Financial Modelling Best Practice Checklist

PPS — Informing Business Decisions

A well-built financial model is more than just numbers on a spreadsheet — it's a decision-making tool that must be clear, reliable, and easy to maintain.
This checklist brings together practical best practices to help you stress-test your work, avoid common pitfalls, and build models that stand up to scrutiny. Use it to check your next model for consistency, simplicity, logical flow, and robustness — so you (and anyone else using it) can trust what it's telling you.

1. Consistency

- ◯ Timelines align across all sheets (e.g., same start date, frequency, and columns).
- ◯ Column usage is consistent (e.g., column A for labels, timelines in same columns).
- ◯ Uniform sheet layouts and styles throughout the workbook.
- ◯ Formula logic is consistent across rows and columns.
- ◯ Cell formatting clearly distinguishes inputs, calculations, and outputs.
- ◯ Error checks appear in the same location on each sheet (e.g., top-left).

2. Simplicity

- ◯ Complex logic broken into small, readable steps.
- ◯ Reused core calculations instead of duplicating logic across sheets.
- ◯ Avoided volatile or opaque functions (e.g., OFFSET, INDIRECT).
- ◯ Kept formulas short, traceable, and easy to audit.
- ◯ Eliminated unnecessary repetition (e.g., timeline logic only once, reused elsewhere).
- ◯ Used flags or helper cells for common conditions instead of nesting long IFs.

3. Separation

- ◯ Inputs, calculations, and outputs clearly separated by sheet or section.
- ◯ All assumptions are easy to locate and update.
- ◯ Clear visual indicators (e.g., formatting, named ranges, or sheet structure) for editable cells.
- ◯ No hardcoded values hidden inside formulas.
- ◯ Used control panels or input sheets to centralise scenario drivers.

4. Linearity

- ◯ Sheets are structured left-to-right, top-to-bottom.
- ◯ Logic flows logically — call-ups → calculations → outputs.
- ◯ Avoided references that jump up/down unnecessarily.
- ◯ Structured each sheet like a story — easy to follow from beginning to end.
- ◯ Time was taken before edits to maintain structure, even under pressure

5. Integrity

- ◯ No manual "fudge factors" or balancing figures to make totals work.
- ◯ Formula logic designed to handle blanks, negatives, and edge cases.
- ◯ Row-level error checks (e.g., total matching, expected signs).
- ◯ Sheet-level summaries of errors.
- ◯ Model-level flag or dashboard for immediate issue visibility.
- ◯ Regular output validation built in.
- ◯ Covenant and ratio checks visibly flagged

BONUS

- ◯ Used cell styles to make formatting consistent and intuitive.
- ◯ Named ranges only where helpful — not excessively.
- ◯ Used version control (date stamp or tab for changes).
- ◯ Included a cover sheet or documentation tab with model overview.
- ◯ Clearly indicated any assumptions, or limitations.