Apple Financials

Name of Student

Institutional affiliations

Apple Financials

I have chosen Apple Inc. as the company. Revenues are cash inflows which are related to the normal operations of the company (Kenton, 2019). The company has increased the service revenue in 2019 as compared to 2018 whereas the product revenue for the same period has gone down. Cost of sales are the expenses which are directly related to sales (Hayes, 2019). These expenses have decreased as well as the gross margin which shows a negative trend for the company. A decrease in cost of sales means that company has applied better practices in its production facilities. Operating expenses include expenses which are not directly related to production of goods or services. These expenses are charged to the whole operating process whether involved in production or not. Research and development is an integral part of the company because of nature of business undertaken by company. Selling general and administrative expenses are the indirect expenses incurred to operate the company. One common expense which is included in the general expenses is depreciation which is the annual value of wear and tear in the fixed assets. Another important part of these expenses is the salaries and wages which have to be paid to employees not directly related to production. Operating income shows the profit from operations of the company during the year. Other income can include interest received and other similar items which are not regular and are not related to operations of the company. Income tax is applied to income before taxes and we arrive at the net income for the year. This figure is very important because shareholders see this as their return. The net income is used to calculate the earnings per share. Another important analysis is to see all the items as a percentage of sales which helps us to compare income statement of one year to the previous year’s statements.

# **References**

Hayes, A. (2019, October 16). *https://www.investopedia.com/terms/c/cogs.asp.* Retrieved from https://www.investopedia.com: https://www.investopedia.com/terms/c/cogs.asp

Kenton, W. (2019, July 14). *https://www.investopedia.com/terms/r/revenue.asp.* Retrieved from https://www.investopedia.com: https://www.investopedia.com/terms/r/revenue.asp