

Worksheet 3. Repayment Capacity Ratios and Measures

Current Ratio

Current assets (Item M) 1 _____
Current liabilities (Item N) 2 _____
Current ratio [1/2]

Working Capital

Current assets (Item M) 3 _____
Current liabilities (Item N) 4 _____
Working capital [3-4]

Term Debt Coverage Ratio

Net farm income (Item Z) 5 _____
Interest (Item X minus operating interest) 6 _____
Depreciation (Item C) 7 _____
Family living expenses and taxes (Item V) 8 _____
Income for debt servicing and capital replacement [5+6+7-8] 9 _____
Cash used for capital replacement (from your records) 10 _____
Term debt repayment capacity [9-10] 11 _____
Scheduled principal and interest payments on term debt (from your records) 12 _____
Term Debt Coverage Ratio [11/12] 13 _____

Term Debt Repayment Capacity

Net farm income (Item z) 14 _____
Interest (Item x minus operating interest) 15 _____
Depreciation (Item c) 16 _____
Family Living Expenses (Item v) 17 _____
Income for debt servicing and capital replacement [14+15+16-17] 18 _____
Cash used for capital replacement (from your records) 19 _____
Term debt repayment capacity [18-19] 20 _____
Scheduled principal and interest payments on term debt (from your records) 21 _____
Term debt repayment margin [20-21] 22 _____

Term debt repayment margin [20-21] 23 _____
Interest rate
Years to repay term debt
Amortization factor 24 _____
Additional term debt the margin would service [23/24] 25 _____