

Excel Lunch & Learn Series

Fundamentals of 3-Way Financial Modelling

SESSION 1: BUILDING THE FOUNDATIONS

60 minutes · Ben Ducker · Ruth Butler-Lee · John Yeldham

Thursday 3 September 2026 · 12:00–13:00 · Zoom · Excel Community

What the series covers

ROADMAP

1



2



3



4

Webinar 1: Building the foundations

- What a financial model is, how it is structured, and how it is used
- The importance of formula consistency and avoiding hardcoding
- Applying double entry principles within models
- Designing a timeline and consistent column structure
- Introducing flags, checks, and control mechanisms

Webinar 2: Building core drivers

- Adding and linking revenue and operating costs
- Building a fixed assets module from scratch
- Modelling trade debtors using debtor days

Webinar 3: Adding complexity

- Building supporting calculation sheets
- Modelling debt structures and flows
- Creating a tax module and linking it across the P&L, balance sheet, and cash flow

Webinar 4: Outputs, scenarios and review

- Using dashboards to present key outcomes
- Implementing a basic scenario manager
- Understanding the importance of model review and validation

Agenda

TODAY

What makes something a model

Types of models

Why build one, and for whom

Key components & structure

Structure & styles

What makes a good check

Designing a timeline

Formula consistency

Helper calculations, flags, masks & switches

Applying double-entry principles

Wrap-up & Q&A



We will switch to look at the principles within a live model during the session

LIVE DEMO

Before we dive in, here's where we're heading

Let's look at this live in the model -



A complete, working financial model

What makes something a Model?

CONCEPT

- The word “model” means different things to different people
- Most “models” in business are really one-off analyses built in Excel
- Analysis can be hardcoded, bespoke and optimised for speed
- A Model needs structure, transparency and resilience to change

“

Analysis is built to answer today's question. A model is built to support tomorrow's decisions.

”

Types of Models

CONCEPT

Operational Cashflow

Supports treasury management, budgeting and variance analysis - the core pillar of day-to-day operations.

Investment Appraisal

Tests the options and costs of a significant capital investment, to secure the best-value funding.

Compliance Models

Supports statutory and regulatory reporting, e.g. gender pay gap reporting.

Deal Modelling

Showcases the business plan during a sale process and lets a buyer test and stress the numbers.

Cost Modelling

From activity-based costing to cost allocation - understanding cost drivers to find savings and value.

FP&A Support

Automates reporting and planning processes, saving time and controlling risk through best practice.

Funding Models

Sizes a funding requirement and stress-tests it under alternative scenarios to reduce risk and cost.

Bid Pricing Models

Ensures precise, competitive pricing, built up from a detailed cost and assumptions basis.

Special Purpose Models

Fully bespoke builds for a specific question - e.g. furlough payments, or capital allowances claims.

Why build a Model - and for whom

CONCEPT

- Aims & objectives: what question is this model answering?
- Intended decisions: funding, pricing, hiring, go or no-go...
- Audience: what matters to them, and how do we make it easy to digest?
- No one wants to be bamboozled by Excel prowess: they need a tool they can trust to support a business decision, so keep it simple!

“

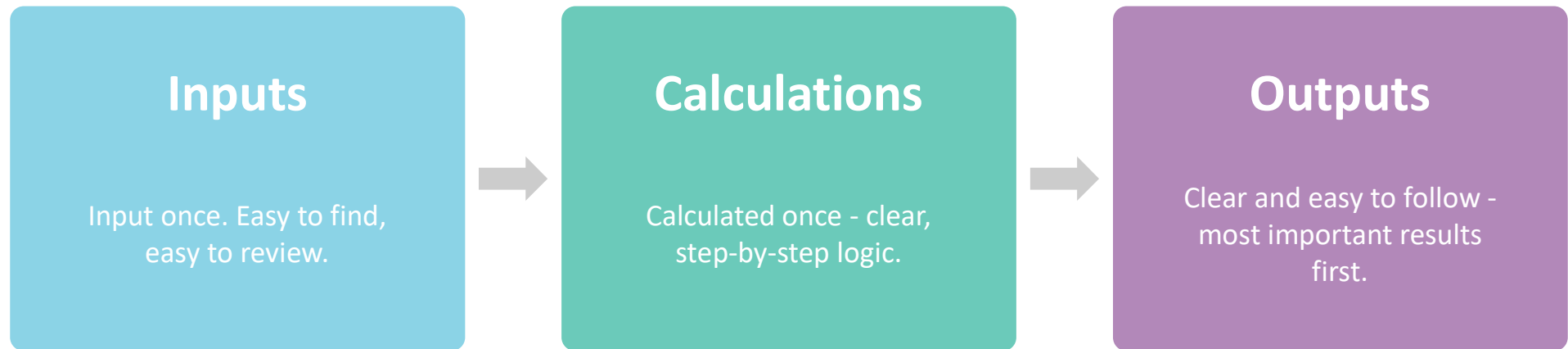
***Everything should be
made as simple as
possible, but not simpler.***

”

- Albert Einstein

Key components

STRUCTURE



ICAEW PRINCIPLE 9

Structure workbooks with a clear flow of inputs, processes, and outputs.

A consistent style for every purpose

PRINCIPLE

- A cell's style shows its purpose at a glance
- Consistent styles keep number formats (currency, %, decimals) uniform across the model
- The specific colours are just one convention - pick one and stick to it
- Use the Cells Styles feature to maintain consistency and ease of update

LIVE DEMO

Let's see it for real

Let's look at this live in the model -

 Excel's Cell Styles gallery - a consistent look, applied in one click

 A blank template, ready to be built on

What makes a good check

PRINCIPLE

- Checks catch what we inevitably miss, including the result of later input changes.
- Build checks in as you build the model
- Central check sheet to aggregates all checks (so problems are caught immediately)
- Compare using ABS, apply a tolerance, convert to 1 or 0, and wrap in IFERROR

```
=IFERROR((ABS(Actual-Expected)>rTolerance)*1,1)
```

ICAEW PRINCIPLE 17

Build in checks, controls, and alerts from the outset.

LIVE DEMO

Tracing a check from top to bottom

Let's look at this live in the model -



How one error check is built



How every check across the model rolls up into a single result

One timeline, referenced everywhere

STRUCTURE

- One timeline sheet, others link to it.
- Change the start date once - everything downstream updates.
- Consistent columns make linking between sheets safer.
- A good home for flags, e.g. Actual vs Forecast (will see more later)

LIVE DEMO

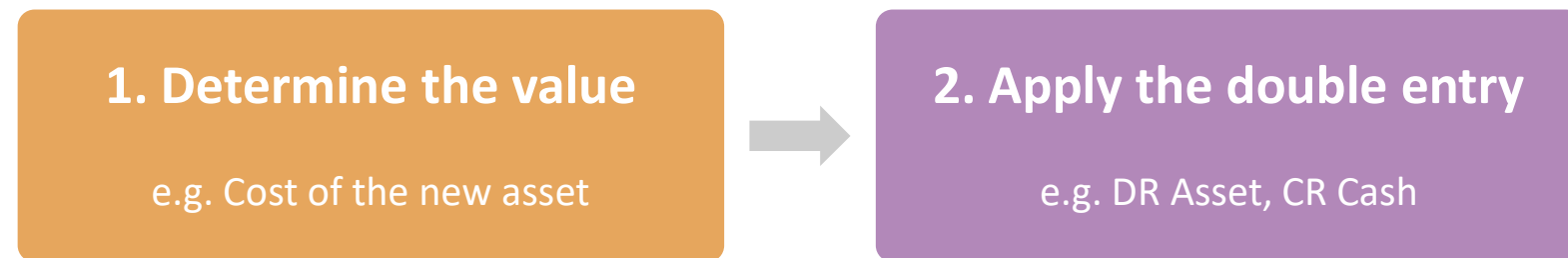
The backbone every other sheet relies on

Let's look at this live in the model -

-  The timeline that every other part of the model refers back to

Double entry in the future

CONCEPT



- Every line in the model involves *two* layers of logic
- First: determine the value
- Second: apply the double entry

Getting to - and keeping - a balanced model

PRINCIPLE



- Every entry has two sides, use the exact same cell as the value source for both and program them together.
- Aim to get the model balanced early, then protect that balance as you build
- Link both halves of an entry at the same time, so the model is never out of balance for long

LIVE DEMO

And now, the completed skeleton

Let's look at this live in the model -

-  Every statement, every label in place - nothing populated yet

Use consistent formulae across each row

PRINCIPLE

- Enter in first column and copy across (CTRL+R to fill across selection)
- Inconsistent formulas risk hiding manual adjustments or breaks in logic which may get overwritten.
- Need different logic? Use IF / IFS / SWITCH with a flag - not a different formula.
- Need a 'manual adjustment'? Use a separate input area and link to it with your formula.

ICAEW PRINCIPLE 12

Keep formulas consistent across ranges.

Helper calculations, flags, masks & switches

TECHNIQUE

- Helper calculations / intermediate results: break a formula into readable steps
- Masks: constrain a value or period using logic
- Switches: a flag selects the logic

“

***Don't change the
formula. Change the
flag.***

”

ICAEW PRINCIPLE 15

Refer to existing calculated results instead of reperforming the calculation.

LIVE DEMO

One more thing - what it looks like once you start populating it

Let's look at this live in the model -

-  One formula, copied consistently across every period
-  A single formula with a switchable flag, picking between two sets of logic
-  A first driver, fully built - a preview of Session 2

Recap & what's next

RECAP

TODAY WE COVERED

- What makes something a model, vs. analysis
- Types of models
- Model structure: Inputs → Calculations → Outputs
- Cell styles & formatting conventions
- Formula consistency, helper calcs, masks & switches
- Flags, checks & the error-check network
- Timeline design
- Applying double-entry principles

COMING UP IN SESSION 2: 8 OCTOBER

- Revenue and operating cost build
- Fixed assets module, built from scratch
- Trade debtors & creditors using days-based drivers

RESOURCE PACK

- Skeleton workbook
- This slide deck

Both shared after today's session.

Questions?

Ben Ducker · Ruth Butler-Lee · John Yeldham

Session 2: Building Core Drivers - 8 October 2026 - 12:30–13:00