

Income and Revenue

Introduction

In business and accounting, two commonly used financial terms are **Revenue** and **Income**. Although people often use them interchangeably, they represent different stages of a company's financial journey. Revenue refers to the total money generated, while Income is the profit left after deducting expenses.

What is Revenue?

Revenue is the total inflow of money from a company's core operations. It includes sales of goods, services provided, and other operational earnings before any expenses are deducted. It is often called the **Top Line** of the business.

Example:

A clothing company sells 10,000 shirts at ■500 each.

Total Revenue = $10,000 \times 500 = \text{■}50,00,000$

What is Income?

Income is the net earnings of a business after deducting all expenses, taxes, interest, and depreciation from the total revenue. It is also referred to as the **Bottom Line** of the business and reflects the company's profitability.

Example:

Revenue from shirt sales = ■50,00,000

Expenses (Raw material, salaries, rent, taxes) = ■38,00,000

Net Income = ■50,00,000 – ■38,00,000 = ■12,00,000

Key Differences between Revenue and Income

- **Revenue** shows the money earned from business activities.
- **Income** shows the actual profit after all costs.
- Revenue is a measure of **growth**, while Income is a measure of **profitability**.
- Revenue is recorded first, Income comes after adjustments.