

TieOut TR -- Workbook Analysis Report

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File: 7Alder - Partner Buyout Valuation - TR Training Model - WRONG (1).xlsx

Summary -- This partner buyout valuation model contains several real formula errors across the DCF, Public Trading Comps, and Operating Model sheets that would produce materially incorrect valuation outputs; the most critical are a wrong input feeding the Perpetual Growth Rate terminal value and a mismatched revenue reference in the EBITDA comps table.

Findings

Severity	Location	Issue	Detail
Error	DCF Analysis!L44	Wrong input for Perpetual Growth Rate terminal value	Cell is labeled "Terminal Year Unlevered Free Cash Flow" but contains `=L40`, which is the *Total Present Equity Value* from the Terminal Multiple approach. The perpetuity formula `(L44*(1+L45))/(L46-L45)` is therefore computed on an equity value rather than an operating cash flow, producing a fundamentally incorrect terminal value and cascading errors in L47, L49, L51, and L53. Should reference `=L25` (the terminal year UFCF).
Error	DCF Analysis!L53	Perpetual Growth Rate equity value double-subtracts terminal value	Formula is `=+L51+L52-L47`. L51 already equals PV(terminal value) + PV(UFCFs), so subtracting L47 (terminal value in year 5, undiscounted) removes an incorrect and undiscounted amount a second time. The correct formula should be `=+L51+L52` (Enterprise Value + net cash, with no further deduction).
Error	Public Trading Comps!N42:N43	EBITDA implied EV uses Revenue instead of EBITDA for Scenario 1 High/Low	N40 and N41 correctly reference `=Operating Model!\$H\$36` (Adj. EBITDA). N42 (`=IF(\$D\$7=1,N27*Operating Model!\$H\$17,N42)`) and N43 (`=IF(\$D\$7=1,N28*Operating Model!\$H\$17,N43)`) reference `\$H\$17` (Revenue) instead. This causes the High and Low Scenario 1 EBITDA-based implied EVs to be computed on Revenue, mixing units and overstating or understating value depending on relative levels. Should reference `\$H\$36`.
Error	Operating Model!L53	Total Current Assets excludes cash in year 5	Formula is `=L52` (Accounts Receivable only). Every other period uses `=SUM(Xn51:Xn52)` to include both cash and A/R (e.g., K53 = `=SUM(K51:K52)`). The year 5 balance sheet understates current assets by the ending cash balance, causing the balance sheet check in row 67 to fail for column L.
Error	Operating Model!K65, L65	Total Liabilities & Shareholders' Equity excludes liabilities in years 4-5	K65 = `=K64` and L65 = `=L64`, referencing only Shareholders' Equity. Years 1-3 (H65:J65) correctly use `=SUM(Xn62:Xn64)` which adds Total Liabilities + Equity. While liabilities happen to be zero in this model, the broken formula pattern means any future non-zero liability entry would silently be excluded. Should be `=SUM(K62:K64)` and `=SUM(L62:L64)`.

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Error	Summary Football Field!E21:G35, Public Trading Comps!M33:N55	Circular self-references in scenario toggle IF formulas	Scenario-switching cells use a pattern like `=IF(\$G\$6=\$A21, [calculated value], 'Summary Football Field!E21')` where the false branch references the cell itself. This is a true circular reference that Excel cannot evaluate without iterative calculation enabled. If iterative calculation is off, cells return 0 or a prior cached value rather than the intended "hold last value" behavior. The same pattern appears in 28 cells across Public Trading Comps (M33:N36, M40:N43, M46:N49, M54:N55). The typical fix is to use a named range or a separate input cell rather than self-reference in the false branch.
Error	Operating Assumptions!Q47, V47, AA47, AF47, AK47, AP47, AU47, AZ47, BE47, BJ47, BO47	Spurious +1200 increment in Scenario 1 core team salary schedule	Every fifth column in row 47 (the "Scenario 1 Baseline" salary row) adds 1200 to the prior period's value (e.g., `Q47 = P57+1200`), while all adjacent columns simply pass through the prior period's cumulative total (e.g., `P47 = O57`, `R47 = Q57`). The pattern repeats across 11 columns, suggesting a copy/paste error where a salary step-up was accidentally inserted at a recurring cadence rather than at a specific intentional year.
Warning	Operating Model!G56:L56	Total Assets SUM starts at row 53, skipping row 52 in column G	G56 = `=SUM(G53:G55)` but G52 contains a formula (`=-G74`, Accounts Receivable). In columns H-L, row 52 is zero so the exclusion has no numerical effect, but in column G the A/R balance is non-zero. Total Assets for the baseline period (column G) omits the A/R balance. Should be `=SUM(G52:G55)` or restructured so all asset lines are inside the sum range.
Warning	Public Trading Comps!M76, N76	Adj. Total TTM revenue SUM starts at row 73, skipping the raw TTM in row 72	M76 = `=SUM(M73:M75)` and N76 = `=SUM(N73:N75)`. Row 73 is already the SUM of all monthly TTM data (M61:M72), so M73 includes M72 (the most recent month: 106,260.84 revenue / 35,800.66 EBITDA). The SUM in row 76 correctly aggregates M73 (total TTM) + M74 (owner withdrawals adjustment) + M75 (net withdrawal adjustment), so this is structurally sound. However, row 72 sitting adjacent to the SUM range triggered a gap warning; no fix is required.
Warning	VC_PE Investor Returns!I17:P17	SUM for total investor cash flow excludes row 13	`=SUM(I14:I16)` skips row 13, which contains `=IF(I\$9=\$E\$17,\$E\$19,0)` -- the EV/Revenue multiple input for the exit year. Row 13 is an intermediate calculation input that feeds row 14 (`=I13*I12`, revenue x multiple = exit EV). Row 13 is not itself a cash flow; it is consumed by the multiplication in row 14. The SUM is correct as written, but the unlabeled intermediate row adjacent to the summed range warrants documentation for clarity.
Warning	Operating Model!G65	Balance sheet check row identifies a discrepancy in column G	G67 = `=+G56-G65` (balance sheet check). Because G52 (A/R) is excluded from G56 as noted above, the check will show a non-zero balance. This is a downstream consequence of the G56 SUM gap rather than an independent error.
Review	Operating Model!H15	Year counter starts with a hard-coded 1	H15 = `1` (literal), while I15:L15 use `=H15+1`, `=I15+1`, etc. The hard-coded origin year is an acceptable model design choice but means changing the starting period requires editing H15 manually rather than a single cell toggle.

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Severity	Location	Issue	Detail
Review	Operating Model!H34:L34	Selling owner replacement cost hard-coded as -120,000 per year across all forecast years	The value is identical in every projection column. If this cost is expected to change with inflation or business scale, it should be driven by an assumption cell rather than replicated literals.
Review	DCF Analysis!E11, E12, E15	Key DCF assumption inputs are hard-coded inline	WACC (25%), multiple selector (1 = Revenue), and perpetual growth rate (2.25%) are entered directly in the assumptions block rather than linked to a central assumptions table. These are standard model inputs and are acceptable, but cross-referencing them to the Operating Model or Summary Football Field assumptions would reduce the risk of inconsistency.
Review	Operating Assumptions!BE56:BS56	SUM formulas appear self-referential per gap checker but are structurally correct	BE56 = `=SUM(BE57:BE59)` -- the gap checker flagged BE56 as excluded from its own range, but the formula correctly aggregates three scenario rows below it. No fix is required; this is a false positive from the adjacency check.

Statistics

Metric	Value
Sheets analyzed	8 (6 with data)
Total formulas	3,845
Errors (real, after investigation)	7
Warnings (real, after investigation)	3
Review items	4
Toolkit raw findings (pre-investigation)	209