

CONCEPT: COMMON-SIZED STATEMENTS

- **Common-sized statements** report only _____ amounts rather than _____ amounts

- ☐ Common-sized statements just show the results of a **vertical analysis**
- ☐ The base item will always be equal to 100%. The base used is different for each financial statement:

- **Income Statement Base** → _____

- **Balance Sheet Base** → _____ and _____

- ☐ Next, find the percentage of the base for every other line item using the following formula:

$$\text{Percentage of Base} = \frac{\text{Line Item Amount}}{\text{Base Amount}}$$

EXAMPLE: Calculate the common sized percentages for the following income statement:

	2018	Common-sized Statement
Net Sales	150,000	
Cost of Goods Sold	60,000	
Gross Profit	90,000	
Operating Expenses	40,000	
Income from Operations	50,000	
Income Tax Expense	15,000	
Net Income	35,000	