**Chapter Notes & Activity**

**Managing Money for Business Use**

***Chapter Notes:*** ***Use pages 385-389 in your textbook to answer the following questions:***

1. Discuss three differences between budgeting for a business and budgeting for personal use.
2. Briefly describe each type of business income:
   1. Revenue:
   2. Gross Income:
   3. Net Income:
3. Explain why budgets are important in business
4. Briefly describe each type of business budget:
   1. Start-up budget
   2. Operating budget
5. What kinds of goals do businesses set?
6. Out the steps in preparing a business budget:
   1. Step 1:
   2. Step 2:
   3. Step 3:
   4. Step 4:

***Activity***

Imagine you are a street vendor of hot dogs. It is a new year and you must determine the hot dog price for the upcoming year. Calculate the daily and monthly revenue, total expenses, and net income for each hot dog price, taking into account fixed and variable costs. Assume there are 30 days in a month. Then determine the price you would charge to earn a maximum profit.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Hot Dog Price** | **Hot Dogs Sold per day** | **Daily Revenue** | **Monthly Revenue** | **Monthly Variable Expenses** | **Monthly Fixed Expenses** | **Total Costs** | **Net Profit** |
| $1.25 | 130 |  |  | $97.50 | $3000 |  |  |
| $1.50 | 120 |  |  | $90.00 | $3000 |  |  |
| $1.75 | 110 |  |  | $82.50 | $3000 |  |  |
| $2.00 | 100 |  |  | $75.00 | $3000 |  |  |
| $2.25 | 90 |  |  | $67.50 | $3000 |  |  |
| $2.50 | 80 |  |  | $60.00 | $3000 |  |  |
| $2.75 | 70 |  |  | $52.50 | $3000 |  |  |
| $3.00 | 60 |  |  | $45.00 | $3000 |  |  |
| $3.25 | 50 |  |  | $37.50 | $3000 |  |  |
| $3.50 | 40 |  |  | $30.00 | $3000 |  |  |