Analyzing and income statement

Student’s Name

Institution

**Analyzing and income statement**

The analysis of the income statement of Elf Corporation indicates that company performance has been increasing for the last three years. This indicates that it has been performing well since 2008 and therefore, it is evidence the financial management of the company is efficient. The net income increased from $35 during FY 2008, to $65 for FY 2010, which is a 100% improvement in performance. Elf Corporation's total sales increased from $550 in 2008 to $700 in 2010, which is a 50% increase in sales.

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| **Elf Corporation** |  |  |  |
| **Income statement** |  |  |  |
| **Description** | **2010** | **2009** | **2008** |
| Sales | 700 | 650 | 550 |
| Cost of goods sold | 350 | 325 | 275 |
| **Gross Profit** | **350** | **325** | **275** |
| Administrative | 100 | 100 | 100 |
| Advertising and marketing | 50 | 75 | 75 |
| Interest Expense | 70 | 50 | 30 |
| **Total Expenses** | **220** | **225** | **205** |
| **Earnings before Tax** | **130** | **100** | **70** |
| Tax expense 50% | **65** | **50** | **35** |
| **Net income** | **65** | **50** | **35** |

It can be concluded that the performance of Elf Corporation has increased by 100% since 2008. The performance increased due to reduced expenses and increased sales. It seems Elf Corporation adopted a new advertising and marketing strategy that attracted several customers hence improved in sales in the market. From 2008 to 2010, the sales of the company increased by 50% and marketing expenses reduced and administration remain the same. Elf Corporation maintained a clear sheet of expenses as it works effectively to increase its revenue.