

## Calculating Revenue

**Revenue** is the income earned by a business over a period of time, e.g. one month.

$$\text{Revenue} = \text{units sold} \times \text{selling price}$$

1. A business sells 1000 small boxes of chocolates at £4.00 each, what will the revenue be?

$$1000 \times \text{£}4.00 = \text{£}4,000$$

2. Which of the following is a source of revenue for a hairdressing business?
- Advertising
  - Selling shampoo & conditioning products
  - Staff wages
  - Electricity bill

3. Where do each of these businesses get their income from?

Type of Business	Sources of Revenue
Magazine	Magazine Sales Selling advertising space in magazine Subscriptions
Football Club	Tickets Merchandise Food outlets*
Market Trader selling fruit and vegetables	Sale of fruit & veg

4. In one month Jane sold 950 pots of home-made honey at £4 each. What was her total revenue?

$$950 \times \text{£}4.00 = \text{£}3,800$$

5. A computer shop sold 210 computers and 300 tablets. Each computer was £350 and each tablet was £300. What was the total revenue for that month?

$$\text{comp: } 210 \times \text{£}350 = \text{£}73,500 \quad \text{Tablet: } 300 \times \text{£}300 = \text{£}90,000$$

$$\begin{aligned} \text{TR} &= \text{£}73,500 + \text{£}90,000 \\ &= \text{£}163,500 \end{aligned}$$

6. What is the total revenue of 500 buckets sold at £5 each?

$$500 \times £5.00 = £2,500$$

7. A sandwich shop sells the following items in a particular day:

- a. 100 sandwiches at £1.75 each
- b. 85 cans of drink at 60p each
- c. 45 pies at £1.10 each

Calculate the income (revenue) for each item separately and then add them to get the total for the three items combined.

$$\begin{aligned} A: & 100 \times £1.75 = £175 \\ B: & 85 \times £0.60 = £51 \\ C: & 45 \times £1.10 = £49.50 + \\ & \underline{\underline{£275.50}} \end{aligned}$$

8. A popular magazine has several sources of revenue and various items of expenditure. In the table below, put a cross (X) in the correct column to show whether each item is revenue or expenditure.

	Revenue	Expenditure
Sales in newsagents and other outlets	X	
Annual subscriptions by readers	X	
Paper and printing		X
Advertisements for beauty products and clothes	X	
Staff wages		X
Distribution to sales outlets		X

9. Complete the formula for calculating revenue. Select from the options below:

$$\text{Revenue} = \underline{\text{Number of sales}} \times \underline{\text{price per unit.}}$$

Expenditure

Number of sales

Total costs

Price per unit

10. Sam and Kathy are converting their farm into a petting farm and adventure playground for children. They will charge an entrance fee to visitors.

Explain **two** other ways in which they could obtain revenue from visitors.

Car parking  
gift shop, animal feed to feed animals, cafe,  
parties, etc.