



# Financial Modelling in Excel

This course is designed for business professionals who need to explore the practical usage of advanced excel functions in a financial model. By creating your own user-friendly financial model, you will learn to translate business concepts into a structured format to identify weaknesses and predict future performance.

## You Will:

- **Discover** how to measure and interpret the performance of your company using Excel modelling
- **Create** your own effective and reliable model and identify weaknesses and predict future performance
- **Gain** an in-depth understanding of how to build a business case
- **Master** key steps to get the most out of Excel functionality to improve your financial modelling
- **Learn** how to enhance the decision-making process
- **Maximise** your analytical abilities by learning conventional and new approaches of modelling
- **Translate** business concepts into logically structured models and formats

## Prerequisites

Students are expected to be reasonably regular Excel users, and should be comfortable with simple formulas and linking between workbooks.

## Software used

Microsoft Excel 2007

## Learning Objectives

During the course, participants will create their own financial model to take away and use for future reference. You will learn how to design and create a user-friendly model which can then be used by anyone with limited knowledge of excel.

You will learn how to:

- Build a financial model from scratch, or modify and improve an inherited model
- Mitigate errors by building in error checks
- Prevent incorrect use of your model by protecting worksheets
- Validate data entry by setting data entry parameters
- Create a navigation page to help users find their way around your model
- Create drop-down boxes which enable a model to produce a series of results depending on scenario variable selected
- Mitigate liability by providing assumptions
- Write instructions for use
- Present findings in a concise and meaningful way



This course builds on students' existing knowledge of simple and complex functions and incorporates these into a financial model.

## Course Content

### 1. Model Tools

#### 1.1 Choosing between Excel and Access

#### 1.2 General Functions

- Use of LOOKUP functions, SUMIF, COUNTIF and nested formulas within a financial model
- How to model compounding inflation
- Calculating customer acquisition numbers from the potential pool of customers
- Modelling market penetration in a business case

#### 1.3 Financial Functions

- IRR (Internal Rate of Return)
- NPV (Net Present Value)
- How to calculate a payback period

#### 1.4 Other Useful Tools

- Hiding sections of the model
- Avoiding error displays in formulas
- Creating in-built error checks
- Using Goal Seek within Financial Models
- Macros and Financial Modelling

### 2. Modelling Techniques

#### 2.1 Rebuilding an inherited model

- Formula auditing
- Sense-checking+methodology
- Identifying formula error
- Dealing with links and the potential errors they can cause

#### 2.2 Bullet-proofing your model

- Protect data by locking cells
- Protecting a worksheet
- Password Protection
- Building error alert formulas
- Restricting incorrect data entry with data validations



### 2.3 Making a model user-friendly

- Formatting
- Inserting Navigation buttons
- Hyperlinks

## 3. Final Model Results

### 3.1 Scenarios and Sensitivity Analysis

- Manual sensitivity analysis
- Creating drop-down switches for scenario selection

### 3.2 Presentation of Model Output

- Summarising results and display of findings
- How to create dynamic graphs

### 3.4 The Fine Print

- Documentation and source referencing
- Mitigate liability by including appropriate caveats and key assumptions
- Writing operation instructions

## Comments from past students

*"Very well-structured course with great explanations that link back to the business. Practical!"*

*"Good practical information on business modelling and forecasting. Very applicable for day to day use in business"*

*"Danielle's knowledge was excellent"*

*"Content was comprehensive – I will recommend to others"*

*"Intuitive and interesting"*

*"Explanations were clear and thorough"*

*"It was a very practical course and I now feel confident with Excel and Financial Modelling"*

## Presenter

**Danielle Stein Fairhurst** is the Principal of Plum Solutions, a Sydney-based consultancy specialising in Financial Modelling & Analysis. With over twelve years experience as a financial analyst, she helps her clients create meaningful financial models in the form of business cases, pricing models and management reports. She has hands-on experience in a number of industry sectors, including telecoms, information systems, manufacturing and financial services. She holds a Master of Business Administration (MBA) from Macquarie Graduate School of Management, and has taught management accounting subjects at Sydney University.