

Wall Street Prep Training Manual

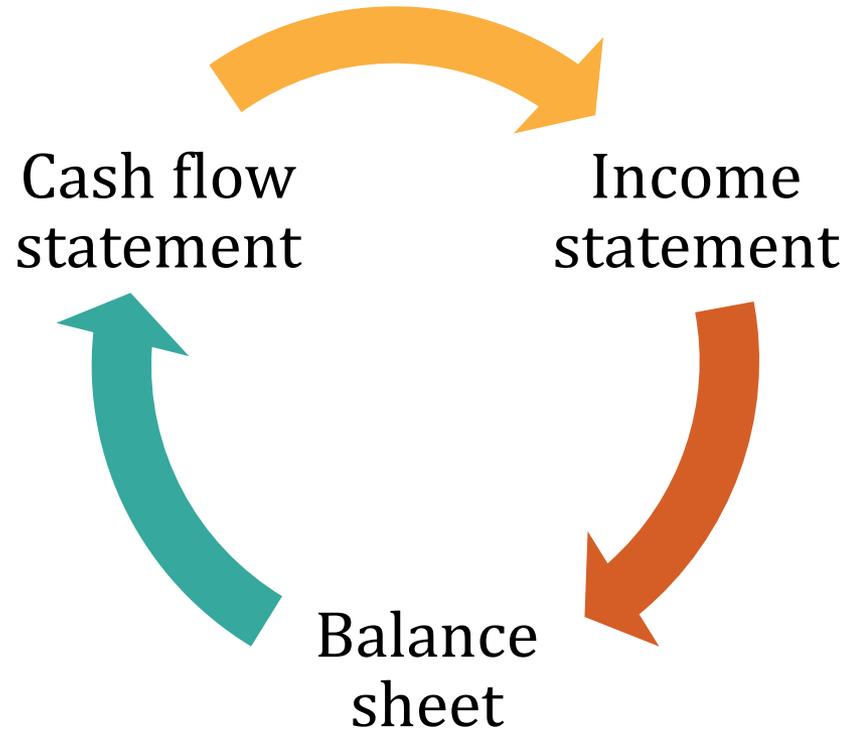
Financial Statement Modeling

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



The screenshot shows the 'Accounting Crash Course' page on the Wall Street Prep website. The page has a green header and a white main content area. It includes a 'Supporting Documents Kit' download button, a 'Step-By-Step Course Manual' download button, and a 'Your Course Progress' section showing a list of lessons under 'Chapter 1: Introduction to Accounting'. The lessons are: 1. Introduction (09:54), 2. Basic Accounting Principles (14:05), and 3. Financial Reportings & Important Filings (06:32). The instructor is identified as Matan Feldman, Founder and Managing Partner.

Accounting

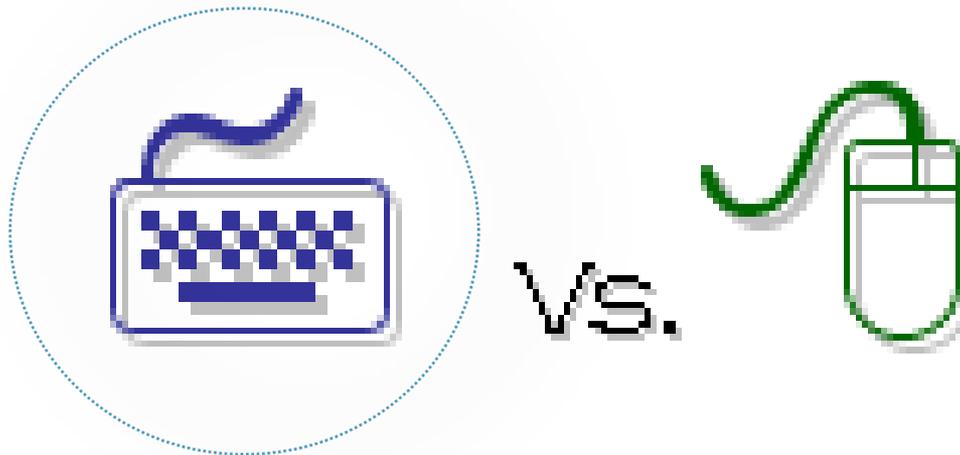


The screenshot shows the 'Excel Crash Course' page on the Wall Street Prep website. The page has a blue header and a white main content area. It includes a 'Supporting Documents Kit' download button, a 'Step-By-Step Course Manual' download button, and a 'Your Course Progress' section showing a list of lessons under 'Chapter 1: Welcome to Excel'. The lessons are: 1. Getting Started (09:12), 2. Using the Keyboard to Navigate the Excel Ribbon (05:13), and 3. Ribbon Layout (04:51). The instructor is identified as Matan Feldman, Founder and Managing Partner.

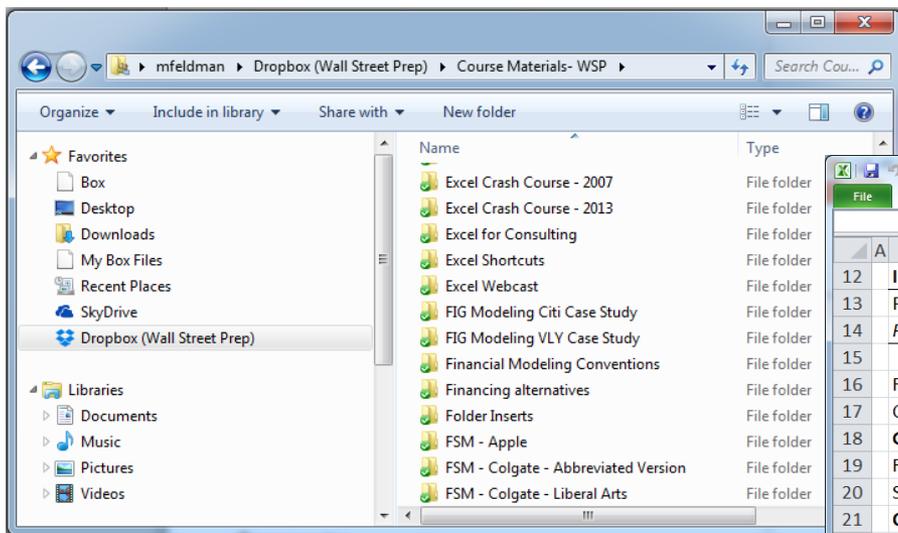
Excel

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 a Microsoft Excel spreadsheet titled 'Financial Statement Model with Discounted Cash Flow Analysis.xlsx'. The spreadsheet displays an Income Statement for 2015 and 2016. The columns are labeled '2015P' and '2016P'. The rows include 'Revenue', 'Cost of sales', 'Gross Profit', 'Research & development', 'Selling, general & administrative', 'Operating profit (EBIT)', 'Interest income', 'Interest expense', 'Other expense', 'Pretax profit', and 'Net income'.

	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

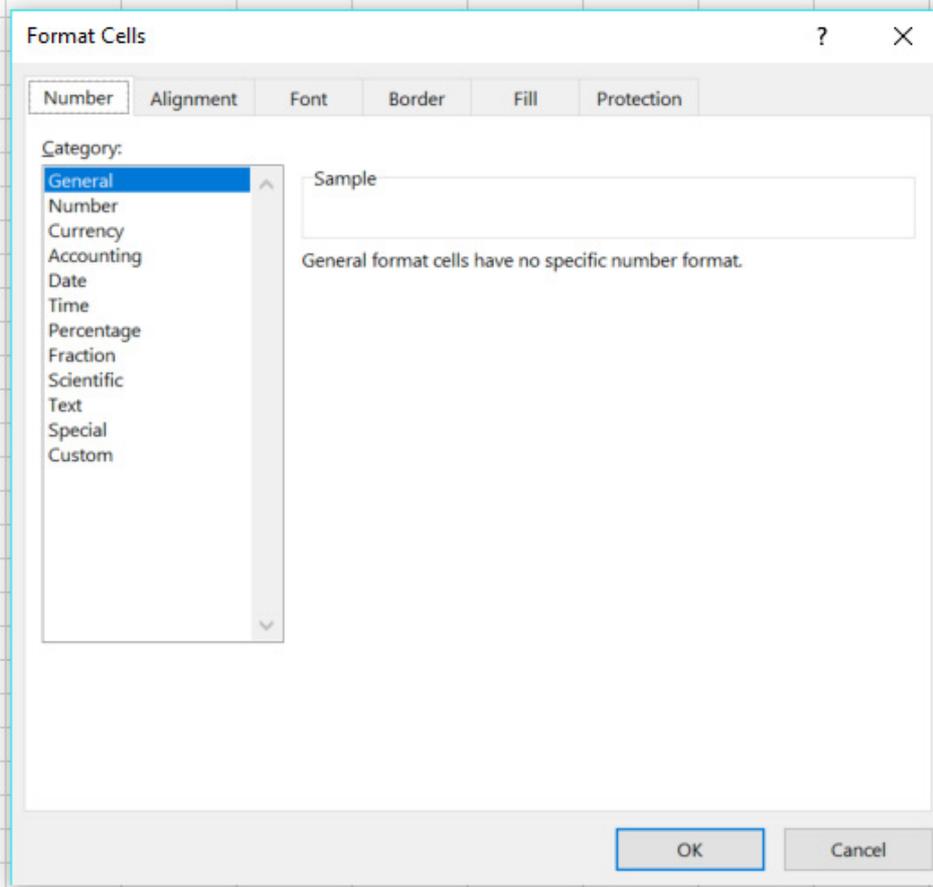
Excel shortcuts

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 ribbon selected. Below the ribbon is a table with the following data:

1	Type of cells	Output	Excel formula	Color
2	Hard-coded numbers (inputs)	1234	1234	Blue
3	Formulas (calculations)	1234	=H1*H2	Black
4	Links to other worksheets	1234	=Sheet2!A1	Green
5	Links to other files	1234	= [Book1] Sheet1	Red
6	Links to data providers (i.e. CIQ, Factset)	1234	=CIQ(IQ_TOTAL	Dark Red
7				
8				

Maintain standard formatting

The screenshot shows an Excel spreadsheet titled 'Apple FSM_complete - Excel'. The spreadsheet displays an Income Statement for Apple from 2016 to 2023. The data is as follows:

	2016A	2017A	2019P	2020P	2021P	2022P	2023P		
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)
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
Gross Profit	84,263	88,186	101,839	97,383	102,010	106,294	110,759	115,411	Revenue x Gross Profit Margin forecast
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
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
Operating profit (EBIT)	60,024	61,344	70,898	67,370	70,737	73,708	76,803	80,029	Gross Profit - R&D - SG&A

Callouts in the image highlight the following best practices:

1. Negative numbers should be shown in parenthesis (e.g., (131,376)).
2. Column widths should be the same across all data.
3. Include a spacer column between data and comments to avoid fill-righting.
4. Include 1-2 blank columns on the left for elevator drops.
5. Align positive and negative numbers (custom formatting).

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