COAST BRANCH

Financial Modelling Workshop
Thursday, 18th Oct 2018

Presenter: CPA J M Yusuf
Managing Partner: Yusuf J M & Co

@ Royal Courts Hotel, Haille Selassie Avenue, Mombasa

1. Course Outline

a. Sourcing data
b. Using selected functions and commands
c. Presentation.

2. A sneak view of Final Model

a. Sample financial statement (See attachment)
b. A massive 40 + Pgs document prepared solely in Excel
c. Converted in PDF for demonstration

3. User Friendly Interface on Final Model

a. Create a User friendly interface for interrogating the workbook
b. Create a Hyperlink linking contents sheet to other sheets (PL, BS, Cash flow…)

4. Financial Modelling Workshop – Session I

a. Financial modelling basics
   i. Best practice
   ii. Layout tips
b. Getting and Transforming data
   i. Sourcing your data
   ii. Source data best practice
   iii. Preparing source data

5. Financial Modelling

01 Best Practice
a.   Where possible, keep it simple (KISS)
b.   Data entry should only occur once and be clearly defined
c.   No hard coded data in formulae
d.   Model should "read" from left-to-right, front-to-back

5. Financial Modelling – Best Practice

Key Qualities
a. Consistency
b. Robustness
c. Flexibility
d. Transparency

5. Financial Modelling – Best Practice

Key Qualities - Consistency

a. Use CTRL+ENTER to copy across rows and columns instantly
b. Dragging Fill Handle
c. Double Clicking a cell with formula
d. Anchoring cell reference [Absolute Reference]

5. Financial Modelling – Best Practice

Key Qualities - Robustness

Models be materially free from error, mathematically accurate and readily auditable

a. There should be no hidden macros
b. Have robust in-built error, sensitivity and alert checks
c. Formulas be audited and evaluated

5. Financial Modelling – Best Practice

Key Qualities - Flexibility

a. Avoid hard coded formulas; it's harder to change the formula, identify the nature of the formula or assess what the underlying assumption is

b. Simplify data entry. ie end users only have the ability to change inputs within agreed parameters. Use data validation to achieve this.

5. Financial Modelling – Best Practice

Key Qualities - Transparency

a. Clear, concise and well integrated models
b. Assumptions, calculations and outputs readily recognisable and user-friendly

6. Financial Modelling Basics

02 Layout Tips

a. Inputs, calculations and outputs worksheets be segregated in workbooks

b. Inputs sheet ideal to persons entering input data

c. Output sheet ideal to Report Consumers ie 3rd parties and/or managers: who use them for data analysis and decision making

7. Financial Modelling – Getting and Transforming Data

Data transformation phases

a.   Sourcing your data

b.   Source data best practice

c.   Preparing source data

7. Financial Modelling – Getting and Transforming Data

01) Sourcing Your Data

Getting Data From:

a. Database (ie Access, SQL, ORACLE…)

b. Excel Tables (within workbook or not)

c. Imported files

    i. Financial accounting software

    ii. Other Excel compatible software

7. Financial Modelling – Getting and Transforming Data

02) Sourcing Data Best Practice

a. Data must be contiguous
  i. Remove All
    i. blank rows
    ii. blank columns
  ii. Make sure there is a header row

b. Data should be un-aggregated: **Remove All**
  i. Sub-totals
  ii. Grand totals

02) Sourcing Data Best Practice (Cont'd)

c. Data should be consistent

   i. Columns of numbers should contain only numbers

   ii. Columns of dates should contain only dates

   iii. Columns of text should contain only text

   iv. Only exception is the header row, which should be text

d. Choose good table headers

   i. Data must have a header row

   ii. Make the header row descriptive

7. Financial Modelling – Getting and Transforming Data

03) Preparing Source Data

a. Use VLOOKUP() to pull data from the other table into the main table; MATCH and INDEX

b. Use Text functions (LEFT, RIGHT, MID, LEN, FIND) to break apart text if needed OR Join them using [CONTATENATE, &]

c. Perform mathematics in new added columns if need be (Qty * sales price to get total sales)

7. Financial Modelling – Getting and Transforming Data

3) **Preparing Source Data (Cont'd)**

▪ **Pros and Cons of Added Columns**

a. Advantages

　i. Saves on writing complicated formulas in output reports (e.g. avoid computing calculated columns PivotTable reports)

　ii. Dragging and dropping fields in a Pivot Sections made easier

b. Disadvantages

　i. Extra columns in your data source table may not always be required

　ii. Extra columns take up valuable memory and slows down processing speed

THE END

OUR CONTACTS

- **Yusuf J M & Co**
- **Certified Public Accountants**
- We Offer
  - Assurance, Accounting and Tax Consultancy
  - Install, Configure, Train and Support Quick Books Users
  - Trainers in Basic and Advanced Excel

Tel 0733 887155

  0722 105844   Email juma@Yusufauditors.co.ke