FP&A CHEATSHEET

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1. WHAT IS FP&A

FP&A, or Financial Planning and Analysis, is a crucial function within organizations responsible for financial planning, budgeting, forecasting, and analysis. Its primary purpose is to support strategic decision-making by providing insights into a company's financial performance, trends, and future outlook.

2. Financial Statements in FP&A

Income Statement	Balance Sheet	Cash Flow Statement
Used by FP&A professionals to identify areas of revenue growth, cost control, and overall business performance assessment.	FP&A analysts use balance sheet data to assess liquidity, solvency, and overall financial health.	Helps in cash flow forecasting, liquidity management, and identifying cash flow trends that impact financial planning decisions.

3. Financial Modeling Formulas

Forecasting	NPV (Net Present Value)	IRR (Internal Rate of Return)
Methods such as linear regression, time series analysis, and exponential smoothing to predict future financial outcomes.	Calculates the present value of future cash flows discounted at a specific rate.	Determines the discount rate at which the NPV of cash flows equals zero.

ROI (Return on Investment)	CAGR (Compound Annual Growth Rate)
Measures the profitability of an investment relative to its cost.	Calculates the average annual growth rate over a specified period.

4. Budgeting and Forecasting Techniques

Top-Down Budgeting	Bottom-Up Budgeting	Rolling Forecasts
Allocates resources based on high-level strategic goals set by management.	Involves input from departments or individuals to create detailed budgets.	Continuously updates forecasts based on actual performance and market conditions.

Sensitivity Analysis	Scenario Analysis
Examines how changes in variables impact financial outcomes.	Models different scenarios to assess potential outcomes under various conditions.

5. Excel Functions for FP&A

XLOOKUP	SUMIFS/COUNTIFS
Retrieves data from a table based on a lookup value.	Useful for aggregating data based on specific conditions, such as summing expenses by department or counting transactions within a certain range.

IFERROR	NPV/IRR
Helpful for handling errors in financial models or reports.	Essential for evaluating investment opportunities and capital budgeting decisions.

OFFSET	DATE/YEAR/MONTH/DAY
Useful for creating dynamic ranges or performing sensitivity analysis.	Helpful for time-based analysis and forecasting.

SUBTOTAL	CHOOSE
Useful for summarizing data in financial reports or models.	Useful for creating dynamic scenarios or selecting different calculation methods.

6. Financial Analysis Tools

Variance Analysis	Contribution Margin Analysis	Break-Even Analysis
Compares actual financial results to budgeted or forecasted figures.	Calculates the contribution margin of each product or service.	Determines the level of sales needed to cover costs.

Sensitivity Analysis	Scenario Planning
Assesses the impact of changes in variables on financial outcomes.	Models different scenarios to evaluate potential risks and opportunities.

7. KPIs for FP&A

Revenue Growth Rate	Gross Margin Percentage
(Revenue this period - Revenue last period) / Revenue last period	(Revenue - Cost of Goods Sold) / Revenue

Operating Profit Margin	EBITDA Margin
Operating Income / Revenue	EBITDA / Revenue

Return on Investment (ROI)	Working Capital Ratio
(Net Profit / Investment Cost) x 100%	Current Assets / Current Liabilities

Debt to Equity Ratio
Total Debt / Total Equity

8. Best Practices and Tips

- Ensure data accuracy and integrity.
- Collaborate with different departments for input.
- Regularly update forecasts based on actual performance.
- Communicate insights effectively to stakeholders.
- Stay updated on industry trends and regulations.

9. Common FP&A Terminology

Budget vs. Forecast

Budget represents planned financial goals, while forecast adjusts based on actual performance.

Financial Modeling

Creating mathematical representations of financial situations to make informed decisions.

Cash Flow Forecasting

Predicting future cash flows to manage liquidity and working capital effectively.

Capital Expenditure (CapEx)

Investments in long-term assets to support business operations.

Operating Expense (OpEx)

Costs incurred in the day-to-day operations of a business.