**C2: Types of Income**

**READ:** Text book pages 85 – 87 (stop at types of expenditure)

**WATCH:** Bee Business Bee topic video on Capital and Revenue Income (approx. 3mins) <https://www.youtube.com/watch?v=vgIojU9HQfE>

**Key terminology**

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| **Fixed Assets/ Non-current Asset/ Capital Items** |  |
| **Assets** |  |
| **Commission** |  |
| **Income** |  |
| **Capital Income** |  |
| **Revenue Income** |  |

Income is money coming into the business. There are two categories of income:

1. Capital income
2. Revenue Income

**Capital income**

* Money put into the business by the owner(s) to get it started or to buy **non-current assets** or **fixed assets**

Examples: Loans, Mortgages, Shares, Owners Capital, Debentures

**Revenue Income**

* Income earned by the business by selling products or providing services.

Examples: Sales revenue (cash or credit), rent received, commission received, interest received, discount received

**Past paper questions**

1. Give one reason for recording financial transactions. [1 mark]

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2. Give two examples of capital income a small business is likely to have. [2 marks]

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