

	Books of Mr X			Books of Mr Y		
Date	Particulars	Dr	Cr	Particulars	Dr	Cr
Day 1	Obtaining loans at opposite rates					
	Bank	10000 0		Bank	10000 0	
	9.5% Floating Rate Loan		10000 0	11.5% Fixed rate loan		100000
Day 1	Exchanging Loans between Each Other					
	9.5% Floating Rate Loan(FA)	10000 0		12.5% Fixed Rate Loan(FA)	10000 0	
	Bank		10000 0	Bank		100000

	(Loan Granted to Mr Y)			(Loan Granted to Mr X)		
	Bank	10000 0		Bank	10000 0	
	12.5% Fixed rate loan(FL)		10000 0	9.5% Floating Rate Loan(FL)		100000
	(Loan Receipt from Mr Y)			(Loan Receipt from Mr X)		
Year End 1	Repayment of interest to outside loans					
	Interest on 9.5% Floating rate loan(p&l)	9500		Interest on 11.5% Fixed rate Loan(p&l)	11500	
	Bank		9500	Bank		11500
	Interest payment between Parties.					
	Interest on 12.5% fixed	12500		Interest on 9.5 Floating	9500	

	rate loan(p&l)			Rate Loan(p&l)		
	Bank		12500	Bank		9500
	(Payment to Mr Y)			(Payment to Mr X)		
	Interest receipt between parties					
	Bank	9500		Bank	12500	
	Interest on 9.5 Floating Rate Loan(p&l)		9500	Interest on 12.5% fixed rate loan(p&l)		12500
	Interest on Preferred Loan Option	13000	Interest on Preferred Loan Option		9000	
	Net Interest outflow	12500	Net Interest outflow		8500	
	Saving through interest swap	500	Saving through interest swap		500	

