



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



SUBJECT: FINANCIAL MANAGEMENT

LEVEL: 2

**MODULE 10: IDENTIFYING EXPENSES THAT REQUIRE
IMPROVEMENT**

IDENTIFYING EXPENSES THAT REQUIRE IMPROVEMENT

After completing this topic, you will be able to:

- Explain what an expense is.
- Identify different types of expenses.
- Explain regular and irregular expenses.

IDENTIFYING EXPENSES THAT REQUIRE IMPROVEMENT

- Expenses have a negative effect on the net profit of a business.
- They occur in all businesses, but have to be limited as far as possible.
- The financial manager must therefore strictly control operating expenses.

TYPES OF ACCOUNTS

Monthly expenses (fixed/regular expenses)

- This types of expenses appears every months in the books of the business.
- Examples are telephone, wages, salaries, water and electricity, and fuel.
- They appear every month because a business cannot function without a phone, electricity, or workers(salaries and wages).