

# [In excel:](https://assignbuster.com/in-excel/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

My Business and Number of Answer Report For any business to realize an increase in profits at the end of a given duration, quite a number of factors can be varied. Two parameters were chosen for this business model and that is: sales and cost of sales while maintaining all the other factors constant, e. g. those relating to customers. To do this, a spreadsheet named “ Profit Analyzer” was created that projects the expected profits depending on how these two chosen parameters are expected to vary quarterly i. e. their percentage rate of increase or decrease (Ken Kaufaman, 2010). When a percentage rate of change is entered under the “ Variations” column for either of the two parameters, say 105% if sales are projected to increase at a rate of 5% every quarter and 96% if the cost of sale is projected to reduce at 4% each quarter, the spreadsheet computes the effects of these projections for all the quarters as well the total and the average yearly profits. Using the spreadsheet therefore, it shows that one way of achieving 30% profit by the fourth quarter is by increasing sales at a rate of 6% quarterly and reducing the cost of sales by 1% quarterly. This gives 30. 7% profit increase by the fourth quarter as outlined in the table below.
Profits Analyzer

QUARTER 1
VARIATIONS (based on % projected changes)
QUARTER 2
QUARTER 3
QUARTER 4
TOTAL
AVERAGE
Customers
230
500
600
750
2080
520
Sales
24500
106. 0%
25970
27528. 2
29179. 892
107178. 09
26794. 523
Cost of sales
23000
99. 0%
22770
22542. 3
22316. 877
90629. 177
22657. 29425
Profits
1500
3200
4985. 9
6863. 015
16548. 915
4137. 22875
%age profits
6. 52173913

14. 05357927
22. 11797376
30. 75257797
73. 44587
18. 36146753
(See attached “ my-business. xlsx” file for the actual spreadsheet)
Summary Report
The effect of quarterly increase in profits at a rate of 5%, 10%, and 15% on the total yearly profits would be as outlined in the table below:

Quarter 1
Scenario 1 (5%)
Scenario 2 (10%)
Scenario 3 (15%)
Total Yearly Profits
6. 521739
28. 10951
30. 267391
32. 565488

(See attached “ my-business. xlsx” file for more detailed analysis of the three scenarios)
References
Ken Kaufaman. (2010, March 25). How To Make Projections That Actually Mean Something. Retrieved 2013, from Business Insider : http://www. businessinsider. com/how-to-make-projections-that-actually-mean-something-2010-3? op= 1