NexusPinnacle

Financial Modelling Checklist

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Cash Flow Modeling

CHECKLIST (PAGE 1/3)

1. MODEL PLANNING & SCOPING

- ❑ Define the purpose of the model (valuation, budgeting, fundraising, etc.)
- ❑ Identify key stakeholders and intended users (internal, external, technical, non-technical)
- ❑ Establish the forecast period (monthly, quarterly, annually)
- ❑ Clarify outputs required (cash position, EBITDA, IRR, covenants)
- ❑ Select a base currency and define unit scale (e.g., $ thousands, $ millions)

2. ASSUMPTIONS & INPUTS

- ❑ Separate a clear Inputs/Drivers sheet (or section)
- ❑ Include historical financials (3–5 years P&L, BS and CF if available)

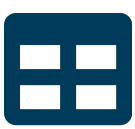
Define operational drivers:

- ❑ Revenue growth (volume × price)
- ❑ COGS as % of revenue or unit cost
- ❑ SG&A assumptions (fixed/variable)

Set assumptions for:

- ❑ Depreciation methods & asset lives
- ❑ Tax rates and NOL usage
- ❑ Working capital assumptions (DSO, DPO, DIO)
- ❑ Financing structure (debt interest, repayments, equity injections)
- ❑ CAPEX schedules

- ❑ Use named ranges or cell references (avoid hardcoding)



3. MODEL STRUCTURE & LOGIC

Structure the workbook modularly:

- ❑ Assumptions/Input
- ❑ Calculations (supporting schedules)
- ❑ Core financial statements (IS, BS, CF)
- ❑ Outputs & dashboards

Build schedules for:

- ❑ Depreciation & CapEx
- ❑ Working capital (WC)
- ❑ Debt & interest
- ❑ Equity movements
- ❑ Use time-based columns consistently across all sheets
- ❑ Ensure the cash flow statement is indirect (linked from Net Income, working capital, and non-cash items)

See Page 2 for more

Cash Flow Modeling

CHECKLIST (PAGE 2/3)

4. FORMATTING STYLE & BEST PRACTICE

- ❑ Use consistent color coding: Inputs (blue), calculations (black), links (green), outputs (bold black), checks/errors (red)
- ❑ Apply consistent number formatting (no $ signs inside formulas, align decimals)
- ❑ Avoid merging cells and minimize use of volatile functions (e.g., OFFSET, INDIRECT)
- ❑ Keep formulas short and readable (break long ones into steps)
- ❑ Label all sections, rows, and inputs clearly

5. LINKING & INTEGRITY OF THE 3 STATEMENTS

- ❑ Net Income flows from IS → BS (retained earnings) and CF
- ❑ Depreciation, amortization, and CapEx flow to both CF and BS
- ❑ Working capital changes flow from BS to CF
- ❑ Debt schedule feeds into CF and BS (principal + interest)
- ❑ Cash movements reconcile CF → BS
- ❑ Confirm balance sheet balances every period
- ❑ Avoid circular references unless necessary (e.g., interest based on cash balance)

6. SCENARIOS & SENSITIVITIES

- ❑ Create toggles/dropdowns for Base / Upside / Downside cases

Allow dynamic changes to key assumptions:

- ❑ Revenue growth
- ❑ Cost inflation
- ❑ CapEx levels
- ❑ Interest rates

- ❑ Add scenario manager or data tables for sensitivities (e.g., valuation vs growth rate vs discount rate)

See Page 3 for more

Cash Flow Modeling

CHECKLIST (PAGE 3/3)

7. ERROR CHECKS & VALIDATION

Create a dedicated “Checks” section with:

- ❑ Balance Sheet = Assets – Liabilities – Equity = 0
- ❑ Cash Flow: Opening + Net Change = Closing
- ❑ Debt schedules reconcile
- ❑ Interest coverage & covenant tests (if applicable)
- ❑ Tax not negative or excessive

❑ Use error flags (e.g., IFERROR / ISERROR) for visual cues
❑ Audit formulas using trace precedents/dependents regularly

8. DOCUMENTATION & HANDOVER

❑ Provide a summary tab or dashboard with KPIs and charts
❑ Add a model guide or readme: key inputs, assumptions, user instructions
❑ Label all tabs with logical names and order them clearly
❑ Apply consistent version control (e.g., v1.0, v1.1)
❑ Protect inputs and outputs to avoid accidental changes
❑ Prepare for handover: clean layout, remove unnecessary hardcoding, external link, test thoroughly

MODEL SMARTER, FORECAST BETTER