Revenue

2 marks

IGCSE Paper 1 2019

Revenue Calculations Explained

Revenue = income earned from selling products. Sometimes called sales, sales revenue or turnover.

Total revenue is found by multiplying selling price per item by the quantity (amount) of items sold.

Revenue = price x quantity or TR = P x Q where TR is total revenue, P is price and Q is quantity

Example: calculate total revenue if 2,000 items priced £30 each are sold. TR = £30 x 2,000 = £60,000

---

1   Y2M is a bus operating company in the public sector. One of its objectives is to break even on every bus route. Most of its competitors are in the private sector. Y2M wants to increase the number of customers using its buses. The Finance Director has been looking at some cost data shown in Table1. This is because Y2M plans to review its pricing methods. She is worried other businesses pay workers a higher wage rate and some of its drivers may leave. She said: 'To pay the same wage rate would increase variable cost to $2.20 per passenger per journey.'

Table 1: Cost and price data for one Y2M route

Number of passengers per day	90
Price per passenger per journey	$2.50
Fixed costs per week	$300
Variable cost per passenger per journey	$2

(d) Calculate the revenue per day. (2 marks)

Solution

90 × $2.50 = $225