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

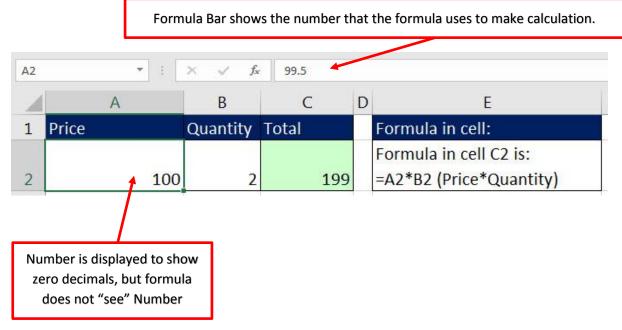
Topics 1) Number Formatting allows you to change how the Number is displayed without actually changing the underlying 1) 2) 3) Number Formatting can save us a lot of time with data entry......4 4) How We Round Numbers by Hand?5 2) How to Round Numbers using Excel's Built-in ROUND Function5 3) Does it matter if our Excel Solutions are a penny or two off because we did not use the ROUND Function correctly?7 4) 5) Using ROUND Function on Examples from Video #3......7

- 1) 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:

Number is	t Center ∗	Number	-2.0	Conditiona Formatting		Decrease Decimal button click 4 times
not changed when Number		35060.7056	Dec	c rease Deci w fewer dec	mal imal places.	
Formatting is	E	F		G	Н	
applied	Emplo	Employee Sales				Number is displayed on the
	Abdi	3506	1 +			surface of the cell with zero
	Gigi	25341.	7			decimals showing.
	Pham	24428.4	7			
	Tyrone	e 33965.	6			
	Sioux	29549.5	6			
	Miki	25175.	7			
	Naoya	47516.8	7			

- 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.

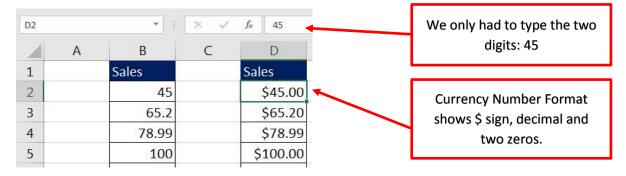
- 2) Formulas do not "see" Number Formatting.
 - i. Formulas make calculations on the underlying number that sits in the cell.
 - ii. Formulas do NOT make calculations on the Number Formatting that you see on the surface of the cell.
 - iii. For example, in this picture, the formula shows an answer of 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.



- 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:

A2	· ·	$\times \checkmark f_x$	99.5		
1	А	В	С	D	E
1	Price	Quantity	Total		Formula in cell:
2	2 99.5		199		Formula in cell C2 is: =A2*B2 (Price*Quantity)

- 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.



- 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	Currency	Accounting
Sales	Sales	Sales
45	\$45.00	\$ 45.00
0	\$0.00	\$ -
78.99	\$78.99	\$ 78.99
100	\$100.00	\$ 100.00
-101	-\$101.00	\$ (101.00)
98.2	\$98.20	\$ 98.20
20	\$20.00	\$ 20.00

How to round by	hand?						
1) Pick position ye	ou want to round	to					
2) look at digit to	right:						
5 or bigger =	==>> add one to p	osition you are	e rounding to and remove	unwanted digits			
4 or less =	=>> remove unw	anted digits	-	-			
52.727625	52.7 <mark>2</mark> 7625	52.72 <mark>7</mark> 625	52.7 (2+1)7625	52.73			
52.724584	52.7 <mark>2</mark> 4584	52.72 <mark>4</mark> 584	52.7 <mark>(2+0)</mark> 4 584	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)
15	Sadie Hudson	687.43	\$52.59	\$52.59
16		Total	\$163.89	\$163.90
17				
18	Tax Rate	0.0765		

ii.

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	ссосо ROUND(number, num_digit
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:

F3				* : × ✓ f	=ROUND(C3*B3,2)				
1	A	В	С	D	E	F			
		6N			Currency Number	ROUND Removes			
					Format does NOT	Decimals after Penny			
1	Payroll:			No Number Format	Remove Decimals	Position			
2	Employee	Tax Rate	Gross Pay	Tax Deduction		Tax Deduction			
3	Lillian Holt	0.0765	689.25	52.727625	\$52.73	52.73			
				Formula in above cell is:	Formula in above cell is:	Formula in above cell is:			
4				=C3*B3	=C3*B3	=ROUND(C3*B3,2)			
5									
6				Rules for ROUND Function	on second argument:				
7				Round to penny (hundred	dths position) use 2				
8				Round to dollar (ones position) use 0					
9				Round to thousands (tho	usands position) use -3				

- •
- 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:

D13	D13 • : × ✓ fr =ROUND(B13*\$B\$18,2)								
	А	В	C	D	E				
11	Payroll:		No ROUND	ROUND					
12	Employee	Gross Pay	Tax Deduction	Tax Deduction					
13	Lillian Holt	689.25	\$52.73	\$52.73					
14	Jasmine Phelps	765.71	\$58.58	\$58.58					
15	Sadie Hudson	687.43	\$52.59	\$52.59					
16		Total	\$163.89	\$163.90					
17			1	K					
18	Tax Rate	0.0765							
19									
20									
21		\$16	3.89 is not the correct	\$163.90 is	the correct total				
22			l becasue the SUM		ach of the Tax				
23		Fund	ction is adding all of th	e Deduction	n amounts has been				
24		extr	aneous decimals.	properly r	ounded using ROUND.				
25									

•

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

1	A	В	C	D	E	F
1	Goal: Calculate Insurance Expense	Discount				
			Formula in cell C4 is	Formula in cell D4 is		
2			=B4*\$F\$4	=ROUND(B4*\$F\$4,2)		
		Annual Insurance	Discount	Discount		Discount on Annual
3	Insurance Policy	Expenses	(No ROUND)	with ROUND		Insurance Expense
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	\$1,704.34	\$1,704.36		
14			/			
15		\$1 704 34 is	not the correct total	\$1,704.36 is the correc	t tot	al
16			SUM Function is	becasue each of the Ta		
17			the extraneous	Deduction amounts ha		en
18		decimals.		properly rounded using	g RO	UND.
19						

1	А	В	C	D	E	F
21	Goal: Calculate Deduction for	r each Employee				
			Formula in cell C24 is	Formula in cell D24 is		
22			=B24*\$F\$24	=ROUND(B24*\$F\$24,2)		
			Deduction	Deduction		
23	Employee	Taxable Pay	(No ROUND)	with ROUND	Tax	Rate
24	Abdi Rhen	\$3,245.0	\$248.24	4 \$248.24		0.0765
25	Angle Harman	\$2,883.0	\$220.5	5 \$220.55		
26	Tyrone Tisdale	\$2,827.0	\$216.2	7 \$216.27		
27	Florentina Barnhart	\$2,543.0	0 \$194.5 ⁴	4 \$194.54		
28	Fletcher Sminth	\$2,879.0	\$220.24	4 \$220.24		
29	Kathern Braun	\$2,850.0	\$218.03	\$218.03		
30	Necole Garris	\$2,440.0	90 \$186.60	5 \$186.66		
31	Shelia Ackerman	\$2,898.0	\$221.70	\$221.70		
32	Chantel Reynoso	\$3,037.0	90 \$232.33	3 \$232.33		
33	Miquel Kuntz	\$3,237.0	\$247.63	3 \$247.63		
34	Totals	\$28,839.0	90 \$2,206.18	8 \$2,206.19		
35						
36		¢2 206 19 k	not the correct total	\$2,205,10 is the correct	total	
37	0		s not the correct total	\$2,206.19 is the correct becasue each of the Tax		
38			f the extraneous	Deduction amounts has		
39		decimals.		properly rounded using		
40						