

You are exporting capital equipments and you have an agent operating from Dubai. He will be paid an agency commission of 15% of the export orders he secures for you. Total export orders booked through this agent was USD 5mn. How to remit this amount?

Solution.

Total export orders booked through the agent was USD 5mn ($P_0 = 5,000,000$)

The agent will be paid an agency commission of 15% ($i = 15\%$) of the export orders he secures for the company. To evaluate this amount (P_a) let use the formula

$$P_a = iP_0 = 0.15 \cdot 5,000,000 = \$750,000$$

Let find the company's revenue using formula $P = P_0 - P_a = 5,000,000 - 750,000 = \$4,250,000$.

Answer.

\$4,250,000