1. Cairns Engineering Co

 Capital Revenue

 £ £

(a) New stationery and brochures – 411

(b) New pickup truck 18,000 –

(c) New lathe 5,200 –

(d) Delivery costs – lathe 200 –

(e) Electricity – wiring 1,800

 – Electricity costs 2,100

(f) Wages – Re: improvements 20,000

 – Other 45,000

 Total 45,200 47,511

**Capital**: Capital expenditure is incurred when a business spends money to either: buy non-current / fixed assets, or add to the value of an existing non-current / fixed asset.

**Revenue**: Revenue expenditure is expenditure that does not increase the value of non-current / fixed assets but is incurred in the day-to-day running expenses of the business.

2. G Singh

 Income Statement for the year ended 31 December 2013

 £ £

Sales 73,848

Less Cost of goods sold:

Purchases 58,516

Less Closing inventory 10,192 48,324

Gross proﬁt 25,524

Less Expenses:

Wages 8,600

Motor expenses 2,080

Rates 2,680

Insurance 444

General expenses 420 14,224

Net proﬁt 11,300

3. Mrs P Stewart

 Income Statement for the year ended 31 March 2013

 £ £

Sales 24,765

Less Cost of goods sold

Purchases 13,545

Less Closing inventory 2,345

 11,200

Gross proﬁt 13,565

Less Expenses:

Staff wages 2,100

Rent and rates 1,580

Electricity 565

Motor expenses 845

Insurance 345

General expenses 245

 5,680

Net proﬁt 7,885

4. T Mann

 Income Statement for the year ended 31 December 2013

 £ £ £

Sales 52,790

Less Sales returns 490

 52,300

Less Cost of goods sold

Opening inventory 5,690

Add Purchases 31,000

Carriage inwards 1,700

 32,700

Less Purchases returns 560 32,140

 37,830

Less Closing inventory 4,230 33,600

Gross proﬁt 18,700

Less Expenses:

Rent 1,460

Salaries and wages 5,010

Motor expenses 3,120

Carriage outwards 790

General expenses 420 10,800

Net proﬁt 7,900