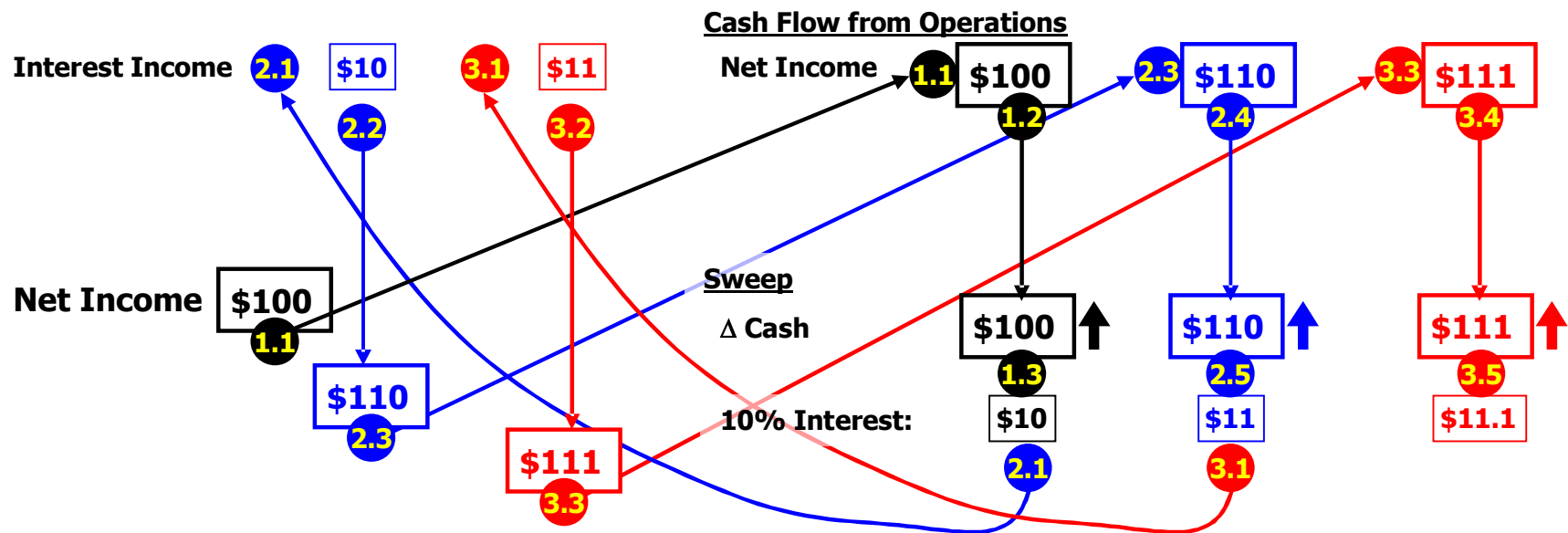


EXCEL ITERATIONS LOGIC

After creating a circular reference (for average balance on interest calculation), you need to turn on Iterations in Excel so that Excel automatically calculate the new updated figures. (Tools → Options → Calculation → Check on Iteration)

Here is an illustration of what Excel is actually doing:



BLACK = starting point and 1st iteration

- 1.1 Net Income flows to Cash Flow Statement
- 1.2 Income flows through Sweep, Cash increases by \$100
- 1.3 Interest Income calculated

BLUE = 2nd iteration

- 2.1 New Interest Income flows to Income Statement
- 2.2 Additional Interest Income increases Net Income
- 2.3 Net Income flows to Cash Flow Statement
- 2.4 Income flows through Sweep, Cash increases by total \$110
- 2.5 New Interest Income figure calculated

RED = 3rd iteration

- 3.1 New Interest Income flows to Income Statement
- 3.2 Additional Interest Income increases Net Income
- 3.3 Net Income flows to Cash Flow Statement
- 3.4 Income flows through Sweep, Cash increases by total \$111
- 3.5 New Interest Income figure calculated

EXCEL ITERATIONS WILL REPEAT PROCESS UNTIL NUMBERS DO NOT CHANGE