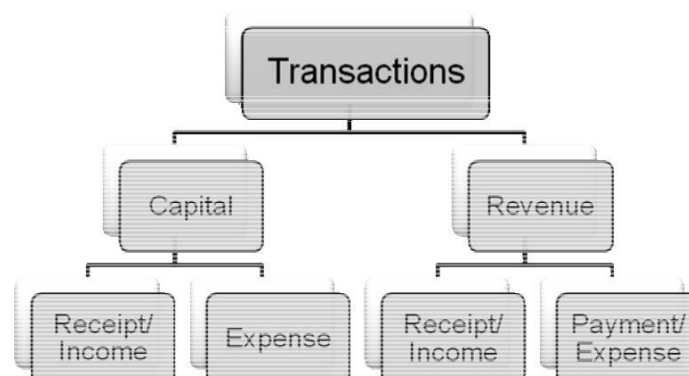


Important Topics Exposition:

[The important information of this chapter has been provided here at a glance.]

1. Benefits can be enjoyed for more than a year through – Capital Transaction.
2. Capital Transactions – give more benefits than Revenue Transactions over the period
3. The cost of launching old or outdated fixed assets is – Capital Expenditure.
4. National profit margins – short term, regular and small scale transactions.
5. Capital Receipts indicate – Business Liabilities.
6. The receipts, which are irregular, amount of which are and the benefits of which are more than a year, are known as – Capital Receipts.
7. Capital Receipts – Capitalization, borrowing loan / loan taken, sale of investment and sale of fixed assets (land, furniture, machineries etc).
8. A part of capital receipts – Capital Income.
9. Capital Income = (selling price of fixed assets – book value of fixed assets).
10. Capital Income / Capital Revenue – profit on sale of fixed assets.
11. Characteristics of Capital Expenditure – provides irregularly large numbers and benefits over a year, wealth expand and life expectancy increases.
12. Expenditure that are irregularly, large amount and offer benefits over a year – Capital Expenditure.
13. Any expenditure leads to expansion of wealth and increase of life expectancy – Capital Expenditure.
14. Purchase of fixed assets – Capital Expenditure.
15. Through Capital Expenditure – fixed assets are earned.
16. Regular collection is done and the utility expires within a certain period – Revenue Income.
17. Sales, bank deposit, interest receivable, rent receivable and commission receivable – Revenue Income.
18. The recurring expenses of an organization are to run the business and the utility of which is expired within short time is called – Revenue Expense.
19. Product purchase, fancy goods, salary and rent, advertising expense, capital interest, daily repair of machinery – Revenue Expenditure.
20. Although not required, it contributes to asset maintenance – Revenue Expenditure.
21. Based on Capital Receipt and Capital Expenditures – Statement of Financial Condition are made.
22. Deferred Revenue Expenditure – big expense of advertising, expense of transferring business organization, new product research expense and preliminary expense of business start.



CQs for Self-assessment:

1. On March 2018 the following business transactions occurred in Polash Traders: -

Date	Particulars
March-01	Business transfer expense Tk. 30,000 from Pahattali to Agrabad.
March-03	Stationery purchased Tk. 3,500.
March-05	New machine purchased Tk. 2,00,000.
March-06	Carriage for newly purchased machine Tk. 8,000.
March-08	New machine installation cost Tk. 20,000.
March-11	Purchase printing ink for the computer Tk. 3,500.
March-13	New battery and tire purchased for office car Tk. 45,000.
March-15	Research expenses for new goods Tk. 20,000.

Requirement:

- Calculate the amount of deferred revenue expenditure.
 - Determine the amount of capital expenditure & revenue expenditure.
 - Determine the amount of capital receipt and capital income, if the machine bought on march 5 sold for Tk. 2,40,000.
2. 'Ali Stores' is a stationery shop of English road 20/155. Assets and liabilities of the shop at 1st January 2018 are as below: -

Name of accounts	Taka
Loan receive	25,000
Dividend received	5,000
Capital	10,000
Goods sales	35,000
Interest on investment	6,000
Machineries purchase	20,000
Furniture purchase	45,000
Electric expenses	300
Business transfer cost	40,000
Research cost of new product	10,000
Import duty	1,500
Apprenticeship premium	6,000
Transport cost	4,000
Interest given on loan	700

Requirement:

- Calculate the amount of deferred revenue expenditure.
 - Calculate the amount of capital receipt and capital expenditure.
 - Determine the difference amount between revenue income and revenue expenditure in light of the stem.
3. On June 2018 the following business transactions are occurred in the business of Emran: -

Date	Particulars
June -01	Started a business with cash Tk. 50,000.
June -03	Goods purchased Tk. 50,000.
June -05	Purchase of share Tk. 50,000.
June -06	Telephone bill Tk. 3,000 paid.
June -08	Cost of electricity connection Tk. 20,000.
June -11	Purchase of machinery Tk. 40,000.
June -13	Insurance premium Tk. 5,000.
June -15	Import duty tk. 2,000.
June -26	Set up cost of machine tk. 20,000.
June -30	Sales of table Tk. 15,000.

Requirement:

- Calculate the amount of capital receipt.
- Determine the amount of revenue expenditure.
- Determine the amount of capital expenses.

4. A few transaction of Jannat Traders occurred in 2018 are as follows: -

Sl. No	Particulars
1	Business was started taking cash Tk. 2,00,000 and furniture worth Tk. 50,000.
2	Goods sold Tk. 1,80,000 of which 50% is on credit.
3	Purchased goods worth Tk. 1,00,000 of which 40% is on cash.
4	Received interest on investment Tk. 10,000 which included Tk. 3,000 of previous years.
5	Paid rent Tk. 20,000 which included tk. 5,000 for next year.
6	Taken loan from bank Tk. 1,50,000.

Requirement:

- Calculate the amount of capital receipt.
- Determine the amount of revenue income & revenue receipt.
- Determine the amount of revenue expenditure & revenue payment.

Board MCQ:

- Sale of old machine Tk. 20,000, after depreciation price Tk. 18,500. What type of transaction the surplus is?
 - Revenue income
 - Capital income
 - Revenue expenditure
 - Capital expenditure
- Which one is revenue income?
 - Sales
 - Loan
 - Sale of share
 - Bank interest charged

[Considering the following information, answer the question no. 3 & 4.]

Mr. 'Y' started his business taking Tk. 2,00,000 in cash. His some transactions were as follows on this year.

- Drawings Tk. 5,000 from the business
 - Paid Vat Tk. 3,000 of the business
 - Taken loan from the bank tk. 2,000
 - Mr. 'Y' brought his computer worth Tk. 45,000 into the business
- According to the stem what was the capital of Mr. 'y' at the end of the year?
 - Tk. 2,36,000
 - Tk. 2,50,000
 - Tk. 2,40,000
 - Tk. 4,50,000
 - What was the capital receipt?
 - Tk. 2,00,000
 - Tk. 4,00,000
 - Tk. 2,45,000
 - Tk. 4,45,000

[Considering the following information, answer the question no. 5 & 6.]

Mr. Jahid purchased a machine for Tk. 4,00,000. He paid Tk. 5,000 for carriage and Tk. 15,000 for its installation expenses. Next time he sold the machine for Tk. 4,40,000 for its useless.

- What is the amount of capital expenditure of Mr. Jahid?
 - Tk. 4,20,000
 - Tk. 4,40,000
 - Tk. 4,15,000
 - Tk. 4,05,000
- What is the amount of capital income of Mr. Jahid?
 - Tk. 40,000
 - Tk. 15,000
 - Tk. 20,000
 - Tk. 5,000

[Considering the following information, answer the question no. 7 & 8.]

ON 1ST January 2013, Miss Apshora purchased a machine Tk. 60,000 for her business and its installation expense Tk. 10,000 is done by her. On December 2015, after deducting depreciation the value of the machine is stand for Tk. 40,000.

- What will be treated for spending Tk. 70,000 of Miss. Apshora?
 - Capital receipt
 - Capital expenditure
 - Revenue expenditure
 - Deferred revenue expenditure
- What is the amount of capital income of Mr. Jahid?
 - Tk. 40,000
 - Tk. 10,000
 - Tk. 30,000
 - Tk. 50,000

9. Revenue nature expenditure is -
 i) Purchased goods
 ii) Purchased machinery
 iii) Import duty
 Which one is correct?
 a) i& ii
 b) ii & iii
 c) i& iii
 d) i, ii & iii
10. Which one occurs regularly?
 a) Capital transaction
 b) Revenue transaction
 c) Deferred revenue transaction
 d) Asset transaction
11. Capital transaction are -
 i) Long term
 ii) irregular
 iii) large
 Which one is correct?
 a) i& ii
 b) ii & iii
 c) i& iii
 d) i, ii & iii
12. Which of the following is taken for assets maintained but not assists requisition?
 a) Revenue expenditure
 b) Capital income
 c) Revenue income
 d) Capital expenditure
13. Differed revenue expenditure is -
 i) Transfer cost of business
 ii) Excessive repairing cost of machineries
 iii) Research cost of new product
 Which one is correct?
 a) i& ii
 b) ii & iii
 c) i& iii
 d) i, ii & iii
14. Which one is capital nature transaction??
 a) Furniture
 b) Advertisement
 c) Stationery
 d) Insurance
15. Import duty on goods purchased is -
 a) Capital receipt
 b) Capital expenditure
 c) Revenue expenditure
 d) Deferred revenue expenditure
16. Repairing cost of building after one year is a -
 a) Capital receipt
 b) Capital expenditure
 c) Revenue expenditure
 d) Deferred revenue expenditure
17. Purchase price of a machine is Tk. 95,000; insurance Tk. 1,000; and advertising cost of product made by using that machine is Tk. 10,000 and installation cost of machine is Tk. 4,000. What is the amount of capital expenditure?
 a) Tk. 95,000
 b) Tk. 1,10,000
 c) Tk. 96,000
 d) Tk. 1,00,000
18. What is the interest on investment?
 a) Revenue income
 b) Capital receipt
 c) Deferred revenue expenditure
 d) Capital expenditure
- [Considering the following information, answer the question no. 19 & 20.]**
 Including Tk. 2,200 for 2017, house rent received Tk. 5,000 in 2018. Among the amount Tk. 800 was 2019.
19. What is the amount of revenue income?
 a) Tk. 2,000
 b) Tk. 5,000
 c) Tk. 3,000
 d) Tk. 5,800
20. Revenue of the stem is -
 i) Collected regularly
 ii) Collected irregularly
 iii) The utility expires within a definite period
 Which one is correct?
 a) i& ii
 b) ii & iii
 c) i& iii
 d) i, ii & iii
21. What type of transaction of import duty?
 a) Revenue
 b) Deferred revenue
 c) Capital
 d) Operating

[Considering the following information, answer the question no. 22 & 23.]

Mr. Hasan purchases a car for his business value Tk. 3,00,000. After two months, he pays Tk. 40,000 for changing the tires of the car. After eight months, he pays Tk. 2,000 for repairing the car.

22. From the above information what is the amount of revenue expenditure?

- a) Tk. 3,42,000
- b) Tk. 3,00,000
- c) Tk. 3,00,000
- d) Tk. 8,00,000

23. How much more closing capital is then opening capital?

- a) Tk. 50,000
- b) Tk. 1,50,000
- c) Tk. 3,40,000
- d) Tk. 3,42,000

[Considering the following information, answer the question no. 24 & 25.]

Recently Mr. Jahid has transferred his business from Muradur to GEC with Tk. 1,00,000. He paid Tk. 30,000 to advertising firm for publicity of goods for 3 years.

24. What is the amount of deferred revenue expenditure of Mr. Jahid?

- a) Tk. 1,10,000
- b) Tk. 1,20,000
- c) Tk. 1,30,000
- d) Tk. 1,40,000

25. What is the amount of revenue expenditure of Mr. Jahid?

- a) Tk. 10,000
- b) Tk. 30,000
- c) Tk. 20,000
- d) Tk. 40,000

[Considering the following information, answer the question no. 26, 27 & 28.]

on 31st December 2017, the sales ledger balance Tk. 60,000; apprenticeship premium Tk. 20,000; closing stock Tk. 28,000 and advertisement Tk. 12,000.

26. What is the amount of current assets?

- a) Tk. 80,000
- b) Tk. 1,08,000
- c) Tk. 88,000
- d) Tk. 1,20,000

27. What is the amount of revenue expenditure?

- a) Tk. 12,000
- b) Tk. 48,000
- c) Tk. 32,000
- d) Tk. 40,000

28. Which one is the revenue receipt?

- a) Apprenticeship premium
- b) Closing stock
- c) Advertisement
- d) Sales ledger balance

29. Advertisement was paid Tk. 20,000 for five years. What is the amount of deferred advertisement at the end of the first year??

- a) Tk. 4,000
- b) Tk. 20,000
- c) Tk. 12,000
- d) Tk. 16,000

30. What is the large amount spent for machine repair?

- a) Revenue receipts
- b) Deferred revenue expenditure
- c) Capital receipts
- d) Capital expenditure