

Microsoft® **Excel for Accounting**

Chapter 8: Bond Amortization



LABYRINTH
LEARNING™

Learning Objectives

- After studying this chapter, you will be able to:
 - ▲ Create a bond amortization schedule
 - ▲ Use the PV, FV, and PMT functions
 - ▲ Protect worksheet elements
 - ▲ Automate processes with macros

Accounting Refresher: Bond Amortization Schedule

- A bond amortization schedule is used to spread out (amortize) a discount or premium over the life of the bond.
- At the end of the bond's life, the carrying value of the bond will be equal to the face value of the bond.

Bond Characteristics

- A number of bond characteristics must be identified to complete the bond amortization schedule, including:
 - ▲ Face value
 - ▲ Issue price
 - ▲ Contract interest rate
 - ▲ Effective interest rate
 - ▲ Life of the bond
 - ▲ Frequency of interest payments



Working with Financial Functions

- Financial calculations within Excel can be simplified through the use of financial functions.
- Some of the most commonly used financial functions are:
 - ▲ PMT function (payment function)
 - ▲ PV function (present value function)
 - ▲ FV function (future value function)

Financial Function Arguments

- Financial functions use many of the same arguments within their formulas, including:
 - ▲ Rate
 - ▲ Periods
 - ▲ Payment
 - ▲ Future value
 - ▲ Present value
 - ▲ Type
- Note that some of these arguments are optional when used with certain financial functions.

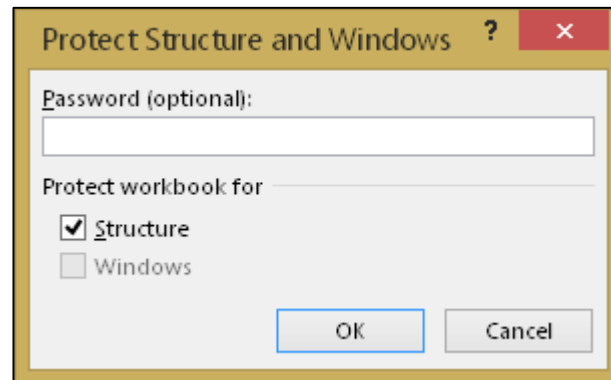


Protecting Workbooks and Worksheets

- There are three levels of protection that can be used within Excel to prevent unwanted modifications:
 - ▲ Workbook-level protection
 - ▲ Worksheet-level protection
 - ▲ Cell-level protection

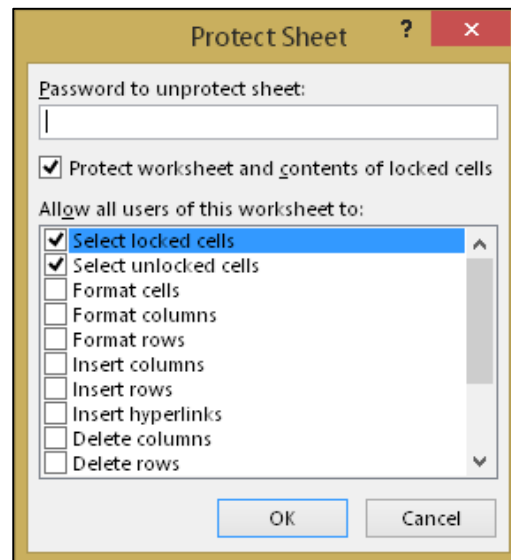
Protecting the Workbook Structure

- To prevent structural changes, such as deleting, renaming, copying, and moving worksheets, the Protect Workbook command can be used.
- The Protect Structure and Windows dialog box allows for this type of protection to be selected.



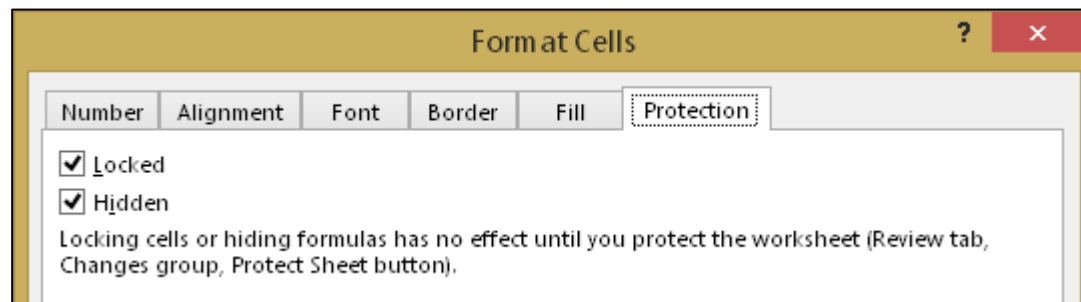
Protecting the Worksheet Elements

- The Protect Sheet command can be used to choose which elements of a worksheet the user wants to protect.
- The Protect Sheet dialog box lists these options and allows the user to establish a password.



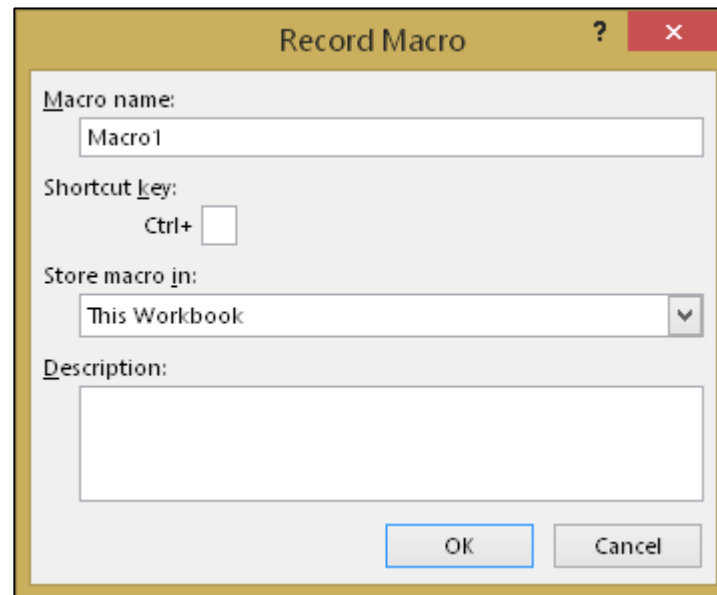
Protecting Individual Cells

- Cells are locked by default; however, unless a worksheet is protected, this has no impact on the user.
- The Format Cells dialog box allows for cells to be locked and/or hidden.



Using Macros

- Macros are recorded sets of mouse and keyboard actions that can be played back at any time.
- The Record Macro dialog box allows the user to name, assign a shortcut, and provide a description for a macro.



Storing Macros

- Macros can only be used within the workbook in which they were created, unless they are assigned to the Personal Macro Workbook.
- Workbooks containing macros must be saved as Macro-Enabled Workbooks, which contain *.xlsm* as the file extension.