Stress-Test Liquidity Before the Shortfall

Cash Flow & Treasury | Advanced | 90 minutes (estimate) | CFT-02 and scenarios

Learning outcomes

Stress customer timing and FX while respecting funding limits. Calculate the result, reconcile it and communicate its limitations.

Method

Liquidity headroom is usable cash plus available funding less the required buffer. A facility limit is not unrestricted cash: apply eligibility and draw constraints. Stress correlated drivers together when the scenario calls for it, and keep delayed receipts in a later period or explicitly outside the horizon.

Smaller worked example

Cash 10 plus undrawn eligible funding 5 less a required buffer 8 leaves headroom 7. A nominal credit line of 20 does not create headroom 22 if only 5 is available to draw.

Business context and rules

Fictional Larch Imports, three monthly periods October-December 2026, USD thousands except FX. Opening cash 30. Base receipts 50 / 60 / 70; domestic payments 40 monthly; euro supplier payments EUR 20 thousand monthly. Base USD/EUR 1.10, stress 1.25. Stress delays 20 of October receipts to November. Committed facility total 25, already drawn 10 at start, with maximum additional draw 10 per month; no repayment or interest within this simplified horizon. Existing debt is already reflected in opening cash. Required cash buffer 10. Model combined stress, draw only what is needed to approach buffer subject to both constraints. Do not allow negative additional availability.

Original synthetic inputs

Input	Value	Unit
Opening cash	30	USD thousands
October base receipts	50	USD thousands
November base receipts	60	USD thousands
December base receipts	70	USD thousands
Monthly domestic payments	40	USD thousands
Monthly EUR supplier payment	20	EUR thousands
Base USD per EUR	1.1	USD / EUR
Stress USD per EUR	1.25	USD / EUR
October receipt delayed to November	20	USD thousands
Total committed facility	25	USD thousands
Already drawn facility	10	USD thousands
Maximum new draw per month	10	USD thousands
Required buffer	10	USD thousands

Required deliverables

Prepare base and combined-stress monthly cash, constrained funding and residual buffer shortfall. Recommend escalation triggers and state what additional lender / FX evidence is needed. Do not assume the model can draw past the agreement.

Use formulas for derived amounts and preserve source data. Put narrative deliverables in the workbook response area; expand it as needed. Compare amounts within 0.01 of the stated unit and percentages within 0.1 percentage point. No unsupported balancing plugs.