

ASSIGNMENT-1

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MODULE NAME: ACCOUNTING FUNDAMENTALS
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UNIVERSITY NAME: UNIVERSITY OF WALES: TRINITY SAINT DAVID

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Table of Contents	
INTRODUCTION	3
TASK 1	3
Journal entries:	3
Ledger account:	4
Trail balance:	5
Statement of Trading and Profit or Loss for the Month ended 30 April.....	6
TASK 2	7
Journal entries	7
Ledger accounts	8
Trial balance	9
Statement of profit and loss.....	10
TASK 3	12
Journals	12
Ledger accounts.....	13
Trail balance	16
Statement of profit and loss	16
TASK 4	15
Recording of transactions in the books of Ricardo.....	16
Ledger accounts.....	17
Trial balance	19
TASK 5	20
Revenue expenditure	20
Discussion	20
Introduction	20
Definition	20
Examples	20
Capital expenditure	21
Discussion	21
Introduction	21
Definition	21
Examples	21
Comparison	22
CONCLUSION.....	23
REFERENCES	24

Introduction

Information related to entity's financial performance, its assets and its liabilities is provided by the accounting. The accounting also provides a record of what has happened to a business over a certain period and can help managers and other interested parties to operate the business much more efficiently.

It is a basis for both decision making and control purposes and gives answers about the profit of a business, how much the business owes or how much is owed to the business.

The aim of this assignment is to provide information about how the dual aspect rule is used in order to record data and how this is done by preparing a journal, ledger and trial balance. Afterwards, the trial balance is used to prepare trading accounts, a profit and loss accounts, and a balance sheet (Dyson,2007a).

TASK 1

The following is a summary of the transactions of Maxim's bakery and shows the transactions by means of journal entries.

Journal entries in the books of Martin

Date	Description	Debit	Credit
05-Apr	Cash A/c Dr	£300.00	
	Capital A/c		£300.00
	(Introduce cash into the business)		
07-Apr	Purchase account A/c Dr	£200.00	
	Cash A/c		£200.00
	(Purchase goods)		
08-Apr	Cash A/c Dr	£250.00	
	Loan from Tatiana A/c		£250.00
	(Loan from Tatiana repayable within 12 months)		
15-Apr	Motor van Dr	£150.00	
	Cash		£150.00
	(Purchased a motor van)		
20-Apr	Cash Dr	£350.00	
	Sales		£350.00
	(Sold goods)		
28-Apr	Rent account Dr	£ 50.00	
	Cash		£ 50.00
	(Paid rent)		
29-Apr	Loan from Tatiana Dr	£200.00	
	Cash		£200.00
	(Part of the loan repaid)		
30-Apr	Capital A/c Dr	£ 60.00	
	Cash A/c		£ 60.00
	(Cash is withdrawn from the business)		

Ledger accounts

Cash Account

Dr					Cr			
Date	Description			Amount	Date	Description		
05-Apr	Capital A/c			£ 300.00	07-Apr	Purchases A/c		£200.00
08-Apr	Loanfrom Tatiana A/c			£ 250.00	15-Apr	Motor van A/c		£150.00
20-Apr	Sold goods			£ 350.00	28-Apr	Rent A/c		£ 50.00
					29-Apr	Repaid loan A/c		£200.00
					30-Apr	Drawing A/c		£ 60.00
						Balanced c/d		£240.00
			Total	£900.00			Total	£900.00
1-Apr	Balanced b/d	£240.00						

Capital account

Dr					Cr			
Date	Description			Amount	Date	Description		Amount
30-Apr	Cash A/c			£ 60.00	05-Apr	Cash A/c		£ 300.00
	Closing balance c/d			£ 240.00				
			Total	£ 300.00			Total	£ 300.00

Motor Van account

Dr					Cr			
Date	Description			Amount	Date	Description		
15-Apr	Cash			£ 150.00	30-Apr	Closing balance c/d		£ 150.00
			Total	£ 150.00			Total	£ 150.00

Rent account

Dr					Cr			
Date	Description			Amount	Date	Description		
28-Apr	Cash A/c			£ 50.00				
			Total	£ 50.00			Balanced c/d	£50.00

Purchase account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
07-Apr	Cash A/c	£ 200.00	30-Apr	Balanced c/d	£ 200.00
Total		£ 200.00	Total		£ 200.00

Loan Tatiana's account

Dr					Cr			
Date	Description			Amount	Date	Description		
29-Apr	Cash A/c			£ 200.00	08-Apr	Cash A/c		£ 250.00
30-Apr	Closing balance c/d			£ 50.00				
			Total	£ 250.00			Total	£ 250.00

Sales account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
30-Apr			20-Apr	Cash A/c	£350.00
Balanced c/d		£350.00	Total		£350.00

Trial balance as at 30 April

Description		Debit	Credit
Cash		£ 240.00	
Capital			£ 240.00
Purchase		£ 200.00	
Motor Van		£ 150.00	
Rent		£ 50.00	
Loan payment			
Current Liabilities			
(Loan from Tatiana)			£ 50.00
Sales			£ 350.00
	Total	£ 640.00	£ 640.00

Closing stock at 30 April: 100

Statement of Profit or Loss for the Month ended 30 April

Description	Debit	Credit
Sales		£ 350.00
Cost of goods sold		
Purchase	£ 200.00	
(-) Closing stock at 30 April	£ 100.00	
Net cost of goods sold	£ 100.00	
Gross profit		£ 250.00
(-) Expenses		
Rent	£ 50.00	
Total expenses	£ 50.00	
Net profit		£ 200.00

Statement of financial position at 30 April

Description	Debit	Credit
Non-current assets		
Motor Van	£ 150.00	
Total non-current assets		£ 150.00
Current assets		
Inventory	£ 100.00	
Cash	£ 240.00	
Total current assets		£ 340.00
Total assets		£ 490.00
Total Liabilities		
Current liabilities		
Loan		£ 50.00
Total Liability		£ 50.00
Capital	£ 300.00	
Add Net profit	£ 200.00	
(-) Drawings	£ 60.00	
Net Capital		£ 440.00
Total liabilities + capital		£ 490.00

TOTAL ASSETS= TOTAL LIABILITIES +OWNERSHIP INTREST

TASK 2 Journal entries in the book of Pendo for the month of January

Date	Description			Debit	Credit
01-Jan	Cash A/c Dr			£ 5,000.000	
	Capital				£ 5,000.000
	(Introduce cash into the business)				
02-Jan	Motor van A/c Dr			£600.00	
	Cash				£ 600.00
	(Purchased a motor van)				
03-Jan	Purchase A/c Dr			£1,300.000	
	Cash				£ 1,300.000
	(Goods purchased)				
04-Jan	Cash A/c Dr			£1,000.000	
	Current liabilities				£ 1,000.000
	(Loan from Sergei)				
10-Jan	Motor Van Expenses A/c			£200.00	
	Cash				£ 200.00
	(Paid expenses on the Motor Van)				
13-Jan	Cash A/c Dr			£300.00	
	Sales				£300.00
	(Sold goods)				
20-Jan	Cash A/c Dr			£ 500.00	
	Sales A/c				£ 500.00
	(Sold goods)				
24-Jan	Storage Exp A/c Dr.			£ 150.00	
	Cash A/c				£ 150.00
	Paid storage expenses				
27-Jan	Loan from Sergei A/c Dr			£ 350.00	
	Cash				£ 350.00
	(Repaid part of Sergey's loan)				
30-Jan	Capital A/c Dr			£ 175.00	
	Cash A/c				£ 175.00
	(Withdrawn cash from the business)				

Ledger accounts

Dr			Cash		Cr
Date	Description	Amount	Date	Amount	Credit
01-Jan	Capital	£5,000.00			
			02-Jan	Motor van	£600.00
			03-Jan	Purchase goods	£1,300.00
04-Jan	Loan Sergei	£1,000.00			
			10-Jan	Expenses Motor van	£200.00
13-Jan	Sales	£300.00			
20-Jan	Sales	£500.00			
			24-Jan	Storage Expenses	£150.00
			27-Jan	Repaid Loan	£350.00
			30-Jan	Drawing	£175.00
			30-Jan	Balanced c/d	£4,025.00
	Total	£6,800.00		Total	£6,800.00
01-Feb	Balanced b/d	£4,025.00			

Capital account

Capital account					
Date	Description	Amount	Date	Description	Amount
30- Jan	Cash A/c	£175.00	01-Jan	Cash A/c	£5000.00
31- Jan	Closing Balance C/d	£4825.00			
Total		£ 5000.00	Total		£ 5000.00

Motor van account

Date	Description	Amount	Date	Description	Amount
02-Jan	Cash A/c	£600.00	31-Jan	Closing Balance C/d	£600.00
Total		£600.00	Total		£600.00

Purchase account

Date	Description	Amount	Date	Description	Amount
03-Jan	Cash A/c	£1300.00	31-Jan	Balanced c/d	£1300.00
	Total	£1300.00		Total	£1300.00

Sergei account

Date	Description	Amount	Date	Description	Amount
27-Jan	Cash A/c	£ 350.00	04- Jan	Cash A/c	£1000.00
31-Jan	Closing Balance C/d	£ 650.00			
Total		£1000.00	Total		£1000.00

Dr

Sales account

Cr

Date	Description	Amount	Date	Description	Amount
31-Jan			13-Jan	Cash A/c	£300.00
			20-Jan	Cash A/c	£500.00
	Balanced c/d	£800.00			
Total		£800.00	Total		£800.00

Dr

Storage account

Cr

Date	Description	Amount	Date	Description	Amount
24-Jan	Cash A/c	£150.00	31-Jan	Balanced c/d	£150.00
Total		£150.00	Total		£150.00

TRIAL BALANCE as at 31 January

Description			Debit	Credit
Cash			£ 4,025.000	
Capital				£ 4,825.000
Purchase			£1,300.000	
Motor Van			£ 600.00	
Motor van expenses			£ 200.00	
Storage Expenses			£ 150.00	
Current Liabilities				
(Loan from Sergei)				£650.000
Sales				£ 800.00
		Total	£ 6,275.000	£ 6,275.000

Statement of profit and loss month ended 30 January

Description				Debit	Credit
Sales					£800.00
Purchase				£ 1,300.000	
(-) Cost of goods sold				£ 800.00	
Net cost of goods sold				£ 500.00	
Gross profit					£ 300.00
(-) Expenses					
Motor Van a/c				£ 200.00	
Storage expenses				£ 150.00	
Loan				£ 350.00	£ 700.00
Net profit/loss					-£ 400.00

Statement of Financial Position at 31 January

Total Assets:				£ 5,425	
Fixed assets					
Motor van				£ 600.00	
Current assets					
Cash				£ 4,025.000	
Goods in hand				£ 800.00	£ 4,825.000
Liabilities					
Loan					£ 1,000.000
Capital					£ 5,000.000
(+) Net Profit/Loss					-£ 400.00
(-) Drawing					£ 175.00
New Capital					£ 4.425

TASK 3

Journal of account entries

Date	Description	Debit	Credit
02-Jan	(Harvey's) Account receivable Dr.	£124.00	
	Sales A/c		£124.00
	(Goods sold to Harvey on credit)		
05-Jan	Wages Dr.	£12.00	
	Cash		£12.00
	Wages paid in cash		
05-Jan	Purchases Dr.	£150.00	
	Rich A/c		£150.00
	Goods purchased on credit from Rich		
07-Jan	Cash Dr.	£18.00	
	Smith A/c		£18.00
	Smith settled his account		
09-Jan	Max account Dr.	£21.00	-
	Cash account		£21.00
	(Paid Max)		
11-Jan	Cash account Dr.	£84.00	
	Sales account		£84.00
	(Goods sold in cash)		
14-Jan	Wages account Dr.	£14.00	
	Cash account		£14.00
	Wages paid in cash		
14-Jan	Purchases account Dr.	£75.00	
	Cash account		£75.00
	Goods purchased in cash		
15-Jan	Rich account Dr.	£162.00	
	Cash account		£162.00
	Amount is paid to Rich		
20-Jan	Furniture and Fittings account Dr.	£32.00	
	Cash account		£32.00
	(Office desk is purchased in cash)		
21-Jan	Wages account Dr.	£17.00	
	Cash account		£17.00
	(Wages paid in cash)		
21-Jan	Cash account Dr.	£110.00	
	Sales account		£110.00
	(Goods sold in cash)		

23-Jan	Office expenses account Dr	£3.00	
	Cash account		£3.00
	Office expenses paid in cash		
23-Jan	Cash account Dr	£25.00	
	Harvey account		£25.00
	Cash is received from Harvey		
28-Jan	Cash account Dr.	£84.00	
	Sales account		£84.00
	Goods sold in cash		
28-Jan	Wages account Dr.	£15.00	
	Cash account		£15.00
	(Wages paid in cash)		
31-Jan	Cash account Dr.	£30.00	
	Sales account		£30.00
	Goods sold in cash		

Ledger accounts

Capital account

Date	Description	Amount	Date	Description	Amount
31-01-18	Closing Balance C/d	£1,049.00	01-01-18	Opening Balance B/d	£1,049.00
Total		£1,049.00	Total		£1,049.00

Cash account

Date	Description	Debit	Date	Description	Credit
1.01	Capital	£343.00	5.01	Wages	£12.00
7.01	Trade Receivable Account Smith	£18.00	9.01	Trade Payable Account Max	£21.00
11.01	Sales	£64.00	14.01	Wages	£14.00
23.01	Trade Receivable Account Harvey	£25.00	14.01	Purchases	£75.00
21.01	Sales	£110.00	15.01	Tr. Pay. Account Rich	£162.00
28.01	Sales	£84.00	20.01	Office desk	£32.00
31.01	Sales	£30.00	21.01	Wages	£17.00
			23.01	Office expense	£3.00
			28.01	Wages	£15.00
			31.01	Balanced c/d	£323.00
		£674.00			£674.00
	Balanced b/d	£323.00			

Trade Receivables Account Smith

Date	Description	Debit	Date	Description	Credit
1.01	Sales	£18.00	7.01	Cash	£18.00
		£18.00			£18.00

Trade Receivables Account Harvey

Date	Description	Debit	Date	Description	Credit
1.01	Sales	£39.00	23.01	Cash	£25.00
2.01	Sales	£124			
			31.01	Balanced c/d	£138.00
		£163.00			£163.00
	Balanced b/d	£138.00			

Trade Receivables Moon' Account

Date	Description	Debit	Date	Description	Credit
1.01	Sales	£26.00			
			31.01	Balanced c/d	£26.00
		£26.00			£26.00
	Balanced b/d	£26.00			

Trade Payable Rich's Account

Date	Description	Debit	Date	Description	Credit
15.01	Cash	£162.00	1.01	Purchases	£12.00
			5.01	Purchases	£150.00
		£162.00			£162.00

Trade Payable Max Account

Date	Description	Debit	Date	Description	Credit
9.01	Cash	£21.00	1.01	Purchases	£21.00
		£21.00			£21.00

Wages

Date	Description	Debit	Date	Description	Credit
5.01	Cash	£12.00			
14.01	Cash	£14.00			
21.01	Cash	£17.00			
28.01	Cash	£15.00	31.01	Balanced c/d	£ 58.00
		£58.00			£ 58.00
	Balanced b/d	£58.00			

Sales

Date	Description	Debit	Date	Description	Credit
			2.01	Trade Rec. Harvey's Account	£124.00
			11.01	Cash	£ 64.00
			21.01	Cash	£110.00
			28.01	Cash	£ 84.00
			31.01	Cash	£ 30.00
31.01	Balanced c/d	£412.00			
	Total	£412.00		Total	£412.00

Purchases

Date	Description	Debit	Date	Description	Credit
5.01	Account Payable Rich	£150.00			
14.01	Cash	£ 75.00	31.01	Balanced c/d	£225.00
	Total	£ 225 .00		Total	£225.00

Office expenses

Date	Description	Debit	Date	Description	Credit
23.01	Cash	£ 3.00			
			31.01	Balanced c/d	£ 3.00
	Total	£ 3.00		Total	£ 3.00

Office desk

Date	Description	Debit	Date	Description	Credit
20.01	Cash	£32.00			
			31.01	Balanced c/d	£32.00
	Total	£32.00		Total	£32.00

Inventory

Date	Description	Debit	Date	Description	Credit
1.01	Capital	£458.00			
			31.01	Balanced c/d	£458.00
	Total	£458.00		Total	£458.00

Furniture and fittings

Date	Description	Debit	Date	Description	Credit
1.01	Capital	£198.00			
20.01	Cash A/c	£32.00	31.01	Balanced c/d	£230.00
	Total	£230.00		Total	£230.00

Trail balance

Description	Debit	Credit
Capital		£ 1,049.00
Harvey	£ 138.00	
Sales		£ 412.00
Cash	£ 323.00	
Purchases	£ 225.00	
Office Expenses	£ 3.00	
Furniture and Fittings	£ 230.00	
Wages	£ 58.00	
Opening Stock	£ 458.00	
Moon	£ 26.00	
Total	£ 1,461.00	£1,461.00

Statement of profit or loss for the month ended 31 of January

	Debit	Credit
Sales		£ 412.00
Purchase	£ 225.000	
(+) Inventory	£ 458.000	
(-) Goods in hand at 30 Jan	£ 374.00	£ 309.00
Gross profit		£ 103.00
(-) Expenses		
Wages	£ 58.00	
Office expenses	£ 3.00	£ 61.00
Net profit or / Loss		£ 42.00

Statement of Financial Position at 31th January

Total Assets:	£	1.091	
Fixed assets			
Furniture and fittings	£	198.00	
Office desk	£	32.00	£ 230.00
Current assets			
Cash	£	323.000	
Goods in hand	£	374.00	
Receivable (Moon)	£	26.00	
Receivable (Harvey)	£	138.00	£ 861.00
Liabilities			
Capital	£	1.049	
(+) Net Profit/Loss	£	42.00	
(-) Drawing			
New Capital			£ 1.091

Assets = Liabilities +Capital

TASK 4

Ledger accounts and recording of transactions in the books of Ricardo

Date	Description		DEBIT	CREDIT
02-Jun				
	Account Receivable (Clarie)		£8,500.00	
	Sales			£ 8,500.00
	(Sold goods to Clarrie on credit)			
13-Jun	Purchase		£ 12,000.00	
	Account Payable (Georgina)			£ 12,000.00
	(Purchased goods from Georgina on credit)			
14-Jun	Hywel A/c		£ 8,550.00	
	Sales A/c			£ 8,550.00
	(Sold goods to Hywel)			
20-Jun	Cash		£ 6,000.00	
	Sales			£ 6,000.00
	(Sold Goods to Jane for cash)			
21-Jun	Purchase A/c		£ 4,500.00	
	Account Payable (Andrew)			£ 4,500.00
	(Bought goods from Andrew on credit)			
22-Jun	Sales returned A/c		£ 1,000.00	
	Clarie A/c			£ 1,000.00
24-Jun	Account Receivable (Mandy)		£ 5,000.00	
	Sales A/c			£ 5,000.00
	(Mandy bought goods)			
24-Jun	Cash A/c		£ 7,125.00	
	Sales discount A/c		£ 375.00	
	Account Receivable (Clarie)			£ 7,500.00
	(Clarie paid after discount)			
25-Jun	Cash A/c		£ 8,550.00	
	Account Receivable Hywel			£ 8,550.00
	(Payment made to Hywel a/c)			

25-Jun	Georgina A/c		£ 12,000.00	
	Cash A/c			£ 11,160.00
	Purchase Discount			£ 840.00
	(Ricardo paid Georgina after discount)			
27-Jun	Andrew account A/c		£ 4,500.00	
	Cash A/c			£ 4,410.00
	Purchase Discount			£ 90.00
	(Payment made to Andrew)			
			£ 78,100.00	£ 78,100.00

Ledger accounts

Sales account

Date	Description	Amount (£)	Date	Description	Amount (£)
30 June 18	Trading a/c	£28,050.00	02 June 18	Claire	£8,500.00
			14 June 18	Hywel	£8,550.00
			20 June 18	Cash	£6,000.00
			24 June 18	Mandy	£5, 000.00
	Total	£28,050.00		Total	£28,050.00

Purchase account

Date	Description	Amount (£)	Date	Description	Amount (£)
13 June 18	Georgina	£12,000.00	30 June 18	Trading a/c	£16,500.00
21 June 18	Andrew	£45,00.00			
	Total	£16,500.00		Total	£16,500.00

Claire account

Date	Description	Amount	Description	Amount
02 June 18	sale	£8,500.00	Cash	£7,125.00
			Discount allowed	£375.00
	Total	£8,500.00	Total	£8,500.00

Georgina account

Date	Description	Amount (£)	Date	Description	Amount (£)
25 June 18	Cash	£11,160.00	13 June 16	Purchase	£12,000.00
	Discount received	£840.00			
	Total	£12,000.000		Total	£12,000.00

Hywel account

Date	Description	Amount (£)	Date	Description	Amount (£)
14 June 18	Sales	£8,550.00	25 June 18	Cash a/c	£8,550.00
		£8,550			£8,550

Andrew account

Date	Description	Amount (£)	Date	Description	Amount (£)
27 June 18	Cash	£4,410.00	21 June 18	Purchase a/c	£4,500.00
	Discount received	£90.00			
		£4,500.00			£4,500.00

Cash account

Date	Description	Amount (£)	Date	Description	Amount (£)
20 June 18	Sales	£6000.00	25 June 18	Georgian	£11,160.00
14 June 18	Hywel	£8,550.00	27 June 18	Andrew	£4,410.00
24 June 18	Claire a/c	£7,125.00	30 June 18	Balance c/d	£6,105.00
		£21,675.00			£21,675.00

Sales return account

Date	Description	Amount (£)	Date	Description	Amount (£)
22 June 18	Claire a/c	£1,000.00	30 June 18	Trading a/c	£1,000.00
		£1,000.00			£1,000.00

Mandy account

Date	Description	Amount (£)	Date	Description	Amount (£)
24 June 18	Sales	£5,000.00	30 June 18	Balance c/d	£5,000.00
		£5,000.00			£5,000.00

Discount allowed account

Date	Description	Amount (£)	Date	Description	Amount (£)
24 June 18	Claire	£375.00	30 June 18	Balanced c/d	£375.00
	Total	£375.00		Total	£375.00

Discount Received account

Date	Description	Amount (£)	Date	Description	Amount (£)
30 June 18	To P&L	£930.00	25 June 18	Georgina	£840.00
			27 June 18	Andrew	£90.00
		£930.00			£930.00

Trial balance on 31-st of June

Description	Debit amount	Credit amount
Sales		£27,050.00
Purchase	£16,500.00	
Cash a/c	£6,105.00	
Discount received		£930.00
Discount allowed	£375	
Sales return	£1,000.00	
Mandy	£5,000.00	
Total	£27,980.00	£27,980.00

TASK 5

- **Revenue expenditure**

1. Discussion

- **Introduction**

Revenue expenditure is the cost that is mainly charged to cost that is incurred. Using this process business mainly links expense that is incurred to revenue. This helps to generate day to day expense of business such as office supplies, rent, and utilities. It includes repairing expenses that are incurred to run business organisation.

- **Definition**

Revenue expenditure is the expense that is incurred in business for day to day activities. As opined by Ferrando et al. (2017), thus it helps industries to see the revenue of business.

- **Examples**

Revenue expenditure mainly exists in small business enterprises. Small owners try to maintain assets in business, so this expenditure is being used by them. There are various examples of revenue expenditure that are shown below:

- **Monthly rental expense**

Small business enterprises pay rental expenses of various supplies and equipment of the business. As said by MacKinnon (2015), starting from physical location to various supply management in business keeps business moving and increases the revenue.

- **Packaging supplies cost**

In a business packaging supplies are used to move goods from production house to customer hands. Thus, there is cost of packaging for these products that are revenue expenditure. Hence, this expense is necessary for day-to-day operation of business (Wood,2015).

- **Inventory software in business**

This helps organisation to know what they have in the stock of company and shows what new items being reordered. As opined by Dyson (2007b), without such software business organisation is unable to process further orders for their customers. Thus, from time to time business organisation has to invest money for upgrading the software to run business smoothly and keep current trends in their industries.



Figure 1: Examples of revenue expenditure

(Source Created: By learner)

- **Capital expenditure**

2. Discussion

- **Introduction**

Capital expenditure is the money that is spent to repair, buy and improve the fixed assets of company such as business, building or equipment. It helps to protect shareholders interest and as well as of the industry to avoid under investment and over investment of fixed assets. It is used to improve, buy and extend the life of fixed asset in organisation.

- **Definition**

Capital expenditure is the fund used by industry to upgrade their asset such as buildings, equipment of organisation for maintenance in the organisation. As mentioned by Georgiadis and Pitelis (2016), is a long-term period run in business organisation.

- **Examples**

There are various examples of capital expenditure in an organisation that are shown below:

- **Buildings**

It includes the various expenses that are incurred in the organisation while renovating the infrastructure of organisation.

- **Land**

When organisation purchases any land for expanding the area of business cost of upgrading the land is required. As opined by Ward and Thomas (2012) if the land is used for any irrigation purpose then cost of irrigation facility or other related cost like parking lot for organisation is incurred as capital expenditure.

- **Expenditure incurred on installation of machinery and other office equipment**

It includes the capital expense incurred for installing new machinery in organisation. As said by Obeng (2015), thus other equipment required in office like lights, computers etc this are all the various expenses in industry.

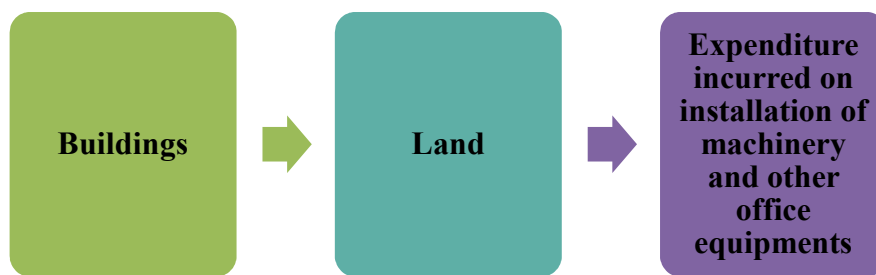


Figure 2: Examples of capital expenditure

(Source Created: By learner)

- **Comparison**

Comparison Basis	Revenue Expenditure	Capital Expenditure
Term period in business	Revenue expenditure in business is for a short time period.	Capital expenditure is for a long time period in business.
Business earning capacity	Revenue expenditure in business mainly maintain the earning capacity of business	Capital expenditure in business tries to improve the earning capacity and increases the revenue
Method of showing	This expenditure is mainly shown in income statement of the organisation	It is generally shown in balance sheet and income statement
Benefits	Revenue expenditure benefits industries by calculating revenue only in current accounting year	Capital expenditure benefits industries by calculating capitals more than one accounting year.
Concept of matching	Revenue expenditure is generally matched with revenue receipts of industries	Capital expenditure is not being matched with any capital receipts of industries

Table 1: Comparison of capital and revenue expenditure

(Source created: Georgiadis and Pitelis, 2016)

- **Conclusion**

Revenue expenditure and capital expenditure are very important in organisation in earning revenue for present and coming years. Both have their own pros and cons in the organisation. In revenue expenditure it helps to know the bulk of cash present in the organization to run business smoothly. Various examples of capital and revenue expenditure are shown that are incurred in day-to-day business of organisation. Thus, it is seen that using capital expenditure in business, generally benefits more than one year in the industry. However, revenue expenditure only benefits organisation for the current accounting year and not more than that. Revenue expenditure is shown in income statement of the organisation and hence it is mainly accounting for short term period in the business.

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