Financial Modeling Fundamentals Glossary

Absolute reference

When copied across multiple cells, the cells they refer to never changes.

Relative reference

When copied across multiple cells, they change based on the relative position of rows and columns.

Name cells

By naming a cell, you use the name reference rather than the cell reference.

Nested IF statements

A complicated formula with multiple IF statements within each other.

VLOOKUP functions

One of the lookup and reference functions, is used to find things in a table or a range by row.

Sensitivity analysis

Tests the final value against changes in one (or more) variables.

Scenario planning

Tests the model's robustness against possible future changes.

Data tables

Used to test one or two variables for sensitivity analysis.

Goal seek

Used to test which assumptions are needed to satisfy the desired output.

Scenario manager

Used to test for different scenarios that may happen in the future, usually base, worst and best.

Solver

Used to minimize or maximize the output under a certain set of assumptions.

Tracing precedents

Shows the cells that are used in the calculation of the selected cell.

Tracing dependents

Shows the cells that use the selected cell in its calculations.

Test data

Inputting specific test data to stress test and sanity test your model.