

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.*