

- 5 The following summarised information has been taken from the balance sheet of a partnership.

	\$
non-current assets	42 000
capital accounts	36 000
current accounts (debit)	5 000
current liabilities	7 000
non-current liabilities	15 000

What is the amount of current assets?

- A** \$6000      **B** \$11 000      **C** \$17 000      **D** \$21 000
- 6 Accountants prefer the commercial reality of a transaction to a strictly legal approach.
- Which accounting principle is being applied?
- A** consistency  
**B** materiality  
**C** prudence  
**D** substance over form
- 7 There is great uncertainty about the continuance of a business. This has caused the proprietor to make a large reduction in the valuation of the year-end inventory.
- Which accounting principle does this illustrate?
- A** going concern  
**B** matching  
**C** materiality  
**D** substance over form