NORTHSTAR FOODS

Commercial credit application report

Facility review

Prepared for Meridian Bank
Application date: 15 March 2026

Requested facility:	EUR 2.4m revolving line
Purpose:	Seasonal inventory and receivables bridge
Prepared by:	Treasury and Finance

Fictional example data. Replace with verified applicant evidence before submission.

Chapter 1

Application summary

Northstar Foods requests a revolving working-capital line to bridge a seasonal cash requirement. The requested limit is supported by recurring customer contracts, a diversified receivables book, and a monthly borrowing-base report. Approval should be conditional on updated management accounts and a quarterly covenant certificate.

1.1 Applicant profile

Legal name	Northstar Foods Ltd.
Sector	Packaged food manufacturing
Trading history	8 years
Requested limit	EUR 2.4m
Proposed tenor	36 months, revolving
Primary repayment source	Operating cash flow
Secondary support	Eligible receivables and inventory

1.2 Facility request

Facility	Amount	Use and proposed terms
Revolving line	EUR 2.4m	Seasonal purchases; monthly interest and quarterly clean-down.
Guarantee line	EUR 0.3m	Supplier guarantees; unused commitment fee.

Chapter 2

Repayment analysis

Metric	FY2024	FY2025	Change
Revenue (EUR m)	18.6	20.1	8.1%
EBITDA (EUR m)	2.3	2.7	17.4%
Operating cash flow (EUR m)	1.4	1.8	28.6%
Net debt / EBITDA	2.1x	1.8x	(0.3x)

2.1 Cash conversion assumptions

The base case assumes receivables days fall from 46 to 43 as invoice disputes are cleared. Inventory days remain at 58 during the seasonal build, then return to 49 after the peak. A downside case should be run if the largest customer extends terms beyond 60 days.

Chapter 3

Security and risk controls

Risk	Evidence	Proposed control
Customer concentration	Top five customers are 54% of receivables.	Monthly ageing and concentration certificate.
Input-price volatility	Two key ingredients reprice quarterly.	Margin trigger and borrowing-base haircut.
Stock obsolescence	7% of stock is seasonal packaging.	Exclude aged inventory from eligible collateral.
Reporting lag	Management accounts arrive 28 days after month-end.	Deliver a 15-day flash pack during the first year.

Approval conditions

1. Obtain signed FY2025 accounts and current tax-clearance evidence.
2. Agree the borrowing-base definitions and monthly reporting format.
3. Set a maximum net debt/EBITDA covenant of 2.5x, tested quarterly.