

# Tracking Compliance to Facility Covenant

[See previous W5 version guide](#)

## **PURPOSE**

This document contains the detailed procedures on how to set up facility covenant and perform periodic checks for compliance.

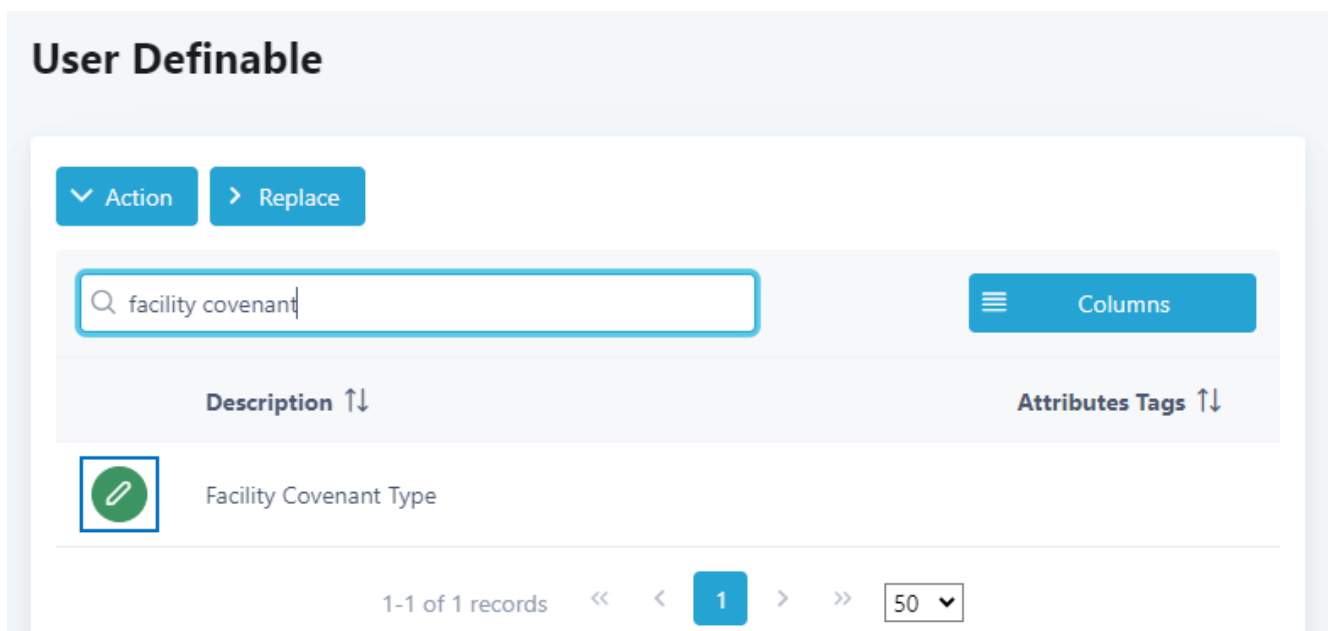
## **WHY IS THIS IMPORTANT?**

These steps provide a systematic way to reduce the effort and errors when tracking compliance to facility covenant.

## **PROCEDURE**

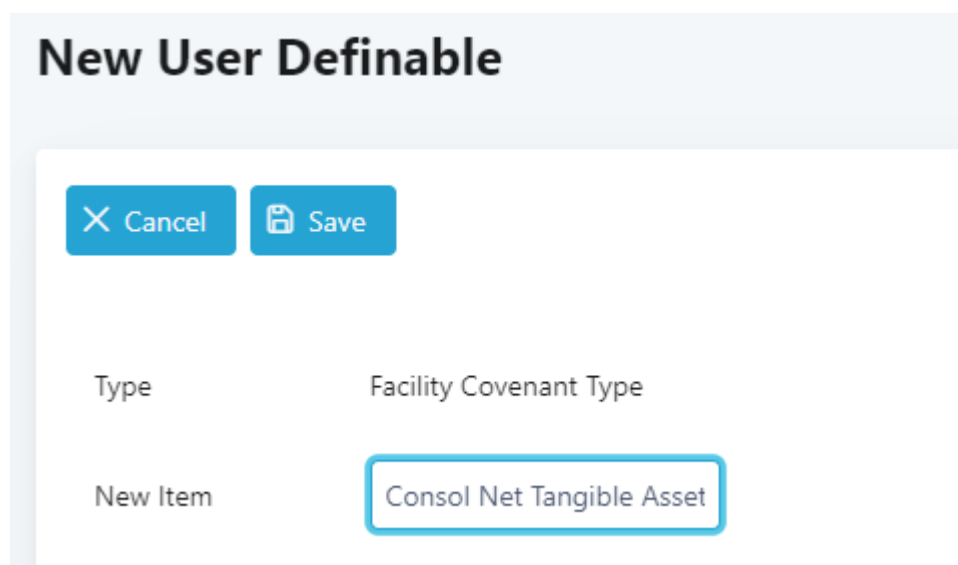
### **Maintaining Covenants**

1. To set up facility covenant, click on Set Up > Global > User Definable.
2. Look for Facility Covenant Type in the list of user definable. Click on the Edit button.



3. Click on Action and select New to add new facility covenant.

4. Key in the facility covenant you wish to create in the New Item field. In this example, we will create Consolidated Net Tangible Assets.

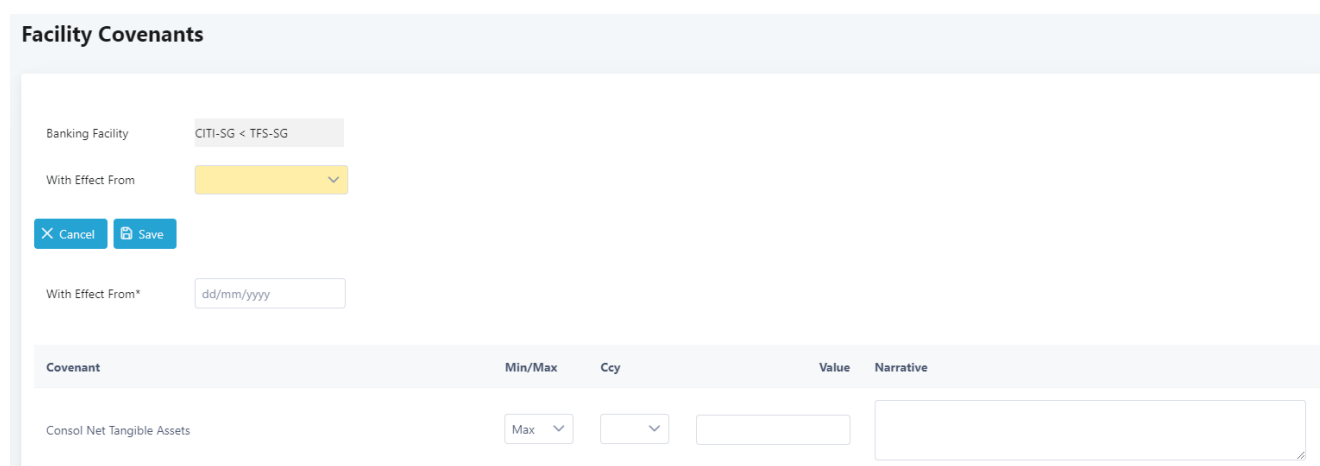


The image shows a 'New User Definable' form. At the top, there are two buttons: 'Cancel' (with an 'X' icon) and 'Save' (with a floppy disk icon). Below these, there are two labels: 'Type' and 'Facility Covenant Type'. Under 'Type', there is a label 'New Item' and a text input field containing 'Consol Net Tangible Asset'. The text input field is highlighted with a blue border.

5. Click Save.

6. After the facility covenant is created, navigate to Set Up > Risk > Facility > Amend Facility. Click on Covenants button to maintain the covenant rules/ limit.

7. The following screen will be displayed.



The image shows the 'Facility Covenants' screen. At the top, there is a header 'Facility Covenants'. Below it, there are two labels: 'Banking Facility' and 'CITI-SG < TFS-SG'. Under 'Banking Facility', there is a label 'With Effect From' and a yellow dropdown menu. Below these, there are two buttons: 'Cancel' (with an 'X' icon) and 'Save' (with a floppy disk icon). Under 'With Effect From', there is a label 'With Effect From\*' and a text input field containing 'dd/mm/yyyy'. Below these, there is a table with the following columns: 'Covenant', 'Min/Max', 'Ccy', 'Value', and 'Narrative'. The table has one row with the following data: 'Consol Net Tangible Assets', 'Max', a dropdown menu, a text input field, and a text input field.

8. Key in the facility covenant rules in the screen provided. In this example, we will create consolidated net tangible assets must be more than or equal to S\$100 million. First, key in the With Effect From field to indicate the effective date. Select Min/Max as Min, SGD as the currency and 100 million under Value field for the respective covenant rule.

**Facility Covenants**

Banking Facility: CITI-SG < TFS-SG

With Effect From: ▼

✕ Cancel 💾 Save

With Effect From\*: 01/01/2023

Covenant	Min/Max	Ccy	Value	Narrative
Consol Net Tangible Assets	Min ▼	SGD ▼	100000000	

9. Click Save. This brings you back to the Amend Facility screen.

10. Click Cancel to return to Facility listing screen. Tick the checkbox of the saved facility and click Action and Approve.

### **Tracking Actual Covenants**

11. Next, to enter the actual financial covenants by company, click on Set Up > Static > Accounting Centre. Click on the Edit button of the accounting centre that you wish to maintain the actual financial covenants, then click on the Financial Covenants button.

12. The below screen will be displayed.

**Financial Covenants**

Acct Cntr\*: TFS-SG      As At Date\*: 1-Jan-2017 ▼

✕ Cancel 💾 Maintain 📄 Import

Covenant	Ccy	Actual
Consol Net Tangible Assets		

13. Click on Maintain button.

14. Key in the As At Date, Currency and the Actual Amount then click Save.

### Financial Covenants Maintenance

Acct Cntr\* TFS-SG
 As At Date\* 01/01/2023

Cancel Save Delete

Covenant	Ccy	Actual
Consol Net Tangible Assets	SGD	124558972.26

15. To check if the financial covenants complied with the facility covenant rule set up, user may print the following reports under Reporting. Note that report will indicate “N” if the rule is not complied.

### Reports

Refresh
 
 Columns

ID ↑↓	Category ↑↓	Description ↑↓
★ 1640	Facility Limit	<a href="#">Facility Covenant Analysis</a>
★ 1641	Facility Limit	<a href="#">Facility Covenant Analysis By Accounting Centre</a>

1-2 of 2 records
 << < 1 > >>
 50

Report 1640 – This report is grouped by facility covenant.

1640

CS LUCAS

Facility Covenant Analysis

Acct Cntr:TFS-SG Date: As At 1-Jan-2023 Rpt Ccy:SGD Exchange Type: Valuation

Covenant	Acct Cntr	Facility	Min/Max	Limit	Actual	Complied?	Limit WEE	Actual As At
Consol Net Tangible Assets	TFS-SG	CITI-SG < TFS-SG	Min	100,000,000.00	124,558,972.26		01-Jan-23	01-Jan-23

Report 1641. This report is grouped by Accounting Centre.

1641

CS LUCAS

Facility Covenant Analysis By Accounting Centre

Acct Cntr:TFS-SG Date: As At 1-Jan-2023 Rpt Ccy:SGD Exchange Type: Valuation

Acct Cntr	Facility	Covenant	Min/Max	Limit	Actual	Complied?	Narrative	Limit WEE	Actual As At
TFS-SG		CITI-SG < TFS-SG							
		Consol Net Tangible Assets	Min	100,000,000.00	124,558,972.26			01-Jan-23	01-Jan-23

## **FREQUENTLY ASKED QUESTIONS**

## **RELATED INFORMATION**

## **CHANGE HISTORY**

Date	By	Changes
18-Jan-2016	TS	Created.
24-Aug-2018	Silpa	Updated step 1, 6 and 11.
25-Nov-2019	Lyra	Updated screenshots.
13-Jun-2023	TS	Updated to W6 instructions and screenshots.