

Name \_\_\_\_\_

Date \_\_\_\_\_

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**Version 1: Finance Charges Using Previous Balance Method**Complete the account statements below using the **Previous Balance Method**

1. Ken Matthews has a charge account at Cameo Department Store where the periodic rate is 1.34%. a portion of his account statement is shown.

Billing date	Previous balance	Finance charge	Payments & credits	New purchases	New balance
03/24/--	\$159.73		\$85.20	\$11.48	

2. You have a charge account with a periodic rate of 1.98%. your monthly statement shows purchases totaling \$403.25 and a payment of \$123.89.

Billing date	Previous balance	Finance charge	Payments & credits	New purchases	New balance
09/14/--	\$1080.66				

3. The periodic rate is 2.3%; previous balance is \$540.9; payments of \$124.00 and \$79.40; new purchases of \$56.87.

Billing date	Previous balance	Finance charge	Payments & credits	New purchases	New balance
12/02/--					

name: \_\_\_\_\_

date: \_\_\_\_\_



## the statement

A credit card statement provides information such as how and when you've used your credit card, how much you owe, how much interest you're paying to use the card, how much your minimum payment is, and how much credit you have left.

Knowing how to read your credit card statement can also help you catch unauthorized charges and/or billing errors.

So, it can pay to know how to read the statement!



### directions

Use the credit card statement below to answer these questions:

1. What is the date of the statement?
2. What is the Annual Percentage Rate (APR)?
3. What is the corresponding periodic rate?
4. What is the new balance?
5. What was the previous balance?
6. How many charges were made during the billing cycle?
7. How many credits and payments were made during the billing cycle?
8. Were there any charges for late payments?  
If so, how much were the charges?
9. What is the total amount of the credit line?
10. What is the total amount of available credit?
11. What is the total amount of charges made during the current billing period?
12. Was there a finance charge for the current billing cycle?  
If so, how much were the charges?
13. What is the account number on the statement?
14. Where should the payment be sent?
15. What is the periodic rate for cash advances?

the statement (continued)



**CREDIT CARD STATEMENT**

SEND PAYMENT TO  
Box 1234  
Anytown, USA

<b>ACCOUNT NUMBER</b> 4125-239-412	<b>NAME</b> John Doe	<b>STATEMENT DATE</b> 2/13/01	<b>PAYMENT DUE DATE</b> 3/09/01
<b>CREDIT LINE</b> \$1200.00	<b>CREDIT AVAILABLE</b> \$1074.76	<b>NEW BALANCE</b> \$125.24	<b>MINIMUM PAYMENT DUE</b> \$20.00

REFERENCE	SOLD	POSTED	ACTIVITY SINCE LAST STATEMENT	AMOUNT
483GE7382		1/25	PAYMENT THANK YOU	-168.80
32F349ER3	1/12	1/15	RECORD RECYCLER ANYTOWN USA	14.83
89102DIS2	1/13	1/15	BEEFORAMA REST ANYTOWN USA	30.55
NX34FJD32	1/18	1/18	GREAT EXPECTORATIONS BIG CITY USA	27.50
84RT3293A	1/20	1/21	DINO-GEL PETROLEUM ANYTOWN USA	12.26
873DWS321	2/09	2/09	SHIRTS 'N SUCH TINYVILLE USA	40.10

Previous Balance	(+)	168.80	Current Amount Due	125.24
Purchases	(+)	125.24	Amount Past Due	
Cash Advances	(+)		Amount Over Credit Line	
Payments	(-)	168.80	Minimum Payment Due	20.00
Credits	(-)			
<b>FINANCE CHARGES</b>	(+)			
Late Charges	(+)			
<b>NEW BALANCE</b>	(=)	125.24		

<b>FINANCE CHARGE SUMMARY</b>	<b>PURCHASES</b>	<b>ADVANCES</b>	For Customer Service Call: 1-800-XXX-XXXX
Periodic Rate	1.65%	0.54%	For Lost or Stolen Card, Call: 1-800-XXX-XXXX
Annual Percentage Rate	19.80%	6.48%	24-Hour Telephone Numbers

Please make check or money order payable to Your First Bank. Include account number on front.

## SECTION 7-1 Account Statements

When you have a credit card or charge account, you receive a monthly statement. The statement lists all transactions that were processed by the closing date for that month. If your previous bill was not paid in full by the closing date, a finance charge is added. The finance charge is interest that is charged for delaying payment.

$$\text{New Balance} = \text{Previous Balance} + \text{Finance Charge} + \text{New Purchases} - (\text{Payments} + \text{Credits})$$

1. What is the new balance for the credit statement shown?

Billing Date	Previous Balance	Finance Charge	Payments & Credits	New Purchases	New Balance
10/01/--	\$139.50	\$2.32	\$45.00	\$29.98	

2. What is the new balance for the credit statement shown?

Billing Date	Previous Balance	Finance Charge	Payments & Credits	New Purchases	New Balance
12/11/--	\$185.74	\$2.71	\$70.94	\$49.80	

3. You received this monthly statement from Bank Card. What is your new balance?

Billing Date	Previous Balance	Finance Charge	Payments & Credits	New Purchases	New Balance
09/22/--	\$374.06	\$6.55	\$10.00	\$144.99	

4. Complete the account statement. Previous balance of \$716.45; payments of \$150 and \$75; new purchases of \$29.98, \$129.90, and \$10.46; finance charge of \$12.54.

Billing Date	Previous Balance	Finance Charge	Payments & Credits	New Purchases	New Balance
02/01/--					

5. Complete the account statement. Previous balance of \$78.80; payment of \$78.80; new purchases of \$24.60 and \$54.98; no finance charge.

Billing Date	Previous Balance	Finance Charge	Payments & Credits	New Purchases	New Balance
04/01/--					

6. Complete the account statement. Previous balance of \$410.91; payments of \$150 and \$150; return credit of \$21.90; new purchases of \$71.80, \$21.90, \$116.60, \$10.49, \$51.80, and \$6.75; finance charge of \$7.19.

Billing Date	Previous Balance	Finance Charge	Payments & Credits	New Purchases	New Balance
06/01/--					