



FINANCIAL MODELLING IN EXCEL

A Practical Guide Using Case Scenario



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ACCOUNTING ON EXCEL WITH AMAKA IFEBUNANDU (DEXCELCOACH)

CASE SCENARIO TO ILLUSTRATE FINANCIAL MODELLING IN EXCEL

AGF is a Business that started operations in 2024. The business is into the production and sales of fresh juice.

You have been provided with historical balance sheet as at 31st December 2024.

Your task is to build a long-range plan for AGF for the next five (5) years (2025 – 2029) using the balance sheet historical data and the assumptions outlines ahead.

Assume all figures are in Nigerian Naira unless stated otherwise.

Revenue Assumptions

- AGF targeted sales volume in the year 2025 is 1000 units and expected to grow by 3% annually
- The targeted selling price per unit is ₦500 in the year 2025 and expected to grow by 2% annually.
- AGF offers training service to students on how to produce fresh Juice. The planned revenue from these trainings in 2025 is ₦150,000 and expected to grow at 2% annually.

Cost of Sales Assumptions

- The raw material cost is 20% of revenue
- The packaging cost is 5% of revenue

Operating Expenses Assumptions

- Personnel cost is 10% of revenue
- Marketing cost is 3% of revenue
- SG&A cost is 2% of revenue

Income Tax Assumption

- The company tax rate is 20%

Working Capital Assumptions

- Based on historical data, make reasonable assumptions for computing working capital lines
- Revenue for the year 2024 is ₦300,000
- The cost of goods sold in 2024 is ₦90,000

CAPEX Assumptions (Fixed Assets & Depreciation)

- AGF is expected to spend ~~₦~~80,000 in 2025 on the purchase of refrigerator and ~~₦~~65,000 for the purchase of a Juicer Machine.
- The useful life of the refrigerator is 10 years while that of the Juicer machine is 5 years.
- AGF uses a straight-line method of depreciation.
- Existing tangible assets have a remaining useful life of 4 years
- Depreciation expense is included as a separate line on the Income Statement and not included in Cost of Sales or SG&A

Debt Assumptions

- AGF plans to obtain a new loan of ~~₦~~300,000 in the year 2027
- Repayment for existing debt is ~~₦~~10,000 yearly, while for new debt is ~~₦~~30,000 yearly
- Interest rate is at 7% annually.

Equity Assumptions

- There was no new issue or repurchase of common shares (ordinary shares)

Required:

1. Using the spreadsheet provided and the information in this case, build a financial model that forecasts the company's financial statements annually for the next five years.
2. Create assumptions section to enter your inputs. Ensure the assumptions section is logical and well organized.