

Comparing income statements from different industries

[Finance](#)



Finance and Accounting Income statement is a part of a company's financial report expressing the financial position of the company. The report includes all the factors which are associated with income and expenditures of the company. It includes revenue, expenses, profits, loss and incomes of the company (Buffett & Clark, 2008).

Companies publish income statements to inform their shareholders about the business activities which have been carried out during the period covered by the statement and whether such activities have resulted in a profit or loss to the business. Different companies include different factors in their income statements, but on a general note there is basic information and format expressing company's financial status for a particular business year. There are three major sections of an income statement, one describing incomes, second is cost of goods (expenses) and third projecting depreciations, taxes and interests. Here is a view of income statements taken from four different companies which operate in four different sectors:

Ford Motors Company

For the fiscal year 2010-2011, Ford Motors Company progressed to quite a great extent from the year 2009-2010. The income statement projected that the company had 17% gross profit margin out of the total revenue at the end of the business year 2011. Even having intensive liabilities, the company generated more profits with respect to the previous fiscal year (Ford Motor Company, 2012).

Winn-Dixie Stores Inc

With 514 stores operating in five different States, Winn-Dixie at the end of year 2010-2011 projected gross profit margin \$28.9 million which was

unexpectedly less than the fiscal year 2010. The gross profit margin of the company for 2011 was 27 % of the total revenue slightly less than the year 2010, which showed natural sales decrease within entire market segment.

Johnson and Johnson

For the fiscal year 2010-2011, Johnson and Johnson a leading pharmaceutical company showed potential revenue and profit margins. The company projected net profit margins of 15% with gross profits of 64 % of the total revenue in its annual income statement 2011 (Bloomberg, 2012).

Hewlett Packard and Lenovo Group

According to company's annual report 2011, Lenovo group expresses the gross profit margin 11% of total revenue. It is one of the leading companies in the technology sector which generates conventional profits in the technology market segment (Buffett & Clark, 2008).

By comparing the income statements of all four companies, it can be said that companies differ to a great extent in respect of product and services they offer. An automobile company is totally different from a pharmaceutical company in terms of its operational expenses and costs of goods sold. On this node it can be said that one company spending more on research and development is not necessary the same as the other company which is spending on order processing. With a changing demand and nature of products and services there is a major influence on price cuttings and leverage which companies have to look after at the end of each fiscal year. On this context it can be said that profit margins of an automobile company would not be the same as profit margins of a retail or health service organization (Entrepreneur, 2009).

Reference List

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