

# Microsoft® **Excel for Accounting**

## **Chapter 10: Budgeting and Cost Analysis**



**LABYRINTH**  
LEARNING™

# Learning Objectives

- After studying this chapter, you will be able to:
  - ▲ Create cost and purchases budgets
  - ▲ Perform a cost-volume-profit (CVP) analysis
  - ▲ Freeze rows and columns
  - ▲ Split a worksheet window
  - ▲ Use Goal Seek
  - ▲ Use Solver

# Accounting Refresher: Budgeting and Cost Analysis

- Budgeting is a process that facilitates planning for future periods.
- Two common types of budgets are:
  - ▲ Cash budgets
  - ▲ Purchases budgets

# Cost-Volume-Profit (CVP) Analysis

- A CVP analysis calculates the different income levels expected based on various levels of variable costs, fixed costs, and unit sales for a period.
- The breakeven point (the sales level resulting in a net income of \$0) is often sought as part of a CVP analysis.
- The contribution margin (the unit selling price minus the unit variable cost) is another key component of a CVP analysis.



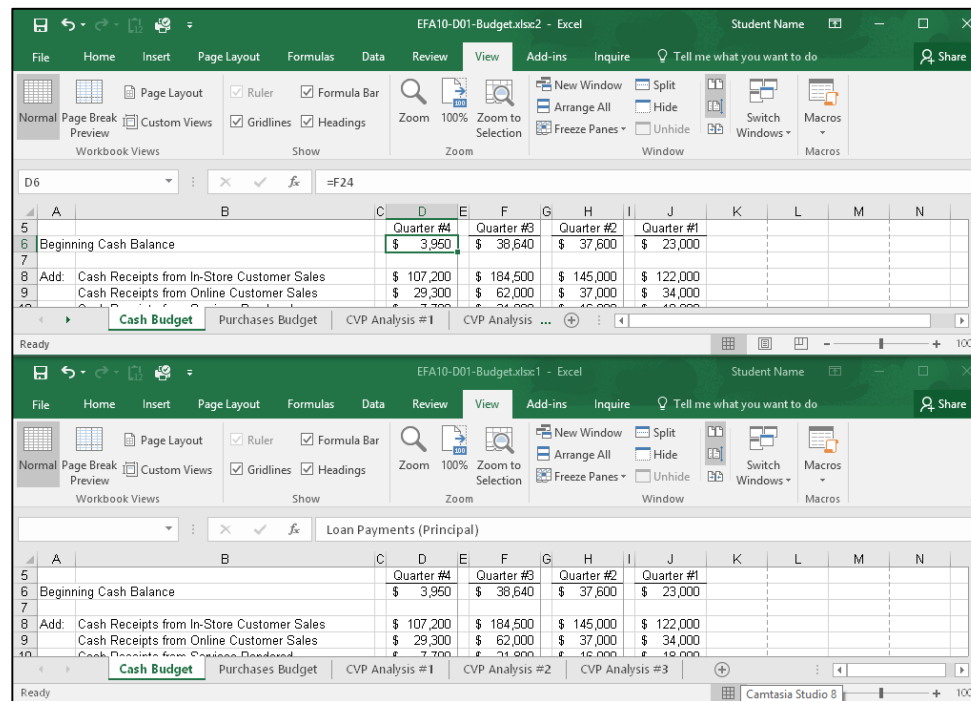
# Using Flexible Worksheet Views

- Freezing rows and/or columns allows the user to keep certain data visible while scrolling through the worksheet.
- Splitting the worksheet window allows for the examination of multiple sections of a worksheet simultaneously.
- Freezing and splitting should not be used simultaneously.



# Viewing Worksheets in Multiple Windows

- Instead of splitting a worksheet, the user can instead view a worksheet in multiple windows.
- When a change is made in one window, it is reflected in both windows.



# Printing Multipage Worksheets

- A number of options can be used to improve the appearance of printed worksheets, including:

- ▲ Margins
- ▲ Orientation
- ▲ Size
- ▲ Print Area
- ▲ Scale to Fit

# Setting Additional Printing Options

- Title rows and columns can be designated and will print on every page.
- Other printing options include:
  - ▲ Gridlines
  - ▲ Headings



# Goal Seek

- Goal Seek allows the user to set a goal for a specific formula result.

	A	B	C	D	E	F
1		City Music World				
2		CVP Income Statement				
3		For the Year Ending December 31, 2017				
4						
5				Total		Per Unit
6	Sales Revenue			\$ 870,000		\$ 100.00
7	Variable Costs			\$ 739,500		\$ 85.00
8	Contribution Margin			\$ 130,500		\$ 15.00
9	Fixed Costs			\$ 130,500		\$ 15.00
10	Net Income			\$ 0		\$ -
11						
12						
13	Units Sold:	8,700				

**Goal Seek** ? x

Set cell: D10

To value: 12000

By changing cell: \$B\$13

OK Cancel

# Solver

- Solver can solve problems when more than one variable requires adjustment.

The screenshot shows the "Solver Parameters" dialog box with the following settings:

- Set Objective:**  with an up arrow button.
- To:** ☒ Max, ☐ Min, ☐ Value Of:
- By Changing Variable Cells:**  with an up arrow button.
- Subject to the Constraints:** A list box containing:
  - \$D\$9 >= 129000
  - \$F\$6 <= 105
  - \$F\$7 >= 83
  - \$F\$8 <= \$F\$6^0.18Buttons to the right: Add, Change, Delete, Reset All, Load/Save.
- ☒ **Make Unconstrained Variables Non-Negative**
- Select a Solving Method:**  with a dropdown arrow.
- Options** button.