

Quick Question On Financial Analysis Part II

Use horizontal and vertical analysis to analyze the change in income-earning ability between 1993 and 1994 for the I'll Get Rich Corporation. Use trend analysis to analyze the change in sales, cost of goods sold, gross profit, total expenses, and net income that occurred between 1991 and 1994.

I'll Get Rich Corporation Comparative Income Statement

December 31, 1994

	1991	1992	1993	1994
Sales	\$10,000	\$12,000	\$15,000	\$20,000
Cost of Goods Sold	<u>5,000</u>	<u>6,000</u>	<u>7,000</u>	<u>8,000</u>
Gross Profit	\$ 5,000	\$ 6,000	\$ 8,000	\$12,000
Total Expenses	<u>4,000</u>	<u>4,800</u>	<u>6,000</u>	<u>7,000</u>
Net Income Before Taxes	<u>\$ 1,000</u>	<u>\$ 1,200</u>	<u>\$ 2,000</u>	<u>\$ 5,000</u>