



Repayment Capacity Measures

Ratios measuring the ability to repay debts on time. From the cash flow statement, these include:

Repayment capacity

12. Capital debt repayment capacity \$ _____

13. Capital debt repayment margin \$ _____

14. Replacement margin \$ _____

15. Term-debt coverage ratio ____ . ____

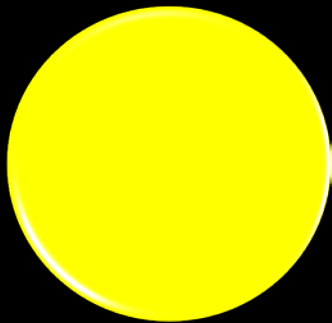
16. Replacement margin coverage ratio ____ . ____



Below are tips you can consider as you evaluate the debt repayment capacity of your operation.



- Restructure or Re-Amortize Loans.
- Sell Unneeded Assets & Use Funds to Reduce Debt.
- Forego New Debt Obligations.
- Maximize Profits. Generate Additional Income.



- Decrease Family Living Expenses.
- Decrease Operating Expenses & Income Taxes.
- Increase Receipts with Increased Prices or Yields.
- Carefully Consider New Debt Obligations.



- Maintain Farm Revenues.
- Monitor Operating Expenses & Keep In Check.
- Invest in Productive, Profitable Assets for the Farm.