

FIVE KEY RULES:

- **Never include circular references, copy paste macros or iterations**

Their elimination is the challenge of financial modelling. There are no exceptions to this rule as circular references are the result of flawed logic.

- **Never include numbers in a formula**

The exceptions are 0 and 1. Otherwise the model is inflexible and the assumptions used will not be clear.

- **Always copy a formula across a time-based row**

There are no exceptions to this rule (or the model will be inflexible). To check this use Ctrl \ on a QWERTY keyboard (or F5 ALT S W).

- **Keep time periods consistent**

The same column in different sheets should always refer to the same time-period (therefore use rows not columns for shorter time-periods). The exception to this is the reporting of annual accounts.

- **Never repeat a formula**

A formula should be generated only once. Accounts are results areas and should never include calculations.

AND REMEMBER:

- **Formulae should be very short**

Modelling is mathematics, so the beauty is in simplicity. Show workings, slim down the formulae and use suitable functions (avoid IF, it is overused).

Use INDEX, MAX, MIN, CHOOSE or logical functions.

- **Be organised**

A disorganised model is hard to follow and likely to be inaccurate.

As a minimum, use different sheets for assumptions (split into categories), calculations, results and checks.

Use colour for inputs (F5 ALT S O XGE ALT H H) and conditional formatting for checks.

- **Use shortcuts and function keys**

The mouse is a hindrance, so take it out. Shortcuts and function keys speed up modelling considerably.

- **Think**

The brain needs to be fully engaged, so take breaks and disable email pop ups.