



What's in the Books?

EPISODE #507



LESSON LEVEL

Grades 6-8

KEY TOPICS

- Bookkeeping & Accounting
- Income & Expenses
- Profit & Loss

ENTREPRENEURS & STORIES

- The Bikery – Kelly
- Matt Wells Magic – Matt
- Amber's Amazing Balloon Art – Amber
- Harlem Globetrotters – Dizzy
- Ice Cream Boat – Payson, Rae, & Tim

EPISODE SYNOPSIS

Poor recordkeeping adds up to lost money. This episode examines bookkeeping and accounting, income and expenses, and profit and loss. It gives tips on how to get over math anxiety. It's all in the books!

LEARNING OBJECTIVES

1. Learn why and how a business needs to keep track of income and expenses.
2. Discover the difference between bookkeeping and accounting.

NATIONAL STANDARDS CORRELATIONS

Aligned to National Financial Literacy Standards from the *Jump\$tart Coalition for Personal Financial Literacy* in the area of Financial Responsibility and Decision Making as well as Planning and Money Management.

Overall Competency:

Apply reliable information and systematic decision making to personal financial decisions.

Standard 1:

Take responsibility for personal financial decisions.

Standard 6:

Control personal information.

Overall Competency:

Organize personal finances and use a budget to manage cash flow.

Standard 2:

Develop a system for keeping and using financial records.

Aligned to Voluntary National Content Standards in Economics from the *Council for Economic Education*.

Standard 2:

Decision Making

CONTENTS

- Lesson Prep & Screening
- Activity #1
- Curriculum Connections
- Activity #2
- *Biz Terms* Vocabulary
- Family Activity Sheet



LESSON PREP & SCREENING

Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what is required to show the episode in your classroom and borrow equipment if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Have fun!

Equipment & Supplies

For all activities, students will need a pen or pencil. Additional equipment needs are identified on activity pages.

Screening

Introduce the series and the episode. Then, prior to playing the episode, lead your students in a discussion with the preview questions on this page. Explain that **Biz Kid\$** is a public television series that teaches kids about money and business. Also mention that the bizkids.com website has lots of video clips, games, a blog, and other resources.

About the Episode

Poor recordkeeping adds up to lost money. This episode examines bookkeeping and accounting, income and expenses, and profit and loss. It gives tips on how to get over math anxiety. It's all in the books!

Preview Questions

- How do you suppose a business owner knows if their business is making a profit?
- What methods do you use to keep track of your income and expenses?
- Why would the profitability of a company matter?

Summary & Conclusion

As a business owner, you need to recognize the importance of a good recordkeeping system. Setting up your system for recordkeeping should be one of your first priorities. You will be able to run your business more effectively, know where your money is going, and be prepared for tax time. Bookkeeping software is available to help you organize your financial data. It's "all in the books!"

Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



Activity #1:

CLASS BAKE SALE

Activity Learning Objectives

- Learn how to use a spreadsheet.
- Learn how to price your product to make a profit.
- Introduce *Biz Terms* and definitions used in the episode.

Episode Details

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Directions

Read the episode details out loud to the class. Hand out the worksheets titled "For Students" and discuss them together in class. Read the *Biz Terms* and discuss the vocabulary/episode review questions. Call on volunteers for answers, and have them explain to the group why they chose the term they believe to be correct.

Then, give the students time to complete worksheets. Finally, acting as a facilitator, allow students to discuss the issues. See Curriculum Connections on page 6 for additional ways to work with *Biz Terms*. (Note: the definitions are on page 8.)

Activity Wrap-Up

Thank the students for their participation, and remind them that they can't manage what they don't know – which is precisely why knowing how much money they have and where that money is going is so important! Once you are aware of what your business income and expenses are, you can make smart decisions for your organization.



CLASS BAKE SALE

WORKSHEET FOR STUDENTS

Biz Terms

- Accounting
- Bookkeeping
- CPA
- Math Anxiety
- Net income
- Overdraw
- Profit-loss statements
- Revenue
- Spreadsheet

Episode Review

1. An item that can be subtracted from the total amount in taxes due to the government is a _____.
2. You _____ if you spend more than you have in an account.
3. Keeping records of all business data a business generates is _____.
4. If you get nervous, start sweating, or feel ill when confronted with a math task you might have _____.
5. A tool used to track income and expenses is a _____.
6. The amount of money left after your business has paid for all of its expenses is the _____.
7. A _____ might help you prepare reports about your business or personal income and expenses.



CLASS BAKE SALE

WORKSHEET FOR STUDENTS

Imagine that your class is going to have a bake sale. Research prices for the ingredients listed below. Then, consider that one box of brownie mix needs 3 eggs, 2 oz. water, and 4 oz. of vegetable oil. You want to be sure that you do not waste any ingredients. Fill in the chart below.

Brownie Mix per box	Eggs per 1/2 dozen	Vegetable Oil per 24 oz. bottle	Water for 8 oz.
\$	\$	\$	\$

Brownie Mix	1 box	2 boxes	3 boxes	4 boxes	5 boxes	6 boxes	7 boxes	8 boxes	9 boxes	10 boxes	11 boxes	12 boxes
Eggs	3 eggs	6 eggs										
Vegetable Oil	4 oz.	8 oz.										
Water	2 oz.	4 oz.										

Ingredient	Price	Quantity	Unit	Total
Brownie Mix				
Eggs				
Vegetable Oil				
Water				
			Grand Total	

One box makes 18 brownies, and you are making 12 boxes. How many brownies will you make?

How much does each brownie cost to make? _____

Hint: [Grand Total of expenses] divided by [Total number of Brownies made] = Cost per Brownie

Take the cost per brownie, and multiply it by 2. What is the resulting dollar amount? _____.

How much profit will you make if you charge twice the cost of making one brownie? _____.

Hint: [Sale price per brownie] minus [Cost per brownie] times [Total number of Brownies made] = Profit

Extra Credit

Make a new expense spreadsheet, but this time include some hidden costs, such as napkins, a table cloth, and posters to advertise your bake sale. Now recalculate how much it will cost to make each brownie, if these hidden costs are added to the grand total of expenses. Now how much will you charge per brownie? How much profit will you make?



CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences; write a paragraph; or create a story, skit, or dialog using *Biz Terms*.
- Have students create a class dictionary of financial terms.
- Have students start their own journal of personal financial education and continue to add to it.
- Have students choose a charitable organization, gather information, and give a 1-2 minute oral report on what they have learned.

History/Social Studies

- Interview an accountant or bookkeeper and ask about the skills they use in performing their jobs, and how they got started.

Mathematics

- Have students use a spreadsheet to track their expenses for one week. Were they surprised by the results? Did they write down expenses each day, and did they find it difficult or easy to keep track of everything?

Optional Vocabulary Extensions

Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each *Biz Term*.

Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each *Biz Term* in their own words to demonstrate comprehension.



Activity #2:

CREATE PROFIT & LOSS STATEMENT

Activity Learning Objectives

- Create an online profit and loss statement.
- Learn what it takes to become a B Corporation.

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Supplies Needed

Computers, access to Internet, and printers.

DIRECTIONS FOR STUDENTS

At the computer, connect to the internet and go to <http://docs.google.com>. Google Docs is a free web-based document software. Create a free Google account if you do not already have a Google login. Once you have logged in, click on "Create" and select "Spreadsheet."

Click on the words "Untitled Spreadsheet" and write "Profit and Loss Statement" instead. Columns have letters a, b, c, and rows have numbers 1, 2, 3. If you are in the first column and the first row, that is called "A1" or cell A1.

Click in cell B1 and type "Debit" then click in cell C1 and type "Credit". In cell A2, write the word "Income" – did you earn any money this week? Put the dollar amount in cell C2. In cell A4, write the word "Expenses" – did you spend any money this week? In cell A6 write the word "Total" and in cell A8 write "Net Income." In cell B6 you are going to type a formula. A formula will do math for you. Type this into cell B6: `=sum(b2:b5)` In cell C6, type this: `=sum(c2:c5)` And in cell D8 type this: `=sum(c6-b6)`.

Are you surprised at any of the results? What is your net income? Are you making a profit or a loss?

	A	B	C	D
1		Debit	Credit	
2	Income		\$100	
3				
4	Expenses	\$25		
5				
6	Total	=sum(b2:b5)	=sum(c2:c5)	
7				
8	Net Income			=sum(c6-b6)



BIZ TERMS DEFINITIONS

- *Accounting*: The phase of recordkeeping where the bookkeeping data is analyzed to determine how the business is doing and if it is making a profit.
- *Bookkeeping*: Keeping records of all your business transactions, both income and expenses.
- *CPA*: Certified Public Accountant, a person who must pass a test in order to be licensed as an accounting professional.
- *Math Anxiety*: Fear or phobia when dealing with math issues.
- *Net income*: The amount of income left after the expenses have been paid, such as taxes.
- *Overdraw*: To spend more money than you have available to spend.
- *Profit-loss statements*: A document that shows income and expenses for a specific time period to show if the business is making money or losing money.
- *Revenue*: Money that comes into the business.
- *Spreadsheet*: A paper form or a software program that uses rows and columns to display data. Computer spreadsheets can do math for you.



FAMILY ACTIVITY SHEET

Episode Synopsis

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Activity Suggestions

Keeping track of money that comes in and money that is spent is an important skill for students to develop. Have a discussion with your family about what systems and methods you use to keep track of your money. The following questions might facilitate the discussion.

- Discuss as a family the methods you have used to keep track of family income and expenses for budget and tax purposes. Do you use software to help keep financial records?
- Together, design a simple spreadsheet to use for financial recordkeeping, or set up a notebook for the same purpose. Review progress weekly.
- If anyone in your family owns a business, ask them to share which professionals they depend on to keep accurate records and prepare financial reports.
- Investigate careers in bookkeeping and accounting if you are interested in those choices of careers. Maybe someone in your family or an acquaintance can introduce you to someone in that field and you could interview them about their work.



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