

iCheck™ Series Microsoft® Office 2010

Real World Applications

Unit 2: Excel 2010: Business Finances

Real World Connection Activities

These articles allow you to further explore various computing topics and take a quiz for review.

Introduction Learn about how organizations use spreadsheet applications in the real world.

Directions Read the information below and apply what you learn to answer the questions. Check your work carefully, and click **Submit Answers**.

From Paper to Electronic Spreadsheets

The term *spreadsheet* comes from the field of accounting: For easy reference, business transactions were tracked in columns and rows on large sheets of paper called “spreadsheets.” The spreadsheet application Microsoft Excel creates computerized spreadsheets with built-in features that make calculations automatic and more efficient. Microsoft Excel’s spreadsheets are called worksheets, or sheets. These sheets are collected in workbooks, or books.

Many of Excel’s features are designed to help the user analyze data quickly and accurately. For example, Excel includes numerous built-in functions that are used to perform automatic calculations. Some of the more common functions are as follows:

- **SUM** — to add all the numbers in a selected range of cells
- **COUNT** — to total the number of cells that contain numbers in a selected range
- **AVERAGE** — to calculate the average (arithmetic mean) of cells that contain numbers in a selected range
- **MAX** — to find the largest value in a selected range of cells
- **MIN** — to find the smallest value in a selected range of cells

Excel also includes many financial functions, such as PMT, which calculates the payment for a loan based on constant payments and a constant interest rate. You can also create your own formulas in Excel. In addition to functions and formulas, Excel offers features that expedite changes to data. For example, the Find and Replace command locates and replaces text, such as a specific data entry, wherever it appears throughout a spreadsheet. In a spreadsheet with thousands of data entries, this feature saves substantial time over finding and replacing entries manually. Excel also contains features that make it easy to

organize data visually in a pie chart, bar chart, or other type of chart. Charts help businesses make important decisions by presenting data (such as inventory or sales information) at a glance.

How Businesses Use Microsoft Excel

Businesses use Excel 2010 to analyze data in ways that help them make important decisions. Excel 2010 might be used in the following business products or scenarios:

- **Financial plans**, which help businesses structure themselves to remain competitive. Financial plans include data regarding projected sales and expenses, as well as future product growth and customer growth.
- **Budgets**, which calculate expected income and expenses for a certain period of time. Businesses use budgets to determine how they can decrease expenses in order to increase profit.
- **Investment portfolios**, which include figures such as total return, or how much a company earned from a particular investment. Businesses need this information to evaluate whether or not they should continue to make a particular investment.
- **Financing services**, which involve loans to consumers for homes, cars, or other large expenses. Businesses use loan payments and interest rates to calculate how much they earn from a loan.

Assessment Questions

1. What is a spreadsheet?
2. Which Excel function would you use to determine how many entries are in a particular column?
3. Why are charts useful to businesses?
4. How do companies use budgets?