

Welcome!

“Enterprise Financial Model (calculations checking)”

Addition to “Enterprise Financial Model” software, allowing checking of performed calculations.



This version is set to checking of calculations of “Enterprise Financial Model” software, version 4

Toolbar

Settings – opens [“Settings”](#) window.

Start check – starts checking of calculations.

Run EFM – starts selected “EFM” file.



After correction of discovered errors it is necessary to save changes in EFM file and only after that perform re-checking of calculations

User's work space

Work space – additional feature of the software giving user an opportunity to:

- effect approximate calculations independently;
- perform necessary decryptions;
- make conclusions and notes regarding fulfilled calculations.

“**Display / hide**” button opens or hides user's work space. With that entered data are not deleted.



The software includes additional sheet "Sheet 1", which is user's draft, that can be used for every extra calculations

Settings

EFM software path – contains EFM file path, which calculations are to be checked.

Run EFM – starts selected EFM file.

Enable software sheet protection – enables or disables software sheet protection.



1. *In the case of disabling the protection of software sheet, user gets access to all the formulae of the software, which occasional or intended change may lead to **incorrect calculation results**. We strongly recommend you **NOT** to disable the protection of software sheets!*

2. *Checking of box protection is fulfilled by feature "Locking" of Microsoft Excel sheet. When copying data from another book, remember that all Microsoft Excel cells have "Locking" status by default and, therefore, will be protected from changes during copying in the software!*

Apply filter to checking table – filters flagged calculation [checking tables](#) per "Result" column, reflecting only those items, for which checking result has "**PROBLEM**" status.

Run EFM upon checking completion – runs selected EFM file upon checking completion.

“Check calculations” table

Check calculations table contains the list of checked items, checking results and short description of possible mistakes and proposed actions for their correction.



In table heading there is a path to selected file of “Enterprise Financial Model” software, date and time of the last checking.

Description - name of checked item.

Result - checking result:

OK – no problems for selected checked item;

PROBLEM – there is a problem or inconsistency in calculations for selected checked item.

Problem description - short description of performed checking.

Actions for elimination of problem – a list of actions to be performed by the user to eliminate problem.

Checked items

[list of checked items](#)

This section contains the list of calculation items checked by the software and short description of possible problems and list of actions proposed for their elimination.



The checking, performed by the program, reflects only the degree of conformity of performed calculation to accepted rules. Any point identified by the software as being problematic, may not be problematic if performed calculations have, for example, different purposes

Project commercial efficiency

Problem description:

Negative value of NPV confirms the availability of more preferable variant of cash investment and project commercial inefficiency.

Actions to eliminate problem:

- a. Increase profit
- b. Decrease costs
- c. Reduce investments

Project financial feasibility

Problem description:

In the course of calculation it is necessary to control the availability of common cash balance in each period. Otherwise, in spite of high economic parameters, it will be impossible to implement project.

Actions to eliminate problem:

- a. Obtain additional loans at the time of cash negative balance or reconsider the schedule of loans' receipt.
- b. Increase profit
- c. Decrease costs
- d. Reduce investments

Availability of general information about project

Problem description:

General information about project is not available: project name, company name, measuring unit etc.

Actions to eliminate problem:

Input general information about project.

Availability of names of table elements

Problem description:

All zero values of tables 1-6 shall have names.

Actions to eliminate problem:

Input names of table elements.

Correct accounting of advance/credit purchase at the time of detailed planning

Problem description:

By detailed planning of advance/credit purchases (planning of not only quantity of days but shares as well) in calculation table it is necessary to input two parameters: quantity of days for advance/credit purchases and share of advance/credit purchases.

Actions to eliminate problem:

Include a share/quantity of days for advance/credit purchases into calculation.



a) *Checking is made only in case of marked "Display % advance/credit purchases" in "Parameters" window.*

b) *In the course of checking the following tables are analyzed: "Revenues", "Variable expenses", "Fixed expenses", "Personnel cost"*

Full redemption of borrowed funds

Problem description:

To make a decision about project financing the Creditor must be sure in successful fulfillment by the Borrower of its obligations and in this regard, it is preferable to redeem total indebtedness under credits within calculation period.

Actions to eliminate problem:

- a. Reduce the period of credit indebtedness redemption to the calculation period selected in the program.
- b. Extend the project calculation period.

Availability of interest expenses

Problem description:

As a rule borrowed funds are provided on a paid basis. The cost of borrowed funds is determined by interest rate. Failure to take into account this type of expenses may cause falsification of project financial feasibility.

Actions to eliminate problem:

Add into calculation the interest expenses according to proposed (existing) agreements with the Creditor.



The program also checks the availability of interests on other and short-term loans in "Other equity" table

Availability of fixed assets for the whole period of project implementation

Problem description:

Depreciation period of fixed assets cannot be less than the period of project implementation as far as otherwise that will lead to groundless increase of profitability ratio.

Actions to eliminate problem:

- a. Bring the period of equipment depreciation into compliance with the period of project implementation.
- b. Make additional investments to replace worn-out assets.

Depreciation of all types of fixed assets

Problem description:

Absence of depreciation of fixed assets will cause groundless increase of profitability ratio.

Actions to eliminate problem:

Include into calculation the depreciation of all fixed assets.



Only for automatic mode of depreciation charging in the table "Financial parameters".

Transfer of current costs into equipment payments before first income

Problem description:

In business accounting according to the principle of income and costs correspondence, income is recognized only simultaneously with corresponding costs (expenses suffered for the purpose of this income recovery) and vice versa.

Actions to eliminate problem:

Costs incurred before income shall be referred to equipment payments and amortized together with fixed assets.

Accounting of time value of money

Problem description:

Zero discount means that investors provided funds on a free of charge basis. For most projects this suggestion is not true.

Actions to eliminate problem:

Include into calculation the discount rate.

Accounting of only future costs and income

Problem description:

The most important thing for investors is future cash flow and, consequently, this is the only thing taken into account by making decision about project implementation.

Actions to eliminate problem:

Set the project starting point later than current system date.

Absence of cash surplus

Problem description:

Cash balance shall have minimum non-negative value within the whole period of project implementation, considering the made decisions about built-up reserves.

Actions to eliminate problem:

Cash surplus can be allocated in deposits or invested in other projects to obtain additional income.

Availability of own sources of business financing

Problem description:

Project financing with only borrowed funds is not typical as far as banks usually want the borrower to cover a part of investments with the own funds.

Actions to eliminate problem:

Include into calculation investments of the owners

Accounting of project principle taxes

Problem description:

Failure to take into account one or several taxes within the project will cause incorrect estimations, groundless increase of efficiency and incorrect calculated values.

Actions to eliminate problem:

Include into calculation all principle taxes.

Correctness of input tax rates

Problem description:

Tax rate of less than 1% is considered by the software as possible error.

Actions to eliminate problem:

Correct project tax rates.

VAT, refundable from the budget, exceeds the charged one (as of the date of refund)

Problem description:

VAT to be refunded from the budget cannot be more than budget indebtedness in a given period.

Actions to eliminate problem:

Correct VAT, refunded from the budget, according to current conditions of calculation.

Program start

Program start is made through “**Start > Programs > SimplEconomics > Enterprise Financial Model > Additional tools**” menu or the button “Start program’ Calculation checking” in the toolbar of “Enterprise Financial Model” software.

License

This End-User License Agreement ("EULA") is a legal agreement between you, either an individual or a single entity ("Customer" or "you") and Management, Business, Investments Consulting Group Ltd. ("MBI").

1. INTELLECTUAL PROPERTY ACKNOWLEDGEMENT

User acknowledges that MBI is the owner of the software and documentation ("Enterprise Financial Model" and its components), and that it is protected by Copyright laws and treaties worldwide. Portions of the Enterprise Financial Model are also protected by pending patent application(s), trade secret law, and contract law. Users may not make any commercial use of the "Enterprise Financial Model" code, and are limited to the uses granted in 2 below.

2. GRANT OF LICENSE

Provided you have paid all applicable fees, the EULA grants you the following personal, non-exclusive, non-transferable rights:

(a) You may use the Software on any single computer; use the Software on a network, provided that each person accessing the Software through the network must have a copy licensed to that person; use the Software on a second computer so long as only one copy is used at a time; or copy the Software for archival purposes, provided any copy must contain all of the original Software's proprietary notices.

(b) You may not decompile, disassemble, extract or otherwise reverse engineer any of the Software. You shall not have the right to obtain or use any source code for the Software, nor copy, reproduce, or distribute the Software except as provided above. You agree not to rent or lease the Software, nor use the Software to render time sharing or service bureau services.

3. WARRANTY, REMEDY AND LIMITATIONS

(a) MBI warrants only that the Software will perform in substantial accordance with the accompanying user manual for ninety (90) days following your receipt of the Software. Any Support Services provided by MBI shall only be as described in applicable written materials provided to you by MBI Technical Support Services.

(b) Some states do not allow certain warranty limitations, so the restrictions of this Section 3 will apply only to the full extent permitted by applicable law.

(c) MBI's entire liability and your exclusive remedy for any claim you may have against MBI shall be, at MBI's option, (1) return of amounts paid for the applicable Software; or (2) repair or replacement of Software which does not meet the above limited warranty; provided you return the Software to MBI.

(d) EXCEPT AS PROVIDED ABOVE, THE SOFTWARE IS PROVIDED "AS IS" AND WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Customer assumes all risks as to selection, quality, installation, results and performance. MBI does not warrant that the Software will meet Customer's requirements or that the operation of the Software will be uninterrupted or error free.

(e) NEITHER MBI NOR ANY OF ITS SUPPLIERS SHALL BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER (INCLUDING WITHOUT LIMITATION LOSS OF BUSINESS OR PROFITS, BUSINESS INTERRUPTION OR DELAY, LOSS OR INABILITY TO USE DATA), EVEN IF MBI OR ANY OF ITS SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

4. TERMINATION

The license will terminate automatically if Customer fails to comply with the limitations described herein. On termination, Customer must destroy all copies of the Software, including documentation. Otherwise, this EULA shall remain in force until terminated. Customer may terminate this EULA at any time by destroying all copies of the Software and providing notice thereof to MBI.

5. UPGRADES

If the Software is designated by MBI as an "Upgrade" product, then you may only use the Software if you are also currently a licensed user of the base product to which the Upgrade applies. Unless the MBI documentation for an Upgrade specifically provides, you may not separate upgrade products from base products, nor transfer them separately. MBI reserves the sole and exclusive right to set its policies and prices regarding updates, upgrades and enhancements. All other terms of this EULA apply with equal force to Upgrades.

6. DEMO VERSIONS

If MBI designates the Software as a "Demo" version, then the Customer's license rights under this EULA shall extend for a never-ending evaluation period, during which Customer's use is restricted solely to permit Customer to determine whether to purchase an ongoing license to the Software. Customer may make a reasonable number of copies of the Demo version of this Software, including documentation, for internal distribution, provided that any such copies are unmodified and exact. Customer is specifically prohibited from charging or requesting donations for any such copies; and from distributing Demo versions of the Software to third parties without MBI's prior written permission. Demo versions are provided strictly on an "as is" basis and Section 3(a) does not apply.

Technical support

Technical support is effected by our technical consultants at the addresses:

www.simplecs.ru/eng
litvinj@simplecs.ru

History of versions

Version 1.3

First English version :)

Checked items

[Project commercial efficiency](#)

[Project financial feasibility](#)

[Availability of general information about project](#)

[Availability of names of table elements](#)

[Correct accounting of advance/credit purchase at the time of detailed planning](#)

[Full redemption of borrowed funds](#)

[Availability of interest expenses](#)

[Availability of fixed assets for the whole period of project implementation](#)

[Depreciation of all types of fixed assets](#)

[Transfer of current costs into equipment payments before first income](#)

[Accounting of time value of money](#)

[Accounting of only future costs and income](#)

[Absence of cash surplus](#)

[Availability of own sources of business financing](#)

[Accounting of project principle taxes](#)

[Correctness of input tax rates](#)

[VAT, refundable from the budget, exceeds the charged one \(as of the date of refund\)](#)

