Credit Monitoring Arrangement (CMA) data is a very important area to be understood by a person dealing with finance in an organization. It is the critical analysis of the current & projected financial statements of a loan applicant by a banker. It is a systematic analysis of working capital management of a borrower and the objective of this statement is to ensure that the long term & short term funds have been used for the given purpose.

The basic contents of the CMA data are as follows:

**Particulars of Existing & proposed limits:**

This is the first statement in the CMA data which contains the present fund & non fund based credit limits of the borrower, their usage limits and history. Along with the present fund limits, the proposed or applied limits of the borrower will be mentioned in this statement.

**Operating Statement:**

This is the second statement which is provided by the borrower. This statement has the current as well as the projected P&L of the borrower which will include his Current sales, expenses & profits & projected sales, projected expenses & profits for a 3-5 year period based on the borrower’s working capital request. This statement analyses the current & projected profit generating capacity of the borrower.

**Analysis of Balance Sheet:**

The third statement is the Balance sheet analysis. This statement gives the detailed analysis of the current & non-current assets, fixed assets, cash & bank position and current & non-current liabilities of the borrower. Also this statement indicates the net worth position of the borrower for the projected years. Balance sheet analysis gives a complete financial position of the borrower and the cash generating capacity during the projected years.

**Comparative Statement of Current Assets & Liabilities:**

This statement gives the comparative analysis of current assets & current liabilities movement of the borrower. This sheet helps in deciding the actual working capital cycle for the projected period and
the capacity of the borrower to meet their working capital requirements.

Calculation of MPBF:

This is a very important statement and calculation, which indicates the Maximum Permissible Bank Finance. This statement calculates the borrower working capital gap and the permissible finance in two lending methods.

Fund Flow Statement:

This statement analyses the borrower fund position with reference to the working capital analysis given in MPBF calculations & projected balance sheets. Basic objective of this statement is to capture the funds movement of the borrower for the given period.

Ratio Analysis:

This statement gives the key ratios to the banker based on the CMA data prepared. Basic key ratios are Gross Profit ratio, Net profit ratio, Current ratio, Net worth, Debt/Equity ratio, etc.