

- 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]



P Limited has provided an extract from their statement of changes in equity for the year ended 30 June 2024.

P Limited Statement of Changes in Equity (extract) for the year ended 30 June 2024				
	Ordinary share capital \$	General reserve \$	Retained earnings \$	Total \$
Balance at 30 June 2024	230 000	16 300	46 220	292 520

P Limited's profit after interest for the year ended 30 June 2025 was \$37 350.

After preparing the trial balance at 30 June 2025, P Limited's directors decided to transfer \$8000 to the general reserve and to pay an interim dividend to their ordinary shareholders of \$36 400.

REQUIRED

- (c) Prepare the retained earnings column **only** of the statement of changes in equity of P Limited for the year ended 30 June 2025.

P Limited
Statement of Changes in Equity (retained earnings)
for the year ended 30 June 2025

	Retained earnings \$
.....	
.....	
.....	
.....	
.....	
.....	
.....	
.....	
.....	

[3]





Additional information at 30 June 2025:

	\$
Land and buildings	205 000
Equipment	59 600
Vehicles	83 000
Provision for depreciation – equipment	11 324
Provision for depreciation – vehicles	23 030
Trade payables	44 890
Trade receivables	57 040
Other payables	5 700
Provision for doubtful debts	2 282
Cash	2 100
Bank overdrawn	5 044
6% Debentures	32 000
Bank loan (5 years)	22 000
Inventory	33 000

REQUIRED

(d) Prepare the statement of financial position for P Limited at 30 June 2025.

P Limited
Statement of Financial Position at 30 June 2025

[illegible]

DO NOT WRITE IN THIS MARGIN

* 0000800000019 *

DFD



\$

\$

\$

[9]

[Total: 20]



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
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5(c)	P Limited Statement of Changes in equity (retained earnings) for the year ended 30 June 2025 \$ <table><tr><td>Balance at 1 July 2024</td><td>46 220</td><td rowspan="2">} (1)</td></tr><tr><td>Profit for the year</td><td>37 350</td></tr><tr><td>Dividend paid (interim)</td><td>(36 400)</td><td></td></tr><tr><td>Transfer to general reserve</td><td><u>(8 000)</u></td><td>(1)</td></tr><tr><td>Balance at 30 June 2025</td><td>39 170</td><td>(1)OF</td></tr></table>					Balance at 1 July 2024	46 220	} (1)	Profit for the year	37 350	Dividend paid (interim)	(36 400)		Transfer to general reserve	<u>(8 000)</u>	(1)	Balance at 30 June 2025	39 170	(1)OF	3											
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