

**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
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	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

**13** A business provides the following information.

	\$
accrued expenses	9 350
accrued income	24 750
prepaid expenses	14 250
prepaid income	32 650

What is the total amount to be included in current liabilities?

**A** \$34 100      **B** \$39 000      **C** \$42 000      **D** \$46 900