**Assignment Case Study Instructions**

This assignment has been formulated to provide you with insight into navigating an integrated financial model within Excel.

The company name that we will be compiling the integrated Profit & Loss, Balance sheet & Cash Flow statement for is named “EXAMPLE LTD”.

The nature of business of EXAMPLE LTD is to produce and rent out high quality PPE equipment.

***Please follow the below instructions to compile the Financial Model for EXAMPLE LTD:***

* **INFO TAB in the Excel Workbook titled “Assignment Template”**
  + The financial model that we will compile will be for the Financial Year 2021 to the Financial Year 2024.
  + Under the heading Model Structure:
    - This provides details on what each sheet and area is for.
  + Under the heading Model formats are the following descriptions:
    - “Input cells for source data” – Highlighted in Yellow – the data we will be inputting throughout this workbook will be on yellow highlighted cells.
    - “Error test: result pass” – Highlighted in green – when the formulae throughout this workbook are operating as intended – there will be green highlighted sections confirming this once data has been inputted.
    - “Error test: result fail” – Highlighted in red – where formula in this workbook has been overwritten in error and immediate red highlighted section will pop up confirming the as it has arisen – this will allow you to undo the error immediately with the “Undo” arrow in Excel.
* **CONTROL TAB in the Excel Workbook titled “Assignment Template”**
  + This page is a Control of all the worksheets and highlights if any error messages have arisen.
  + There is nothing required for you to action on this worksheet for this assignment.
* **VERSION TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet is in place to allow management the opportunity to detail the changes made to each updated version of the financial model and to list the number of versions in circulation.
  + There is nothing required for you to action on this worksheet for this assignment.
* **ISSUES TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet is in place to allow management the opportunity to detail any issues that have arisen and those which require internal discussion and concluding on.
  + There is nothing required for you to action on this worksheet for this assignment.
* **KPI TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet will automatically populate based on the input data inserted for the business in the Financial model for the 4 Financial year projections.
  + Management tend to review and discuss the KPIs to assess their business model further.
  + There is nothing required for you to action on this worksheet for this assignment.
* **P&L TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet will automatically populate based on the input data inserted for the business in the Financial model for the 4 Financial year projections.
  + Once populated Management tend to review and discuss the Profit & Loss figures to assess their business model further.
  + There is nothing required for you to action on this worksheet for this assignment.
* **BS TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet will automatically populate based on the input data inserted for the business in the Financial model for the 4 Financial year projections.
  + Once populated Management tend to review and discuss the Balance Sheet figures to assess their business model further.
  + There is nothing required for you to action on this worksheet for this assignment.
* **CF TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet will automatically populate based on the input data inserted for the business in the Financial model for the 4 Financial year projections.
  + Management tend to review and discuss the Cash Flow statement to assess their business model further.
  + There is nothing required for you to action on this worksheet for this assignment.
* **GP TAB in the Excel Workbook titled “Assignment Template”**
  + This worksheet will automatically populate based on the input data inserted for the business in the Financial model for the 4 Financial year projections.
  + Management tend to review and discuss the Gross Profit Analysis to assess their business model further.
  + There is nothing required for you to action on this worksheet for this assignment.
* **EBITDA TAB in the Excel Workbook titled “Assignment Template”**
  + EBITDA stands for “Earnings before interest, taxes, depreciation and amortization”.
  + This worksheet will automatically populate based on the input data inserted for the business in the Financial model for the 4 Financial year projections.
  + Management tend to review and discuss the EBITDA to assess their business model further.
  + There is nothing required for you to action on this worksheet for this assignment.
* **GENERAL(I) TAB in the Excel Workbook titled “Assignment Template”**
  + In this worksheet we need to input some data assumptions for preparation of the Financial model.
  + We will ignore any “Sensitivity” assumptions for the purposes of our assignment and assume them as being “FALSE” – hence no impact to our model.
  + ***The following cells need to be updated as follows:***
    - **People costs – direct:**
      * **Pay increase**
        + We will assume that the salary costs will increase by 2% each year.
        + Please input 2% in Cell J12.
      * **Bonus**
        + The assumption is that Bonuses will equate to 20% for FY 2021 & 2022 and 50% for the FY 2023 & 2024.
        + Please input 20% in Cells I13 and J13.
        + Please input 50% in Cell K13.
* **NI er (National Insurance – Employer)**
  + This will be 13.8% for each FY from 2021 to 2024 due to government tables.
  + Please input 13.8% in Cell I14.
* **Pensions ‘er**
  + This is estimated at 5% for each FY from 2021 to 2024.
  + Please input 5% in Cell I15.
* **Recruitment**
  + Recruitment costs are estimated at 25% for each FY from 2021 to 2024.
  + Please input 25% in Cell I16.
* **Taxation**
  + **Corporation tax:** 
    - Corporation tax is estimated at 19% for each FY from 2021 to 2023 and 25% for the FY 2024.
    - Please input 19% in Cell I30.
    - Please input 25% in Cell L30.
  + **R&D tax – enhanced expenditure:** 
    - This Research & Development tax is estimated at 130% for each FY 2021 and 2022 and Zero for the FY 2023 and 2024.
    - Please input 130% in Cell I31.
    - Please input 0% in Cell K31.
  + **R&D tax – cash credit:** 
    - This Research & Development tax is estimated at 14.5% for the FY 2021 and Zero for the FY 2022 to 2024.
    - Please input 14.5% in Cell I32.
    - Please input 0% in Cells J32 and K32.
* **Inventory (forward production)**
  + This is estimated at 60 days.
  + Please input 60 in Cell H36.
* **Trade debtors**
  + This is estimated at 10 days.
  + Please input 10 in Cell H37.
* **Trade creditors**
  + This is estimated at 10 days.
  + Please input 10 in Cell H38.
* **Advance (as % stock)**
  + This is estimated at 100%.
  + Please input 100% in Cell H56.
* **Repayment**
  + This is estimated at 2 months.
  + Please input a 2 in Cell H57.
* **PEOPLE(I) TAB in the Excel Workbook titled “Assignment Template”**
  + In this worksheet we need to input annual salary data for the staff employed.
  + ***The following cells need to be updated as follows:***
    - Director 1 – input 125000 in Cell E11
    - Director 2 – input 110000 in Cell E12
    - Director 3 – input 110000 in Cell E13
    - Director 4 – input 110000 in Cell E14
    - Director 5 – input 90000 in Cell E15
    - IT Tech Specialist 1 – input 60000 in Cell E16
    - IT Tech Specialist 2 – input 50000 in Cell E17
    - IT Tech Specialist 3 – input 50000 in Cell E18
    - Systems tester 1 – input 30000 in Cell E19
    - Systems tester 2 – input 30000 in Cell E20
    - IT Service Delivery Function 1 – input 40000 in Cell E21
    - IT Service Delivery Function 2 – input 40000 in Cell E22
    - IT Service Delivery Function 3 – input 40000 in Cell E23
    - Research Assistant – input 50000 in Cell E24
    - Sales Director (UK) – input 120000 in Cell E25
    - Sales Director (US) – input 120000 in Cell E26
    - Sales Manager (UK - Care Homes) – input 60000 in Cell E27
    - Sales Manager (UK - Front Line) – input 60000 in Cell E28
    - Sales Manager (UK – Corporate) – input 60000 in Cell E29
    - Marketing Manager – input 50000 in Cell E30
    - Sales & Marketing Assistant – input 30000 in Cell E31
    - Office Manager – input 30000 in Cell E32
    - Company Counsel – input 90000 in Cell E33
    - Advisory Board Member 1 – input 12000 in Cell E34
    - Advisory Board Member 2 – input 12000 in Cell E35
    - Advisory Board Member 3 – input 12000 in Cell E36
    - Advisory Board Member 4 – input 12000 in Cell E37
    - Contingent staff 1 – input 75000 in Cell E38
    - Contingent staff 2 – input 75000 in Cell E39
    - Contingent staff 3 – input 75000 in Cell E40
    - R&D staff 1 – input 50000 in Cell E41
    - R&D staff 2 – input 50000 in Cell E42
    - R&D staff 3 – input 50000 in Cell E43
    - R&D staff 4 – input 50000 in Cell E44
    - Sales Manager (US – Care Homes) – input 60000 in Cell E45
    - Sales Manager (US – Front Line) – input 60000 in Cell E46
    - Sales Manager (US – Corporate) – input 60000 in Cell E47
    - Sales Executive (US – Care Homes) – input 40000 in Cell E48
    - Sales Executive (US – Care Homes) – input 40000 in Cell E49
    - Sales Executive (US – Front Line) – input 40000 in Cell E50
    - Sales Executive (US – Front Line) – input 40000 in Cell E51
    - Sales Executive (US – Corporate) – input 40000 in Cell E52
    - Sales Executive (US – Corporate) – input 40000 in Cell E53
    - Sales Director (JP) – input 120000 in Cell E54
    - Sales Manager (JP – Care Homes) – input 60000 in Cell E55
    - Sales Manager (JP – Front Line) – input 60000 in Cell E56
    - Sales Manager (JP – Corporate) – input 60000 in Cell E57
    - Sales Executive (JP – Care Homes) – input 40000 in Cell E58
    - Sales Executive (JP – Front Line) – input 40000 in Cell E59
    - Sales Executive (JP – Corporate) – input 40000 in Cell E60
    - Project Manager – input 50000 in Cell E61
    - Quality Manager – input 45000 in Cell E62
* **OPEX(I) TAB in the Excel Workbook titled “Assignment Template”**
  + In this worksheet we need to input the costs data for the business that Management have researched and concluded on.
  + ***Insert the following figures into the tables in this worksheet as follows:***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Other people costs** |  | **Base pa** | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| Staff benefits | Sep-20 | 7.5% | 7.5% | 7.5% | 7.5% |
| Consultant1 (Production) | Aug-20 | 65.0 | 5.0% | 5.0% | 5.0% |
| Consultant2 (Compliance) | Sep-20 | 65.0 | 5.0% | 5.0% | 5.0% |
| Recruitment fees | See <People> |  |  |  |  |
| Internal meetings | Jan-21 | 5.0 | 5.0% | 5.0% | 5.0% |
| Internal staff entertainment | Dec-20 | 10.0 | 20.0% | 20.0% | 20.0% |
| Training | Jan-21 | 130.0 | 10.0% | 5.0% | 5.0% |
| Other | Aug-20 | 5% | 5.0% | 5.0% | 5.0% |
| One-off |  |  |  |  |  |
| One-off |  |  |  |  |  |
|  |  |  |  |  |  |
| Other people costs |  | 275.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **Marketing** |  | **Base pa** | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| PR, Social Media & Website Management | Jul-20 | 30.0 | 20.0% | 200.0% | 200.0% |
| Marketing Materials & Content | Jul-20 | 50.0 | 20.0% | 200.0% | 200.0% |
| Exhibitions, Conferences, Events | Jan-21 | 30.0 | 40.0% | 200.0% | 200.0% |
| Market Research | Aug-20 | 20.0 | 20.0% | 200.0% | 200.0% |
| Trial Devices | Sep-20 | 20.0 | 20.0% | 20.0% | 20.0% |
| Other | Sep-20 | 10.0 | 20.0% | 200.0% | 200.0% |
| One-off |  |  |  |  |  |
| One-off |  |  |  |  |  |
|  |  |  |  |  |  |
| Marketing |  | 160.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **Property** |  | **Base pa** | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| Rent | Oct-20 | 140.0 | 200.0% | 5.0% | 5.0% |
| Rates | Oct-20 | 70.0 | 200.0% | 5.0% | 5.0% |
| Utilities | Oct-20 | 30.0 | 200.0% | 5.0% | 5.0% |
| Service Charge | Oct-20 | 28.0 | 200.0% | 5.0% | 5.0% |
| Cleaning / recycling | Oct-20 | 10.0 | 200.0% | 5.0% | 5.0% |
| Storage | Jun-20 | - | 200.0% | 5.0% | 5.0% |
| Office equipment | Apr-21 | 50.0 | 200.0% | 5.0% | 5.0% |
| Other | Jul-20 | - | 200.0% | 5.0% | 5.0% |
| One-off |  |  |  |  |  |
| One-off |  |  |  |  |  |
| Property |  | 328.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **IT and comms** |  | **Base pa** | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| Computer | Apr-21 | 60.0 | 200.0% | 5.0% | 5.0% |
| Amazon Web Services | Apr-21 | 40.0 | 100.0% | 100.0% | 100.0% |
| Third party software | Aug-20 | 50.0 | 200.0% | 5.0% | 5.0% |
| Phones / Internet | Apr-21 | 10.0 | 200.0% | 5.0% | 5.0% |
| Other | Aug-20 | - | 200.0% | - | - |
| One-off |  |  |  |  |  |
| One-off |  |  |  |  |  |
|  |  |  |  |  |  |
| Computer |  | 160.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **Office** |  | **Base pa** | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| Travel | Sep-20 | 40.0 | 50.0% | 50.0% | 50.0% |
| Postage | Aug-20 | 1.0 | 5.0% | 5.0% | 5.0% |
| Stationery | Apr-21 | 1.0 | 5.0% | 5.0% | 5.0% |
| General expenses | Aug-20 | 10.0 | 5.0% | 5.0% | 5.0% |
| Subscriptions & Research | Aug-20 | 10.0 | 5.0% | 5.0% | 5.0% |
| Bank charges | Aug-20 | 1.0 | 5.0% | 5.0% | 5.0% |
| Charitable Donations | Jan-21 | 1.0 | 5.0% | 5.0% | 5.0% |
| Event overheads / loss on disposal | Apr-21 | 5.0 | 5.0% | 5.0% | 5.0% |
| Other | Aug-20 | 5.0 | 5.0% | 5.0% | 5.0% |
| One-off |  |  |  |  |  |
| One-off |  |  |  |  |  |
|  |  |  |  |  |  |
| Office |  | 74.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **Professional** |  | **Base pa** | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| Accountancy | Aug-20 | 15.0 | 50.0% | 100.0% | 5.0% |
| Insurance | Aug-20 | 10.0 | 50.0% | 50.0% | 50.0% |
| Legal | Aug-20 | 150.0 | 50.0% | 100.0% | 5.0% |
| Other | Aug-20 | - | 50.0% | 100.0% | 5.0% |
| One Off Legals |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Professional |  | 175.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **Outsourced key contractors** |  |  | **Inc. pa** | **Inc. pa** | **Inc. pa** |
| Contractor1 | Oct-20 | 60.0 | 20.0% | 10.0% | 5.0% |
| Contractor2 | Jan-21 | 30.0 | 20.0% | 20.0% | 20.0% |
| Contractor3 | Jan-21 | 80.0 | 200.0% | 10.0% | 10.0% |
| Contractor4 | Feb-21 | 40.0 | 200.0% | 10.0% | 5.0% |
| Contractor5 | Mar-21 | 20.0 | 200.0% | 10.0% | 5.0% |
| One-off |  |  |  |  |  |
| One-off |  |  |  |  |  |
|  |  |  |  |  |  |
| Outsourced key contractors |  | 230.0 | *annualised* |  |  |
|  |  |  |  |  |  |
| **Other operating costs** |  | **1,402.0** |  |  |  |
| Please note that in addition to the above costs - some “Other Legal costs” and “Other Non-recurring costs” have been added in manually by Management to the right of this worksheet under the FY headings. |  |  |  |  |  |

* **UK(I) TAB in the Excel Workbook titled “Assignment Template”**
  + In this worksheet the input relating to the number of Sales and Production costs & Units produced etc has already been included on this worksheet as per the management’s expectations of the business and their estimate projections based on their market research.
* **UK(C) TAB in the Excel Workbook titled “Assignment Template”**
  + In this worksheet the input data that has been captured in the other worksheets is calculated with formulae on this worksheet and fed through to the Profit & Loss, Balance Sheet, Cash Flow and KPI schedules.
  + There is nothing required for you to attend to on this worksheet.

As all the input data has now been captured and computed - you can review the P&L, Balance Sheet, Cash Flow projections & KPIs to assess the viability of the business model.