Revenue vs income vs profit vs gain vs return

Revenue is the amount received by the business by selling *MAIN* goods or services to its customers during the period. Revenue is resultant of such activities which actually defines the reasons for existence of business. For example a car dealer's real business is selling car. Whatever the amount he will receive from the customer by selling car will be his revenue.

Income is the term which is loosely used to mean the total earnings of the business.These earnings can be from the main activities of the business or any other activity which are not regularly undertaken by the business or such earnings are not generated by the main line of business. In above example, if sometimes the car seller lends the car then such receipts from the lending are called *Income* from lending of car but *not the revenue.*

Profit is what business is left with after deducting such expenses from revenue which made revenue possible. As there are two types of earnings namely direct and indirect, we calculate profit in two steps namely gross profit and net profit.
Profit = revenue + income - expense

Gain means what business earns by selling such assets which are not the inventory of the business. Note that income includes gain and other earnings. [Repeated, Profit = revenue + income – expense]
Gain is what we earn on selling business asset which is usually fixed asset of the business.

Return is anything that the business enjoys above the principal amount of the investment.
Return can be received in form of interest, dividends etc.

Narahari Adhikari
CA Final
ad.naru@gmail.com