CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

CFE CANDIDATE NUMBER:

Common Final Examination
May 25, 2016 – Day 1
(Booklet #1 – RSI Case Version 2)

Total examination time: 4 hours.

Further details on the examination can be found on the next page.

GENERAL INSTRUCTIONS BEFORE THE EXAMINATION

1. Fill in your 7-digit candidate number on the booklets and the USB key. The exam booklets and the USB key (or paper response, as instructed) must be submitted before leaving the writing centre. They must NOT BE REMOVED from the writing centre. If these items are not received, the response may not be accepted.
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CANDIDATE NAME (Please print) SIGNATURE

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Examination Details

The examination consists of:

Booklet #1 – Linked Case (240 minutes) (this booklet)
Booklet #2 – Capstone 1 case and rough notes

The case should be answered in Securexam. Securexam has an answer tab and a spreadsheet tab to input your response. The main body of your response should be in the answer tab. Only supporting calculations should appear in the spreadsheet tab, **under Sheet 1**. You are responsible for clearly explaining all your calculations, as outlined in the Securexam tutorial.

Answers or part answers will not be evaluated if they are recorded on anything other than Securexam or the CPA Canada writing paper provided. Rough-note paper is available in the second booklet, which also includes a copy of the Capstone 1 case. Rough notes, and any other notations made in the exam booklet(s) will not be evaluated.

The CPA Canada Handbooks and the Income Tax Act, in the form of searchable PDF files, are available within Securexam throughout the entire examination. Securexam provides the standards in effect and tax laws enacted as of December 31, 2015.

A tax shield formula and other relevant tax information are available at the end of this booklet.

Common Final Examination, May 2016

Chartered Professional Accountants of Canada
277 Wellington Street West
Toronto, Ontario M5V 3H2

Case **(Suggested time 240 minutes)**

In early 2016, you, CPA, were on the Rubinoff & Rubinoff LLP (RR) team that completed the consulting engagement for Rejuvenating Spa Inc. (RSI). On November 28, 2016, you were hired by RSI as an assistant to the Chief Executive Officer (CEO), Sally Rice.

Sally updated you on the changes that RSI has made following RR's consulting engagement, and on other items that might impact the company (Appendix I).

Since starting last week, you have attended a meeting with RSI's board members (Appendix II), and have met with Sally on various occasions, and with Barbara, the Massage Therapy Centre Inc. (MTC) manager.

When Sally hired you, she expressly stated that you are to help her guide the board in their decision-making by providing them with financial direction and advice, and by ensuring that the decisions they make are consistent with RSI's mission and vision, are good for RSI stakeholders, and are in line with the company's specific objectives.

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INDEX OF APPENDICES

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APPENDIX I
DECISIONS AND ENVIRONMENT: TIMELINE AND UPDATE

2005		Purchase of RSI shares by current shareholder group
2014	January 1	RSI purchases shares of Lavish Spa Inc. (Lavish)
2015	June	Sally Rice starts as CEO of RSI
2016	February 1	Rubinoff & Rubinoff LLP consulting engagement
2016	April 1	Massage Therapy Centre Inc. (MTC) begins operations
2016	September 30	Purchase of Pure Substance Inc. (Pure)
2016	November 28	CPA starts work at RSI
2016	November 30	CPA visits a massage therapy centre
2016	December 3	CPA attends board meeting
2016	December 5	*Current date*
2016	December 15	Decision required re: Opal's purchase offer for Lavish's shares
2017	January 31	Potential closing date for RSI's sale of Lavish

Changes at RSI and related companies:

1. Due to the differences between RSI and Lavish, including vision, atmosphere, client base, services provided, and price structure, RSI decided to continue to operate Lavish under its own brand in a separate corporation; however, administrative functions were consolidated.
2. RSI and Forevermore Fit Limited (FFL) signed an agreement to operate massage therapy centres. MTC was set up as a corporation and began operations on April 1, 2016.
3. The franchising option is being considered again.
4. RSI purchased 100% of the shares of Pure for $7.5 million; the transaction closing date was September 30, 2016.
5. RSI successfully arranged financing for the purchase of Pure. 75% was financed with private debt financing with Cummings Inc. (Cummings). Interest is due annually and principal is due at the end of five years; collateral includes the assets of Pure and a guarantee by RSI's shareholders. The remaining 25% was financed by shareholder loans.

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APPENDIX I (continued)
DECISIONS AND ENVIRONMENT: TIMELINE AND UPDATE

Other update:

Growth in the Nova Scotia economy has been very strong and is forecast to continue for the next three years. Employment rates have shown steady improvement. The strong economy has led to rising labour costs, higher interest rates, and increasing prices. Two international, high-end hotel chains are opening new hotels, with spas, in Halifax in 2017.

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APPENDIX II
TRANSCRIPT OF MEETING

Date: December 3, 2016

In attendance: Sally Rice, CEO and shareholder
Bob Gallant, shareholder
Lisa Wiley, shareholder
CPA

Sally: Welcome, everyone. And, a special welcome to my new assistant, CPA.

I would like us to discuss the priority items facing RSI, and any other issues you would like to add.

First, RSI has received an offer from Opal Hotels (Opal) to purchase Lavish. Opal owns a large chain of hotels; the plan is to open its own brand of spas in many of them, starting with its Halifax hotel. Opal is anxious to get started as it believes that providing a high-end spa is becoming an important competitive advantage in the tourism market. Opal requires a decision by December 15. Here is a copy of the offer (Appendix III).

Bob: My understanding is that Lavish is doing quite well in terms of profit, cash flow and growth, so the offer would have to be good.

Sally: Yes, but our lease expires on December 31, 2017, and will be difficult to renew, given Opal's desire to open its own spa. Let's get CPA to provide an opinion on the offer. CPA, please review my notes and the analysis I started (Appendix IV), and provide your assessment of the consequences of selling to Opal, highlighting any issues we should consider before making a decision.

After we acquired Pure, I started researching other growth opportunities. I have identified several businesses that I see as having potential for strong growth, and have compiled a list of planned acquisitions for RSI (Appendix V).

Bob: Really? Have you identified how we will finance these acquisitions?

Sally: Yes. On the assumption we sell Lavish, those proceeds, along with the ongoing cash flow we receive from MTC and Pure, should provide the funds to invest in these new opportunities. Based on results so far, I believe the earnings and dividends from Pure will pay the interest on the debt related to Pure, and hopefully will provide enough extra funds to invest in these projects.

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APPENDIX II (continued)
TRANSCRIPT OF MEETING

Sally: Now that we have acquired Pure, we are a much larger company. We went from revenue of approximately $2.6 million to $22.1 million, which is an increase of 850%! Being larger should make it easier to borrow funds, as we can leverage our equity.

Lisa: Growth has always been a key objective of ours, and size is certainly one measure of success. Does the additional debt with Cummings change the way we assess any new deals? I think we need to limit the amount we put into new investments to no more than $500,000 in total.

Sally: Well, our debt load is higher, so we definitely need to consider how much more debt we are willing to take on. I am certain RSI's shareholders will agree that, if we want growth, they have to forgo dividend income! The board should consider stopping the payment of dividends and reinvesting those funds in RSI.

Lisa: Are you expecting shareholders to put in more money? Some shareholders weren't too happy about having to do that for Lavish and again for Pure. I suppose we could also consider adding shareholders and, if individual shareholders need cash flow, they could sell some of their shares back to RSI.

Bob: Before we go too far down this path, can we come back to the investments? I am not sure we ever envisioned growth through multiple investments, in various forms and levels, in other businesses. And, I agree with Lisa, that there should be a maximum amount invested.

Sally: Maybe we never discussed this specifically, but it is a fast way to grow. Of course, we will need to implement monitoring mechanisms, target return on investments, etc. If we plan it right, I think we can invest in most of what I've listed all at once. I am also investigating launching a massage and esthetics academy, which would provide education and work-placement training. However, I am counting on you, CPA, to provide an opinion of all my plans, and provide some preliminary comments on how each investment fits with RSI, as well as any other points you consider pertinent.

Sally: Okay, let's discuss MTC next. As specified in the agreement (Appendix VI), a management committee was set up. We met on July 1, and our second meeting is scheduled for next week. We will be discussing the first six months' results and any issues that either joint venture partner is having with the joint venture agreement. Here is a copy of an analysis of MTC's internally prepared financial statements that I started (Appendix VII).

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APPENDIX II (continued)
TRANSCRIPT OF MEETING

Bob: I'm surprised to see that we are ahead of schedule in terms of opening centres. I don't recall approving that many centres being opened. Also, the net earnings are disappointing compared to budget. I'm curious to know how Barbara, the new manager, is doing.

Lisa: I went to our massage therapy centre the last time I was at FFL and was impressed by the service. The massage was great and the facilities look very clean and modern. I'm happy to report that the signage and pamphlets clearly show that MTC is associated with RSI. I also appreciated getting a discount as a member of FFL, and earning points!

Sally: CPA visited an MTC location and met with Barbara (Appendix VIII). I've asked for comments on Barbara's performance and on MTC's results. I want to make sure that RSI's interest in this joint venture is protected. If there are any issues that need to be raised with FFL, I need to know about them before the meeting.

Before we move on, are there any other issues to discuss?

Lisa: The incentive plan that we have been considering for managers and employees.

Sally: Yes, we really need to make a decision. As our arrangement with Barbara includes a bonus plan, let's start with what we expect her to accomplish in order to earn that bonus. We need Barbara to be motivated to work on retention of the existing employees, right? Is there anything else we want or need her to achieve?

Bob: A strong bottom line. There are many options: bonuses based on revenue or profit, equity ownership, or some combination of these. Maybe we should look at Lavish's plan. We might learn from their experience.

What about the MTC employees, especially the massage therapists? They should get something too, such as discounts on products or services, or paid days off or training. At previous meetings, we've talked about different ways to compensate staff. I understand that Opal employees get discounts on accommodations across the entire chain.

Sally: Perhaps we can also learn something from Pure. It's a different industry, but they don't have an issue with attracting and keeping employees. I recall Matthew explaining why, but the details escape me.

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APPENDIX II (continued)
TRANSCRIPT OF MEETING

Bob: I've read research stating that companies that offer stock options have higher return on equity, increased productivity and higher profit growth than those that don't. It seems that companies that offer equity ownership, and include their employees in decision-making, perform even better.

Sally: CPA, please provide your thoughts on which form, or forms, of compensation might be suitable. The joint venture will want to compensate Barbara so that she performs to the satisfaction of both joint venture partners, but we want to ensure that the compensation plan also helps RSI meet its objectives.

Now, let's discuss franchising. We put the idea on hold while MTC and Pure got underway. We can consider doing the franchising ourselves or we can look at an alternative. I recently spoke with the CEO of Health and Wellness Inc. (HAWI). HAWI is an international company that operates several franchises, focusing on personal health. If HAWI was the franchisor, RSI would receive a revenue stream of 4% of gross revenue from HAWI without having to provide any direct investment. HAWI believes that RSI's price structure and range of services will provide an appropriate level of profits to franchisees. HAWI expects to sell and support a large franchise network, and that the franchises will be owned and operated by massage therapists. RSI would provide knowledge, training, and other services directly to the franchisees at market rates.

Lisa: This option sounds better than developing the franchise network ourselves. Is there a downside?

Sally: I'm not sure. I think the 4% RSI would earn is a little less than if we did it ourselves and HAWI would keep the fees related to start-up that would be charged to the franchisees. HAWI is confident that, by leveraging its existing network and infrastructure, it can sell more franchises and create efficiencies in terms of advertising, administration and quality control. Before we ask our accounting group to do a more detailed analysis, CPA will review the offer to determine whether we should pursue it, highlighting the pros and cons of this offer, compared to our doing the franchising ourselves.

Bob: The offer sounds good. We would be building our brand with little or no investment.

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APPENDIX III
PURCHASE OFFER FOR LAVISH SPA INC. SHARES

Opal will purchase Lavish's shares for $1.5 million.

Closing date: January 31, 2017

Payments: $300,000 on closing, and $300,000 on January 31 of each of the next four (4) years.

Non-compete clause

RSI or its current shareholders is prohibited from operating or investing in (directly or indirectly) a spa in a hotel or resort, for 10 years (excluding the provision of a management contract to operate Opal's spas). Neither RSI, nor its shareholders, will use Lavish's customer data in any manner.

Staff

Opal will offer Lavish's employees a position at comparable terms to their existing employment, and will provide employees with a signing bonus of $1,000 and a retention bonus of $2,000 one year after the purchase date.

Pure products

Opal will continue to use Pure's products, provided that the price is competitive with that of similar-quality products.

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APPENDIX IV
SALLY'S NOTES ON PURCHASE OFFER FOR LAVISH SPA INC. SHARES

- The present value of the proceeds[1], net of income tax, is approximately $1.2 million.

- We can use the net amount received on closing (around $215,000) for my new investments, and I expect we can borrow from the bank against the long-term receivable portion.

- Opal appreciates that we have developed a loyal staff and clientele base, and has offered to retain our employees. Opal has also agreed to honour all outstanding gift cards.

- If we proceed with the sale, Opal has offered RSI a management contract. RSI would receive a fixed fee plus a percentage of the spa's net earnings. The initial contract would be for a five-year period.

- Lavish's net earnings were estimated at approximately $225,000 for fiscal 2016 which was a surprisingly large increase compared to 2015. Our accounting group is working on a detailed valuation using this information. From what I've heard, spas have historically sold at between three and five times EBITDA. I think Lavish's value is therefore somewhere between $1 million and $1.6 million if we continue to operate it, regardless of the location.

- If we decide not to sell, our lease with Opal will expire on December 31, 2017. Despite our renewal option, I expect that Opal will want the space, and that we will have to find a new location, at a higher rental rate.

[1] Interest rate of 6% based on rate RSI negotiated with its private lender; as Opal is a large chain, it appears reasonable that it is not a high credit risk.

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APPENDIX V
INVESTMENT OPPORTUNITIES

Name Description of business	Organization and financial information	Investment opportunity
Footcare @ Home Ltd. Provides foot care to seniors and others in clients' homes; in operation for 10 years; has a mix of full-time and part-time staff; employees use their personal vehicles to provide the service	Private corporation – sole shareholder; revenue growth 200% per year for past three years	Owner wants to retire; RSI would purchase 100% of the shares for $175,000
All Natural Beauty Hair and nail salon that uses only natural, chemical-free products; operates one location in downtown Halifax	Sole proprietorship	Owner is a hair stylist who is not enjoying operating a business; RSI would purchase the assets for an estimated cost of $100,000 and open similar locations
Mobile Massage Provides massages to clients in their home and office; relies heavily on word-of-mouth and social media for referrals; independent contractors (massage therapists) provide the service; managed from a small office with two administrative employees	Private corporation – sole shareholder	Owner will sell 49% of shares if she is kept on as manager; RSI would purchase the shares for $112,500.
New You! Provides nutrition counselling and dietician services; started by owner five years ago as a part-time business; has grown beyond her expectations	Private corporation – sole shareholder	Asking price is $250,000. The owner does not want to leave her full-time day job to devote more time to this growing business, and approached me to see if RSI would get involved in the business in some way.
Particular Pets Spa for pets; offers grooming, nail clipping, walking and massages for dogs, cats and other pets; operated from the owner's farm property	Sole proprietorship; growing at an outstanding pace; "hot market segment"	RSI would purchase the name, logo and customer list for $60,000 and open in a new location; owner would sign a non-compete clause.

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APPENDIX VI
EXCERPTS FROM MASSAGE THERAPY CENTRE INC.
OPERATING AGREEMENT

NOTE: The only significant changes from the draft are as follows (strikethrough for deletions and underline for additions to the agreement):

Management

FFL and RSI will form a joint venture partnership, MTC, which will operate Massage Therapy Centres in FFL locations. There will be a management group comprising one member each from RSI and FFL and the manager hired for MTC. This management group will make all major decisions for MTC.

Profits will be shared equally between FFL and RSI. ~~Operating cash flows from the partnership will be distributed to the partners quarterly.~~ Based on the manager's recommendation, and approved by both FFL and RSI, cash distributions to FFL and RSI will be made quarterly.

Identity, image and branding

The centres will be called ~~Forevermore Fit Limited~~ Massage Therapy Centres. The massage therapy centres will be identified with both FFL and RSI's names appearing in the logo and advertising.

Locations

FFL and RSI will decide jointly where to set up the massage therapy centres.

FFL and RSI will each invest $15,000 per small centre and $60,000 per large centre that is opened to cover opening costs and provide initial working capital (including uniforms, linens and supplies). FFL and RSI will ~~also~~ jointly guarantee any financing required by MTC.

Human resources

The MTC manager will receive a salary and bonus, to be negotiated when hired. RSI will provide the initial training for massage therapists ~~(for no charge)~~. Subsequent professional development will be provided by RSI for a fee, at market rates.

Only qualified massage therapists will be hired.

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APPENDIX VII
DRAFT FINANCIAL STATEMENTS FOR MASSAGE THERAPY CENTRE INC.

Massage Therapy Centre Inc.
Six months ending September 30, 2016

	Budget	Actual	Actual as % of Budget
Revenue			
Therapy revenue	$ 550,000	$ 452,498	82%
Product sales	87,000	99,549	114%
Total revenue	637,000	552,047	87%
Direct costs			
Wages and benefits	247,500	226,249	91%
Cost of product sales	43,500	58,734	135%
Membership discount and loyalty points expense	33,000	37,685	114%
	324,000	322,668	100%
Gross profit	313,000	229,379	73%
Expenses			
Therapist training	0	11,250	n.a.
Marketing	31,500	37,812	120%
Administrative and other costs	96,000	101,635	106%
	127,500	150,697	118%
Earnings before income tax	$ 185,500	$ 78,682	42%

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APPENDIX VIII
NOTES FROM CPA'S MEETING WITH
MASSAGE THERAPY CENTRE INC. MANAGER

- Discussed the internal financial statements for the first six-month period (Appendix VII). MTC has opened two large centres and three small centres, more than planned. Barbara and Andy Johnson, are both eager to open more centres, quickly, and have prepared a priority location list.

- The budget is based on the number of massage centres actually opened (flexible budget).

- Earnings did not meet budget. Barbara says this is mainly because revenue is not as high as budgeted.

- Barbara explained that she and Andy plan to offer promotional discounts to increase business volume, and thereby sales. She is trying to decide on the appropriate discount and is considering 10% to 30%. The promotions would be for limited time periods, perhaps tied to openings of new centres. She told me she recently read that *"more than 80% of online group-coupon users try a business for the first time because of the coupon."*

- Barbara also discussed one of her biggest challenges—hiring and keeping trained massage therapists. She has hired people who have taken a massage course but are not licensed. She discussed the staffing problems with Emily, RSI's manager, who said she has similar problems. Apparently, Lavish is not having these problems, which Emily says might be because the pay rates, tips and bonuses are higher.

- Barbara also explained that hiring and training massage therapists is time-consuming and disruptive; clients like to have the same massage therapists, as they develop a relationship and feel they receive better treatments, which helps with client retention.

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APPENDIX VIII (continued)
NOTES FROM CPA'S MEETING WITH
MASSAGE THERAPY CENTRE INC. MANAGER

- I toured the facilities and observed the following:
  - A client paid with a credit card and was given cash back, which she requested be given to the therapist for a tip. Barbara said they do this as a service to the client, and that it is just a cash-in/cash-out transaction.
  - Accounts receivable are primarily from insurance companies for direct billings. Rejected billings are transferred to a client account receivable. Barbara tries to collect from the client, but it is often difficult and is not pursued. Barbara says she is not concerned with write-offs because getting the business is most important, and collecting 80% of the fee is better than nothing.

- Because there was an opening, Barbara offered me a session with one of the massage therapists. She said staff are being paid regardless, so they may as well be doing something. She mentioned that the fitness facilities staff can drop by for massages when the therapists are not busy. Sometimes a client shows up just after a staff massage begins, and decides to leave rather than wait.

- Each location has one full-time therapist; part-time therapists are scheduled for busy periods, and are expected to be available "on call" at other times. Because it is hard to get and keep good employees, it is not unusual to have the full-time therapist work overtime, and thereby get paid at a higher rate.

- Barbara commented that FFL staff and MTC massage therapists seem to think that Pure product samples are "free," and that she has, on occasion, seen staff taking some linens and robes home. She is reluctant to deal with these issues as hiring qualified staff has been difficult, and she does not want to risk upsetting the ones she has.

- Barbara asked me to check on the status of her bonus. When hired, she was told she would receive a bonus based on the performance of the centres. She and Andy agreed on a bonus of 4% of gross revenue and $2,500 for each centre that reaches a minimum pre-tax income of 25% of total revenue. Andy promised that any bonus amount earned would be paid out one month after the end of the quarter. Barbara is disappointed that she hasn't been paid any bonus so far. She believes that if she concentrates on increasing the gross revenue she will be able to recoup her full bonus by the end of the year.

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End of Exam

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CPA COMMON FINAL EXAMINATION REFERENCE SCHEDULE

1. PRESENT VALUE OF TAX SHIELD FOR AMORTIZABLE ASSETS

Present Value of Total Tax Shield from CCA for a New Asset

$$= \frac{CTd}{(d+k)}\left(\frac{2+k}{2(1+k)}\right) = \frac{CdT}{(d+k)}\left(\frac{1+0.5k}{1+k}\right)$$

Notation for above formula:

C = net initial investment
T = corporate tax rate
k = discount rate or time value of money
d = maximum rate of capital cost allowance

2. SELECTED PRESCRIBED AUTOMOBILE AMOUNTS

	2015	**2016**
Maximum depreciable cost — Class 10.1	$30,000 + sales tax	$30,000 + sales tax
Maximum monthly deductible lease cost	$800 + sales tax	$800 + sales tax
Maximum monthly deductible interest cost	$300	$300
Operating cost benefit — employee	27¢ per km of personal use	26¢ per km of personal use
Non-taxable automobile allowance rates		
— first 5,000 kilometres	55¢ per km	54¢ per km
— balance	49¢ per km	48¢ per km

3. INDIVIDUAL FEDERAL INCOME TAX RATES

For 2015

If taxable income is between			Tax on base amount	Tax on excess
$0	and	$44,701	$0	15%
$44,702	and	$89,401	$6,705	22%
$89,402	and	$138,586	$16,539	26%
$138,587	and	any amount	$29,327	29%

For 2016

If taxable income is between			Tax on base amount	Tax on excess
$0	and	$45,282	$0	15%
$45,283	and	$90,563	$6,792	20.5%
$90,564	and	$140,388	$16,075	26%
$140,389	and	$200,000	$29,029	29%
$200,001	and	any amount	$46,316	33%

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4. SELECTED INDEXED AMOUNTS FOR PURPOSES OF COMPUTING INCOME TAX

Personal tax credits are a maximum of 15% of the following amounts:

	2015	**2016**
Basic personal amount	$11,327	$11,474
Spouse, common-law partner, or eligible dependant amount	11,327	11,474
Amount for children under 18	N/A	N/A
Age amount if 65 or over in the year	7,033	7,125
Net income threshold for age amount	35,466	35,927
Canada employment amount	1,146	1,161
Disability amount	7,899	8,001
Infirm dependants 18 & over	6,700	6,788
Net income threshold for infirm dependants 18 & over	6,720	6,807
Adoption expense credit limit	15,255	15,453

Other indexed amounts are as follows:

	2015	**2016**
Medical expense tax credit — 3% of net income ceiling	$2,208	$2,237
Annual TFSA dollar limit	10,000	5,500
RRSP dollar limit	24,930	25,370
Lifetime capital gains exemption on qualified small business corporation shares	813,600	824,176

5. PRESCRIBED INTEREST RATES (base rates)

Year	Jan. 1 – Mar. 31	Apr. 1 – June 30	July 1 – Sep. 30	Oct. 1 – Dec. 31
2016	1			
2015	1	1	1	1
2014	1	1	1	1

This is the rate used for taxable benefits for employees and shareholders, low-interest loans, and other related-party transactions. The rate is 4 percentage points higher for late or deficient income tax payments and unremitted withholdings. The rate is 2 percentage points higher for tax refunds to taxpayers, with the exception of corporations, for which the base rate is used.

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6. MAXIMUM CAPITAL COST ALLOWANCE RATES FOR SELECTED CLASSES

Class 1……………………………….	4%	for all buildings, except those below
Class 1……………………………….	6%	for new non-residential buildings acquired after March 18, 2007
Class 1……………………………….	10%	for new manufacturing and processing buildings acquired after March 18, 2007
Class 8……………………………….	20%	
Class 10……………………………..	30%	
Class 10.1…………………………...	30%	
Class 12……………………………..	100%	
Class 13……………………………..	Original lease period plus one renewal period (minimum 5 years and maximum 40 years)	
Class 14……………………………..	Length of life of property	
Class 17……………………………..	8%	
Class 29……………………………..	50%	straight-line
Class 43……………………………..	30%	
Class 44……………………………..	25%	
Class 45……………………………..	45%	
Class 50……………………………..	55%	
Class 53……………………………..	50%	