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| **Brief Exercise 13-8 (Essay)** |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

Vertical analysis (common-size) percentages for Vallejo Company’s sales, cost of goods sold, and expenses are listed here.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Vertical Analysis** |  | **2012** | |  | **2011** | |  | **2010** | |
| Sales |  | 100 | % |  | 100 | % |  | 100 | % |
| Cost of goods sold |  | 61.2 |  |  | 63.9 |  |  | 66.9 |  |
| Expenses |  | 24.0 |  |  | 27.9 |  |  | 28.9 |  |

Did Vallejo’s net income as a percent of sales increase, decrease, or remain unchanged over the 3-year period? Provide numerical support for your answer.  
  


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| **Brief Exercise 13-9 (Essay)** |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

Horizontal analysis (trend analysis) percentages for Spartan Company’s sales, cost of goods sold, and expenses are listed here.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Horizontal Analysis** |  | **2012** | |  | **2011** | |  | **2010** | |
| Sales |  | 96.2 | % |  | 104.8 | % |  | 100.0 | % |
| Cost of goods sold |  | 101.0 |  |  | 98.0 |  |  | 100.0 |  |
| Expenses |  | 105.6 |  |  | 95.4 |  |  | 100.0 |  |

Explain whether Spartan’s net income increased, decreased, or remained unchanged over the 3-year period.  
  
