Minimum number of Sheets in Financial Models

* Assumption
* Income Statement
* Balance Sheet
* Cash flow Statement
* Schedules
* Key Ratios

**Formats and Input cells**

1. Centralized input sheet: All inputs to the model must be placed in single worksheet. If the same input is to be applied in formula in multiple location, then reference must be made to same input cell.

*For Instance*: if tax rate is to be applied to earnings before tax in income statement and for deferred tax computation, then tax rate (as input) must be presented on ‘Assumption sheet’ and reference to all sheets must be linked to tax rate cell in assumption sheet.

1. Linking cell, worksheet or workbook: It is important that all cells within worksheet must be linked to the extent possible. Also, worksheet must be interlinked wherever required.

*For Instance*: The schedules must be linked to line item in balance sheet and income statement.

1. Color Coding:

|  |  |
| --- | --- |
| Type of Input | Color |
| Hard-coded numbers | Font color - Blue |
| Formula or calculations | Font color – Black |
| Input Assumption  | Font color – Blue, Black Outline cell border, yellow fill color |
| Cells directly linked to other worksheets or workbooks | Font Color - Green |



Assumption Input

Formula or calculations

**Hard – coded number**

1. Borders: When cutting and pasting cells that have border formatting, ensure you reinstate the correct borders (Home – Borders) or (Alt + H + B) then select the required border style from drop menu.

*Alternative*: While pasting cell, paste it as ‘paste special - format’ (Alt + e + s + t)

1. Naming Sheet: When working in excel workbook with multiple worksheet, label each sheets. (Right click on sheet name – then select Rename or Double click sheet name, then begin typing new sheet name once the existing sheet name is highlighted). To name rows and column -‘Name function’ can be used.
2. Hidden Rows or columns: While copying (ctrl + c), pasting (ctrl + v), inserting, deleting (del) or moving (ctrl +x), ensure that there are no hidden rows or columns. If there are hidden rows or column, then at destination of pasting, it will show all rows and columns (both hidden and visible).
3. Display:
* Currency sign: The currency sign (‘$’ for USD, ‘₤’ for GBP, ‘€’ for Euros) is always displayed in the first row of each section. Alternatively it can be displayed at the top and bottom row of each schedule in the financial model.
* Percentages: The percentages sign is normally used in assumption sheet to highlight growth rate or expenses as percentage of revenue. To apply percentage - (Home – Numbers- percentage) or (Alt + H + P).
* Comma Style: The figures in particular cell must be separated by comma – thousand separators (international style) or hundred separators (Indian style). To apply comma - (Home – Numbers – comma style) or (Alt + H + K).
* Decimal places: Normally, the figures in financial models for Income statement, Balance sheet are not displayed in decimal, except for data related to EPS, DPS. Further, if figures are shown in decimal, then number of decimal (.0 or .00 or .000) must be followed uniformly across the model



**Percentage sign**

**Commas style (thousand) and**

**one decimal**

**Currency sign**

1. Alignment: In financial model, the alignment for text is always left. Whereas for numbers, it is customary to follow right align.



**Text – Left align**

**Number - Right align**

1. Font: To ensure consistency in the financial model, the font for text and numbers must be same i.e. if Arial is used for text, then Arial font must also be used for numbers.