Northwind Kettles Ltd

Sheetpack practice note · five-year integrated three-statement model · figures in £ thousands

Purpose

A practice workbook that links an income statement, balance sheet and cash flow for a hypothetical UK kettle manufacturer. Change the yellow/blue inputs on the Assumptions sheet and watch cash, debt, PPE and retained earnings move together. The company and every figure are invented.

How to use

- Edit only blue text on a pale-yellow background (Assumptions). Leave black formula cells alone.
- After changes, recalculate if needed (LibreOffice: Data → Calculate → Recalculate) and open the Checks sheet.
- Every check cell should equal 0. “All checks pass” should read TRUE. The BALANCE CHECK row on the Balance Sheet is Assets − Liabilities − Equity.
- Cash in forecast years is not typed in: it equals closing cash from the cash flow statement.
- If you change an opening balance-sheet item, also change opening retained earnings so the opening balance check stays at 0.

Key starting assumptions (defaults)

Item	Default	Where it lives
Year 1 revenue, then growth of 8% / 7% / 6% / 5%	£12,500k	Assumptions!B12–B16
COGS / cash operating expenses (ex-D&A)	58% / 22% of revenue	Assumptions!B17–B18
Tax rate (only if profit before tax > 0) and dividend payout	25% / 20%	Assumptions!B20–B21
Receivable / inventory / payable days	40 / 70 / 45	Assumptions!B24–B26
Opening net PPE, remaining life, new-asset life	£5,300k, 8 years, 10 years	Assumptions!B32–B34
Opening debt and interest on the opening balance	£2,800k at 6.5%	Assumptions!B42–B43
Opening cash (31 Dec 2026)	£950k	Assumptions!B56

Simplifying choices

- Interest uses the opening debt balance each year, so there is no average-balance circular reference.
- Existing assets are depreciated as opening net PPE ÷ remaining life (held flat). Each new capex vintage is depreciated straight-line over 10 years, full-year convention, no residual value.
- Forecast working-capital balances = days ÷ 365 × current-year revenue (receivables) or COGS (inventory and payables).
- Other current assets, other liabilities and share capital are held constant. No deferred tax, no loss carry-forward, no asset disposals, no revolving credit.

> *Educational practice only. Not investment, financial, or tax advice. All companies and figures are fictional.*

Designed by me with help from AI tools; every formula checked by hand.