# Excel \& Business Math Video/Class Project \#05 Number Formatting: Don't Get Trick By Number Formatting 

## Topics

1) What Does Number Formatting Do and How Does It Work?..................................................................................... 2

2) Formulas do not "see" Number Formatting .......................................................................................................... 3
3) Number Formatting can save us a lot of time with data entry............................................................................... 4
4) Compare General Number Formatting, Currency Number Format and Accounting Number Format...................... 4
5) How We Round Numbers by Hand? ......................................................................................................................... 5
6) How to Round Numbers using Excel's Built-in ROUND Function ............................................................................... 5

- ROUND Function arguments................................................................................................................................ 5
- Rules for second argument in ROUND................................................................................................................... 5
- When you MUST use ROUND ................................................................................................................................ 6
- When you do NOT Need to use ROUND Function.................................................................................................. 6

4) Does it matter if our Excel Solutions are a penny or two off because we did not use the ROUND Function correctly? 7
5) Using ROUND Function on Examples from Video \#3 ................................................................................................. 7
6) Number Formatting allows you to change how the Number is displayed without actually changing the underlying number that sits in the cell.
i. For example, in this picture, the Decrease Decimal button is used to display no decimals, but we can still see the decimals in the Formula Bar:

ii. Number Formatting allows you to display numbers on the surface of the cell without changing the number that sits in the cell.
iii. You can think of Number Formatting as a "Façade". In the above picture, the Façade shows the number 35061, but underneath that façade is the actual number 35060.7056.
7) Formulas do not "see" Number Formatting.
i. Formulas make calculations on the underlying number that sits in the cell.
ii. Formulas do NOT make calculations on the Number Formatting that you see on the surface of the cell.
iii. For example, in this picture, the formula shows an answer of 199 , but $100^{*} 2$ is really 200 !! What is going on? If you look in the Formula Bar it shows that the value in cell A2 is really 99.5. Because formulas make calculations on the underlying number that sits in the cell, the formula makes the calculation on 99.5*2 $=199$.

Formula Bar shows the number that the formula uses to make calculation.

iv. Formulas make their calculation on the actual numbers in the cells, not the numbers that are displayed on the surface of the cells.
v. To fix this visual mistake, we need to increase the decimals for cell A2. This picture shows the decimals increased for cell A2:

3) Number Formatting can save us a lot of time with data entry.
i. In the picture below the numbers on the right are the digits that you type in. The numbers on the left have Currency Number Format applied so the dollar signs and decimal point and decimals are displayed.

| D2 |  | $\checkmark$ | $\times$, |  | We only had to type the two digits: 45 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| A | A | B | C | D |  |
| 1 |  | Sales |  | Sales |  |
| 2 |  | 45 |  | \$45.00 | Currency Number Format shows \$ sign, decimal and two zeros. |
| 3 |  | 65.2 |  | \$65.20 |  |
| 4 |  | 78.99 |  | \$78.99 |  |
| 5 |  | 100 |  | \$100.00 |  |

4) Compare General Number Formatting, Currency Number Format and Accounting Number Format.
1. General Number Formatting:
i. General Number Formatting $=$ What you see is what is in the cell.
ii. If you apply General Number Formatting, it will wipe away all of the previously applied Number Formatting to reveal what number actually sits in the cell.
iii. Applying General Number Formatting ERASES all previously applied Number Formatting.
iv. General Number Formatting is the default Number Formatting on all cells.
2. Accounting Number Format:
i. Fixed dollar sign (left edge of cell).
ii. Negatives are in parenthesis.
iii. Zeros are dashes.
iv. Decimals always line up.
v. When you use Accounting Number Format it may hide decimals by displaying fewer decimals than are actually in the cell. This may lead to formula errors due to fact the formula calculates on the underlying number and not the displayed number.
3. Currency:
i. Floating dollar sign.
ii. You choose how to show negatives.
iii. Zeros are zeros.
iv. Decimals usually line up.
v. When you use Currency Number Format it may hide decimals by displaying fewer decimals than are actually in the cell. This may lead to formula errors due to fact the formula calculates on the underlying number and not the displayed number.
4. Example:

| General |
| :--- |
| Sales | $\mathbf{4 5} 9$.


| Currency |
| :--- |
| Sales |
| $\$ 45.00$ |
| $\$ 0.00$ |
| $\$ 78.99$ |
| $\$ 100.00$ |
| $-\$ 101.00$ |
| $\$ 98.20$ |
| $\$ 20.00$ |


| Accounting |  |
| :--- | :---: |
| Sales |  |
| $\$$ | 45.00 |
| $\$$ | - |
| $\$$ | 78.99 |
| $\$$ | 100.00 |
| $\$$ | $(101.00)$ |
| $\$$ | 98.20 |
| $\$$ | 20.00 |

## How to round by hand?

1) Pick position you want to round to
2) look at digit to right:

5 or bigger ==>> add one to position you are rounding to and remove unwanted digits
4 or less ==>> remove unwanted digits
52.727625
52.727625
52.727625
$52.7(2+1) 7625$
52.73
52.724584
52.724584
52.724584
52.7 (2+0)4584
52.72

We can use the ROUND function to remove unwanted decimals

## 3) How to Round Numbers using Excel's Built-in ROUND Function

- We can use the ROUND function to remove unwanted decimals.
- ROUND Function arguments:
i. Number argument contains the number you want to round. In this picture we want to round the Tax Deduction Amount, B13*\$B\$18:

| 12 | Employee | Gross Pay | Tax Deduction | Tax Deduction |
| :---: | :---: | :---: | :---: | :---: |
| 13 | Lillian Holt | 689.25 | \$52.73 | =ROUND(B13*\$B\$18,2) |
| 14 | Jasmine Phelps | 765.71 | \$58.58 | RoUND(number, num_digits) 3 |
| 15 | Sadie Hudson | 687.43 | \$52.59 | \$52.59 |
| 16 |  | Total | \$163.89 | \$163.90 |
| 17 |  |  |  |  |
| 18 | Tax Rate | 0.0765 |  |  |

iii. Num_digits argument is the position you would like to round to. For example, because the penny position is two digits to the right of the decimal, you would use a 2 for rounding to the penny. Like in this picture:

| 12 | Employee | Gross Pay | Tax Deduction | Tax Deduction |
| :---: | :---: | :---: | :---: | :---: |
| 13 | Lillian Holt | 689.25 | \$52.73 | =ROUND(B13*\$B\$18,2) |
| 14 | Jasmine Phelps | 765.71 | \$58.58 | Rounoroumber, uum_digits) |
| 15 | Sadie Hudson | 687.43 | \$52.59 | \$52.59 |
| 16 |  | Total | \$163.89 | \$163.90 |
| 17 |  |  |  |  |
| 18 | Tax Rate | 0.0765 |  |  |

- Rules for second argument in ROUND:
i. Round to penny (hundredths position) use 2
ii. Round to dollar (ones position) use 0
iii. Round to thousands (thousands position) use -3
- Here is an example of how we use ROUND to remove unwanted decimals, rather than Number Formatting:

- When you MUST use ROUND:
i. You are required to round, like with Money.
ii. You have extraneous decimals, like past the penny position.
iii. You will use formula result in a subsequent formula.
- If you don't use ROUND when you are required to, you may calculate the incorrect amounts, like in the following Payroll example:

- In business we mostly need to use round when we are multiplying decimals and the unit is Money.
i. Examples:

1. Payroll
2. Invoices
3. Taxes

- When you do NOT Need to use ROUND Function:
i. You are not required to use round if you will never use the formula result in another formula. Then you can just use Number Formatting to display the numbers with the correct number of decimals.

4) Does it matter if our Excel Solutions are a penny or two off because we did not use the ROUND Function correctly?

- Yes, it does matter. Because if you build an Excel solution and a customer or an employee sees that your calculations are a few pennies off, they will not trust your ability to make calculations correctly.

5) Using ROUND Function on Examples from Video \#3

| 4 | A | B | C | D | E |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | Goal: Calculate Insurance Expense | Discount |  |  |  |  |
| 2 |  |  | Formula in cell C4 is =B4*\$F4 | Formula in cell D4 is $=\text { ROUND(B4*\$F\$4,2) }$ |  |  |
| 3 | Insurance Policy | Annual Insurance Expenses | Discount (No ROUND) | Discount with ROUND |  | Annual pense |
| 4 | Ford Deliver Truck 01 | \$2,434.00 | \$66.94 | \$66.94 |  | 0.0275 |
| 5 | Ford Deliver Truck 02 | \$3,940.00 | \$108.35 | \$108.35 |  |  |
| 6 | Ford Deliver Truck 03 | \$3,206.00 | \$88.17 | \$88.17 |  |  |
| 7 | Toyota Narrow-Aisle Fork Lift | \$1,940.00 | \$53.35 | \$53.35 |  |  |
| 8 | CAT Manual Pallet Jacks Fork List | \$950.00 | \$26.13 | \$26.13 |  |  |
| 9 | Employee Policy | \$11,638.00 | \$320.05 | \$320.05 |  |  |
| 10 | Consumer Policy | \$11,356.00 | \$312.29 | \$312.29 |  |  |
| 11 | Wearhouse 1 | \$10,992.00 | \$302.28 | \$302.28 |  |  |
| 12 | Wearhouse 2 | \$15,520.00 | \$426.80 | \$426.80 |  |  |
| 13 |  | \$61,976.00 | 入 \$1,704.34 | , \$1,704.36 |  |  |
| 14 |  |  |  |  |  |  |
| 15 |  | $\$ 1,704.34$ is not the correct total becasue the SUM Function is adding all of the extraneous decimals. |  | $\$ 1,704.36$ is the correct total becasue each of the Tax Deduction amounts has been properly rounded using ROUND. |  |  |
| 16 |  |  |  |  |
| 17 |  |  |  |  |
| 18 |  |  |  |  |
| 19 |  |  |  |  |


| 1 | A | B | C | D | E | F |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 21 | Goal: Calculate Dedu | Employee |  |  |  |  |
| 22 |  |  | Formula in cell C24 is =B24*\$F\$24 | Formula in cell D24 is =ROUND(B24*\$F\$24,2) |  |  |
| 23 | Employee | Taxable Pay | Deduction (No ROUND) | Deduction with ROUND | Tax |  |
| 24 | Abdi Rhen | \$3,245.00 | \$248.24 | \$248.24 |  | 0.0765 |
| 25 | Angle Harman | \$2,883.00 | \$220.55 | \$220.55 |  |  |
| 26 | Tyrone Tisdale | \$2,827.00 | \$216.27 | \$216.27 |  |  |
| 27 | Florentina Barnhart | \$2,543.00 | \$194.54 | \$194.54 |  |  |
| 28 | Fletcher Sminth | \$2,879.00 | \$220.24 | \$220.24 |  |  |
| 29 | Kathern Braun | \$2,850.00 | \$218.03 | \$218.03 |  |  |
| 30 | Necole Garris | \$2,440.00 | \$186.66 | \$186.66 |  |  |
| 31 | Shelia Ackerman | \$2,898.00 | \$221.70 | \$221.70 |  |  |
| 32 | Chantel Reynoso | \$3,037.00 | \$232.33 | \$232.33 |  |  |
| 33 | Miquel Kuntz | \$3,237.00 | \$247.63 | \$247.63 |  |  |
| 34 | Totals | \$28,839.00 | $\pi \quad \$ 2,206.18$ | , \$2,206.19 |  |  |
| 35 |  |  | $7$ |  |  |  |
| 36 |  | $\$ 2,206.18$ is not the correct total becasue the SUM Function is adding all of the extraneous decimals. |  | $\$ 2,206.19$ is the correct total becasue each of the Tax Deduction amounts has been properly rounded using ROUND. |  |  |
| 37 |  |  |  |  |
| 38 |  |  |  |  |
| 39 |  |  |  |  |
| 40 |  |  |  |  |

