

- 15** The committee of a sports club decided to introduce a life membership scheme.

The cost of life membership was \$200, to be transferred to the income and expenditure account over a twenty-year period. Seven members took up life membership in the first year.

Which values would be shown in the financial statements at the end of year 1?

	income and expenditure account \$	current liabilities \$	deferred income \$
A	nil	nil	1400
B	70	nil	1330
C	70	70	1260
D	1400	nil	nil

- 16** A company commences business on 1 April. It buys the following units of inventory.

date	quantity	unit cost
1 April	200	\$250
1 September	400	\$200
1 December	200	\$300

During the year, it sells 500 units at \$550 each.

What is the gross profit for the year using the FIFO method of inventory valuation?

- A** \$85 000 **B** \$155 000 **C** \$156 250 **D** \$165 000

- 17** A business sells a non-current asset for cash. The disposal account includes entries for the cost of the asset and the sales proceeds.

Which books of prime entry are used?

	cost	sales proceeds
A	cash book	general journal
B	cash book	sales journal
C	general journal	cash book
D	purchases journal	cash book