. Riordan Manufacturing is a leader in using polymer materials and producing plastic beverages, custom plastic parts, plastic fan parts, etc. Furthermore, the main customers of Riordan are aircrafts manufacturers, appliance manufacturers, automotive manufacturers and beverage makers. Therefore in order to have clear idea about company’s performance in the market, it is necessary to analyze company’s income statement of 2005 and to compare it with that of the previous year.

It is necessary to outline that according official indicators the company has relative success in 2005, though declines compared with previous years are apparent. Firstly, the sales have significantly increased in 2005 ($50, 823, 685) compared with that of the previous year ($46, 044, 288) as well as there is an increase in gross margin - $8, 786, 061 in 2005 and $8, 564, 238 in 2004. Nevertheless, the direct costs of goods sold have appeared to be higher in 2005 ($42, 037, 624) than in 2004 ($37, 480, 050). (Riordan Manufacturing 2006)

The next moment to analyze is total operating expenses. It is apparent that they are considerably higher for 2005 ($5, 743, 241) versus 2004 ($5, 318, 115). For example, sales and marketing operating expenses are reported to be $343, 445 in 2005, though in 2004 they are $920, 886. Furthermore, expenses on quality assurance are $1, 139, 688; on machining and system maintenance - $628, 505, on depreciation - $343, 445. Non-operating expenses (interest expenses) have declined in 2005 ($143, 175) compared with previous year ($230, 221). Therefore conclusion is apparent: profit before taxes and interest is lower in 2005 ($3, 042, 820) than in 2004 (3, 246, 122). Nevertheless, net profit after taxes is a little bit higher in 2005 ($1, 956, 371) than in 2004 (1, 990, 495). (Riordan Manufacturing 2006)