CONCEPT: HORIZONTAL ANALYSIS

- A ***horizontal analysis*** evaluates ______________ changes in account balances from one year to the next:
  - □ Compute the ____________ amount of the change between periods
  - □ Divide the dollar amount of change by the base-period amount

$$Percentage\ Change = \frac{Current\ Year\ Amount - Previous\ Year\ Amount}{Previous\ Year\ Amount}$$

EXAMPLE: Compute the percentage change in Net Sales, COGS, and Gross Profit using the following information:

	2018	2017	Dollar Amount of Change	Percentage Change
Net Sales	65,455	58,081		
Cost of Goods Sold	54,912	45,377		
Gross Profit				

PRACTICE: Complete a horizontal analysis of the following balance sheet:

	20X2	20X1	Dollar Amount of Change	Percentage Change
Cash	26,211	18,514		
Accounts Receivable	15,912	18,530		
Inventory	6,424	16,028		
PPE, net	23,160	17,040		
Total Assets	**71,707**	**70,112**		
Accounts Payable	9,562	13,759		
Accrued Expenses	6,117	6,241		
Long-term Debt	30,000	25,000		
Common Stock	1,000	1,000		
APIC	19,000	19,000		
Retained Earnings	6,028	5,112		
Total Liabilities & Stockholders' Equity	**71,707**	**70,112**		