**2.2.2 Sales, revenue and costs**

1. Distinguish between sales volume and sales revenue.

Sales volume is the quantity of sales expressed in units e.g. tons whereas sales revenue is the sales volume multiplied by the selling price. It is therefore expressed as a monetary value.

1. Allocate each cost to the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| Fixed costs | | Variable costs | |
| Cost | £s | Cost | £s |
| Rent and rates | £150 000 | Operatives’ wages | £100 000 |
| Managers’ salaries | £170 000 | Raw materials | £75 000 |
| Interest payments | £22 000 | Promotional expenditure | £17 000 |
| Broadband | £2 500 | Commission | £15 000 |
|  |  | Courier fees | £10 000 |

1. Based on the table above what are?
   1. Total fixed costs
      * £344 500
   2. Total variable costs
      * £217 000
   3. Total costs
      * Fixed costs + variable costs
      * £344 500 + £217 000 = £561 500
   4. Fixed costs as a percentage of total costs
      * Fixed costs/total costs x 100
      * £344 500/£561 500 x 100 = 61%
   5. Variable costs as a percentage of total costs
      * Variable costs/total costs x 100
      * £217 000/£561 500 x 100 = 39%