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Accountancy Class XI

Chapter 2 Basic Accounting Terms | With Sarita Ma'am



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Welcome

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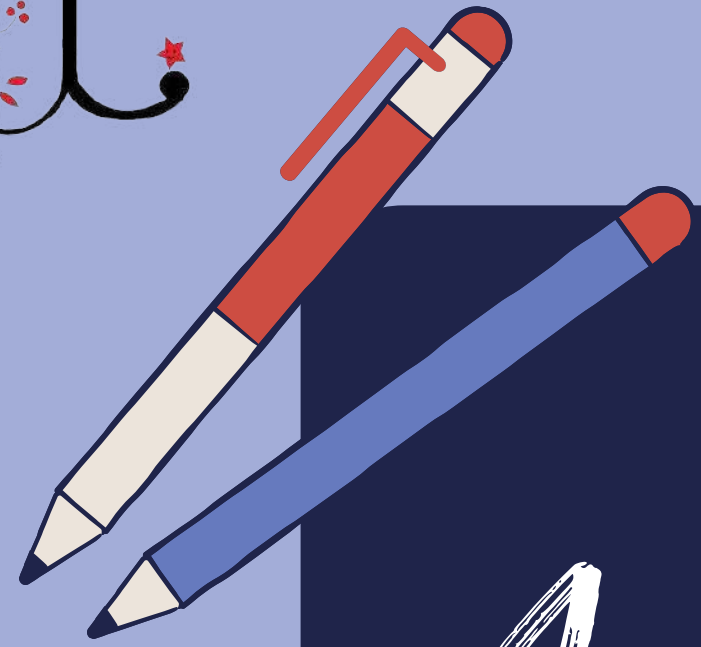
Accountancy Class XI

Chapter 2 Basic Accounting Terms

Entity,
Business Transaction,
Capital, Drawings.
Liabilities (Non Current and Current).
Assets (Non Current, Current);
Expenditure (Capital and Revenue),
Expense, Revenue, Income,
Profit, Gain, Loss, Purchase, Sales, Goods,
Stock, Debtor, Creditor, Voucher,
Discount (Trade discount and Cash Discount)



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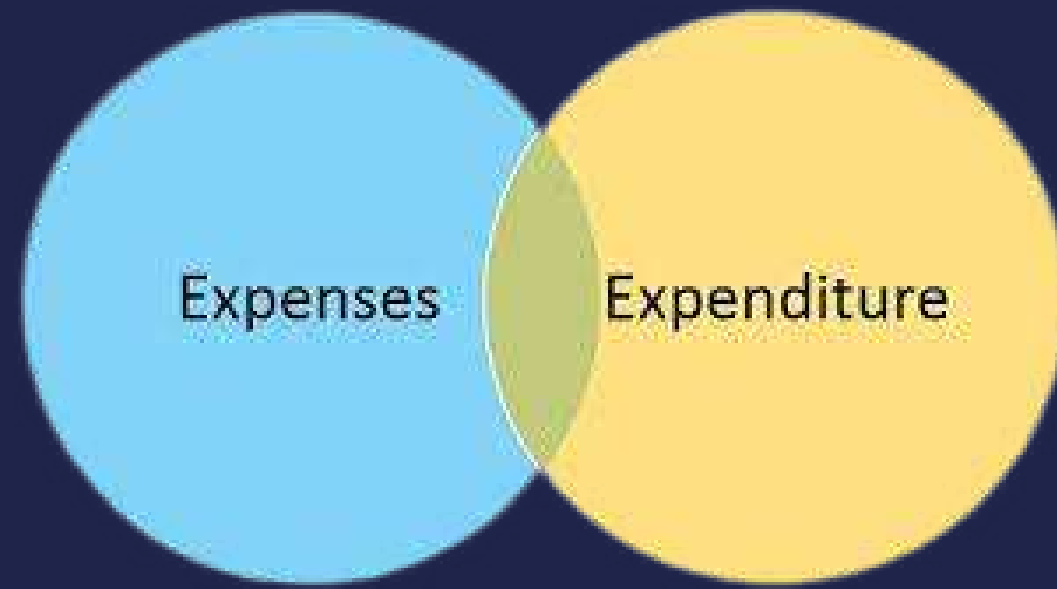
Chapter 2 Basic Accounting Terms

PART 8

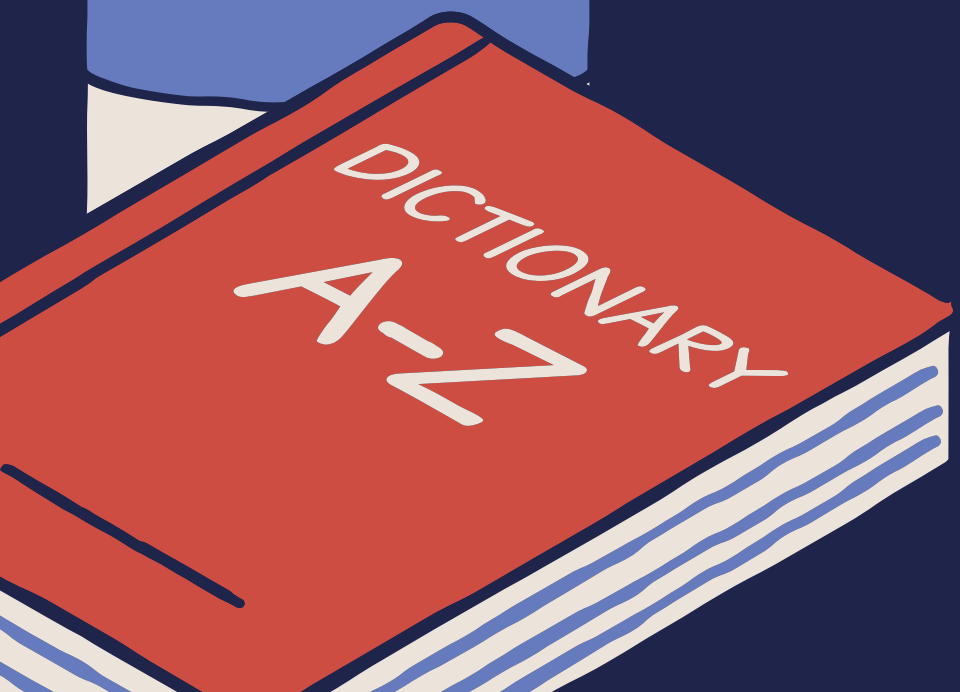
Difference



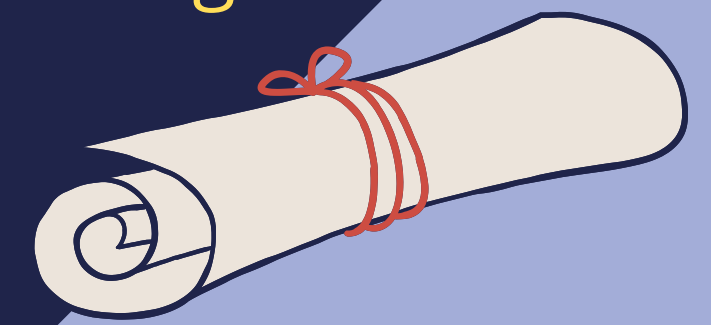
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Difference Between Expenditure and Expense

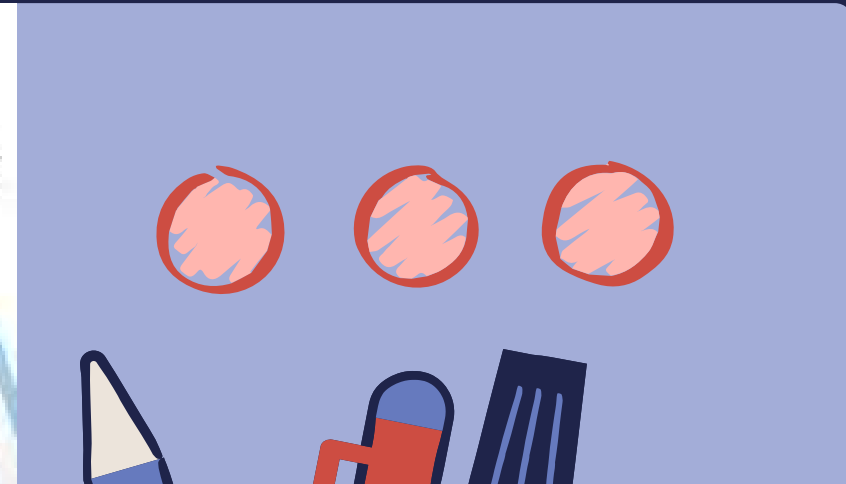


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U7. Expenditure



Money spent or liability incurred for acquiring goods or services or asset is called **an expenditure**.

Thus, an expenditure is a **payment for a benefit received**.

Examples: Payment of rent, salary, purchase of goods, purchase of land, machinery, furniture etc.





8. Expense



Expense is the cost incurred for generating revenue (producing goods and services for sell purpose)

It is a value which has **expired during the accounting period.**

Examples: Payment of rent, salary, purchase of goods, etc.



Difference Between Expenditure and Expense



Basis

Examples



Expenses

Expenditure

Expenditure

Cost of Machinery
Cost of Building
Cost of labour (Wages),
Cost of Manager (Salary)
Rent of Building

Expense

Cost of labour (Wages),
Cost of Manager (Salary)
Rent of Building



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Difference Between Expenditure and Expense



Basis

Meaning

Expenses

Expenditure



Expenditure

Spending money or incurring a liability for some benefit, service or property received is called **EXPENDITURE**.

Expense

Cost incurred by a business in the process of earning revenue are known as **EXPENSES**



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Difference Between Expenditure and Expense



Basis

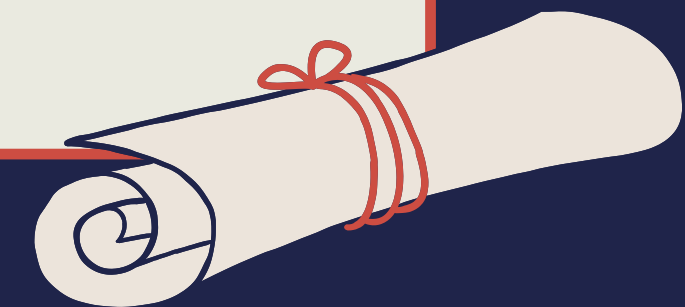
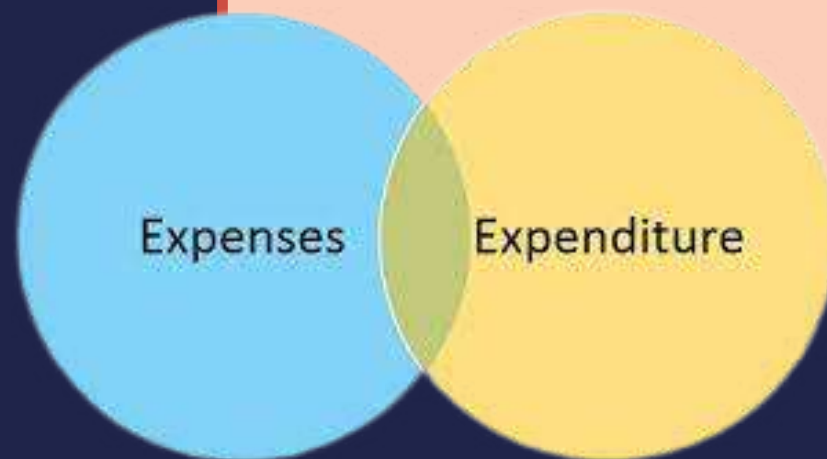
Tenure

Expenditure

Long term and short term both

Expense

Short term only



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Difference Between Expenditure and Expense



Basis

Types



Expenses

Expenditure

Expenditure

**Capital
Expenditure
and
Revenue
Expenditure**

Expense

**Direct Expense
and
Indirect Expenses**



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Difference Between Expenditure and Expense



Basis

How to identify.



Expenses

Expenditure

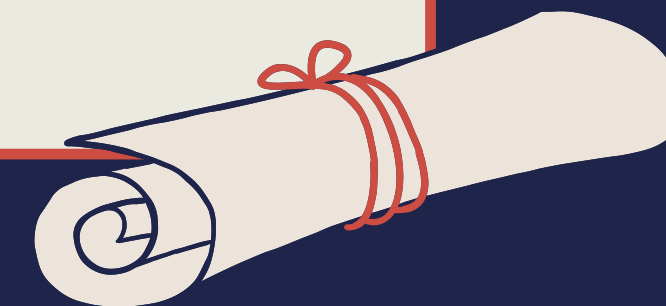
Expenditure

If the benefit of expenditure is exhausted within a year, it is treated as an expense (also called revenue expenditure)

On the other hand, the benefit of an expenditure lasts for more than a year, it is treated as an asset (also called capital expenditure)

Expense

Expenses are measured by the cost of assets consumed or services used during an accounting period.





Difference Between
Expenditure
and
Expenses



**Not all expenditures are
expenses
but all expenses are
expenditure**





Difference Between
Expenditure
and
Expenses





Additional Resources



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Thank You

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