

Quick Question On Financial Analysis Part I

Use horizontal and vertical analysis to analyze the change in income-earning ability of the Consistency Corporation between 1993 and 1994. Use trend analysis to analyze the change in sales, cost of goods sold, and net income that occurred between 1991 and 1994.

Consistency Corporation
Comparative Income Statement
December 31, 1994

	1991	1992	1993	1994
Sales	\$100,000	\$120,000	\$144,000	\$172,800
Cost of Goods Sold	<u>50,000</u>	<u>60,000</u>	<u>72,000</u>	<u>86,400</u>
Gross Profit	\$ 50,000	\$ 60,000	\$ 72,000	\$ 86,400
Total Expenses	<u>40,000</u>	<u>48,000</u>	<u>57,600</u>	<u>69,120</u>
Net Income Before Taxes	<u>\$ 10,000</u>	<u>\$ 12,000</u>	<u>\$ 14,400</u>	<u>\$ 17,280</u>