

## Excel Workbook Errata

### Do It Together: The Depreciation Schedule (p. 95 in workbook)

#### The Problem

You must calculate 2003's depreciation for several items that were purchased during 2003. To completely accurate, the depreciation should be proportional to the amount of time the items have been owned. Something bought on March 31, 2003 should have only half the depreciation expense of an item bought on October 1, 2002, for example.

Here is the data:

Fiscal year-end: September 30

Data	Purchase date	Purchase price	Yearly depn.
Milling equipment	12-Mar-03	\$500,000	20%
New trucks	7-Jan-03	98,500	25%
Plant	13-Nov-02	2,500,000	10%

**\*\*Solution to this problem on p. 211 is correct.\*\***

**Final Test (p. 205/6 in book)**

## 1. a. Billco

	A	B	
1	Billco's debt	\$65,000	
2	Interest rate on debt	7.50%	
3	Annual interest	\$4,875	=B2*B1

## b. What if the interest rate is 9%?

	A	B	
1	Billco's debt	\$65,000	
2	Interest rate on debt	9.00%	
3	Annual interest	\$5,850	=B2*B1

## 2. a. Car sale price

	A	B	
1	Dealer cost	\$19,500	
2	Markup on car	8.00%	
3	Amount of markup	\$1,560	=B2*B1
4	Final sale price	\$21,060	=B1+B3

## b. What if the dealer cost is \$18,000 and the markup is 10%

	A	B	
1	Dealer cost	\$18,000	
2	Markup on car	10.00%	
3	Amount of markup	\$1,800	=B2*B1
4	Final sale price	\$19,800	=B1+B3

## 3. CopyCopyCo

	A	B	
1	Sale price of copier	\$4,995	
2	CopyCopy Co's Cost	\$3,475	
3	Difference	\$1,520	=B1-B2
4	Profit margin	30.4%	=B3/B1

## 4. Gross sales

	A	B	C	D	E	
1		<b>Calculator</b>	<b>Laptop</b>	<b>Desktop</b>	<b>TOTALS</b>	
2	Price	\$12.99	\$2,499.95	\$1,899.00		
3	Sales					
4	Week 1	460	65	34	559	=SUM(B4:D4)
5	Week 2	350	60	15	425	copy of E4
6	Week 3	420	55	40	515	copy of E4
7	Total sales	1230	180	89	1499	copy of E4
8						
9	Gross sales	\$15,977.70	\$449,991.00	\$169,011.00	\$ 634,979.70	
		=B7*B2	copy of B9	copy of B9	=SUM(B9:D9)	

## 5. Income statement

	A	B	C	D	
		Year 1	Year 2	Year 3	
1					
2	<b>Assumptions</b>				
3	COGS % of sales	62%	63%	64%	
4	SG&A % of sales	24%	24%	25%	
5	Taxes % of EBIT	37%	37%	37%	
6					
7	<b>Income statement</b>				
8	Sales	850.0	975.0	1125.0	
9	COGS	527.0	614.3	720.0	=D8*D3
10	Gross profit	323.0	360.8	405.0	=D8-D9
11	SG&A	204.0	234.0	281.3	=D8*D4
	Earnings before int. and taxes				
12	(EBIT)	119.0	126.8	123.8	=D10-D11
13	Taxes	44.0	46.9	45.8	=D12*D5
14	Net income	75.0	79.9	78.0	=D12-D13

b. What if Year 3 SG&amp;A = 23% and sales go to 1,150?

	A	B	C	D	
		Year 1	Year 2	Year 3	
1					
2	<b>Assumptions</b>				
3	COGS % of sales	62%	63%	64%	
4	SG&A % of sales	24%	24%	23%	
5	Taxes % of EBIT	37%	37%	37%	
6					
7	<b>Income statement</b>				
8	Sales	850.0	975.0	1150.0	
9	COGS	527.0	614.3	736.0	=D8*D3
10	Gross profit	323.0	360.8	414.0	=D8-D9
11	SG&A	204.0	234.0	264.5	=D8*D4
	Earnings before int. and taxes				
12	(EBIT)	119.0	126.8	149.5	=D10-D11
13	Taxes	44.0	46.9	55.3	=D12*D5
14	Net income	75.0	79.9	94.2	=D12-D13

6. ##### means you must widen the column to see the formatted number.
7.  4.3467       4.0
8.  =C4       C4 - #REF!       Nothing it will automatically adjust
9.  =show #REF!     automatically adjust itself       not change
10.  is unchanged       Changes to reflect its new position
11.  True     False
12.  B4(B3+C12)       C4-C5       =D11^(1-B2)

**Investment returns (p. 212 in workbook)**

	A	B	C	D
1	<b>Investment returns</b>			
2	<i>Constants and assumptions</i>			
3	Desired return	10.000%		
4	Today's date	7-Mar-00		
5		<b>Zero Coupon</b>	<b>Painting</b>	<b>Gold</b>
6	Purchase date	1-Jan-99	1-Feb-97	1-Mar-98
7	Buy price	10,000	10,000	12,000
8	Today's value	10,500	14,000	12,100
9				
10	<b>Investment performance</b>			
11	Return	4.218%	11.481%	0.412%
12	Decision	Goal Not Met	Met Goal	Goal Not Met
13				
	Return formula for D11: $= (D8/D7)^{(1/(\$B\$4-D6)*365)} - 1$			
	If Statement for D12: $= IF(D11 >= \$B\$3, "Met Goal", "Goal Not Met")$			

**Bullets and Single Repayments (p. 216 in workbook)**

	A	B	C	D
1	Present value of a balloon payment			
2	Balloon payment		\$5,000	
3	Discount rate		7.000%	
4	Years until payment is due		5	
5	PV of amount received		\$3,565	=PV(C3,C4,0,-C2)
6				
7	Future value of a single deposit			
8	Amount deposited today		\$5,000	
9	Life in years		10	
10	Interest rate		5.500%	
11	Compounding periods/yr.		12	
12	FV of deposit		\$8,655	=FV(C13/C14,C12*C14,0,-C11)