

Financial, Business and Cost Modelling



Do you have the right information at the right time?

How confident are you that your existing models are error-free, robust and reliable?

Are you able to flex modelling assumptions easily and assess the impact on decisions?

In an increasingly complex and uncertain world, it's not enough to simply rely on intuition when making decisions or challenging assumptions. Spreadsheet-based modelling can provide business leaders with flexible tools to help make informed decisions on pricing, investments, operational performance and strategic options. If you're executing a transaction or undertaking a financial restructuring, these models provide insight into the development of equity value and key debt ratios, building trust with all financial stakeholders.

Spreadsheet-based models can suffer from a lack of quality, robustness, security and reliability. This can have a significant impact on the quality of decision-making. According to a KPMG survey 70 percent of models contain errors that affect their results and over 75 percent of models have no formal quality review procedures.

What's in it for you?

Financial, business and cost modelling



- **Improve the quality of your decision-making**
Our modelling tools are flexible and are built to meet your precise information requirements.



- **Enhance the transparency of assumptions underlying your decisions**
We clarify, articulate and document the key assumptions and drivers in your business.



- **Build trust with your stakeholders**
We provide you with robust tools that you and your stakeholders can trust or with independent quality assurance on your own tools.

How we can help

Model build services

KPMG's Financial Modelling team can help you build bespoke financial, business and cost models that are flexible, robust, accurate and easy-to-use. Our team will work with you to create clear models to deliver business objectives. Our models are developed with structures that allow for the incorporation and testing of key risks and uncertainties and contain scenario, sensitivity and features, so they have the robustness businesses require.

Financial modelling typically assists the decision-making process for:

- **Investment appraisals**

We build models to quantify and evaluate investment plans and strategic options.

- **Transactions and deals**

We construct projection and valuation models to reflect the economics of the deal, the contractual terms, operational, accounting and tax assumptions, financing proposals and investor returns.

- **Operational performance improvement and monitoring**

We build spreadsheet/database tools for quantifying and forecasting specific business operations. This includes budgeting, management and financial reporting, cash flow or treasury management, capital expenditure programs and working capital management.

- **Financial restructuring**

We build restructuring models to reflect financing requirements, capital structure scenarios, cash waterfalls, distributions and impact of new capital structures.

- **Costing and pricing**

We construct bespoke tools to provide insights into the costs the services or products your business provides, for example through activity-based costing. These cost models can inform pricing decisions, allow for product rationalisation, or may simply be required in regulated markets (e.g. in telecoms, utilities, infrastructure).

Model review services

We also provide objective analysis on the accuracy, robustness and reliability of financial models, help to improve the overall quality of decision-making or third-party confidence in the outputs. We have developed a

proven, rigorous methodology for financial model reviews, using KPMG's spreadsheet review tool (MRT).

For a model review engagement, we can offer to undertake checks on whether the:

- logical integrity, internal consistency and arithmetic accuracy of the formulae, algorithms and calculations contained within the financial model are correct
- assumptions and input data contained in the financial model have been accurately extracted from the stipulated source documents provided to us
- tax and accounting treatments recommended by external advisors are accurately reflected in the financial model.

Modelling resource secondments

We can also provide financial modelling professionals, on a short-term secondment basis, to meet your modelling requirements.

Model training

We can also deliver interactive and tailored training sessions to your staff. Our team is well experienced in delivering practical workshops covering best practice financial modelling principles through providing the participants with hands on experience.

Why KPMG?

In Australia, KPMG is a clear market leader in financial modelling. Our large, experienced and dedicated team, with offices in Sydney, Melbourne, Brisbane and Perth, provides both a solid knowledge base, local presence and an extensive track record in mining, infrastructure and PPP project finance, government, telecoms and utilities.

KPMG can complement the financial modelling team with subject matter experts who have in-depth knowledge of your industry, and on matters such as accounting, tax, corporate finance, valuation, strategy, or operational improvement. Our trusted brand gives your stakeholders confidence in the reliability of model-based decisions.

Contact us

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