

ASSUMPTIONS OR RESULTS

SIMULATION

ASSUMPTIONS

FINANCIAL ELEMENT	LAST YEAR	A	B	C
Price per Unit (P)	50	54	54	58
Units Sold (Q)	1,000	1,200	1,100	1,100
Change in Unit Variable Cost (UVC)	0%	10%	10%	20%
Total Expenses	8,000	8,000	8,000	8,000
Owner's Salary	18,000	18,000	18,000	18,000
Investment	20,000	20,000	20,000	20,000
State and Federal Taxes	50%	50%	50%	50%
Net Sales (P × Q)	\$50,000	\$64,800	\$59,400	\$63,800
Less: Cost of Goods Sold (COGS): (Q × UVC)	\$22,000	\$29,040	\$26,620	\$29,040
Gross Margin	\$28,000	\$35,760	\$32,780	\$34,760
Less: Total Expenses	\$8,000	\$8,000	\$8,000	\$8,000
Less: Owner's Salary	\$18,000	\$18,000	\$18,000	\$18,000
Net Profit Before Taxes	\$2,000	\$9,760	\$6,780	\$8,760
Less: Taxes	\$1,000	\$4,880	\$3,390	\$4,380
Net Profit After Taxes	\$1,000	\$4,880	\$3,390	\$4,380
Investment	\$20,000	\$20,000	\$20,000	\$20,000
Return on Investment	5.00%	24.40%	16.95%	21.90%

SPREADSHEET SIMULATION