

That's Gross

Overview

Students solve math calculations and answer vocabulary questions as they play a classroom bingo game.

Objectives

Students will be able to:

- Explain the concepts of net profit and gross profit.
- Calculate net profit and gross profit.

Preparation

Review the recommendations for working with students found on Page 10 of the Biz Kid\$ Educational Tools Overview. This document is available in the Educational Tools section of www.bizkids.com under General Resources.

Become familiar with the Key Terms and financial concepts presented in this session.

Prior to the session, reproduce and cut session materials as needed. Gather any necessary materials for conducting this lesson.

Review the *A Biz: What Is It?* episode of the television series *Biz Kid\$*. If possible, show the episode to the students. The information communicated in this episode will give the students a foundation for this session's class discussion and activity.

If appropriate, have the students complete the Biz Kid\$ Viewing Guide Worksheet as they watch the episode. The Viewing Guide Worksheet and Explanation are available in the Educational Tools section of www.bizkids.com under General Resources.

If possible, arrange for the technology needed to present the Profit Bingo Question Set Overhead Transparencies and the

Concepts

Earning
Expenses
Gross profit
Income
Net profit
Profit

Skills

Calculations
Computation
Vocabulary



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Episode: A Biz: What Is It?



Introduction Time

20 minutes

Teaching Tip

Post Key Terms in a visible place in the classroom. Key Terms in the Guide are highlighted in boldface on first reference.

online video clips from the *A Biz: What Is It?* episode of *Biz Kid\$*. These video clips can be found in The Show section of www.bizkids.com.

If possible, post Key Terms and student responses in a visible place. Consider providing a personal example for each term.

Recommended Time

This activity typically takes 45 minutes to complete. If presenting this material as a volunteer, ask the teacher to help you keep track of the time.

Materials

- Table Tents (optional)
- Chalkboard or Dry-Erase Board
- Chalk or Dry-Erase Markers
- Overhead Projector (optional)
- Projection Screen (optional)
- 1 Classroom Set of Profit Bingo Game Cards
- 1 Profit Bingo Game Question Set (if possible, copy onto overhead transparencies and cut apart)
- Pencils/Highlighters

Presentation

Introduction

If presenting this material as a volunteer, greet the students and distribute the Table Tents. Ask the students to write their names on the Table Tents.

If this is the first session you are conducting, tell the students your name, describe your job, and provide some information about your background. Explain that you are a volunteer with Junior Achievement, an organization with a mission to inspire and prepare young people to succeed in a global economy.

If appropriate, provide a brief overview of *Biz Kid\$*. Explain that this is a program that students can watch in their homes

on public television. It is designed to help students explore the concepts of financial literacy, work readiness, and entrepreneurship in a fun and memorable format. *Biz Kid\$* inspires students by presenting stories about children and young adults who participate in the United States' economy by founding and operating their own businesses.

This episode, *A Biz: What Is It?*, provides students with an overview of running a business. Through entertaining skits and informational segments, students learn about service and goods-based industries, making a profit, and various ownership structures of a business.

Conduct a brief discussion about why someone might start a business. Provide an example, such as running a lemonade stand, to encourage student responses. Explain that people often start businesses to earn income. Define **income** as money that is earned from the sale of goods or services.

Ask the students, "If you were running a lemonade stand where you sold lemonade for 10 cents a cup, and you sold 50 cups, how much money would you earn?" Work through the math problem together, showing the students that $\$0.10 \times 50 = \5.00 . Explain that this total amount of money earned is called **gross profit**.

Building on the lemonade stand example, introduce the concept of **expenses**. Ask the students what kinds of supplies they would need to open a lemonade stand. As the students list their ideas, ask them where they would get those supplies. Explain that anything they need to purchase is considered an expense. Ask the students, "If you needed to buy a bag of lemons that cost \$1.50 and a small bag of sugar that cost \$1.00 to start your business, what would be the cost of your expenses?" Work through the math problem together, showing the students that $\$1.50$ (lemons) + $\$1.25$ (sugar) = $\$2.75$.

Explain that the money used to pay for expenses has to come from somewhere. While you initially may have paid for the sugar and lemons with money from your family or out of your own piggy bank, you'll want to pay that money back from

Teaching Tip

Write and leave the calculations in a visible location throughout the session. Once the associated Key Term is introduced, write that term near the calculation.

Key Terms

Expense: The amount of money paid for supplies and other needed items.

Gross profit: The total amount of income earned prior to paying for expenses.

Income: Money that is earned from the sale of goods or services.

Key Term

Net profit: Income earned after all expenses are paid.

Activity Time

20 minutes

the money you earned with your lemonade stand or from your gross profit. Work through the math problem together, showing the students that $\$5.00$ (gross profit) - $\$2.75$ (expenses) = $\$2.25$. Explain to the students that the amount of money that is earned after all expenses have been paid is called **net profit**.

If possible, show the *Net Profit* online video clip from the *A Biz: What Is It?* episode of *Biz Kid\$*.

Using the overhead projector, display the following word problem. As a class, work through the calculations to find the answers to the questions below.

Lorraine runs a dog-grooming business. To start her business, she needs to buy a bottle of dog shampoo for $\$3.00$ and a special dog brush for $\$2.00$. She will charge $\$3.00$ a visit and has six visits scheduled for this week.

What are Lorraine's expenses? ($\$5.00$)

What is Lorraine's gross profit? ($\$18.00$)

What is Lorraine's net profit? ($\$13.00$)

Activity

Explain that the students now will play a bingo game based on these new terms.

Distribute a Profit Bingo Game Card to each student and explain the following rules.

Profit Bingo Game Instructions

Object: To be the player who correctly marks five spots in a row (horizontally, vertically, or diagonally) on his or her Game Card.

Game Play:

1. The teacher/volunteer randomly selects a question from the Profit Bingo Game Question Set. If possible, the teacher/volunteer displays the question on an overhead projector.



2. Each student independently determines the correct answer to the question.
3. The students look for that answer on the Profit Bingo Game Card.
4. If the answer is on the Card, the students circle that answer.
5. Repeat this process until one student has found and marked five answers in a row (horizontally, vertically, or diagonally) and calls out “bingo.”
6. The teacher/volunteer verifies the answers marked by the student. If the student has five correct answers marked, he or she is the winner. If not, the game continues until a student is declared the winner.

One at a time, display each question on the overhead projector and read it aloud to the class. Allow the students up to 1 minute to determine the answer to each question and mark their Game Cards. Keep a running tally of the correct answers so that you can verify the Cards.

Bingo Answers

1. Income	11. \$48	21. \$54
2. Expenses	12. \$18	22. \$60
3. Gross profit	13. \$21.75	23. \$11
4. Net profit	14. \$14	24. \$61
5. \$6	15. \$100	25. \$0.54
6. \$5	16. \$65	26. \$20
7. \$16	17. \$49	27. \$30
8. \$1.55	18. \$8.50	28. \$8.17
9. \$4	19. \$235	29. \$133
10. \$12	20. \$300	30. \$24

Summary and Review

Collect all game materials.

Ask for student volunteers to briefly explain the difference between gross profit and net profit.

Thank the students for their participation.

Summary and Review Time

5 minutes

Session Outline

Introduction

- (If volunteering) Greet the students and introduce yourself.
- (If volunteering) Distribute the Table Tents.
- Provide a brief overview of *Biz Kid\$*.
- Using examples and calculations, define and discuss the concepts of gross profit, expenses, and net profit.
- Show the *Net Profit* video clip.

Activity

- Distribute a Profit Bingo Game Card to each student.
- Explain the game rules to the students.
- Play the game until a winner is declared.

Summary and Review

- Collect all game materials.
- Review the concepts of gross profit and net profit.
- Thank the students for their participation.

Extended Learning Opportunity

Direct the students to create word problems with which to challenge their fellow students. Tell them they can make the problems more challenging by requiring net profit or gross profit earned over a long period of time to be calculated.