Humanities and Social Sciences Journal of Abstracts
/https://hssja.journals.ekb.eg

The Role of Financial Modeling in Predicting the Financial Performance of Companies for Financial Planning and Decision-Making
An applied study on Apple Inc. (global company)

AUTHORS: **NASSER FARRAG MOUSTAFA**

Affiliation
Accounting and Auditing Department, Faculty of Commerce, Suez Canal University.

Correspondence: **Nasser Farrag Moustafa, Faculty of Commerce, Benisuif University, email nasfg2005@yahoo.com**

Abstract;

Financial modeling is considered an effective tool that can help the company clarify its current performance and predict its future financial performance. Financial models can also help in evaluating companies for merger, acquisition, and initial public subscription purposes. The skills of Financial Modelers have expanded significantly over the past years. Financial modelers tend to have mixed skills and experience in information technology, financial statement analysis, business, and finance. In addition, the financial modelers should be highly qualified in using Microsoft Excel.

The main objective of this research is to build a financial model for evaluating the financial performance of companies using financial modeling tools and their financial applications to predict financial performance for planning and decision-making purposes.

The outputs of financial modeling help in evaluating the financial performance of companies and making many decisions such as increasing the company's capital, making acquisitions, opening a new outlet or store, selling or scrapping assets, business valuation, and financial statement analysis.

Considering the application of financial modeling to the company under study (Apple Inc.), the following results were reached:

• Apple's total profit increased to nearly 38% during the period 2017 - 2020, but in 2021 the gross profit ratio reached 41.78% and this can be explained by the significant decrease in the cost of goods sold compared to sales as observed in the results of the vertical analysis. The reason for the low cost of goods sold can be attributed to the significant increase in research and development activities, as reflected in the growth rate of research and development expenditures in the horizontal analysis.

Keywords:: Financial modeling, financial performance, decision-making