Common Excel Error Values

If you've been doing financial modelling for any length of time or just playing around in
Excel, you'll find that we often come up with these Excel error values.

Excel error values are really nothing to worry too much about. They can be quite helpful as
they can tell us when we've gone wrong. I would much rather see a #NA or #VALUE! or
#REF! error rather than see a nice innocent looking number that looks like it's correct but in
fact is completely wrong. Don't stress too much if you get error values, it just means that
you're working in Excel and you're working towards getting your numbers right.

Let's go through some of the common Excel error values that you might see and what they
mean.

There are a number of different values and I will take you through each of those and show
you what they look like in Excel. You can open up this particular file if you like but any file
will do because I'm sure you'll be able to duplicate the kind of errors I'm going to show you.

The first one is the railroad tracks, which looks something like that. That is my favourite kind
of error because it's not an error at all. All it means is that a column is not wide enough and
it can't see what you're trying to do. By the way, make sure you test it. Make sure when you
finish your financial model, test it and make sure you don't get the railroad tracks, it really
does look quite messy. Any errors look messy and make it look like a working model and you
haven't bothered to tidy up and made things nice.

Secondly is the #DIV/0! Let's say for example here, you've wanted to calculate the price per
unit so we've said 46,000 divided by 5 and that's gives us the amount there. Let's say for
example this was a 0 or there might not be a value in there at all, so we're getting a #DIV/0!

and that's just because Excel's saying you can't have that, you can't divide something by zero. If that's the case, that sometimes is a valid error, particularly when you're doing variance analysis or in some kind of financial statements we often get this #DIV/0! error. The way to get around that is you could go into the formula and say IF that particular cell is a 0 then just give me a zero, otherwise give me the formula. That's one way of doing it. Another would be to go around it and I'll show you that. You could say IF, error comma zero or cannot calculate or whatever you want to show. If the formula that you've specified is an error then give me a zero, otherwise give me the formula.

That's a very common way of dealing with errors just remember that it will suppress any kind of error that you get in your formula. Be careful that it doesn't suppress errors that you need to see.

Next we have #NA error which is a really common error, particularly if you're doing a VLOOKUP. If you say, I'm looking for the value 100 in this range like that, comma 3 comma 0, like that and that will give you an #NA because it can't find it. That's a pretty common error.

The next one is a #NAME? For example here you've got a SUM and let's say we called it SUMS or something that's complete nonsense and that will give us a #NAME? because you specified a name that Excel doesn't recognise. That's not really a big deal either.

The next one is #VALUE! error. Let's say if you put in text for example, so what that's saying is I'm trying to calculate this cell and divide it by another cell and it's expecting to see a number but what it's actually finding is text and so that's why you're getting a #VALUE! error.

Lastly is a circular reference. Circular references are pretty horrible. Let's say here you're doing a SUM and you accidentally say B2 to B11 and you're getting an error to say that it's a circular reference and you can see here at the bottom it says circular reference. What that means is you're somehow trying to calculate the formula as calculating on itself in a circular way and you can't have a model with circular references. Very rare that you would deliberately do a circular reference. The way to get around that is to stop what you're doing.

Whatever you just did, undo it. Close without saving whatever you need to do. Circular references are bad news. I would try to avoid them. That's probably the only one that I would be really worried about.

The final one I wanted to show you was #REF! error. Let's say for example here, we've got some formulas here and everything is calculating perfectly and everything is fine. Let's say that somebody deletes that entire column from our model and we can see there that we've got a #REF! error. That's pretty nasty, I really don't like to see #REF! errors as they are very difficult to audit. All the other errors that we looked at, you can trace back and figure out what's wrong. With a #REF! error it's quite difficult to figure out what's happened because quite often the reason for a #REF! error will be because somebody has deleted the cell that it has been referring to and that's bad news because you can't see what it was. The cell that was there has disappeared. Not the end of the world. You just need to recreate the formula and try to figure out what went wrong.

Going back to our list of Excel errors. Looking at all the possible errors that you could see in Excel, they're really not a big deal, not as scary as they look. The only ones that you need to worry about are the #REF! and circular references errors but other than that do a bit of a check at the end of your financial model and make sure that you've got rid of all your errors and don't have them showing in your financial model. Generally Excel errors are there to show you that something's gone wrong so they will help you to fix all that up. That's how we deal with errors in financial modelling.