

- 5 P Limited is a retail company with a financial year end of 30 June. The accounts department of the company is looking into some recent capital and revenue expenditure and receipts.

REQUIRED

- (a) State what is meant by the following terms:

- (i) capital expenditure

.....

 [1]

- (ii) revenue expenditure

.....

 [1]

- (iii) capital receipts

.....

 [1]

- (iv) revenue receipts.

.....

 [1]

- (b) Complete the table by indicating with a tick (✓) how the following items of income and expenditure will be classified.

item	capital expenditure	revenue expenditure	capital receipt	revenue receipt
delivery charges for new office equipment				
repairs to the roof of an existing building				
painting of a new extension to the factory				
proceeds from the sale of a motor vehicle				

[4]



Question	Answer					Marks																									
5(a)(i)	Money spent on purchasing, improving or extending non-current assets					1																									
5(a)(ii)	Money spent on day to day running a business (1)					1																									
5(a)(iii)	Money received from a source other than normal trading activities (1)					1																									
5(a)(iv)	Money received by a business from normal trading activities (1)					1																									
5(b)	<table><tr><th>Item</th><th>capital expenditure</th><th>revenue expenditure</th><th>capital receipt</th><th>revenue receipt</th></tr><tr><td>Delivery charges for new office equipment</td><td>✓ (1)</td><td></td><td></td><td></td></tr><tr><td>Repairs to the roof of an existing building</td><td></td><td>✓ (1)</td><td></td><td></td></tr><tr><td>Painting of a new extension to the factory</td><td>✓ (1)</td><td></td><td></td><td></td></tr><tr><td>Proceeds from the sale of a motor vehicle</td><td></td><td></td><td>✓ (1)</td><td></td></tr></table>					Item	capital expenditure	revenue expenditure	capital receipt	revenue receipt	Delivery charges for new office equipment	✓ (1)				Repairs to the roof of an existing building		✓ (1)			Painting of a new extension to the factory	✓ (1)				Proceeds from the sale of a motor vehicle			✓ (1)		4
Item	capital expenditure	revenue expenditure	capital receipt	revenue receipt																											
Delivery charges for new office equipment	✓ (1)																														
Repairs to the roof of an existing building		✓ (1)																													
Painting of a new extension to the factory	✓ (1)																														
Proceeds from the sale of a motor vehicle			✓ (1)																												