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 1\textsuperscript{st} iteration**
- Net Income flows to Cash Flow Statement
  - 1.1
- Income flows through Sweep, Cash increases by $100
  - 1.2
- Interest Income calculated
  - 1.3

**BLUE = 2\textsuperscript{nd} iteration**
- New Interest Income flows to Income Statement
  - 2.1
- Additional Interest Income increases Net Income
  - 2.2
- Net Income flows to Cash Flow Statement
  - 2.3
- Income flows through Sweep, Cash increases by total $110
  - 2.4
- New Interest Income figure calculated
  - 2.5

**RED = 3\textsuperscript{rd} iteration**
- New Interest Income flows to Income Statement
  - 3.1
- Additional Interest Income increases Net Income
  - 3.2
- Net Income flows to Cash Flow Statement
  - 3.3
- Income flows through Sweep, Cash increases by total $111
  - 3.4
- New Interest Income figure calculated
  - 3.5

**EXCEL ITERATIONS WILL REPEAT PROCESS UNTIL NUMBERS DO NOT CHANGE**