

## Case Study – Stepping Up

Question appeared in: ModelOff 2014 Round 2

Allocated Time: 35 minutes

### INTRODUCTION

It is your first day at a new employer, a massive company that produces widgets. The company has a basic 15 year forecasting model including a profit and loss statement, balance sheet and cash flow statement. The previous analyst has already left and there was no chance for a proper handover. Fortunately they left you with a series of notes that set out where they believe there are issues in the current model. You are required to identify and fix these errors so you can brief the CFO on the model outputs.

For each question below, you will be provided with the previous analyst's note on where they thought an error existed. You will be required to find and correct the error. To assist with this, you are also provided the cell reference for where the error(s) are located.

Once the error(s) are fixed, you will be able to select the correct answer from the multiple choice options available.

**YOU MUST** complete the questions in sequence. Ensure your model has the correct answer before continuing. When making your changes, make sure the change is made across the whole row.

You should not have to insert any rows or columns to fix the errors in the model. If you do insert rows or columns the cell references below will no longer line up to the model.

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**QUESTIONS**

**Question 1**

*Analyst comment: "Something isn't working in the volume summary by type"  
[Error(s) in Calculations!6:20]*

**What is the total volume of units (in millions) across the 15 year period for 'Low value' widgets?**

- a. 4,829.07
- b. 4,829.28
- c. 4,829.39
- d. 4,829.42
- e. 4,829.68
- f. 4,829.72

**Question 2**

*Analyst comment: "The scenario selector doesn't seem to be working properly"  
[Error(s) in Calculations!22:33]*

**What is the total revenue (\$m) in the Year ending June 2023 under the Base scenario?**

- a. 68,560.10
- b. 68,560.28
- c. 68,560.47
- d. 68,560.59
- e. 68,560.71
- f. 68,560.98

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**Question 3**

*Analyst comment: "Our total expenses look ok in year one but seem to be overstated further on"  
[Error(s) in Calculations!52:65]*

**What is the figure for total expenses (\$m) in the Year ending June 2025 under the Base scenario?**

- a. 18,517.04
- b. 18,517.12
- c. 18,517.37
- d. 18,517.46
- e. 18,517.68
- f. 18,517.97

**Question 4**

*Analyst comment: "Our working capital requirements don't seem correct"  
[Error(s) in Calculations!71:89]*

**What is the change in net working capital (\$m) in the Year ending June 2019 under the Base scenario?**

- a. (168.22)
- b. (168.36)
- c. (168.41)
- d. (168.68)
- e. (168.79)
- f. (168.81)

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**Question 5**

*Analyst comment: "Our accounting specialist thinks our year 15 closing net book value (from an accounting perspective) is understated"*  
*[Error(s) in Calculations!91:120]*

**What is the closing accounting net book value (\$m) in the Year ending June 2030?**

- a. 6,211.04
- b. 6,211.14
- c. 6,211.27
- d. 6,211.39
- e. 6,211.57
- f. 6,211.62

**Question 6**

*Analyst comment: "And they don't reconcile on the tax depreciation values either"*  
*[Error(s) in Calculations!122:127]*

**What is the total tax depreciation over the 15 year period (\$m)? Note that tax in this territory is done on a diminishing value basis.**

- a. 34,443.04
- b. 34,443.14
- c. 34,443.38
- d. 34,443.57
- e. 34,443.77
- f. 34,443.95

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**Question 7**

*Analyst comment: "I'm not sure the correct signs were used when building out the operating and investing activities"*

*[Error(s) in Outputs!72:81]*

**Contestants note: Answer this question based on the value you get after attempting questions 1 to 7 only. The correction(s) you make for Q9 will change the 'live' value of the Q7 answer. Be warned of this, because if you double-check your workbook after completing all questions, you will have a different value for this question.**

**What is the total of operating and investing cash flows (\$m) for the Year ending June 2016 under the Base scenario?**

- a. (9,428.17)
- b. (9,428.36)
- c. (9,428.48)
- d. (9,428.57)
- e. (9,428.66)
- f. (9,428.79)

**Question 8**

*Analyst comment: "The total interest on the term loans seems wrong"*

*[Error(s) in Calculations!183:202]*

**What is the total interest on the three Term Loans (\$m) in the Year ending June 2028?**

- a. 996.00
- b. 997.00
- c. 998.00
- d. 999.00
- e. 1,000.00
- f. 1,001.00

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**Question 9**

*Analyst comment: "The tax payable isn't quite calculated correctly"*  
*[Error(s) in Calculations!212:229]*

**What is the figure for tax payable (\$m) in the Year ending June 2019 under the Base scenario?**

- a. 1,111.24
- b. 1,111.47
- c. 1,111.56
- d. 1,111.65
- e. 1,111.80
- f. 1,111.92

**Question 10**

*Analyst comment: "The balance sheet doesn't balance"*  
*[Error(s) in Outputs!27:67]*

**What is the total net assets (\$m) in the June 2030 year under the Base scenario?**

- a. 8,085.44
- b. 8,085.55
- c. 8,085.66
- d. 8,085.77
- e. 8,085.88
- f. 8,085.99

## Answers

1	A
2	B
3	C
4	E
5	C
6	A
7	F
8	B
9	F
10	F