Forecasting Financial Statements

Income Statement and Balance Sheet

📘 **Step 1: Pulling Historical Data from the INPUT Sheet**

📘 **Step 02: Forecasting Net Sales (Revenue)**

📘 **Step 03: Preparing the Debt Schedule**

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📘 **Step 05: Forecasting Key Income Statement Line Items**

📘 **Step 06: Calculating EBIT, EBT, Tax, and Net Income**

📘 **Step 07: Preparing the Working Capital Schedule**

📘 **Step 08: Preparing the Balance Sheet**

📘 Step 1: Pulling Historical Data from the INPUT Sheet

Objective: Create a dynamic, error-resistant system to extract 10 years of historical data into the model worksheets.

🔹 1.1 Purpose

Before forecasting any financial statements, you must **import historical values** (FY2015–FY2024) into each schedule—Income Statement, Balance Sheet, PPE, Debt, etc. This ensures:

- Consistency across model sheets
- Centralized data control (from INPUT sheet)
- Automated updates if the source data changes

🔹 1.2 Basic Concept

You will use the VLOOKUP function with MATCH to dynamically retrieve financial data row-wise for each line item across years.

🔹 1.3 Required Structure

Your INPUT sheet should follow this layout:

Column A	B (FY2015)	C (FY2016)	…	K (FY2024)
Line Item Labels (e.g., Revenue, COGS, etc.)	Value	Value	…	Value

Your **forecast sheets** (e.g., Forecast_IS, PPE_Schedule) should replicate the year headers (FY2015–FY2024) in Row 3 and line items in Column A.

🔹 1.4 Preferred Formula: Multi-Year Pull with Error Handling

=IFERROR(VLOOKUP($A5, INPUT!$A$2:$K$100, MATCH(B$3, INPUT!$A$2:$K$2, 0), FALSE), "")

✅ **Explanation:**

Component	Role
$A5	The line item label to be searched (e.g., "Net Sales", "Depreciation")
INPUT!$A$2:$K$100	The data range containing labels and 10-year financials
MATCH(B$3, INPUT!$A$2:$K$2, 0)	Finds the correct column index for the year (e.g., FY2015 = column 2)
FALSE	Ensures exact match of the label
IFERROR(..., "")	Suppresses #N/A or #REF! errors with a blank output for cleanliness

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🔹 1.5 Best Practice: Fill Across All Years

1. Place the formula in the first year's cell (e.g., cell **B5** of Forecast_IS).
2. Drag horizontally across Columns B to K (FY2015 to FY2024).
3. Ensure $A5 is fixed vertically (absolute row reference) so that it refers to the correct line item across columns.

🔹 1.6 Alternate Formula (Multiple Columns at Once)

For more advanced Excel users:

=IFERROR(VLOOKUP($A5, INPUT!$A$2:$K$100, MATCH($B$3:$K$3, INPUT!$A$2:$K$2, 0), FALSE), "")

⚠️ **Caveat:**

- This version is array-based and only works well if entered using **Ctrl + Shift + Enter** in legacy Excel or with **dynamic arrays** in Office 365.
- Otherwise, it may only pull the value for the **first column**.

🔹 1.7 Example in Practice

If A5 = "Net Sales" and B3 = FY2015, then:

=IFERROR(VLOOKUP("Net Sales", INPUT!$A$2:$K$100, MATCH("FY2015", INPUT!$A$2:$K$2, 0), FALSE), "")

will return the revenue figure for FY2015 from the INPUT sheet.

🔹 1.8 Special Considerations

Situation	Recommended Action
Label in A5 is not found in INPUT	Formula returns blank (IFERROR prevents model break)
Column headers in Row 3 differ from INPUT	Ensure identical year names (e.g., "FY2015" ≠ "2015")
Some years are missing data	Formula still works; blank cells will appear

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✅ Summary Tips for

- Always lock column references in MATCH and row references in VLOOKUP for structured pull.
- Use IFERROR to avoid clutter from missing values.
- Double-check label consistency between model sheets and INPUT (case-sensitive).
- Keep INPUT sheet clean and consistent for accurate automation.

📘 Step 02: Forecasting Net Sales (Revenue)

Objective: Estimate FY2025 sales based on historical trends using FORECAST.LINEAR.

🔹 2.1 Why Start with Sales?

- **Sales is the top line** of the income statement and a **driver variable** for multiple items: COGS, SG&A, R&D, Capex, Working Capital, etc.
- Establishing a reliable sales forecast provides the foundation for forecasting all other dependent line items.

🔹 2.2 Method Chosen: Linear Trend Forecast

You will use Excel's FORECAST.LINEAR function to project sales for FY2025 based on a **10-year historical trend (FY2015–FY2024)**.

🔹 2.3 Formula Structure

=FORECAST.LINEAR(L4, B5:K5, B$4:K$4)

Component	Explanation
L4	The x-value to forecast (i.e., the year 2025)
B5:K5	Known y-values (historical sales for FY2015 to FY2024)
B$4:K$4	Known x-values (years 2015 to 2024 as numeric values)

📝 **Placement**: Enter this formula in **cell L5** of Forecast_IS, where L4 contains the value 2025.

🔹 2.4 Precondition: Numeric Year Row

Ensure that row 4 (B4:K4) contains **numeric values** like 2015, 2016, ..., 2024. If years are in text format ("FY2015"), create a helper row (Row 4) with corresponding numeric values.

🔹 2.5 When to Use Linear Trend

Criteria	Use Linear Trend?
Historical sales show steady growth or decline	✅ Yes
Data includes outliers (e.g., COVID impact)	✅ Smooths effect
Revenue does **not** grow exponentially	✅ Linear is appropriate
Revenue has abrupt jumps	⚠️ May under/over-estimate, use with caution
Revenue is compounding annually	❌ Use CAGR instead

🔹 2.6 Visual Interpretation

plot:

- X-axis: Year (2015 to 2024)
- Y-axis: Revenue
- Add a trendline to verify that linear is a good fit

🔹 2.7 Alternatives (for completeness)

Method	Excel Formula	When to Use
CAGR	=B5 * (K5/B5)^(1/9) → then extend	When growth is compounding
Moving Average	=AVERAGE(B5:K5)	When revenue is flat and volatile
Manual override	=Custom value	When driven by specific external assumptions

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✅ **Best Practice Notes for**

- Always validate whether linear trend is appropriate for the business model (e.g., not ideal for startups or cyclic industries).
- Avoid using CAGR when the base or terminal year has unusual spikes or drops.
- Clearly document your chosen method and reasoning in the model.

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=FORECAST.LINEAR(2025, B5:K5, B$4:K$4)

📘 Step 03: Preparing the Debt Schedule

Objective: Forecast Short-Term and Long-Term Borrowings and Interest Expense for FY2025.

🔹 3.1 Why Create a Debt Schedule?

The debt schedule serves to:

- Forecast future **interest expense** for the Income Statement
- Track **new borrowings and repayments**
- Determine year-end **debt balances** for the Balance Sheet
- Drive **cash flows from financing activities** in the Cash Flow Statement

It links all three statements—IS, BS, and CF—and is essential for capital structure and interest cost modeling.

🔹 3.2 Step-by-Step Guide

A. Pull Historical Debt Data from the INPUT Sheet

1. Short-Term and Long-Term Borrowings (Opening Balances)

Used to establish beginning debt positions for each year.

=IFERROR(VLOOKUP($A9, INPUT!$A$2:$K$96, MATCH(D$3 - 1, INPUT!$B$2:$K$2, 0) + 1, FALSE), "")

Component	Purpose
$A9	Label: "Opening Short-Term Debt" or "Opening Long-Term Debt"
MATCH(D$3 - 1, ...) + 1	Looks up the **previous year's value**, essential for opening balance
IFERROR(...)	Suppresses error if value not found (e.g., in first year)

2. Proceeds, Repayments, and Interest Expense

Pulls cash flow items such as loan raised, repayments made, and interest paid.

=IFERROR(VLOOKUP($A16, INPUT!$A$2:$K$96, MATCH($C$3:$L$3, INPUT!$A$2:$K$2, 1), FALSE), "")

This is applied across columns to get full historical series.

B. Forecast FY2025 Borrowings Using Linear Trend

When data shows policy-driven variation or step changes (common in debt), a **linear trend** is preferable to CAGR.

3. Short-Term Borrowings Forecast

=FORECAST.LINEAR(M4, D8:L8, D$4:L$4)

- Forecasts FY2025 (cell M4 = 2025)
- Uses prior 10-year ST debt data (D8:L8)
- Uses corresponding years (D$4:L$4)

4. Long-Term Borrowings Forecast

=FORECAST.LINEAR(M4, D13:L13, D$4:L$4)

Same structure as above, but for LT borrowings.

C. Forecast Effective Interest Rate

To project interest expense, forecast the rate using:

=FORECAST.LINEAR(M4, D18:L18, D$4:L$4)

- D18:L18 contains historical **effective interest rates**
- This captures historical cost of debt dynamics

5. Calculate Interest Expense

Interest Expense (Row 14) is usually calculated as:

=Average Debt × Forecasted Interest Rate

= ((Opening ST + Closing ST + Opening LT + Closing LT) / 2) × Rate

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🔹 3.3 Special Considerations

Issue	**Guideline**
Volatile debt series	Prefer linear trend to CAGR

Issue	Guideline
Interest expense anomalies	Use trend or fixed rate, not % of PAT
First-year missing data	Use IFERROR to prevent formula breaks
Cap structure changes (e.g., IPOs)	Adjust assumptions manually if needed

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✅ **Summary Tips**

- Always reconcile **Opening + Proceeds – Repayments = Closing**
- Forecast **interest rate and borrowings separately** for clarity
- Use **trend forecasting** when debt patterns are irregular or policy-dependent
- Keep the structure vertically consistent across 11 years (FY2015–FY2025F)

📘 Step 04: Preparing the PPE Schedule

Objective: Forecast FY2025 Capital Expenditure and Depreciation to derive Closing Net PP&E.

🔹 4.1 Why Create a PPE Schedule?

The **Property, Plant & Equipment (PPE)** schedule helps you:

- Forecast **Capex**, a major cash outflow in Investing Activities
- Estimate **Depreciation**, which affects EBITDA, EBIT, and tax
- Roll forward Net PP&E values for the Balance Sheet
- Maintain accounting integrity through accurate asset lifecycle modeling

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🔹 4.2 Step-by-Step Guide

A. Pull Historical Data from the INPUT Sheet

Item	Formula	Purpose
Net PP&E	=IFERROR(VLOOKUP($A5, INPUT!$A$2:$K$100, MATCH($C$3:$L$3, INPUT!$A$2:$K$2, 1), FALSE),"")	Pulls Net PPE values for FY2015–FY2024
Depreciation	=IFERROR(VLOOKUP($A8, INPUT!$A$2:$K$100, MATCH($C$3:$L$3, INPUT!$A$2:$K$2, 1), FALSE),"")	Retrieves Depreciation & Amortization values
Revenue	=IFERROR(VLOOKUP($A10, INPUT!$A$2:$K$100, MATCH($C$3:$L$3, INPUT!$A$2:$K$2, 1), FALSE),"")	Used to calculate Capex as a % of Sales

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C. Forecasting Capex (FY2025)

Option A: Capex as % of Forecasted Sales

=Forecast_IS!L4 * AVERAGE(B5:K5 / Forecast_IS!B4:K4)

- Ties investment activity to business scale.
- Use if Capex shows proportionality with growth.

Option B: Capex as Fixed ₹ Value

=AVERAGE(B5:K5)

- Suitable if Capex is erratic or policy-based.
- Avoids volatility if Capex is not revenue-driven.

D. Forecasting Depreciation (FY2025)

Option 1: Historical ₹ Average

=AVERAGE(B7:K7)

Option 2: % of Opening Net PP&E

=L4 * AVERAGE(B7:K7 / B4:K4)

Use this when depreciation closely follows asset base changes.

E. Closing Net PP&E Formula

=L4 + L5 – L7

Where:

- L4 = Opening PPE
- L5 = Capex (Option A or B)
- L7 = Depreciation

This will be linked to:

- Forecast_BS!L9 (Net PP&E)
- Forecast_CF!L5 (Capex outflow)
- Forecast_IS!L11 (Depreciation)

🔹 4.3 Special Considerations

Situation	Guideline
Volatile Capex values	Prefer Option B
Steady Capex-to-Sales relationship	Use Option A

Situation	Guideline
Depreciation not linked to Capex	Use fixed average
FY2015 Opening PPE not available	Use CMIE value or first available year

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✅ **Summary Tips**

- Choose Capex forecasting method based on historical pattern (not convenience).
- Clearly **label Option A and Option B** in your sheet for transparency.
- Ensure Capex and Depreciation correctly flow into all three statements.
- Capex = Cash Outflow; Depreciation = Non-Cash Expense → understand the distinction.

📘 Step 05: Forecasting Key Income Statement Line Items

Objective: Forecast FY2025 operating and non-operating expenses to complete the Income Statement before tax calculations.

🔹 5.1 Sequence Overview

After forecasting Sales and linking the PPE & Debt schedules, you must now forecast the following items in the Income Statement:

1. Cost of Goods Sold (COGS)
2. SG&A Expenses
3. R&D Expenses
4. Depreciation & Amortization (linked from PPE Schedule)
5. Interest Expense (linked from Debt Schedule)
6. Other Income (forecast separately)

🔸 5.2 Cost of Goods Sold (COGS)

🔹 Method: Ratio of COGS to Sales

Formula:

=AVERAGE(B6:K6 / B5:K5) * L5

Component	Explanation
B6:K6	Historical COGS
B5:K5	Historical Revenue
L5	Forecasted Revenue for FY2025

✅ Use this approach when:

- COGS is proportionally stable relative to revenue
- Business model has consistent gross margins

🔸 5.3 Selling, General & Administrative (SG&A) Expenses

🔹 **Method: Ratio of SG&A to Sales**

Formula:

=AVERAGE(B8:K8 / B5:K5) * L5

- SG&A typically scales with business volume
- Suitable when SG&A does not include one-time charges

✅ **Best Practice**: Exclude COVID-affected years if SG&A was unusually high or low.

🔸 **5.4 Research & Development (R&D) Expenses**

🔹 **Method: Ratio of R&D to Sales**

Formula:

=AVERAGE(B9:K9 / B5:K5) * L5

- Ideal for firms with steady innovation budgets (e.g., Pharma, Tech)
- If R&D is volatile or discretionary, consider median instead of average

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🔸 **5.5 Depreciation & Amortization (D&A)**

🔹 **Method: Link from PPE Schedule**

Formula:

='PPE_Schedule'!L7

- This ensures consistency between:
    - PPE roll-forward (Balance Sheet)
    - Depreciation add-back (Cash Flow Statement)
    - Depreciation expense (Income Statement)

✅ Always link this directly to avoid manual mismatches.

🔸 **5.6 Interest Expense**

🔹 **Method: Link from Debt Schedule**

Formula:

='Debt_Schedule'!L14

- Based on:
    - Average Debt Balance
    - Forecasted Effective Interest Rate

✅ This item also flows into **Cash Flow from Financing** and should align with borrowing projections.

🔸 **5.7 Other Income**

🔹 **Method: Trend-Based Forecast (Linear)**

Formula:

=FORECAST.LINEAR(L4, B14:K14, B$4:K$4)

Component	Explanation
L4	Target year: 2025
B14:K14	Historical Other Income
B$4:K$4	Historical years (numeric)

✅ Use this when:

- Other income is recurring (e.g., interest income, scrap sales)
- Not driven by core operations, but still part of PBT

✅ **Summary Table of Line Items**

Line Item	Forecasting Method	Excel Formula (FY2025)
COGS	% of Sales (10Y average)	=AVERAGE(B6:K6 / B5:K5) * L5
SG&A	% of Sales (10Y average)	=AVERAGE(B8:K8 / B5:K5) * L5
R&D	% of Sales (10Y average)	=AVERAGE(B9:K9 / B5:K5) * L5

Line Item	Forecasting Method	Excel Formula (FY2025)
Depreciation & Amort.	Link from PPE_Schedule	='PPE_Schedule'!L7
Interest Expense	Link from Debt_Schedule	='Debt_Schedule'!L14
Other Income	Linear Forecast (10Y trend)	=FORECAST.LINEAR(L4, B14:K14, B$4:K$4)

🔹 5.8 Summary Tips

- Ratios to sales are commonly used for scalability and ease of comparison.
- If historical ratios are highly volatile, consider excluding outlier years.
- All linked items (Depreciation, Interest) must be **one-directional** to avoid circular references.
- Document your assumptions and formulas for each row clearly in cell comments or a dedicated “Assumption Notes” column.

📘 Step 06: Calculating EBIT, EBT, Tax, and Net Income

Objective: Complete the Income Statement by computing profit before interest and taxes (EBIT), profit before tax (EBT), corporate tax, and net income for FY2025.

🔹 6.1 Overview of Flow

After forecasting revenue and key operating expenses, the final step in completing the income statement involves computing:

1. **EBITDA** = Gross Profit – SG&A – R&D
2. **EBIT** = EBITDA – Depreciation
3. **EBT** = EBIT – Interest Expense + Other Income
4. **Corporate Tax** = EBT × Effective Tax Rate
5. **Net Income (PAT)** = EBT – Tax

Each of these builds sequentially, and many values are already calculated or linked from earlier schedules.

🔸 6.2 Step-by-Step Formula Guide

✅ A. Gross Profit

If not already done:

=Net Sales – COGS

=L4 – L5

- From Income Statement
- L4 = Forecasted Sales
- L5 = Forecasted COGS

✅ B. EBITDA (Earnings Before Interest, Tax, Depreciation & Amortization)

=Gross Profit – SG&A – R&D

=L8 – L7 – L9

Where:

- L8 = Gross Profit
- L7 = SG&A Expenses
- L9 = R&D Expenses

✅ C. Depreciation & Amortization

Link from PPE Schedule:

='PPE_Schedule'!L7

✅ D. EBIT (Earnings Before Interest and Tax)

=EBITDA – Depreciation

=L10 – L11

Where:

- L10 = EBITDA
- L11 = Depreciation

EBIT reflects **operating profitability before capital structure and tax impact**.

✅ E. Interest Expense

Link from Debt Schedule:

='Debt_Schedule'!L14

✅ F. Other Income

Use trend-based forecast:

=FORECAST.LINEAR(L4, B14:K14, B$4:K$4)

If trend forecast is yielding abnormally high value, conservatively take previous year value for 2025.

✅ G. EBT (Earnings Before Tax)

=EBIT – Interest Expense + Other Income

=L12 – L13 + L14

Where:

- L12 = EBIT
- L13 = Interest Expense
- L14 = Other Income

🧩 **Note**: Some models subtract Other Income if it's non-operating. Here, it's **added** if part of recurring financial items.

✅ H. Corporate Tax

Method: Use 10-year average **Effective Tax Rate**:

=AVERAGE(B16:K16 / B15:K15)

Then apply:

=EBT × Avg_Tax_Rate

=L15 * (average of B16:K16 / B15:K15)

🧠 **Tip**: Emphasize the difference between effective rate and statutory rate. Use effectively to reflect real-world tax outcomes. Or simply take previous year tax rate

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✅ I. Net Income (PAT)

=EBT – Tax

=L15 – L16

This is the final bottom-line output that feeds:

- **Balance Sheet (Reserves / Retained Earnings)**
- **Cash Flow (Starting point for Operating Cash Flow)**

✅ Summary Table

Metric	Computation	Formula (FY2025, Col L)
EBITDA	Gross Profit – SG&A – R&D	=L8 – L7 – L9

Metric	Computation	Formula (FY2025, Col L)
EBIT	EBITDA – Depreciation	=L10 – L11
EBT	EBIT – Interest + Other Income	=L12 – L13 + L14
Tax	EBT × Effective Tax Rate	=L15 =(previous year tax rate)
Net Income	EBT – Tax	=L15 – L16

🔹 6.3 Final Checks

Task	Checkpoint
All links to schedules correct?	PPE → Depreciation, Debt → Interest
Effective tax rate sensible?	Between 20% and 35% is typical
Net Income positive and stable?	Investigate sharp changes

📘 Step 07: Preparing the Working Capital Schedule

🎯 Objective

To forecast the change in **Net Working Capital (NWC)** for FY2025 using historical efficiency metrics—**DSO, DIO, DPO**—and derive current asset and liability components that impact the **Cash Flow from Operating Activities**.

🔹 7.1 Why Create a Working Capital Schedule?

The working capital schedule helps:

- Forecast **Accounts Receivable**, **Inventory**, and **Accounts Payable**
- Calculate **Change in NWC (ΔNWC)**, a key component of cash flow
- Derive **Other Current Assets** and **Liabilities** using ratio logic
- Link the **Balance Sheet** and **Cash Flow Statement** cleanly

It ensures a **transparent and auditable structure** for modeling cash needs and liquidity shifts.

🔹 7.2 Step-by-Step Guide

A. Pull Historical Data from INPUT Sheet

Use the structured formula:

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=IFERROR(VLOOKUP($A8, INPUT!$A$2:$K$200, MATCH(B$3, INPUT!$A$2:$K$2, 0), FALSE), "")

✅ Apply this for:

- Revenue
- Cost of Goods Sold
- Trade Receivables
- Inventory
- Other Current Assets
- Trade Payables

- Other Current Liabilities

B. Calculate Efficiency Ratios (Optional Step for Validation)

To derive 10-year historical **DSO, DIO, DPO**:

Metric	Formula
DSO	= (AR / Revenue) × 365
DIO	= (Inventory / COGS) × 365
DPO	= (AP / COGS) × 365

👉 Use row-wise calculations in the model to populate these metrics for FY2015–FY2024.

C. Forecast FY2025 Components Using Historical Averages

Component	Forecasting Method	Excel Formula (Col L)
Revenue	From Income Statement	=IS!L5
COGS	From Income Statement	=IS!L6
Trade Receivables	DSO × Revenue	=AVERAGE(B21:K21)/365 * L4
Inventory	DIO × COGS	=AVERAGE(B22:K22)/365 * L5
Other Current Assets	Avg. to-sales ratio or average ₹ level	=AVERAGE(B10#/B4:K4) * L4 or =AVERAGE(B10#)
Total Current Assets	Sum of above	=SUM(L8:L10)
Trade Payables	DPO × COGS	=AVERAGE(B23:K23)/365 * L5
Other Curr. Liabilities	% of Revenue (historical avg)	=AVERAGE(B26:K26)/B4:K4 * L4
Total Current Liab.	Sum of AP + Other Current Liabilities	=L14 + L15

Component	Forecasting Method	Excel Formula (Col L)
Net Working Capital	Current Assets – Current Liabilities	=L11 – L16
ΔWorking Capital	FY2025 NWC – FY2024 NWC	=L17 – K17

🔹 7.3 Special Considerations

Situation	Guideline
Other Current Assets / Liabilities volatile	Use average of "to-sales" ratio or fixed ₹ average
Efficiency ratios skewed (e.g., COVID)	Consider using trimmed average (exclude outliers)
AR, Inventory, AP don't correlate to sales	Consider fixed value if historical pattern shows no strong linkage
Negative ΔNWC	Positive for cash flow (release of working capital)

✅ 7.4 Summary Tips

- **DSO, DIO, DPO** are **anchor ratios**—validate them before using
- Ensure that **Revenue** and **COGS** are correctly pulled from Forecast_IS
- Maintain **one-way linkages** between this schedule and the 3-statement model to avoid circular references
- Clearly document the **forecasting logic used**: ratio-based, average, or fixed
- Correctly interpret ΔNWC in the **Cash Flow Statement**:
    - Positive ΔNWC → **Cash Outflow**
    - Negative ΔNWC → **Cash Inflow**

📘 Step 08: Preparing the Balance Sheet

🎯 Objective

To compile the projected Balance Sheet for FY2025 by integrating outputs from the **Income Statement**, **Working Capital Schedule**, **PPE & Depreciation Schedule**, and **Debt Schedule**, and ensuring it balances using equity as the plug variable.

🔹 8.1 Why Create a Forecasted Balance Sheet?

The forecasted Balance Sheet is the **final checkpoint** of the three-statement model. It ensures:

- Assets = Liabilities + Equity (Balance Sheet integrity)
- All forecasted components are **internally consistent**
- Cash flow implications from financing, operations, and investments are captured
- Provides a full view of financial position and solvency for FY2025

🔹 8.2 Step-by-Step Guide

A. Pull Historical Data from the INPUT Sheet

Use the following formula pattern:

=IFERROR(VLOOKUP($A5, INPUT!$A$2:$K$97, MATCH(B$3, INPUT!$A$2:$K$2, 0), FALSE), "")

✅ Use this for:

- Cash & Cash Equivalents
- Trade Receivables, Inventory
- Other Current & Non-Current Assets
- Payables, Provisions, Borrowings
- Deferred Tax, Share Capital, Reserves, etc.

B. Link FY2025 Forecasts from Supporting Schedules

Line Item	Forecast Method	Formula in FY2025 (Col L)
Cash & Cash Equivalents	4-year average (excl. outlier)	=AVERAGE(H5:K5)
Trade Receivables	From Working Capital Schedule	=WC!L8
Inventory	From Working Capital Schedule	=WC!L9
Other Current Assets	Ratio or fixed value	=K8
Total Current Assets	Sum of above	=SUM(L5:L8)
Net PPE	From PPE Schedule	=PPE!M9
Net Intangibles	Last known value or trend	=K11
Other Non-Current Assets	Copy or ratio-based	=K12
Total Non-Current Assets	Sum of above	=SUM(L10:L12)
Total Assets	Sum of current + non-current	=L9 + L13

C. Forecast Liabilities & Equity

Line Item	Forecast Method	Formula in FY2025 (Col L)
Trade Payables	From Working Capital Schedule	=WC!L14
Short-Term Borrowings	From Debt Schedule	=Debt!N8
Provisions	Historical or fixed	=K19
Other Current Liabilities	Ratio or copy	=K20
Total Current Liabilities	Sum of above	=SUM(L17:L20)
Long-Term Borrowings	From Debt Schedule	=Debt!L8
Deferred Tax Liability	Last year or trend	=K23

Line Item	Forecast Method	Formula in FY2025 (Col L)
Other Non-Current Liabilities	Copy previous value	=K24
Total Non-Current Liabilities	Sum of above	=SUM(L22:L24)
Total Liabilities	Current + Non-Current	=L25 + L21
Share Capital	Constant (usually)	=K27
Reserves & Surplus	Derived as plug	=L28 = L14 - L26
Total Equity	Share Capital + Reserves	=SUM(L27:L28)
Liabilities + Equity	Final total	=L29 + L26

🔹 8.3 Special Considerations

Scenario	Recommended Action
Negative or volatile cash history	Exclude outlier years from average
Reserves don't match plug	Verify link to Net Income and Dividends
Assets ≠ Liabilities + Equity	Use Discretionary Financing Need row
Deferred Tax not material	May be kept constant if immaterial

✅ Summary Tips

- Always **cross-verify**:
  =Total Liabilities & Equity – Total Assets must equal zero
- Use plug only in **Reserves & Surplus**, not in Cash
- Cash is **driven by Cash Flow Statement**, not a balancing figure
- Maintain **clean formula referencing** (avoid hardcoding)
- Use green cell for **Discretionary Financing Adjustment** to flag imbalances