### 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

#### Additional Calculations
- 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