

TAVUA COLLEGE
YEAR 11 ACCOUNTING
WEEKLY HOME STUDY PACKAGE - WEEK 1 (05/07/21 – 09/07/21)

SOLUTION

1. Statement of Financial Performance is a summary statement of expenses and revenues to calculate net profit or loss. **(1 mark)**

2. The 3 types of operating expenses are selling and distribution expense, administrative expenses and Financial expenses.

Selling and distribution expense is defined as expenses incurred in connection with selling, delivering, storage, promotion and distribution of goods and services **example** cartage outwards, delivery vehicle expense, salesman wages, advertising.

(1 mark for definition, ½ mark each for two examples)

Administrative expenses are expenses associated with the overall management of the business **example** insurance, depreciation on office equipment, general wages.

(1 mark for definition, ½ mark each for two examples)

Financial expenses are expenses in connection with collecting debts, paying interest and allowing discounts **example** bad debts, doubtful debts, interest on mortgage, interest on loan.

(1 mark for definition, ½ mark each for two examples)

3. **Operating expenses** are those that incurs in the normal running of the business while **Non-operating expenses/other expenses** are expenses incurred but **not** in the normal course of the business. **(2 marks)**

4. Selling and Distribution expense. **(1 mark)**

5. Financial Expense. **(1 mark)**