FIN 470: Financial Analysis in Excel

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Group Excel Assignment 5, Break-Even and Leverage Analysis

Remember that for credit all Excel spreadsheets must conform to the Excel Guidelines.

CAUTION: Capital IQ (as well as other web sites) automatically downloads data as a 1997-2003 (xls) format Excel file. Immediately save your file in the current (xlsx) format, since some recent Excel features are not available in the earlier format.

1. Open Assignment 2 (Financial Statements).
   a. Delete the Balance Sheet
   b. Change the worksheet name to "Break-Even"
   c. Change the Income Statement so that:
      i. Revenue/Sales is the product of a cell containing "Price per Unit" and a cell containing "Unit Sales"
      ii. Variable Costs/COGS is the product of Revenue/Sales and a cell containing "Variable Costs/COGS as % of Sales"
   d. Save the workbook as an xlsx file "FIN 470 A5 Group X (Fall22)".
2. On "Break-Even", calculate the following using the textbook formulae:
   a. Oper/EBIT Break-Even Point (Units)
   b. Oper/EBIT Break-Even Point ($)
   c. Cash Break-Even Point (Units)
   d. Cash Break-Even Point ($)
   e. Total/EPS Break-Even Point (Units)
   f. Total/EPS Break-Even Point ($)
3. Copy "Break-Even" to a worksheet called, "Break-Even (GS)"
   a. Using Goal Seek, find the Unit Sales that would make Net Income zero.
4. Copy "Break-Even" to a worksheet called, "Leverage"
   a. Create a column for next quarter's income statement in which Unit Sales has increased by 10%.
   b. Calculate (using the percentage difference between the two quarters):
      i. Degree of Operating Leverage (DOL)
      ii. Degree of Financial Leverage (DFN)
      iii. Degree of Combined Leverage (DCL)