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If you answer question 6, put a cross in this box (☒).

Source material for question 6 is on pages 10 and 11 of the source booklet.

6. (a) (i) Distinguish between **capital expenditure** and **revenue expenditure**.

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(ii) Explain, giving your reasons, whether each of the three business changes is capital expenditure or revenue expenditure.

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(ii) Comment upon the sufficiency of the above ratios.

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(c) Evaluate the decision taken by Sadia to pay for the business expansion from her bank balance.

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(Total 32 marks)

Q6



(b) (i) Distinguish between **errors of commission** and **errors of principle**.

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(ii) From the ledger account of Coldstream Traders, identify **one** example of an error of commission and **one** example of an error of principle.

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