

- 13** At the year end a company discovers that some inventory is damaged.

This inventory originally cost \$2000 and to replace it would now cost \$1900.

It would normally sell for \$2400 but can now only be sold for \$2200 if repairs costing \$400 are undertaken.

At what value should the damaged inventory be shown in the financial statements?

- A** \$1800                      **B** \$1900                      **C** \$2000                      **D** \$2200

- 14** A club charges each of its 100 members an annual subscription of \$12.

At the end of a year four members had not paid their annual subscription.

What will be the entries in the financial statements for subscriptions?

	income and expenditure account \$	balance sheet
<b>A</b>	1152	current asset      \$48
<b>B</b>	1152	current liability    \$48
<b>C</b>	1200	current asset      \$48
<b>D</b>	1200	current liability    \$48

- 15** How should goodwill be treated by a limited company?

- A** Goodwill should always be written off immediately.  
**B** Non-purchased goodwill is shown in the balance sheet.  
**C** Purchased goodwill is shown in the balance sheet and written off over its useful life.  
**D** Purchased goodwill remains on the balance sheet as a permanent item.

- 16** A company issues for cash 50 000 shares of \$5 each at a premium of \$15 each and \$300 000 4 % debentures.

By what amount will the net assets of the company increase?

- A** \$250 000                      **B** \$550 000                      **C** \$1 000 000                      **D** \$1 300 000