

## Turnover, Profit and Earnings

### What is Turnover ?

Turnover is the total sales generated by a business in a specific period. It's sometimes referred to as gross revenue, or income.

Turnover = Sales price\* X quantity sold

\* Before tax

### What is Gross Profit?

Your profit is the amount of money you have left, once you have deducted the money spent in buying, operating, selling or producing something, from the amount you made from sales. This can be referred to as your 'Bottom Line'.

### What is Earnings or Net Profit?

Earnings, is the amount of money you can pay yourself after any costs of doing business have been settled. This is also referred to as net profit, however don't forget that depending on your earnings, you may need to pay business tax and National Insurance contributions.

### Fixed Costs or Overheads

Fixed costs are the same as your 'overheads'.

Variable costs are the same as your 'cost of sales'. They are your direct costs, related to the making of your product or the delivery of your service.

### Variable or Cost of Sales

These are how much it will cost to make the gnomes, and these costs will go up and down. These are also called your 'cost of sales' – the amount of money it costs you to make your product or provide your service. They are the cost of your raw materials or stock, and they go up and down because the more products you sell, the more you will have to spend in total to produce them.

### Include explanation of Profit Margin

### Explain B2B or B2C

