

Example of Vertical Analysis

For example, suppose XYZ Corporation has gross sales of \$5 million and cost of goods sold of \$1 million and general and administrative expenses of \$2 million and a 25% tax rate

Required : make the income statement and make the vertical analysis(sales the main base)

Example of horizontal Analysis

income Item	Year 1	Year 2
Total sales	\$850,000	\$1,000,000
Cost of goods sold	\$212,500	\$300,000
Gross Profit	\$637,500	\$700,000
Salaries	\$255,000	\$300,000
Rent	\$28,000	\$28,500
Utilities	\$34,500	\$35,000
Marketing	\$25,000	\$50,000
Total expenses	\$342,500	\$413,500
Net Profit	\$295,000	\$286,500

Required : make horizontal Analysis