

Answer:

b. 4.02%

$$TIE = \frac{EBIT}{Interest\ charges}$$

$$TIE_1 = \frac{\$301,770 - \$266,545}{0,088 * 0,25 * y} \geq 4$$

$$TIE_2 = \frac{\$301,770 - \$266,545}{0,088 * x * y} \geq 2,5$$

$$y = 440312,5$$

$x = 0,4$ – is a part of debt equity

$$ROE = \frac{Net\ income}{Shareholders\ equity}$$

$$ROE_1 = \frac{16599,98}{0,75 * 440312,5} = 0,05$$

$$ROE_2 = \frac{13737,75}{0,6 * 440312,5} = 0,052$$

$$\frac{ROE_2}{ROE_1} = \frac{0,052}{0,05} = 1,0402$$