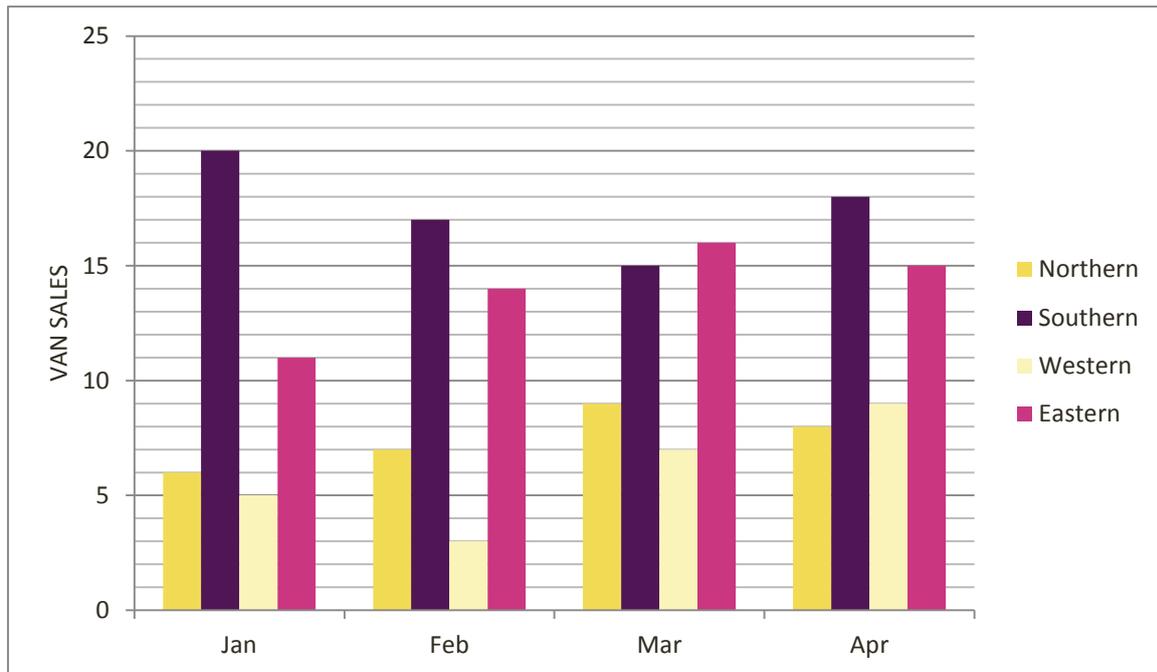


# Turnover / Revenue / Sales

Turnover and revenue are words that describe the amount of income that a company receives from its normal business activities. It can include sales income and consultancy fees.

## Example

### Van Sales by Region



- (i) For the four regions combined, which month saw the largest increase in sales from the previous month?

We need to calculate total sales for each month

$$\text{Jan } 6 + 20 + 5 + 11 = 42$$

$$\text{Feb } 7 + 17 + 3 + 14 = 41$$

$$\text{Mar } 9 + 15 + 7 + 16 = 47$$

$$\text{Apr } 8 + 18 + 9 + 15 = 50$$

Clearly the largest increase was in March.

- (ii) In which month did Western region have the largest percentage of total sales?

We need to calculate what percentage of total sales Western region is, for each month



**Author** Dr Eleanor Lingham  
De Montfort University

**Moderator** Dr Julie Crowley  
Cork Institute of Technology



Jan  $5 / 42 \times 100 = 11.9\%$   
 Feb  $3 / 41 \times 100 = 7.3\%$   
 Mar  $7 / 47 \times 100 = 14.9\%$   
 Apr  $9 / 50 \times 100 = 18\%$   
 The answer is April.

**Speed Tip!**

Depending on your ease with numbers, you may be able to disregard some months immediately

**Example**

January Sales Turnover and Profit for Fitzroy Ltd in the UK		
	Actual (£)	Target (£)
Sales Turnover	265,490	310,000
Sales Tax (17.0%)	45,133	52,700
Net Turnover	220,357	257,300
Labour Costs	180,000	195,000
Other Costs	11,000	16,000
Gross Profit	29,357	46,300

(i) If Fitzroy Ltd UK sales turnover was 23% of global sales turnover in January, what was its global sales turnover?

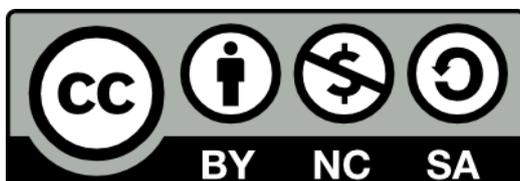
We have that 23% of global sales turnover is £265,490 (we use the 'actual' figure). Then we have that  $265490 / 23 \times 100 = 1154304.348$   
 That is, global sales turnover was £1,154,304.35 or £1.154M in January.

(ii) Fitzroy Ltd in the UK aim to increase actual sales turnover by 3% in February. If all costs remain the same, what will February gross profit be?

We calculate the values one by one. First, sales turnover will be 103% of its January figure  $265490 \times 103\% = 273455$   
 Sales tax at 17% will be  $273455 \times 17\% = 46487$   
 Net turnover will therefore be  
 Sales Turnover - Sales Tax =  $273455 - 46487 = 226968$   
 Costs remain the same, so total costs will be  $180000 + 11000 = 191000$   
 Therefore, gross profit will be  $226968 - 191000 = £35,968$

**Speed Tip!**

If you notice that Net Turnover also simply increases by 3%, then you will cut out some of the calculations.



**Author** Dr Eleanor Lingham  
 De Montfort University

**Moderator** Dr Julie Crowley  
 Cork Institute of Technology