

Model Manual

Model Code: 002

CAPEX Module



**PHARAOH
FINANCIAL**

- One major component of building a business plan model is the calculations associated with a CAPEX Plan.
- Along with other components of a financial model, the capex workflow in a model is probably the first module to build as it captures the actual investment in long term (fixed) assets.
- This includes construction of buildings and factories in addition to real estate development assets.
- This worksheet is a sub-module to be used by financial modelers to integrate into their business plan models.
- It will save them the time of creating many calculation tables, and can use this module to link its outputs to the rest of their business plan financial statements and analysis.
- The entire model is built on one sheet to allow integration into a main business plan financial model.
- By synchronizing the timeline of this module to your main model and linking the outputs to your financial statements and cash flow tables, you could save a lot of development time.
- The impact of capital expenditure is critical in cash flow projections in project finance models as well as operating business plan models of corporations.
- Capex is a major determinant of the feasibility and reliability of financial projections since it impacts all projected financial statements including projected income statements, balance sheets and cashflows.
- Correct calculation of capex depreciation is essential for tax calculations and showing the net book value of assets on projected balance sheets.
- Funding required for corporations or projects will depend on the capex plan since the disbursements made for capex comprise the major component in financing in addition to working capital.
- Sample data of 8 asset classes and 18 sub-classes is used for demonstration. Then based on those definitions, 13 assets were assumed to be purchased.
- This same model could actually be used to run depreciation schedules for historical fixed asset purchases.

Component / Dimension	Specs / Limits
Timeline	7-year span with monthly, quarterly and annual calculation tables and outputs.
Capex Types	Fixed Asset Purchases and Developments
Asset Classes	Up to 15 main asset classes
Asset Sub-Classes	Up to 50 asset sub-classes
Asset Purchases	Up to 200 asset purchases
Financial Statement Outputs	<ul style="list-style-type: none">- Income Statement Depreciation figures- Income Statement Gain/Loss on disposal- Balance Sheet carrying net book values (cost and accumulated depreciation)

Model Setup

Defining Asset Classes and Sub-Classes

- The first step in **table 1** is to define the main asset classes.
- Sample data is already plugged in the model for 8 major asset classes, each with its expected life-span in months.
- Up to 15 **main asset classes** are allowed.
- The second step in **table 2** is to create **asset sub-classes** and link them to the main asset classes created.
- Up to 50 asset sub-classes are allowed.
- Those two steps are necessary before any specific asset is added to the capex plan.

[TABLE 1] ASSET CLASSES [INPUTS]			
Serial	Asset Class	Life (months)	
1	VEHICLES	48	
2	BUILDINGS	60	
3	COMPUTERS	48	
4	FURNITURE	60	
5	FIXTURES	60	
6	EQUIPMENT	60	
7	OTHER FFE	60	
8	MACHINERY	60	
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[TABLE 2] ASSET SUB-CLASSES [INPUTS]			
Serial	Sub-class	Asset Class	
1	VANS	VEHICLES	
2	CARS	VEHICLES	
3	MOTORCYCLES	VEHICLES	
4	TRUCKS	VEHICLES	
5	PRINTERS AND SCANNERS	EQUIPMENT	
6	ELECTRICAL APPLIANCES	EQUIPMENT	
7	OTHER OFFICE EQUIPMENT	EQUIPMENT	
8	OFFICE BUILDINGS	BUILDINGS	
9	FACTORY BUILDINGS	BUILDINGS	
10	BUILDING IMPROVEMENTS	BUILDINGS	
11	LAPTOPS	COMPUTERS	
12	TABLET PCs	COMPUTERS	
13	DESKTOPS	COMPUTERS	
14	OFFICE FURNITURE	FURNITURE	
15	ACCOMMODATION FURNITURE	FURNITURE	
16	SHELVES	FIXTURES	
17	LOCKERS	OTHER FFE	
18	FACTORY MACHINES	MACHINERY	
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The Capex Plan Inputs

- In **table 3**, the planned asset purchases are plugged in with up to 200 assets.
- Each asset will have a specified date linking it to the monthly calculations.
- Each asset will have to be linked to an asset sub-class to take its life assumptions coming from the main asset.
- Other fields include stating a purpose for the purchase or description along with the expected acquisition cost, months to dispose the asset and the salvage value as a ratio from the purchase cost.

[TABLE 3] CAPEX PLAN				[INPUTS]			
Asset Serial	Purchase Date	Sub-class	Asset Description	Cost	Months To Disposal	Salvage Value	
1	15-Jan-22	VANS	Shop delivery van with refrigerator	8,500	36	20%	
2	01-Mar-22	MOTORCYCLES	delivery motorcylce for the new shop	2,500	36	20%	
3	15-Apr-22	OFFICE FURNITURE	Meeting Room Chair for the CEO	5,200	36	20%	
4	30-May-22	FACTORY MACHINES	Welding machine for the new factory	4,300	36	20%	
5	14-Jul-22	FACTORY MACHINES	Cutting machine for the new workshop	9,400	36	20%	
6	28-Aug-22	DESKTOPS	Sales Team PCs to replace old ones	12,000	36	20%	
7	12-Oct-22	LAPTOPS	Sales Manager Laptop with high specs	3,000	36	20%	
8	26-Nov-22	CARS	Corporate Car for the CEO	7,000	36	20%	
9	10-Jan-23	FACTORY MACHINES	Wrapping Machine for the dispatch	4,000	36	20%	
10	24-Feb-23	OFFICE BUILDINGS	HQ Building for admin staff	30,000	36	20%	
11	10-Apr-23	FACTORY BUILDINGS	Warehouse Building for extra storage	40,000	36	20%	
12	25-May-23	LOCKERS	Staff lockers for corporate staff	5,500	36	20%	
13	09-Jul-23	PRINTERS AND SCANNERS	Office Printer for admin staff	900	36	20%	
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Output Tables

Balance Sheet
Outputs

Depreciation
Calculations for
Income Statement
Use

Calculation for
Gain / Loss on
Disposal for
Income Statement
Use

Capex Summary
for Cash Flow
Statement

Monthly Carrying
Values by Asset Class

Quarterly Carrying
Values by Asset Class

Annual Carrying
Values by Asset Class

Monthly Depreciation
by Asset Class

Quarterly
Depreciation by Asset
Class

Annual Depreciation
by Asset Class

Monthly Gain / Loss
on Disposal by Asset
Class

Quarterly Gain / Loss
on Disposal by Asset
Class

Annual Gain / Loss on
Disposal by Asset
Class

Monthly Capex
Expenditure by Asset
Class

Quarterly Capex
Expenditure by Asset
Class

Annual Capex
Expenditure by Asset
Class