

Algebra: Accountant

Micron Technology, Inc.

Job Description: Responsible for the development, implementation and maintenance of the company's benefits programs including time off, sick pay, unemployment, retirement plans, disability, and group and life insurance.

Problem:

The following financial data was published in the Company's annual report.

<i>(Amounts in millions, except for per share and employee data)</i>			
Fiscal year	2000	1999	1998
Net sales	\$ 7,336.3	\$ 3,764.0	\$ 3,025.3
Cost of goods sold	3,957.1	2,950.4	2,744.9
Gross Profit	\$ 3,379.2	\$ 813.6	\$ 280.4
Operating income (loss)	2,293.3	(47.0)	(516.4)
Net income (loss)	1,504.2	(68.9)	(247.1)
Earnings (loss) per share:	\$2.73	\$(0.13)	\$(0.57)
Cash and liquid investments	\$ 2,466.4	\$ 1,613.5	\$ 649.6
Property, plant and equipment, net	4,257.6	3,799.6	3,035.3
Total assets	9,631.5	6,965.2	4,703.5

1. If you were creating this spread sheet, what would be the formula for calculating Gross Profit?
2. Knowing the Net Income and Earnings per Share, how would you calculate the number of "outstanding shares" (number of shares of stock available for trading).
3. Create a formula for calculating the miscellaneous assets not itemized on the spread sheet.
4. Create a formula for calculating the annual percentage increase or decrease in the company's Net Sales.
5. Create a formula for calculating annual increase or decrease of the Net Income as a percentage of Sales

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See problem for details.

Solution:

1. Gross Profit = Net Sales - Cost of Goods
2. Outstanding Shares = net income \div earnings per share
3. Miscellaneous Assets = total assets - investments + property
4. Difference in Sales = sales_{2nd yr} - sales_{1st yr}
Percentage increase (decrease) = difference \div sales_{1st yr}
5. Percentage = net income \div sales
Difference = percentage_{2nd yr} - percentage_{1st yr}
Increase (decrease) = difference \div percentage_{1st yr}