Computations:

	1		2	
Current	Sales x 40%	Current	Sales x 50%	
assets	= \$3,000,000 x .40 = <b>\$1,200,000</b>	assets	= \$3,000,000 × .50 = <b>\$1,500,000</b>	
Fixed assets	GIVEN \$ 600,000	Fixed assets	<b>GIVEN</b> \$ 600,000	
Total assets	= Current Assets + Fixed Assets = \$ 1,200,000 + \$ 600,000 = <b>\$ 1,800,000</b>	Total assets	= Current Assets + Fixed Assets = \$ 1,500,000 + \$ 600,000 = <b>\$ 2,100,000</b>	
Debt	Debt ratio- Total Debt/Total Assets	Debt	Debt ratio- Total Debt/Total Assets	
Dest	50%= Total Debt/ \$1,800,000 Total Debt= .50 x \$1,800,000 = <b>\$ 900,000</b>	Debt	50%= Total Debt/ \$2,100,000 Total Debt= .50 x \$ 2,100,000 = <b>\$ 1,050,000</b>	
Equity	= Total Assets – Total Debt = \$ 1,800,000 - \$ 900,000 = <b>\$ 900,000</b>	Equity	= Total Assets – Total Debt = \$ 2,100,000 - \$ 1,050,000 = <b>\$1,050,000</b>	
Total liability/	= Debt + Equity	Total liability/	= Debt + Equity	
equity	= \$ 900,000 + \$ 900,000 = <b>\$ 1,800,000</b>	equity	= \$ 1,050,000 + <b>\$</b> , 59,000 = <b>\$ 2,170, 0</b>	
EBIT	= Sales x .15 = <b>\$ 450,000</b>	<b>LOTES</b>	= Sales x .15 = <b>\$ 450,000</b>	
Interest	= Debt x interest rate Y O = \$ 900,000 x 10 = \$ 97,100 P 306	3 <sup>Interof</sup>	= Debt x interest rate = \$1,050,000 x .10 = <b>\$ 105,000</b>	
Earnings	EBT= EBIT – Interest	Earnings	EBT= EBIT – Interest	
before taxes	= \$ 450,000 - \$ 90,000 = <b>\$ 360,000</b>	before taxes	= \$ 450,000 - \$ 105,000 = <b>\$ 345,000</b>	
Taxes	= EBT x Tax Rate = \$ 360,000 x .40 = <b>\$ 144,000</b>	Taxes	= EBT x Tax Rate = \$ 345,000 x .40 = <b>\$ 138,000</b>	
Net income	= EBT - Taxes = \$360,000 - \$ 144,000 = <b>\$ 216,000</b>	Net income	= EBT - Taxes = \$ 345,000 - \$ 138,000 = <b>\$ 207,000</b>	
ROE	= Net Income / Common Equity = \$ 216,000 / \$ 900,000 = 24%	ROE	= Net Income / Common Equity = \$ 207,000 / \$ 1,050,000 =19.71%	

		3
Current assets	Sales x 50% =\$3,000,000 x .60	= \$1,800,000
Fixed assets	GIVEN	\$ 600,000
Total assets	= Current Assets + Fixed Assets = \$ 1,800,000 + \$ 600,000	= \$2,400,000
Debt	Debt ratio= Total Debt/Total Assets 50%= Total Debt/ \$ 2,40 =Total Debt= .50 x \$2,400,000	00,000 = <b>\$ 1,200,000</b>