Auditing Module

1. Direction:

What Auditing can do for you?

Auditing is an Excel tool that shows you the precedence and dependence of a modeling result. This tool is usually used in checking models done by others.

For example: In a given model, sales price is $50 and sales volume is 70 unit, the cost no matter how much unit is sold is fixed at $2000, then according to the model, the profit is sales – cost = 50*700-2000= $1500.

Question: The model is done by others and the result looks not right, where is the problem?

How to use Auditing?

1. Open the Excel file contains the model
2. High light the cell you want to check, here first check B5

3. Activate the "Auditing"
   a. Click "Tools"
b. Select “Auditing”

c. Select “Trace Precedent”
2. Question:

In model 2, an income statement is given. The company sells a product called Karma. The price of Karma is $1600. The fixed manufacturing cost (no matter how many Karma is produced, the cost is always the same) is 80000. The unit manufacturing cost is 100. The fixed selling cost (no matter how many Karma is sold, the cost is always the same) is 10000. The unit-selling price is 160. Therefore, the in the model profit before tax is sales (initial unit * price) – Manufacturing cost (fixed cost + variable cost*initial unit) – Selling cost (Fixed cost + variable cost * initial unit).

Question: the result looks wrong, where is the problem?