

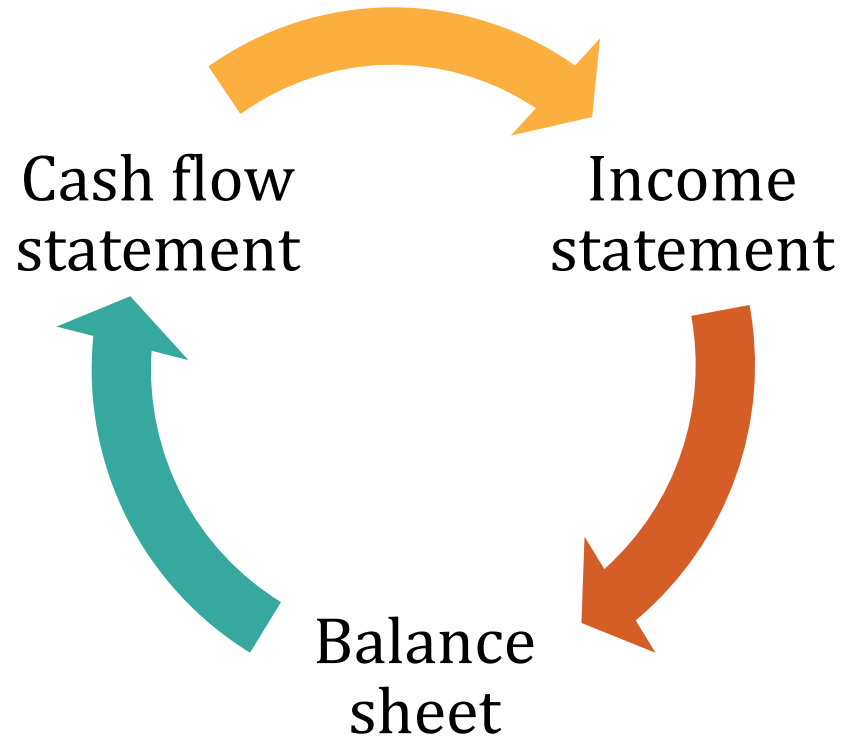
Wall Street Prep Training Manual

Financial Statement Modeling

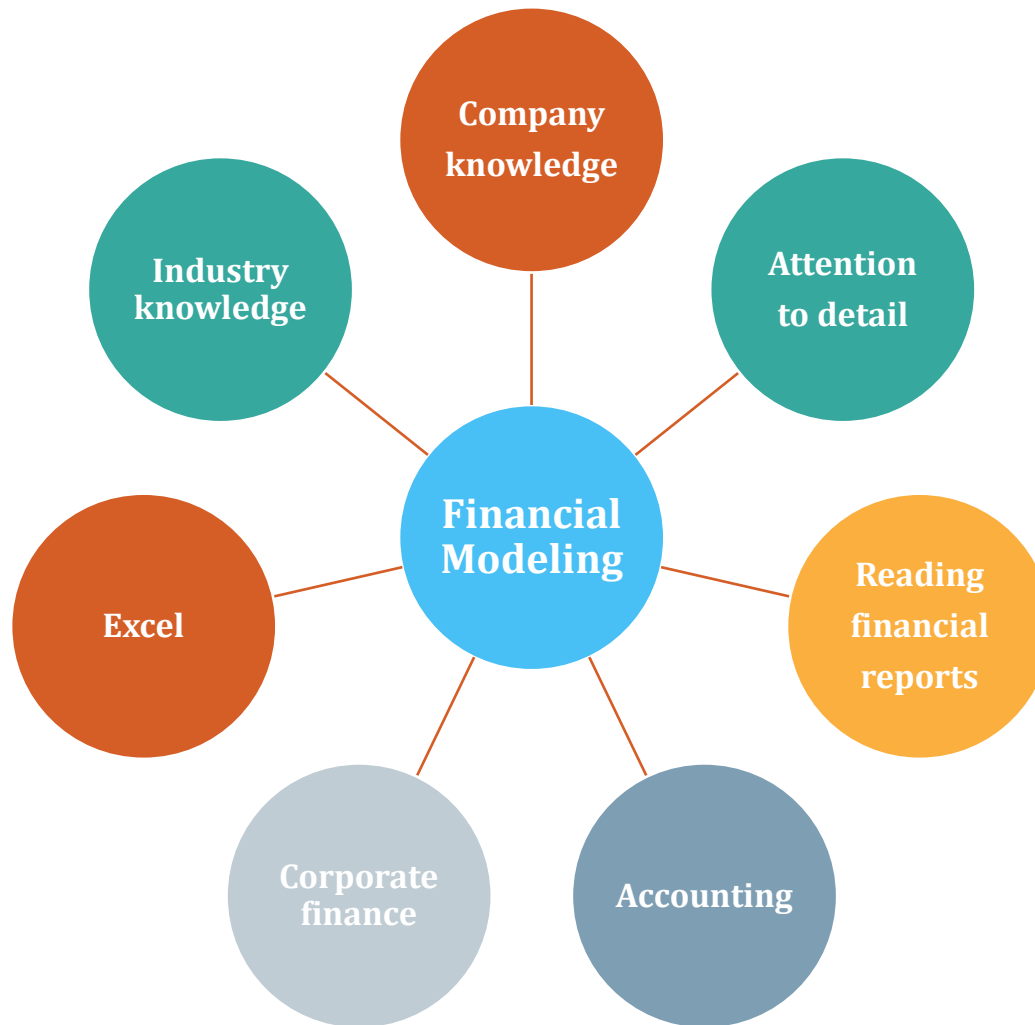
Introduction

What is a financial statement model (FSM)?

- Historical results and forecasts
- Income statement
- Balance sheet
- Cash flow statement



Effective modeling requires a combination of skills

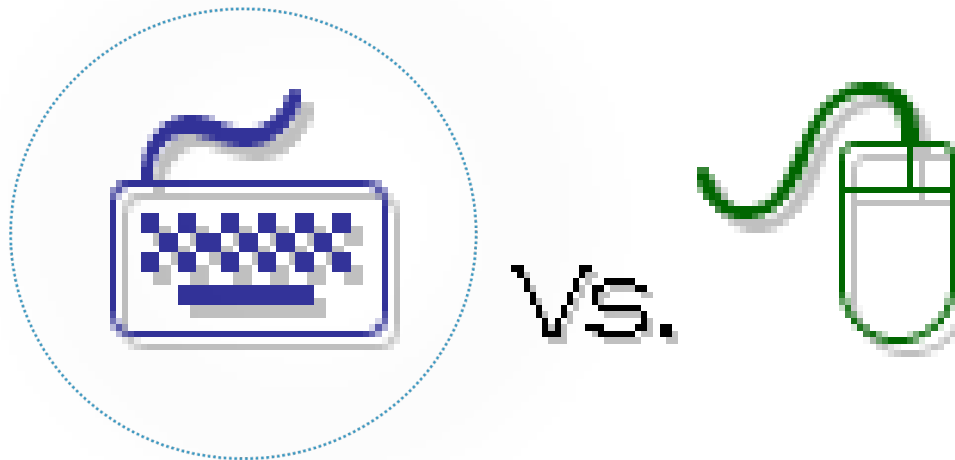


What we expect you to know prior to the course

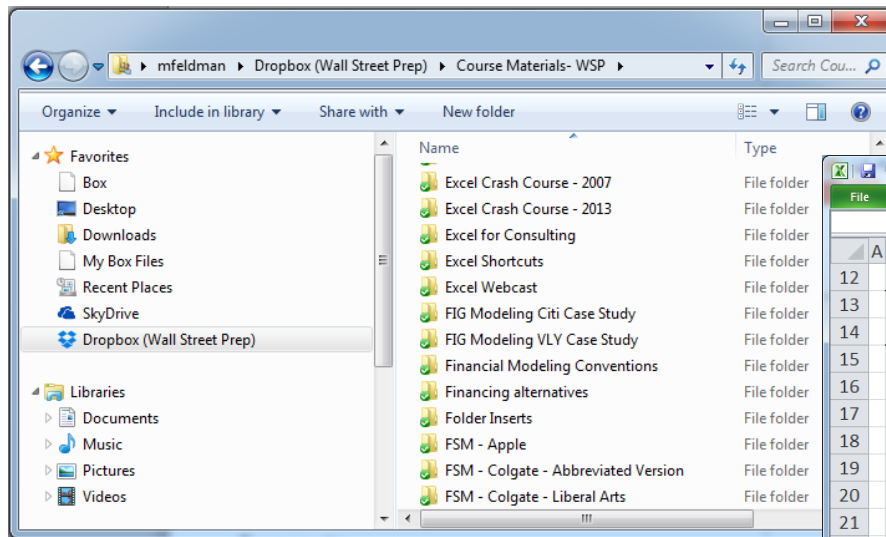


Keyboard shortcuts

- Take advantage of keyboard shortcuts
- Far more efficient than the mouse; worth the time to learn
- Use as many shortcut keys as possible



Keyboard shortcuts



Universal shortcuts

A screenshot of an Excel spreadsheet titled 'Financial Statement Model with Discounted Cash Flow Analysis.xlsx'. The spreadsheet displays an Income Statement for two years: 2015P and 2016P. The columns are labeled A, B, G, and H. The rows are numbered 12 through 27. The data is as follows:

	2015P	2016P
INCOME STATEMENT		
Fiscal year	2015P	2016P
Fiscal year end date	9/30/15	9/30/16
Revenue	188,389	196,830
Cost of sales (enter as -)	(117,932)	(123,216)
Gross Profit	70,458	73,614
Research & development (enter as -)	(5,840)	(6,102)
Selling, general & administrative (enter as -)	(12,810)	(13,384)
Operating profit (EBIT)	51,807	54,128
Interest income	1,614	1,694
Interest expense (enter as -)	(329)	(317)
Other expense (enter as -)	(324)	(324)
Pretax profit	52,768	55,181
Taxes (enter expense as -)	(13,720)	(14,347)
Net income	39,048	40,834

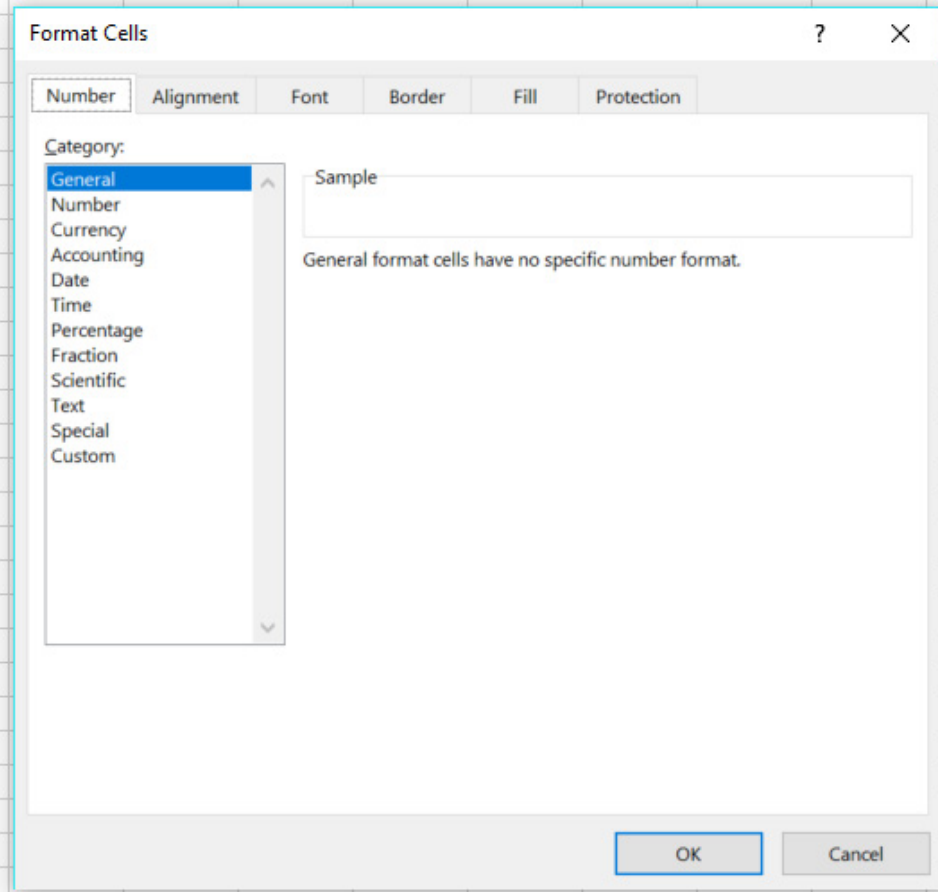
Excel shortcuts

Financial Statement Modeling

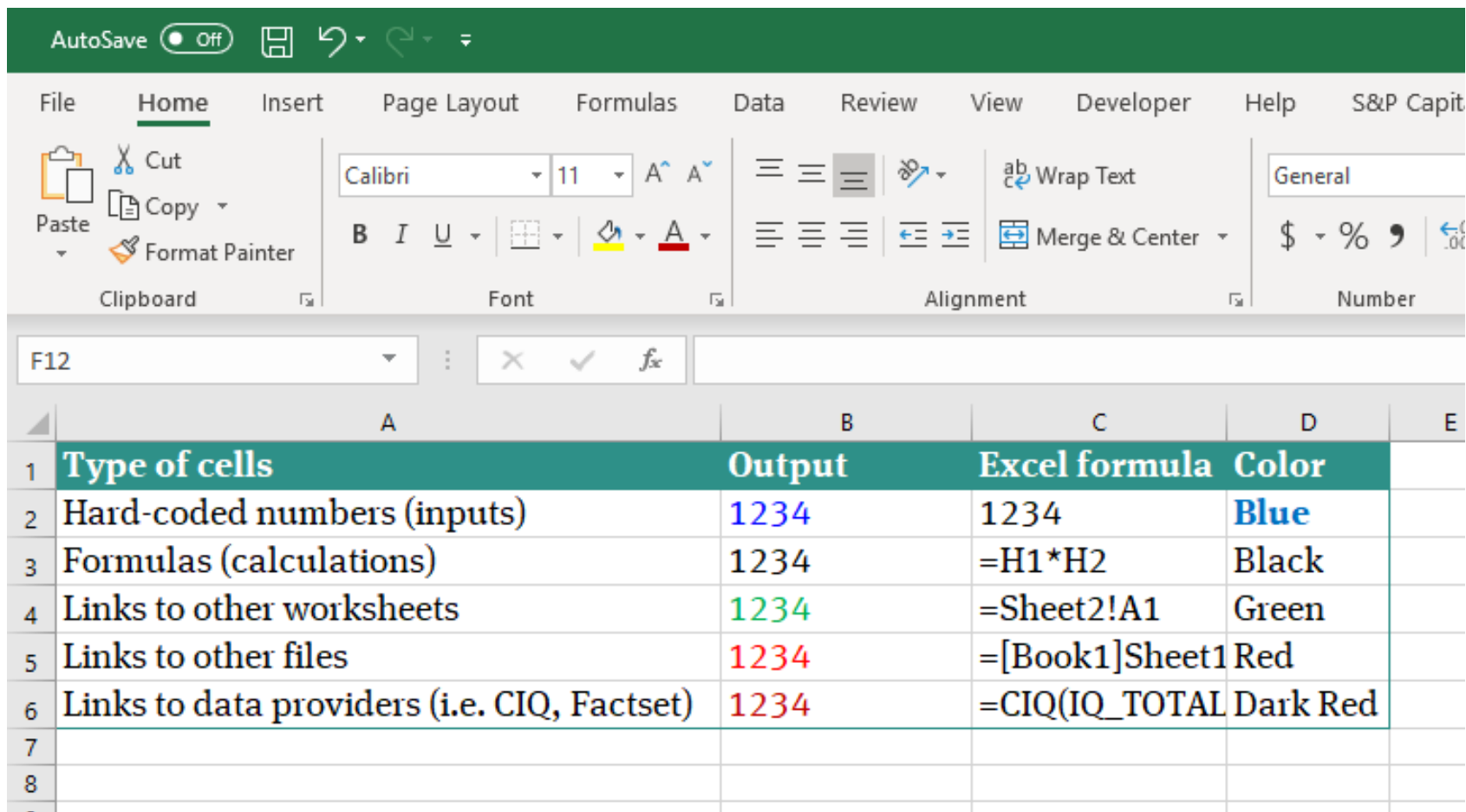
Modeling Best Practices

Format Cells (Ctrl+1)

- All cell formatting can be applied via this form



Maintain consistent color conventions



The screenshot shows the Microsoft Excel interface with the Home tab selected. The ribbon includes options for Clipboard, Font, Alignment, and Number. Below the ribbon, a table is displayed with the following data:

Type of cells	Output	Excel formula	Color
Hard-coded numbers (inputs)	1234	1234	Blue
Formulas (calculations)	1234	=H1*H2	Black
Links to other worksheets	1234	=Sheet2!A1	Green
Links to other files	1234	=[Book1]Sheet1	Red
Links to data providers (i.e. CIQ, Factset)	1234	=CIQ(IQ_TOTAL	Dark Red

Maintain standard formatting

The screenshot shows an Excel spreadsheet titled "Apple FSM_complete - Excel". The spreadsheet is an Income Statement template. The columns are labeled C through Q, with C being the fiscal year, D through J being the years 2016A through 2023P, and K being the WSP Comments. The rows are labeled 13 through 22, with 13 being the header row, 14 being the Revenue row, 15 being the Cost of sales row, 16 being the Gross Profit row, 17 being the Research & development row, 18 being the Selling, general & administrative row, and 19 being the Operating profit (EBIT) row. Callouts 1 through 5 highlight specific cells: 1 points to the 2016A Revenue cell, 2 points to the 2019P Revenue cell, 3 points to the WSP Comments header, 4 points to the Revenue row header, and 5 points to the 2019P Cost of sales cell.

	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
13	INCOME STATEMENT														
14	fiscal year	2016A	2017A		2019P	2020P	2021P	2022P	2023P						
15	fiscal year end date	9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	9/30/22	9/30/23	WSP Comments					
16	Revenue	215,639	229,234	265,595	257,627	268,447	279,722	291,471	303,712	Previous year's revenues x (1+revenue growth rate)					
17	Cost of sales (enter as -)	(131,376)	(141,048)	(163,756)	(160,244)	(166,437)	(173,428)	(180,712)	(188,302)	Plug = Revenue - Gross Profit					
18	Gross Profit	84,263	88,186	101,839	97,383	102,010	106,294	110,759	115,411	Revenue x Gross Profit Margin forecast					
19	Research & development (enter as -)	(10,045)	(11,581)	(14,236)	(13,809)	(14,389)	(14,993)	(15,623)	(16,279)	Revenue x R&D % of sales forecast					
20	Selling, general & administrative (enter as -)	(14,194)	(15,261)	(16,705)	(16,204)	(16,884)	(17,594)	(18,332)	(19,102)	Revenue x SG&A % of sales forecast					
21	Operating profit (EBIT)	60,024	61,341	70,898	67,370	70,737	73,708	76,803	80,029	Gross Profit - R&D - SG&A					

1. Negative numbers should be shown in parenthesis
2. Column widths should be the same across all data
3. Include spacer column between to avoid fill-righting over comments
4. Include 1-2 blank columns on the left for elevator drops
5. Align positive and negative numbers (custom formatting)