

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.