

11 At 31 December the following information was available.

	\$
non-current assets at net book value	10 000
current assets	5 000
provision for doubtful debts	(1 500)
current liabilities	(3 000)

It was decided to reduce the provision for doubtful debts to \$800.

Which effects will this adjustment have on the profit for the year and on net assets?

	profit for the year	net assets
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

12 The table shows information relating to closing inventory.

	\$
cost	50 000
realisable value	45 000
costs of realisation	5 000
replacement cost	35 000

What is the value of the closing inventory?

A \$35 000 **B** \$40 000 **C** \$45 000 **D** \$50 000