

**16** What is the treatment of life membership subscriptions?

- A** Credit the income and expenditure account in the year of receipt.
- B** Credit the life membership fund with the year's receipts and transfer a proportion each year to the income and expenditure account.
- C** Debit the income and expenditure account in the year of receipt.
- D** Debit the life membership fund with the year's receipts and transfer a proportion each year to the income and expenditure account.

**17** What is **not** considered a source of finance?

- A** debentures
- B** share capital
- C** trade payables
- D** trade receivables

**18** A company issues 500 000 ordinary shares of \$1 each for \$3 each and \$250 000 6% debentures.

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

- A** no increase
- B** \$750 000
- C** \$1 500 000
- D** \$1 750 000

**19** An investor owns 10 000 5% preference shares in Howdo Limited.

One year Howdo Limited does not have enough profits to pay the preference dividend.

The investor expects the profits to improve and he thinks the directors will pay the missed dividend the following year.

Which type of preference shares does the investor own?

- A** cumulative
- B** non-cumulative
- C** participating
- D** redeemable