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The following information relates to DUFF LTD for the financial year ended 29 February 2020.

REQUIRED:

- 1.1 Complete the Cash Flow Statement by filling in all the missing amounts
Show ALL workings. (35)
- 1.2 Calculate the following financial indicators for 2020:
 - 1.2.1 % operating expenses on sales (3)
 - 1.2.2 Acid test ratio (4)
 - 1.2.3 Debt/equity ratio (3)
 - 1.2.4 % return on average shareholders' equity (5)
 - 1.2.5 Net asset value per share. (3)
- 1.3 Comment on the liquidity of the business. Quote TWO financial indicators (with figures). (6)
- 1.4 Provide TWO reasons why directors decided to change the dividend pay-out policy.
Quote figures to support your opinion. (6)
- 1.5 Did the company pay a fair price to buy back the shares? Explain. Quote figures. (5)

INFORMATION:

A. Extract from the Income Statement on 29 February 2020:

Sales	6 720 000
Cost of sales	4 200 000
Operating expenses	1 020 000
Depreciation	322 200
Interest expense	156 000
Income tax (30% of taxable income)	?
Net profit after tax	940 800

B. Extract from the Balance Sheet:

	29 February 2020	28 February 2019
Fixed assets (carrying value)	8 275 600	7 722 000
Fixed Deposit	100 000	500 000
Current assets	1 121 600	848 000
Inventories	461 000	329 000
Trade and other receivables	635 000	514 000
Cash and cash equivalents	25 600	5 000
Shareholders' equity	7 844 800	6 472 000
Ordinary share capital	7 182 000	6 200 000
Retained income	662 800	272 000
Loan: Mazu Bank	900 000	1 700 000
Current liabilities	752 400	898 000
Trade and other payables	752 400	852 800
SARS: Income tax	22 400	6 800
Shareholders for dividends	240 000	180 000
Bank overdraft	0	45 200

C. Changes to Share capital:

	Number of share
Balance on 1 March 2019	1 000 000
Shares issued on 1 November 2019	200 000
Shares repurchased on 1 January 2020, at R1,00 above the average share price	60 000
Balance on 28 February 2020	1 140 000

D. Total dividends for the year amounted to R490 000.**E. Changes to fixed assets:**

- Old equipment were sold at carrying value during the financial year, R252 000.
- Additional equipment were purchased to upgrade the office section.
- Extensions to the office section were also completed during the current financial year.

F. Financial indicators:

	29 February 2020	28 February 2019
% mark-up (on cost)	60.0%	60.0%
% operating expenses on sales	?	16,3%
Debt / equity ratio	?	0,3 : 1
Current ratio	1,5 : 1	0,9 : 1
Acid-test ratio	?	0,6 : 1
Stock turnover rate	10,8 times	11,6 times
Earnings per share (cents)	89 cents	78 cents
Dividends per share (cents)	45 cents	60 cents
% return on average shareholders' equity	?	12,0%
% return on average capital employed	17,7%	15,5%
Interest rate on loans	14%	15%
Net asset value per share (cents)	?	647 cents
Market price of shares (JSE)	660 cents	650 cents