

Borrowing Base Analysis Template Excel

Illustrative ABL/FILO borrowing base calculation				
ABL/FILO WELL COVERED BY BOOK VALUE OF COLLATERAL Max ABL draw + FILO covered at 1.3x Book				
US \$32mm A/R \$2,040mm Inventory				
Canadian \$4mm A/R \$192mm Inventory \$170mm Real Estate				
Total +\$2.38 A/R and Inv. +\$2.48 Collateral				
Closing date borrowing base calculation (as of September 19, 2017 for the period ending August 26, 2017, \$ in mm)				
Inventory NOLVs are adjusted by Low (Jan-Aug) and High (Sep-Dec) season	Borrowing Base W/C Component			
	Eligible A/R	\$ 32	\$ 4	\$ 36
	Book Value of Inventory	2,040	192	2,231
	Less: Total Ineligibles	(57)	(4)	(60)
	Eligible Inventory	1,983	188	2,171
Seasonal NOLV Category Low High TRU/US 75.0% 82.7% TRU/CAD 80.2% 86.8% BRU/US 80.3% 80.3%	x Average NOLV	82.4%	86.8%	82.7%
	NOLV Inventory	1,633	163	1,796
	Eligible Collateral (A/R + NOLV Inv.)	\$ 1,665	\$ 167	\$ 1,832
	ABL	US	Canada	Total
	Eligible Collateral	1,665	167	1,832
ABL advanced at 90% Eligible Collateral	x ABL Advance Rate	90%	90%	90%
	ABL Availability	1,498	150	1,649
	Less:			
	Availability Reserves	(144)	(8)	(152)
	Cave-out / D/O reserve	(35)	(34)	(69)
FILO advanced on 10% Eligible Collateral and 75% FMV Canadian Real Estate;	FILO Term Loan Pushdown Reserve	(14)	(1)	(14)
	Total Reserves	(193)	(42)	(235)
	ABL Borrowing Base	\$ 1,306	\$ 108	\$ 1,414
	FILO	US	Canada	Total
	Eligible Collateral	1,665	167	1,832
Pushdown reserve ensures FILO is always inside of 100% LTV to Borrowing Base	x FILO Advance Rate	10%	10%	10%
	FILO A/R + NOLV	166	17	183
	FMV Canadian Real Estate, net of reserves	-	170	170
	x Real Estate Advance Rate	-	75%	75%
	Total available FILO collateral	-	127	127
	Plus: Required Availability	79	55	125
	FILO Availability	\$ 236	\$ 199	\$ 435
	FILO Outstanding	\$ 290	\$ 200	\$ 490
	Inc. Excess Avail. / (Pushdown Reserve)	\$ (14)	\$ (1)	\$ (14)
Note: Amounts may not recalculate due to rounding.				

Borrowing base analysis template Excel is a crucial tool for businesses that engage in asset-based lending. By providing a clear and organized view of a company's eligible collateral, this template allows lenders to assess the risk associated with loaning money based on the company's assets. In this article, we will explore the importance of borrowing base analysis, how to create an effective template in Excel, and how to utilize it for better financial management.

Understanding Borrowing Base Analysis

Borrowing base analysis is the process of determining the maximum amount of credit a business can secure based on the value of its assets. This analysis typically focuses on liquid assets, such as accounts receivable, inventory, and sometimes equipment, which can be easily converted into cash.

Why is Borrowing Base Analysis Important?

1. **Risk Assessment:** Lenders use borrowing base analysis to evaluate the risk associated with lending to a business. By understanding the collateral available, they can make informed decisions about the terms of the loan.
2. **Cash Flow Management:** For businesses, knowing the amount of credit available based on their assets helps in planning cash flow and making strategic financial decisions.

3. Compliance and Reporting: Many lenders require regular borrowing base reporting as part of loan agreements. This ensures that the borrower maintains sufficient collateral throughout the loan period.

Components of a Borrowing Base Analysis Template

Creating a borrowing base analysis template in Excel involves including several key components that will provide a comprehensive view of the business's eligible assets.

1. Eligible Accounts Receivable

Accounts receivable are typically the most significant asset in a borrowing base analysis. To include them in your template, consider the following:

- Total Accounts Receivable: The total amount due from customers.
- Aged Receivables: Break down accounts receivable into aging categories (e.g., current, 30-60 days, 61-90 days, over 90 days) to assess collectibility.
- Deductions: Subtract any ineligible accounts, such as those that are more than 90 days overdue or disputed amounts.

2. Inventory Valuation

Inventory can also contribute to a borrowing base, but it often requires careful valuation.

- Total Inventory: List the total value of inventory on hand.
- Eligible Inventory Percentage: Not all inventory is considered eligible. For example, raw materials may be valued differently than finished goods. Establish a percentage for eligible inventory based on lender guidelines.

3. Equipment and Other Assets

While less common, some lenders may allow equipment or other fixed assets to contribute to the borrowing base.

- Tangible Assets: Identify any equipment, machinery, or tools that can be used as collateral.
- Depreciation: Consider the depreciation of these assets when calculating their value.

4. Calculating the Borrowing Base

The borrowing base is calculated by aggregating the eligible assets and applying any necessary adjustments or limitations defined by the lender.

- Formula:

$$\text{Borrowing Base} = (\text{Eligible Accounts Receivable} + \text{Eligible Inventory} + \text{Eligible Equipment}) \times \text{Lending Percentage}$$

This formula allows you to determine the maximum amount that can be borrowed based on the total eligible assets.

Creating a Borrowing Base Analysis Template in Excel

To create an effective borrowing base analysis template in Excel, follow these steps:

Step 1: Set Up Your Spreadsheet

1. Open Excel: Start a new workbook.
2. Create Headings: Label your columns with the following headings:
 - Asset Type
 - Total Value
 - Eligible Value
 - Deductions
 - Net Eligible Value

Step 2: Input Data

1. Enter Asset Types: In the first column, list the different asset types (e.g., Accounts Receivable, Inventory, Equipment).
2. Input Values: Fill in the total values for each asset type in the second column.
3. Deductions: Input any deductions in the fourth column, which will be subtracted from the total value.

Step 3: Calculate Eligible Values

1. Formulas: Use Excel formulas to calculate the eligible values. For example:
 - For accounts receivable:

$$\text{Eligible Value} = \text{Total Value} - \text{Deductions}$$

\]

2. Eligible Inventory: Calculate eligible inventory based on your previously defined percentage.

Step 4: Calculate the Total Borrowing Base

1. Sum Up Eligible Values: Use the SUM function in Excel to total the net eligible values for all asset types.

2. Apply Lending Percentage: Multiply the sum by the lender's lending percentage to determine the borrowing base.

Step 5: Review and Adjust

- Regular Updates: Update your template regularly to reflect changes in accounts receivable, inventory, and other assets.

- Scenario Analysis: Consider creating different scenarios (e.g., best case, worst case) to see how changes in asset values affect the borrowing base.

Utilizing the Borrowing Base Analysis

Once your borrowing base analysis template is complete, it can be used for several purposes:

1. Financial Decision-Making

With a clear view of available credit, businesses can make informed decisions about investments, purchasing inventory, or covering operational expenses.

2. Negotiating with Lenders

Having a well-structured borrowing base analysis can strengthen your position when negotiating loan terms. It shows lenders that you are organized and understand your financial standing.

3. Monitoring Financial Health

Regularly reviewing your borrowing base analysis can help identify trends in your business's financial health, such as increasing accounts receivable aging or declining

inventory levels.

Conclusion

A borrowing base analysis template in Excel is an essential tool for businesses seeking asset-based lending. By understanding the components and creating a well-organized template, businesses can effectively manage their financial health, negotiate better loan terms, and ensure they are leveraging their assets to the fullest. Regular updates and reviews of this analysis will help maintain a clear picture of available credit, ultimately supporting better financial decision-making. Whether you are a small business owner or part of a larger financial team, mastering this tool can significantly enhance your financial acumen and operational effectiveness.

Frequently Asked Questions

What is a borrowing base analysis template in Excel?

A borrowing base analysis template in Excel is a financial tool used by businesses to determine the maximum amount they can borrow based on their accounts receivable, inventory, and other eligible assets.

Why is a borrowing base analysis important for businesses?

It helps businesses understand their liquidity position and manage their credit facilities effectively, ensuring they borrow within their means based on their asset values.

What key components should be included in a borrowing base analysis template?

Key components include accounts receivable, inventory valuation, eligible assets, advance rates, and calculations for total borrowing capacity.

How can I create a borrowing base analysis template in Excel?

To create one, start by listing your eligible assets, assign advance rates, and use formulas to calculate the total borrowing capacity based on your asset values and rates.

Are there any free borrowing base analysis templates available online?

Yes, many financial websites and accounting resources offer free downloadable Excel templates for borrowing base analysis that can be customized to fit your needs.

What are common mistakes to avoid when performing a borrowing base analysis?

Common mistakes include using outdated asset values, overlooking ineligible assets, and not accounting for seasonal fluctuations in inventory or receivables.

How often should a borrowing base analysis be updated?

It should be updated regularly, typically on a monthly or quarterly basis, or whenever there are significant changes in asset values or business operations.

Can borrowing base analysis impact my loan terms?

Yes, the results of a borrowing base analysis can influence the terms of your loans, including interest rates and borrowing limits, as lenders assess risk based on your asset values.

Find other PDF article:

<https://soc.up.edu.ph/04-ink/files?docid=aOP85-7250&title=aia-guide-to-chicago.pdf>

[Borrowing Base Analysis Template Excel](#)

Tippie Timeline - About - Tippie College of Business

The Tippie College of Business' roots can be traced back to 1858. Today the Tippie College of Business is one of the top-ranked, best-valued business programs in the country.

10 World Changing Entrepreneurs from the Past 100 Years

Sep 20, 2016 · Entrepreneurs have brought us to where we are today. They are inventors, creators, musicians, artists, writers, business owners, and tech gurus. They span many ...

American business history - Wikipedia

American business history is a history of business, entrepreneurship, and corporations, together with responses by consumers, critics, and government, in the United States from colonial ...

Microsoft Word - 07-007 EntrepreneurshipWP.doc - Harvard Business School

Entrepreneurship and Business History: Renewing the Research Agenda During the 1940s and 1950s business historians pioneered the study of entrepreneurship. The interdisciplinary ...

Famous People Who Died in 1950

Nov 30, 2018 · Discover the most famous people who died in 1950. The list includes people like George Orwell, George Bernard Shaw, Sri Aurobindo, Edgar Rice Burroughs, Walter Huston ...

Which Business Started the Year You Were Born? - Entrepreneur

Jul 13, 2017 · Check out some of the businesses and brands founded from 1950 to today.

Ch13 ENTR Flashcards | Quizlet

Study with Quizlet and memorise flashcards containing terms like A study of 212 U.S. startups from the late 1990s and early 2000s showed that _____ of the founders were no longer CEO ...

10 Heroic Entrepreneurs Who Achieved Success Late in Life

Get a dose of inspiration from stories of successful entrepreneurs who started late in life and achieved success late.

How Fred Smith Went From Vietnam Vet to the Father of FedEx

How Fred Smith Went From Vietnam Vet to the Father of FedEx Company founder created a global transportation giant. He died Saturday at age 80.

In Memoriam: Deaths in the 2000s - IMDb

A list of famous people who died in the 2000s ranging from 2000 to 2009.

Category:Young people of India - Wikimedia Commons

Media in category "Young people of India" The following 128 files are in this category, out of 128 total.

Category:Workers in India - Wikimedia Commons

Media in category "Workers in India" The following 104 files are in this category, out of 104 total.

[YP Iowa | Iowa Association of Business and Industry](#)

YP Iowa's mission is to connect young professional organizations and individuals to advance a statewide network; educate young professionals on the importance of their involvement in the ...

Category:People at work in India - Wikimedia Commons

Jul 16, 2022 · Media in category "People at work in India" The following 113 files are in this category, out of 113 total. "Grass is the cheapest plant to install and the most expensive to ...

Category:Men at work in India - Wikimedia Commons

Media in category "Men at work in India" The following 180 files are in this category, out of 180 total.

Category:Youth in India - Wikimedia Commons

Category:Youth in India From Wikimedia Commons, the free media repository India Youth by country:

Category:Young adults - Wikimedia Commons

Feb 7, 2025 · Category:Young adults Categories for discussion process this discussion Please do not make major changes to this category (or to categories and pages related to this ...

Category:Young adults of India by decade - Wikimedia Commons

Jan 2, 2024 · From Wikimedia Commons, the free media repository India Young adults by decade by country:

Category:Young India - Wikimedia Commons

Media in category "Young India" The following 43 files are in this category, out of 43 total.

Category:Teenagers of India - Wikimedia Commons

Category:Teenagers of India From Wikimedia Commons, the free media repository ... Personality

rights warning Although the contents of this category are freely licensed or in the public ...

Unlock financial insights with our comprehensive borrowing base analysis template in Excel. Streamline your analysis today! Learn more to optimize your cash flow.

[Back to Home](#)