



A c t o m a t e

Modelling, Analytics & Projections - Financial Modelling

What is modelling?

Modelling, in the context of the financial world, refers to the work of building a mathematical model i.e. an abstract representation of a real world financial situation. The objective of the financial model is to evaluate the expected financial performance of a business, a project or a financial asset.

Why is financial modelling important?

Financial modelling is important as it helps us translate our hypothesis of financial performance into numbers. Key decisions in the financial world are made with reference to models. Incomplete, inaccurate or unreliable models can lead to financial disasters.

What are applications of financial models?

Financial models are used to make key decisions across the financial world. Applications include:

1. **Business valuation** – financial models can be used to estimate the economic value of an owner's interest in a business.
2. **Stock valuation** – financial models can be used to calculate theoretical values of companies and their stocks.
3. **Capital budgeting** – financial models can be used to determine whether an organisation's long term capital investments are worth the funding of cash.
4. **Financial statement analysis** – financial models can be used to review and analyse a company's financial statement to make better decisions.
5. **Project finance modelling** – financial models can be used to assess the economic feasibility of a project.
6. **Cash flow forecasting** – financial models can be used to estimate future cash flow position of an organisation.
7. **Working capital management** – financial models can be used to assess the required working capital of an organisation to sustain ongoing business operations.
8. **Treasury management** - financial models can be used to support decision making related to the management of an enterprise's holdings, with the ultimate goal of managing liquidity and mitigating operational, financial and reputational risks.
9. **Asset and liability management** – financial models can be used to assess any mismatch between assets and liabilities and inform the investment strategy.

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10. **Activity-based costing** – financial models can be used to identify activities in an organization and assigns the cost of each activity to all products and services according to the actual consumption by each activity.
11. **Profitability analysis** – financial models can be used to analyse the profit of an organisation's output, which can be grouped into products, customers, locations, channels, transactions etc
12. **Cost analysis** - financial models can be used to analyse the cost of an organisation or the use of available resources, for decision making and cost control. This includes whole-life cost analysis and cost-volume-profit analysis.

About Us

Actomate is a leading actuarial firm in Asia. In 2019 we were awarded Top Actuarial Firm in Asia. In 2020 we received the Quality Assurance Scheme accreditation from the Institute and Faculty of Actuaries.

We have a large team of highly qualified professionals. Our processes are top-of-the-line and highly technology driven. This enables us to provide higher quality services at lower costs to our clients.

In the field of employee benefits, we have a complete range of expertise and experience. Our clients range from multinationals, public listed companies, large conglomerates, small medium enterprises to government and government related entities.

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