

ENTR-401-Exam #2 (Take Home Exam)

26. Microsoft Corp. (NASDAQ: MSFT) is engaged in designing, manufacturing, selling devices, and online advertising. Currently, the company has a Return on Assets (ROA) of 8.44 percent, a Return on Equity (ROE) of 23.11 percent, and a Net Profit Margin of 19.57 percent. Using the DuPont equation determine what MSFT's Leverage Ratio and Asset Turnover was. Show your work in the space provided below.

DOVER CORP (DOV)			
Income Statement	2014	2015	2016
Revenue	\$7,753	\$6,956	\$6,794
Cost of revenue	4,778	4,388	4,322
Gross profit	2,974	2,568	2,472
Total operating expenses	1,759	1,647	1,758
Operating income	1,215	921	714
Interest Expense	132	132	136
Other income (expense)	10	12	111
Income before taxes	1,094	801	689
Provision for income taxes	316	205	180
Net income	\$775	\$870	\$509

27. Using Dover Corporation's (NYSE: DOV) income statement above calculate the company's Degrees of Operating Leverage (DOL) for 2015 and 2016. *Show your work in the space provided below.*

28. Using Dover Corporation's (NYSE: DOV) income statement above calculate the company's Degrees of Combined (or Degrees of Total) Leverage (DCL) for 2015 and 2016. *Show your work in the space provided below.*