

# Logical Audit: Simple Logic Test

Source file: logics\_simple.json

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## 1. VARIABLE INVENTORY

1. **consolidated\_net\_income**: Net income. Page: 9.
2. **interest\_expense**: Interest expense to be added back. Page: 9.
3. **tax\_expense**: Taxes to be added back. Page: 10.
4. **depreciation\_amortization**: D&A to be added back. Page: 10.
5. **capped\_ebitda\_add\_backs**: Restructuring costs subject to 20% limit. Page: 11.
6. **consolidated\_ebitda**: Final calculated EBITDA. Page: 10.
7. **consolidated\_funded\_indebtedness**: Total debt. Page: 3.
8. **unrestricted\_cash**: Cash to net against debt. Page: 3.
9. **consolidated\_total\_net\_debt**: Calculated Net Debt. Page: 3.
10. **consolidated\_total\_net\_leverage\_ratio**: Final Leverage Ratio. Page: 3.

## 2. LOGICAL RULES & EVIDENCE

### Rule 1:

```
consolidated_ebitda == consolidated_net_income + interest_expense + tax_expense + depreciation_amortization +  
capped_ebitda_add_backs
```

Source (Page 10): Definition of Consolidated EBITDA.

### Rule 2:

```
capped_ebitda_add_backs <= 0.20 * consolidated_ebitda
```

Source (Page 11): 20% cap on non-recurring add-backs.

### Rule 3:

```
consolidated_total_net_debt == consolidated_funded_indebtedness - unrestricted_cash
```

Source (Page 3): Calculation of Net Debt.

### Rule 4:

```
consolidated_total_net_leverage_ratio == consolidated_total_net_debt / consolidated_ebitda
```

Source (Page 3): Leverage ratio formula.

### Rule 5:

```
consolidated_total_net_leverage_ratio <= 4.0
```

Source (Page 50): Maximum leverage limit.