

20 A club provides the following information.

	\$
opening subscriptions in advance	1 200
subscriptions received during the year	25 000
closing subscriptions in arrears	1 500

How much are subscriptions for the year in the income and expenditure account?

- A** \$22 300 **B** \$24 700 **C** \$25 300 **D** \$27 700

21 Which items increase when a company issues new shares?

- 1 cash (and cash equivalents)
- 2 equity
- 3 non-current liabilities
- 4 retained earnings

- A** 1 and 2 **B** 1 and 3 **C** 2 and 3 **D** 2 and 4

22 When is working capital most likely to increase?

- A** when the business increases its selling prices
B when the credit period allowed to customers is reduced
C when the credit period taken from suppliers is increased
D when the value of inventory decreases

23 John failed to write off a bad debt of \$8000.

What was the effect of this omission?

- A** His trade payables turnover (in days) was overstated.
B His trade payables turnover (in days) was understated.
C His trade receivables turnover (in days) was overstated.
D His trade receivables turnover (in days) was understated.