Previous Balance Method

Finance Charge =  Previous Balance x $\frac{\text{Interest rate}}{12}$

New Balance =	 Previous balance	+	Finance Charge you just calculated	+	 Purchases Fees	−	 Payments Credits

Adjusted Balance Method

Before you can calculate the finance charge, you have to subtract off the payments and credits.

Adjusted Balance =	 Previous balance	−	 Payments Credits

Use the Adjusted Balance to calculate the finance charge, with either the monthly rate or daily rate.

Finance Charge =  Adjusted Balance x $\frac{\text{Interest rate}}{12}$

New Balance =	 Adjusted balance	+	Finance Charge you just calculated	+	 Purchases Fees