



## ModelOff 2012 Questions and Answers

### Find that Error

**Questions Appeared in: ModelOff 2012 Round 2**

**Time Allocated: 40 minutes**

#### INTRODUCTION

Use the Excel spreadsheet that you have downloaded to answer the questions in this Section. Please note, there are deliberate errors in this model for you to identify. These may be in the form of:

- Circulars
- Dragging errors
- Incorrect links
- Illogical formulas
- Incomplete formulas
- etc.

#### IMPORTANT

For this section, you are required to progressively fix each error identified as you work through the questions in this section. You will need a correct model to answer the final two questions of this section.

#### Question 1

**How many rows have formula errors in the 'Cash available for debt repayment' section of the Debt calculations worksheet?**

- a. 0
- b. 1
- c. 2
- d. 2

#### Question 2

**A MIN statement has been used at row 14 for the 'Issuance/(repayment) calculation' of the Debt worksheet. Should this be in place and why?**

- a. Yes, because the minimum payment should be made to best manage cash reserves
- b. Yes, because the maximum payment able to be made is the lower of the balance of the Revolver and the cash available
- c. No, because the cash available is the largest possible payment
- d. No, it should be as shown, but as a MAX statement instead



## ModelOff 2012 Questions and Answers

### Question 3

How many rows in the 'Long term debt – Debt #2' section have errors?

- a. 0
- b. 1
- c. 2
- d. More than 2

### Question 4

Which is the best suited formula for the 'Accelerated repayment' calculation for Debt #3'?

**Note:** that cell references may change but that the three rows offered in solutions in this question are "Cash available for debt 3 repayment", "Beginning Balance" and "Actual mandated repayment"

- a. =-MIN(E24,E19)
- b. =-MIN(E34-E35,E31)
- c. =-MIN(E34+E35,E31)
- d. =IF(-MIN(E34+E35,E31)>E34,-MIN(E34-E35,E31),E34)

### Question 5

Which of these options is closest to the total amortization and depreciation expense for Year 3?

- a. \$4,550
- b. \$910
- c. \$1,005
- d. \$2,870



## ModelOff 2012 Questions and Answers

### Question 6

**Are both the 'Tax expense' calculation and the 'Post tax non-recurring items' calculation using the right rates?**

- a. Yes, both use the correct rates
- b. No, the 'Tax expense' calculation is correct but the 'Post tax non-recurring items' calculation is incorrect
- c. No, the 'Post tax non-recurring items' calculation is correct but the 'Tax expense' calculation is incorrect
- d. No, both use the incorrect rates

### Question 7

**How many rows have formula errors in the 'Sales' section of the Income statement?**

- a. 0
- b. 1
- c. 2
- d. More than 2

### Question 8

**Is the formula used to calculate each year's 'EBIT' correct?**

- a. Yes
- b. No
- c. Not enough information

### Question 9

**Is the formula used to calculate each year's 'Earnings before taxes' correct?**

- a. Yes
- b. No
- c. Not enough information



## ModelOff 2012 Questions and Answers

### Question 10

**Is the formula used to calculate each year's 'Earnings after taxes' correct?**

- a. Yes
- b. No
- c. Not enough information

### Question 11

**Is the formula used to calculate each year's 'Dividends per share' correct?**

- a. Yes
- b. No
- c. Not enough information

### Question 12

**How many rows have formula errors in the 'Non Current Assets' section of the Balance Sheet worksheet?**

- a. 0
- b. 1
- c. 2
- d. More than 2

### Question 13

**Which is the best suited formula for calculating 'Deferred income tax assets' in Year 2?**

- a. =Assumptions!F17\*BalSheet!F4
- b. =Assumptions!F17\*IncState!F7
- c. =Assumptions!F29\*IncState!F7



**ModelOff 2012 Questions and Answers**

**Question 14**

**How many rows in the 'Cash flow for operating activities' section have errors?**

- a. 2
- b. 4
- c. 5
- d. More than 5

**Question 15**

**Which of these options is closest to the total net cash flows from investing and financing activities (only) that is included in the 'Cash available for debt repayment' in Year 1?**

- a. (\$560)
- b. (\$1,390)
- c. (\$1,640)
- d. (\$1,740)

**Question 16**

**Is the formula used to calculate each year's 'Total Assets' correct?**

- a. Yes
- b. No
- c. Not enough information

**Question 17**

**Is the formula used to calculate each year's 'Total Liabilities' correct?**

- a. Yes
- b. No
- c. Not enough information



## ModelOff 2012 Questions and Answers

### Question 18

**Which option is closest to the total of debt from the Revolver and the other 3 debt facilities in year 5?**

- a. \$2,160
- b. \$3,150
- c. \$4,140
- d. \$1,020

### Question 19

**What is the starting cash balance at Year 1?**

- a. \$728
- b. \$2027
- c. (\$43)
- d. \$457

### Question 20

**Which of these options is closest to the total cumulative 'Cash available for debt repayment' for Years 1 - 5?**

- a. (\$1,602)
- b. (\$1,302)
- c. (\$2,302)
- d. (\$1,902)



## ModelOff 2012 Questions and Answers

### Answers

1	B
2	B
3	C
4	C
5	C
6	A
7	B
8	A
9	B
10	B
11	A
12	A
13	C
14	D
15	D
16	A
17	B
18	B
19	D
20	A