EGB

Sources of revenue

> **Guided**

1   Simon has a cycle shop. He sells bikes and also carries out repairs. The shop is on a corner so it has a large side wall which people can see as they walk by. He rents this out for advertising space to local companies. He has a spare room upstairs which he rents out to a small printing business. He also puts any surplus cash into a savings account each week.

> Identify **four** sources of income for Simon's business.   **(4 marks)**

1   Sales revenue from selling bikes | Remember that revenue and income mean the same thing.

2   Repairing bikes

3   Selling advertising space

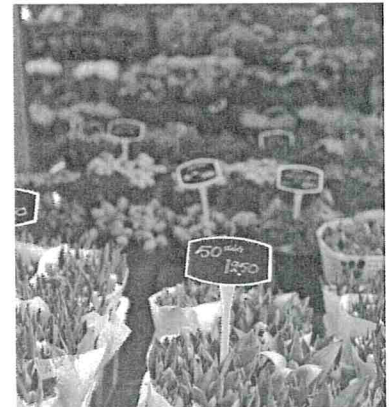4   Rent from spare room

5   Interest on savings account

2   Energy Fitness is a fitness centre in a small town. Its main income comes from subscription fees from members. The manager, Dave, is looking at other ways to make money for the centre.

> Suggest **two** other possible sources of income from customers.   **(2 marks)**

1   Selling sportswear & trainers   Spa treatments

2   Selling snacks / energy drinks   fitness classes

Day membership   Creche   physiotherapy

3   Gareth's main source of income at the garden centre is from selling plants. He is now listing his other sources of income.

> Which **two** of the following items should be on his list? Put a cross in the box next to the two correct items.   **(2 marks)**

A   ☐   Taking on casual staff

B   ☑   Selling wild bird food

C   ☐   Giving staff discounts

D   ☑   Offering plant food and weedkiller for sale

E   ☐   Buying plants to sell

Calculating revenue

1 Give the formula for calculating revenue by choosing the correct words and inserting them in the right place. **(1 mark)**

Fixed costs	Price per unit	Start-up costs
Variable costs	Number of sales	Total costs

> Remember you will be calculating money received with this formula.

Revenue = Number of sales × price per unit.

2 In a month, a business making computer desks sells 300 desks. The price of each desk is £30.

(a) What is their total revenue per month? **(1 mark)**

300 × £30 = £9,000

(b) If they sell the same number every month, what is their total annual revenue? **(1 mark)**

£9,000 × 12 = £108,000

> Even if you can do these calculations in your head, use a calculator to check you are correct.

Guided   3 Max has a van and sells ice lollies and candy floss at fairgrounds. The ice lollies sell for £1.00 and sticks of candy floss for £1.50. Yesterday Max sold 200 ice lollies and 300 bags of candy floss.

What is his total revenue? **(2 marks)**

200 × £1.00 = £200

300 × £ 1.50 = £450

> Always look for the key term in a question. Here it is **total revenue**.

Total revenue = £ 200 + £ 450 = £ 650