

Worksheet 3. Market Repayment Capacity Ratios and Measures: KEY for MBC Farms

Current Ratio

Current assets (Item M)	1	\$	485,376
Current liabilities (Item N)	2	\$	321,867
Current ratio [1/2]			1.508

Working Capital

Current assets (Item M)	3	\$	485,376
Current liabilities (Item N)	4	\$	321,867
Working capital [3-4]		\$	163,509

Term Debt Coverage Ratio

Net farm income (Item Z)	5	\$	280,519
Interest (Item X minus operating interest)	6	\$	89,808
Depreciation (Item C)	7	\$	136,922
Family living expenses (Item V)	8	\$	150,000
Income for debt servicing and capital replacement [5+6+7-8]	9	\$	357,249
Cash used for capital replacement (from your records)	10	\$	97,895
Income for debt servicing [9-10]	11	\$	259,354
Scheduled principal and interest payments on term debt (from your records)	12	\$	170,806
Coverage Ratio [11/12]	13		1.518

Term Debt Repayment Capacity

Net farm income (Item Z)	14	\$	280,519
Interest (Item X minus operating interest)	15	\$	89,808
Depreciation (Item C)	16	\$	136,922
Family Living Expenses (Item V)	17	\$	150,000
Income for debt servicing and capital replacement [14+15+16-17]	18	\$	357,249
Cash used for capital replacement (from your records)	19	\$	97,895
Term debt repayment capacity [18-19]	20	\$	259,354
Scheduled principal and interest payments on term debt (from your records)	21	\$	170,806
Term debt repayment margin [20-21]	22	\$	88,548

Term debt repayment margin [20-21]	23	\$	88,548
Interest rate			7.00%
Years to repay term debt			4.0
Amortization factor	24		0.29523
Additional term debt the margin would service [23/24]	25	\$	299,931