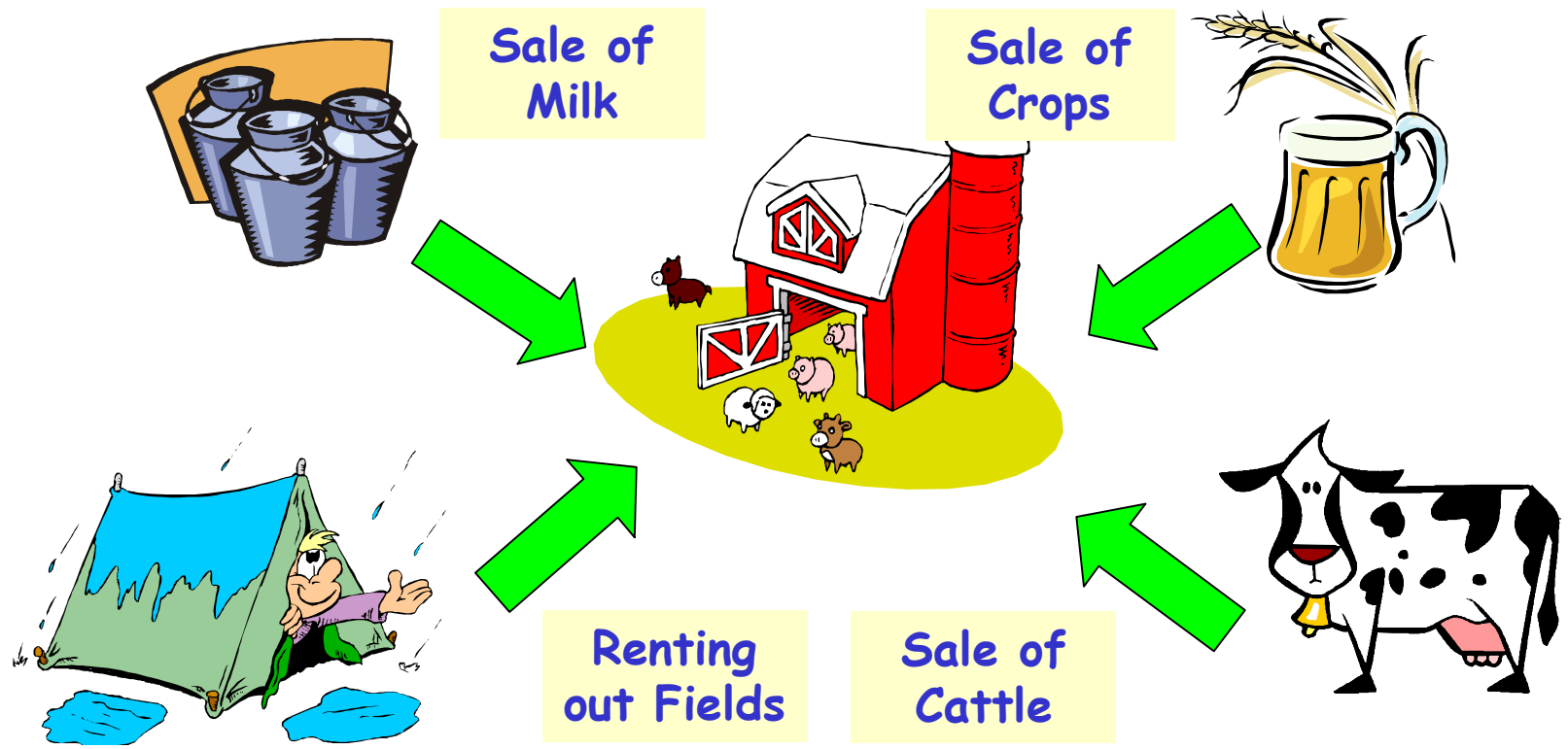




What is Business Revenue?

- Revenue is the money that a business receives from selling products/services
- For example, a farm may obtain the following revenue:



Where Do These Businesses Get Their Revenue From?



Retail

Sale of clothes and accessories



Manufacturing

Sale of crisps
Sale of merchandise



Services

Sale of photocopying service
Rent from hiring out equipment



Calculating Revenue

- The total amount of money received is calculated using the following formula:

$$\begin{array}{l} \text{Total Revenue} \\ \text{(TR)} \end{array} = \begin{array}{l} \text{Selling Price} \\ \text{per unit} \end{array} \times \begin{array}{l} \text{Number of} \\ \text{units sold} \end{array}$$

- For example, if a firm sells 1 sweet for 10p, it's total revenue will be (1 x 10p) 10p
- If the same firm sold 10 sweets for 10p each it would receive in total (10 x 10p) £1.00





Calculating Profit and Loss

- Businesses receive money from selling goods and services.
- They also have to pay costs in order to make the goods or provide the services
- Profit can be calculated using the following formula:

$$\text{Profit} = \text{Sales Revenue} - \text{Total Cost}$$





Defining Profit and Loss

- If their **sales revenue** is greater than their **costs**, then they have made a **PROFIT**.

Revenue > Costs = Profit



- If their **sales revenue** is less than their **costs**, then they have made a **LOSS**.

Revenue < Costs = Loss

