

- 5 A business has a good reputation. The owner wishes to include goodwill in the financial statements. An accountant advises against it.

Which accounting principle is the accountant applying?

- A business entity
- B going concern
- C matching
- D prudence

- 6 A trader provided the following information.

	\$
gross profit	3 000
motor expenses for repairs to private motor car	500
wages paid to staff	1 000
rent paid for premises	600
interest on home loan	700

What is the profit for the year?

- A \$200 B \$700 C \$900 D \$1400

- 7 What is an example of the substance over form concept?

- A accounting for assets on hire purchase
- B depreciating assets over their useful lives
- C using doubtful debt provisions
- D valuing inventory at the lower of cost and net realisable value