



*Areef Ali & Associates*  
BUSINESS SOLUTIONS

# Financial Modeling

**Facilitator: Mr. Areef Ali B.Sc, FCCA, CA**



# Training Objectives

At the end of this session, without reference to training materials, attendees will:

- Understand the key components of a financial model
- Understand the types of models and their uses



# Training Objectives

- Know modeling best practices, and appropriate drivers for building the model
- Know key excel tools and methods used to speed up model design



# Training Objectives

- Understand how to layout & build model components effectively
- Know how to set up integrity checks to the primary statements
- Understand common errors in Financial modelling
- Audit models effectively



# Programme Outline

## **Prebuild training**

- Overview of Financial Modeling
- Stages in developing a financial model
- Best practices and pitfalls of building models
- Key excel techniques, formulas & tools
- Understanding the key financial statements and their inter-relationships
- Gathering of historical documents / information to construct model



# Programme Outline con'td

## **Building the Schedules – Developing a three statement model**

- Setting up the core financial statements – Balance Sheet, Cashflow & P&L
- Key assumptions
- Data input sheet(s) – layout and detailed workings



# Programme Outline con'td

## **Building the Schedules – Developing a three statement model cont'd**

Balancing the model – validation checks

### **Expanding the model**

- Additional reports - Graphing & charting results

### **Other types of Financial models**



# Programme Outline con'td

## **Auditing of financial models**

- Overall Model Policy framework
- Elements of a financial modelling policy
- Error mitigation techniques: Standardised development approach
- Error mitigation techniques: Use of Checklists



# Programme Outline con'td

## **Auditing of financial models**

- Empirical research into errors in financial models
- Real life examples of model usage, errors found & risks
- Managing model risks



# Programme Outline con'td

## **Auditing of financial models cont'd**

- Model review techniques / approaches review
- Model Auditing / review tools used

## **Summary / conclusion**