

## CREDIT CARDS

Credit cards are another way to fund purchases.

With credit cards you receive a statement every month which lists the purchases made the previous month using that particular card.

The bill can be settled in full, within 25 days, in which case there are no interest charges to be paid. **Always try to pay off the credit card bill each month.**

Alternatively, a minimum payment of £5 or 5% of the total bill (whichever is the greater) can be made, or any larger repayment. Interest will then be charged each month on the full amount.

A typical interest charge is 2% per month (APR 26.8%).

	A	B	C	D
1	Date	Amount	Interest	After £50 payment
2	Jan 99	£1000.00	£20.00	£970.00
3	Feb	£970.00	£19.40	£939.40
4	Mar	£939.40	£18.79	£908.19
5	Apr	£908.19	£18.16	£876.35
6	May	£876.35	£17.53	£843.88
7	Jun	£843.88	£16.88	£810.76
8	Jul	£810.76	£16.22	£776.97
9	Aug	£776.97	£15.54	£742.51
10	Sep	£742.51	£14.85	£707.36
11	Oct	£707.36	£14.15	£671.51
12	Nov	£671.51	£13.43	£634.94
13	Dec	£634.94	£12.70	£597.64
14	Jan 00	£597.64	£11.95	£559.59
15	Feb	£559.59	£11.19	£520.78
16	Mar	£520.78	£10.42	£481.20
17	Apr	£481.20	£9.62	£440.82
18	May	£440.82	£8.82	£399.64
19	Jun	£399.64	£7.99	£357.63
20	Jul	£357.63	£7.15	£314.78
21	Aug	£314.78	£6.30	£271.08
22	Sep	£271.08	£5.42	£226.50
23	Oct	£226.50	£4.53	£181.03
24	Nov	£181.03	£3.62	£134.65
25	Dec	£134.65	£2.69	£87.34
26	Jan 01	£87.34	£1.75	£39.09
27	Feb	£39.09	£0.78	- £10.13



	A	B	C	D
1	Date	Amount	Interest	After £50 payment
2	Jan 99	£1000.00	=B2*2%	=B2+C2-50
3	Feb	=D2	=B3*2%	=B3+C3-50
4	Mar	=D3	=B4*2%	=B4+C4-50
5	Apr	=D4	=B5*2%	=B5+C5-50
6	May	=D5	=B6*2%	=B6+C6-50
7	Jun	=D6	=B7*2%	=B7+C7-50
8	Jul	=D7	=B8*2%	=B8+C8-50
9	Aug	=D8	=B9*2%	=B9+C9-50
10	Sep	=D9	=B10*2%	=B10+C10-50
11	Oct	=D10	=B11*2%	=B11+C11-50
12	Nov	=D11	=B12*2%	=B12+C12-50
13	Dec	=D12	=B13*2%	=B13+C13-50
14	Jan 00	=D13	=B14*2%	=B14+C14-50
15	Feb	=D14	=B15*2%	=B15+C15-50
16	Mar	=D15	=B16*2%	=B16+C16-50
17	Apr	=D16	=B17*2%	=B17+C17-50
18	May	=D17	=B18*2%	=B18+C18-50
19	Jun	=D18	=B19*2%	=B19+C19-50
20	Jul	=D19	=B20*2%	=B20+C20-50
21	Aug	=D20	=B21*2%	=B21+C21-50
22	Sep	=D21	=B22*2%	=B22+C22-50
23	Oct	=D22	=B23*2%	=B23+C23-50
24	Nov	=D23	=B24*2%	=B24+C24-50
25	Dec	=D24	=B25*2%	=B25+C25-50
26	Jan 01	=D25	=B26*2%	=B26+C26-50
27	Feb	=D26	=B27*2%	=B27+C27-50

This is the formula sheet for the data in this example.

A student has bought a computer worth £1000 but to finance it he has used his credit card. The first month he must pay £50 as this is 5% of £1000. He chooses to pay £50 during the following months until the debt is cleared. During this time he does not use his credit card for other purchases.

Note:- The total amount paid =  $25 \times £50 + £39.09 + £0.78 = £1289.87$

Interest =  $£1289.87 - £1000 = £289.87$

Also:- The interest £289.87 could be checked by adding the interest charged in column C

Extra:- You could use the chart wizard to draw a line graph of Amount against Time; or a pie chart showing the proportion of interest to the amount borrowed.

