

# MONEY

## A DOLLARS AND CENTS

### Definition Money











**Money** is what we use to buy things, like food and toys. Different places in the world use different kinds of money. In the United States, the money is called the **US dollar**. The symbol for the dollar is **\$**. We write dollar amounts with the dollar sign before the number, like \$5. Money comes in metal **coins** and paper **bills**.

### Definition Cent

Dollars can be broken into smaller parts called **cents**. Cents are used to pay for things that cost less than one dollar.

$$1 \text{ dollar} = 100 \text{ cents}$$

### Definition Coins and Bills

1 dollar		1 cent=0.01 dollars	
2 dollars		5 cents=0.05 dollars	
5 dollars		10 cents=0.10 dollars	
10 dollars		25 cents=0.25 dollars	
20 dollars		50 cents=0.50 dollars	

## B PROFIT AND LOSS

### Definition Profit and Loss

In a business, we can describe how well it is doing by calculating its **profit** or its **loss**. To do this, we need to know two things:

- **Income** (or **Revenue**): The total amount of money you receive from selling something.
- **Expenses** (or **Costs**): The total amount of money you spend to make and sell your product.

**Profit** is the money you gain when your income is greater than your expenses.

$$\text{Profit} = \text{Income} - \text{Expenses}$$

**Loss** is the money you lose when your expenses are greater than your income.

$$\text{Loss} = \text{Expenses} - \text{Income}$$

If income and expenses are exactly the same, there is **no profit and no loss** (we say the business *breaks even*).

**Ex:** Sarah starts a lemonade stand.

- Her income from selling lemonade is 10 \$.
- Her expenses for lemons and sugar are 4 \$.

Did she make a profit or a loss? How much?

*Answer:* First, compare income and expenses: 10 \$ (income) and 4 \$ (expenses).

Since her income is greater than her expenses, we calculate a **profit**.

$$\begin{aligned}\text{Profit} &= \text{Income} - \text{Expenses} \\ &= 10 \$ - 4 \$ \\ &= 6 \$\end{aligned}$$

Sarah made a profit of 6 \$.