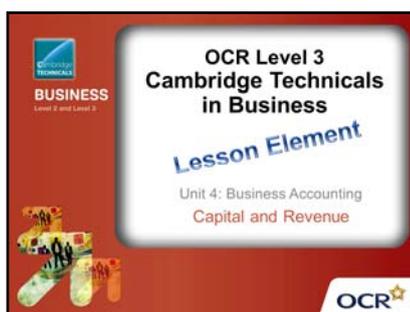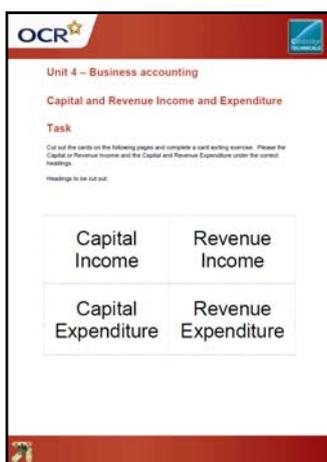# Unit 4 – Business accounting

Capital and Revenue Income and Expenditure

Instructions and answers for Teachers

These instructions should accompany the OCR resource 'Capital Revenue Income and Expenditure' which supports the OCR Level 3 Cambridge Technicals in Business Unit 4 – Business Accounting

Associated Files:
Capital and Revenue presentation
Capital and Revenue worksheet

Expected Duration:
Task approx. 25 minutes

Learners should gain an understanding of the main differences between Income and Expenditure within a business and be able to identify and explain why they are Capital Revenue Income and Expenditure from completing this short task.

Task

Cut out the cards on the following pages and complete a card sorting exercise. Place the Capital or Revenue Income and the Capital and Revenue Expenditure under the correct headings.
The cards should be sorted as follows:

Capital Income Further capital invested by Partners Capital invested by sole trader Loan received Money received from sale of shares	**Revenue Income** Sales Rent Received Commission Received
Capital Expenditure Purchase of a Vehicle Extension to a factory Legal costs involved with the purchase of a new factory Cost of posting goods to customers Painting factory	**Revenue Expenditure** Wages Electricity bill Purchase of stationery

Incomes and Expenditures to be cut out:

Purchase of a Vehicle	Monetary proceeds from the sale of an old Machine
Sales	Commission Received
Rent Received	Capital invested by sole trader
Further capital invested by Partners	Loan received
Extension to a factory	Painting factory
Legal costs involved with the purchase of a new factory	Electricity bill
Cost of posting goods to customers	Money received from sale of shares
Wages	Purchase of stationery

These activities offer an opportunity for English skills development.

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