

# Logical Audit: Loan Agreement - Sample

Date: 2024-05-22

## 1. VARIABLE INVENTORY

- base\_net\_income:** Operating profit before taxation
- interest\_expense\_add\_back:** Interest Expense
- depreciation\_and\_amortization:** Depreciation and Amortization
- extraordinary\_restructuring\_costs:** Extraordinary Restructuring Costs
- term\_loan\_debt:** Borrowings (Bonds and Bank Loans)
- unrestricted\_cash:** Cash and Cash Equivalents

## 2. LOGICAL RULES & EVIDENCE

### Rule 1:

```
adjusted_ebitda == base_net_income + interest_expense_add_back +  
depreciation_and_amortization + extraordinary_restructuring_costs
```

Source (Page 1): Definition of Adjusted EBITDA: includes profit before tax, interest, D&A and restructuring costs.

### Rule 2:

```
total_net_debt == term_loan_debt - unrestricted_cash
```

Source (Page 1): Definition of Total Net Debt: Borrowings less Cash and Cash Equivalents.

### Rule 3:

```
extraordinary_restructuring_costs <= 0.10 * adjusted_ebitda
```

Source (Page 1): Clause (c): Restructuring costs shall not exceed 10% of Adjusted EBITDA.

### Rule 4:

```
total_net_debt / adjusted_ebitda <= 3.00
```

Source (Page 1): Clause 18.1 (a): Leverage Ratio shall not exceed 3.00:1.