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| **Question 1**  |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| The comparative condensed income statements of Hendi Corporation are shown below.

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|   | **HENDI CORPORATION** |
|   | **Comparative Condensed Income Statements** |
|   | **For the Years Ended December 31** |
|   |   | **2009** |   | **2008** |
|   | Net sales | $604,400 |   |   | $506,400 |   |
|   | Cost of goods sold | 487,800 |   |   | 426,400 |   |
|   | Gross profit | 116,600 |   |   | 80,000 |   |
|   | Operating expenses | 58,100 |   |   | 45,300 |   |
|   | Net income | $ 58,500 |   |   | $ 34,700 |   |

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| Prepare a horizontal analysis of the income statement data for Hendi Corporation using 2008 as a base. (Show the amounts of increase or decrease.) ***(Round percentages to 1 decimal place, e.g. 10.5.)***

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| **HENDI CORPORATION** |
| **Condensed Income Statements** |
| **For the Years Ended December 31** |
|   |   |   | **Increase or (Decrease)** |
|   | **2009** | **2008** | **Amount** | **Percentage** |
| Net sales | $ | $ | $ | % |
| Cost of goods sold |  |  |  | % |
| Gross profit |  |  |  | % |
| Operating expenses |  |  |  | % |
| Net income | $ | $ | $ | % |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Prepare a vertical analysis of the income statement data for Hendi Corporation in columnar form for both years. ***(Round percentages to 1 decimal place, e.g. 10.5.)***

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| **HENDI CORPORATION** |
| **Condensed Income Statements** |
| **For the Years Ended December 31** |
|   | **2009** | **2008** |
|   | **Amount** | **Percentage** | **Amount** | **Percentage** |
| Net sales | $ | % | $ | % |
| Cost of goods sold |  | % |  | % |
| Gross profit |  | % |  | % |
| Operating expenses |  | % |  | % |
| Net income | $ | % | $ | % |

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