QUESTION 1:

The following data on Graphic View, Inc. is available.

Graphic View, Inc.

Comparative Income Statement

For the Years Ended December 31, 2015 and December 31, 2014

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
| Net Sales | $965,400 | $1,028,600 |
| Cost of Goods Sold  |  515,100 |  590,300 |
| Gross Profit  | $450,300 | $ 438,300 |
| Operating Expenses: |  |  |
|  Selling  | $142,000 | $173,400 |
|  Administrative | 150,200 |  182,400 |
|  Interest  |  29,300 |  34,100 |
|  Total Operating Expenses  | $321,500 | $389,900 |
| Income Tax Expense  |  45,500 |  18,200 |
|  Total Expenses  | $367,000 | $ 408,100 |
| Net Income | $ 83,300 | $ 30,200 |

Graphic View, Inc.

Comparative Balance Sheet

December 31, 2015 and December 31, 2014

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
| Assets: |  |  |
| Cash  | $ 45,100 | $ 48,500 |
| Accounts Receivable (net) | 59,800  | 101,500 |
| Merchandise Inventory  | 150,900 | 171,600 |
| Property, Plant and Equipment (net) | 710,500 | 808,800 |
| Total Assets  | $966,300 | $1,130,400 |
|  |  |  |
| Liabilities and Stockholders’ Equity |  |  |
| Accounts Payable | $108,200 | $ 151,600 |
| Notes Payable (current)  | 70,000 | 70,000 |
| Bonds Payable | 154,000 | 280,000 |
| Common Stock, $10 par  | 420,000 | 420,000 |
| Retained Earnings  | 214,100  | 208,800 |
| Total Liabilities and Stockholders’ Equity  | $966,300 | $1,130,400 |

 Additional Information:

All sales are on account. Account balances for December 31, 2013 for selected accounts are:

 Accounts Receivable (net) $ 73,800 Total Assets $906,900

 Merchandise Inventory $153,000 C. S. Equity $527,200

 Common shares outstanding: 42,000 shares (2013, 2014, and 2015)

 Dividends paid: $44,400 (2015) and $49,000 (2014)

REQUIRED:

a. What was the percentage increase or decrease in net sales from 2014 to 2015?

b. What was the percent increase or decrease in net property, plant and equipment from 2014 to 2015?

c. What was the percentage increase or decrease in income tax expense from 2014 to 2015?

QUESTION 2:

Perform a horizontal analysis of the following company's balance sheet. Include both the amount and the percentage of change for each account.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  Account | 2016 | 2015 | Change Amount | Change Percent |
| Current assets | $121,000 | $100,000 |  |  |
| Accounts receivable | 117,000 | 125,000 |  |  |
| Merchandise inventory | 70,000 | 85,000 |  |  |
| Current liabilities | 63,500 | 50,000 |  |  |
| Long-term liabilities | 100,000 | 100,000 |  |  |
| Common stock | 50,000 | 50,000 |  |  |
| Retained earnings | 94,500 | 110,000 |  |  |