

RHP Computer Applications Class

13-4 RWA: Calculating Finance Charges



A lesson to the wise; stay away from credit cards. They will put you in debt and keep you in debt for many years to come unless you are extremely disciplined. We will be designing a spreadsheet to calculate the interest on an average card. Start by opening Excel with new worksheet.

During this exercise, we will also be exploring the AutoFill feature of Excel, an extremely handy feature.

Start by labeling the top row of your worksheet with the following labels:

Date	New Charges	Finance Charge	New Balance	Minimum Payment
Jan-03	\$200.00	\$0.00	\$200.00	\$4.00
Feb-03	\$200.00	\$4.00	\$404.00	\$8.08

(Date is column A, New Charges in B, etc.)

In cell A2, type **1/2003** (for January, 2000).

Excel may detect that this is a date and format your cell to look like **Jan-03**. In cell A3, type **2/2003**.

Now it's time to use the AutoFill feature. Select the cells A2 and A3. Next, drag the little black square on the bottom left-hand corner straight down. You will notice a little box that show the AutoFill feature is working; as you move down the column, the date increments by one month. Keep dragging until you reach December, 2008. Release the mouse button and the cells should all fall into place.

The autofill feature can really save you a lot of time. It attempts to anticipate your next entry for you. Let's say you put the value of 2 in one cell and 4 in the next. If you selected those two cells, and then continued dragging the cells, it would autofill cells in increments of 2.

Let's assume that you spend \$200 per month on your card. Under New Charges, place the amount 200 in each cell. Copy that amount to all the cells in Column B. In the minimum payment column, enter in \$50.00 for each column. Copy it all the way down.

Next, let's calculate the finance charge on the balance and the balance. In cell D3, type in the formula **=D2+B3+C3-E2**. In cell C3, type in the formula **=(D2*0.02)**. This will add 2% of the balance towards your balance as a finance charge (typical for a credit card). Copy the formulas all the way down the columns. (Buy the way, after 5 years of using this program, I accidentally found a great way to copy a cell down a column. Try selecting the cell and double-clicking on the small black box at the bottom right. It's not documented anywhere, but it worked for me, and it might work for you).

Now for the painful part; let's figure out how much you spent versus how much you owe the bank. Go to cell B50 and sum all of your purchases. In cell C50, sum all of the finance charges. Now add these two sums into cell C51 to find out how much money that \$9,600 cost you and you still owe over \$12,000!

Save this worksheet and email it to me with the subject line **Compapp 13-4 lastname**.