



BIZ KID\$

Episode 123: Understanding Income and Expenses

Episode 123 Synopsis:

Get with the income and expenses. The Biz Kid\$ watch the ebb and flow of income and expenses. Join them and you'll learn proven methods for getting expenses under control while growing income with new ideas, smarter work habits, and innovation. Meet some entrepreneurs who have seen success with cash flow and more!

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Biz Kid\$ Curriculum Package #123



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BIZ TERMS

Episode 123: Understanding Income and Expenses

1. accounts receivables
2. balance
3. cash flow (negative and positive)
4. credit
5. debit
6. expenses
7. fluid
8. income
9. ledger
10. minimum wage
11. profit
12. revenue
13. taxes

Suggestions for using Biz Terms include:

- Have students research and write dictionary definitions.
- Discuss the use of these terms in the episode of "Biz Kid\$".
- Have students construct sentences using these terms.
- Have students write paragraphs, stories, dialogs, "raps", or lyrics.



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Equipment/Materials/Prep needed:

Day One and Day Two:

- TV or projection system
- DVD player
- DVD of Episode 123

Day Two only:

- Student copies of the "Family Activity Sheet".
- Student copies of the "Biz Terms" Sheet.
- Paper, pens, pencils, color markers, and highlighters for students making ads and posters.
- Computers for students to explore web sites listed.
- Guest speaker to be greeted and directed to the correct location for the session.

Preparation:

- Check to be sure needed equipment is available and operational prior to the sessions.
- Gather listed materials.
- Make an appropriate number of copies of the "Biz Terms" Sheet and the "Family Activity Sheet".
- Invite guest speaker from the local community regarding fraud and how to prevent being scammed.





Episode 123: Understanding Income and Expenses

Day One

Previewing Questions:

Day One Introduction

Welcome students/youth to "**Biz Kid\$**" and introduce yourself, giving your name and job title.

Explain that "**Biz Kid\$**" is a program to help people become financially educated, learn work-readiness skills, and to even become entrepreneurs...Biz Kids!!! They can view the program "**Biz Kid\$**" with their families on Public Television stations all over the country, and also participate by using the "**Biz Kids**" web site. Today, they get to see an episode with you.

Today's pre-viewing questions:

Tell students that **Episode 123: "Income and Expenses"** introduces them to the topic of cash flow.

Read the following word problem to the students once, telling them to listen carefully to the facts given in the problem. Be sure the entire group understands that the word profit means the amount of money left after all the costs of running a business have been paid.

Michael started a pool cleaning business. It cost him \$250 for all the tools and chemicals he needs to start his business. If



Michael found three customers and charged them \$50 each to clean their pools, would Michael make a **profit** from his business?

Read the problem a second time. Then ask for volunteers to answer the question, “Would Michael make a profit from his business?”, and to explain how they arrived at their answer.

Students should conclude that Michael is NOT making a profit because he’s spending more money than he’s making in his business.

Invite students to “stay tuned” to the episode for more information, because knowledge is power!

Show Episode 123: “Income and Expenses”.

Activity to follow viewing the program together:

Ask students why they think it is important for a business owner to keep track of his or her income and expenses.

List student responses on the board, on a paper chart, or on a blank overhead transparency.

Responses should indicate that it’s necessary to track income and expenses to guarantee that the business is not spending more money than it is making.

Then ask students to reflect on the “**Kids Kitchen**” segment of the video. This part of the program shows a young girl who has started a summer camp that focuses on cooking skills. As a business owner, she discusses the importance of keeping track of the money coming in and going out.



Challenge students to list some of the expenses that might be involved in running the cooking camp.

List their responses which might include:

- Food or recipe ingredients
- Web site hosting
- Brochure printing and supplies
- Postage
- Art supplies
- Utility charges for gas, electricity, a phone, and water
- Cleaning supplies

When all students who wish to contribute ideas have shared, explain that there are different tools to use in tracking income and expenses. There are **computer programs**, as well as **books called ledgers** to record financial transactions. Tonight, they are to ask friends and/or family what they use to track their income and expenses.

At the next session, we'll record the results and see if more people use **computers** or **paper and pencils** to manage their finances.

Thank students for their attention and cooperation, and tell them that you hope they are looking forward to the next session.



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Day Two

Day Two Introduction

Play part of the theme music for "Biz Kid\$" from the episode intro to motivate and engage the students. Then stop the music, welcome the students/youth to today's session, and introduce yourself.

Review and Connect with the Previous Session

In **Episode 123 of "Biz Kid\$"**, we were introduced to the concepts of cash flow, income, and expenses.

Some people use tools, such as computer programs or ledgers, to keep track of their finances. In the previous session, you were asked to gather some information from family or friends regarding which tools they use. At this time, I'd like to record the data you gathered by asking some questions, having you respond, and then looking at the results of your informal survey.

Record student responses on the board, on a paper chart, or on a blank overhead transparency.

Label columns as follows:

Computer program Ledger or book Both Neither



As students respond, simply place a tally mark in the appropriate column. Ask a volunteer to also count the responses as they are given, in order to get as accurate a count as possible.

Say to the group:

- “Raise your right hand if the answer you were given was to use a computer program. Please keep your hands up while we count. Thank you, you may lower your hands.
- Next, raise your left hand if the answer you were given was to use a ledger or book. Again, please wait while we count hands. Thank you, you may now lower your hands.
- Did anyone have a response of a person using both a computer and a ledger? If so, please stand while we count. Thank you, you may now be seated.
- And finally, did anyone get a response from someone who does not use either a computer or a ledger? If so, please raise your hands, and also tell us if they had another tool they used. Thank you all.

Now let’s look at the tally marks and see if we can draw some conclusions.”

Do the math and ask students what the results tell them. Allow for discussion and continue.

Mention that in **Episode 123**, we met Timothy, who used a computer to track his finances for his business **“Busy Bee”**. There was Richard, the Clock Guy, who increased his revenue by improving his product, using marketing techniques, and by cutting expenses. From Chris of the **“Rockin’ W Cattle Company”**, to **Lucy of “Kids Kitchen”**, and the owner of the **“Student Painters”** business, all these Biz Kids said that it’s important to keep income higher than expenses! They all used **budgeting** to keep track of their finances.



Activity

Distribute a “Basic Business Ledger” worksheet to each student. Explain that ledgers used for tracking business expenses are similar to ledgers found in checkbooks. They have columns for you to date and describe your transactions, as well as columns for you to mark whether the money is coming in or going out. On this ledger, any income is called a **credit**, and expenses are called **debits**.

Separate the students into groups of three. Explain that each group will play a board game to track income and expenses for a small business.

Display the “**Barking Business Game Directions**” **Overhead Transparency** for students to see. Leave these directions projected for the remainder of time allotted to play the game.

Review the directions on the transparency **aloud**, while students read along **silently**.

Distribute the game pieces, “**Barking Business Game Board**”, “**Income Cards**”, and “**Expense Cards**” to each group. Allow the students 15 to 20 minutes to play the game.

It may take them awhile to get started, but assure them you know that they can read and follow the directions on the overhead projector. Circulate among the groups, making positive comments as you go. Give them a two-minute warning before calling “time” and asking them to total their ledgers. While students do the math, collect the game boards and income and expense cards from each group.

Ask students how they determined whether or not they made a profit. **They should have subtracted their expenses from their income to find a profit.**



Summary and Review

Review with students why it's important for a business to keep track of its financial transactions.

Responses may include:

- The business could spend more money than it has available.
- The business owner could find that he or she does not have enough money to pay employees or bills.
- It is important for financial success to have more income than expenses.
- Income can be increased with ideas, work, and passion.
- Expenses can be diminished using a budget.

Challenge students to think of ways they can help their families save money by cutting expenses at home.

Distribute the "**Family Activity Sheet**" and the "**Biz Terms Sheet**" for Episode 123 to all students. Encourage them to share their new knowledge with their families later today.

Thank students for their participation in today's session.



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Family Activity Sheet

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Family Activities:

Encourage your child to keep track of his or her income and expense transactions on a basic ledger. After a month, review where your child seems to spend the most money. Discuss ways in which he or she might be able to cut back on some of the expenses noted on the ledger. For further illustration, you could discuss the types of expenses you have as an adult, and strategies you use to keep expenses in check.

You may wish to discuss some of the expenses incurred at your own job, and the ways in which your company brings in income.