



Business Virtual Learning

Course: Intro to Business

Lesson: Basic Accounting Calculations

May 7, 2020



Lesson: **May 7, 2020**

Objective/Learning Target: Students will be able to:

- (1) Calculate net profit or net loss.**



Lesson Starter

What are some expenses you take into account when determining if a business made a profit?



How to Calculate Net Profit

Please watch the video to understand the terms and process in calculating Net Profit. We will practice this process in upcoming slides. Be sure to pay attention and take notes if needed

How To Calculate Net Profit

Presented by Jennifer Croft
www.fiveminuteclasses.com



Net Profit Calculation

Since **net profit** equals total revenue after expenses, to **calculate net profit**, you just take your total revenue for a period of time and subtract your total expenses from that same time period.

$$\text{Net Profit} = \text{Total Revenue} - \text{Total Expenses.}$$



Practice Problem

Please look at the income statement and try to calculate **Total Revenue**, **Total Expenses**, and finally **Net Profit** (net profit).

Juan Coulter Income Statement July

Revenue:

House Painting: \$12,000.00
Water Blasting: \$22,000.00

Total Revenue: \$ _____

Expenses:

Advertising: \$2,400.00
Automotive: \$500.00
Miscellaneous: \$340.00
Payroll: \$3,450.00
Rent: \$750.00
Salary: \$5,000.00
Supplies: \$124.00
Utilities: \$420.00

Total Expenses: \$ _____

Total Net Profit: \$ _____



Practice Problem SOLVED

Juan Coulter Income Statement July

Revenue:

House Painting: \$12,000.00

Water Blasting: \$22,000.00

Total Revenue: \$ 34,000

Expenses:

Advertising: \$2,400.00

Automotive: \$500.00

Miscellaneous: \$340.00

Payroll: \$3,450.00

Rent: \$750.00

Salary: \$5,000.00

Supplies: \$124.00

Utilities: \$420.00

Total Expenses: \$ 12,984

Total Net Profit: \$ 21,016



Activity: Calculate Net Income (Profit)

Directions: Similar to the practice problem, you use the following examples to calculate Total Revenue, Total Expenses, and Net Income (Profit)

Richard Shaw
Income Statement August

Revenue:

Web Design: \$12,000.00
App Development: \$2,000.00

Total Revenue: \$

Expenses:

Advertising: \$2,400.00
Automotive: \$50.00
Apple ID: \$45.00
Miscellaneous: \$20.00
Payroll: \$3,450.00
Rent: \$350.00
Salary: \$3,000.00
Supplies: \$4.00
Utilities: \$220.00

Total Expenses: \$
Net Profit: \$



Activity

Continued:

Calculate Net Income (Profit)

James Weaver, M.D.
Income Statement

Revenue:

General Practice: \$290,000.00

Operations: \$255,000.00

Total Revenue: \$ _____

Expenses:

Advertising: \$10,983.00

Automotive: \$500.00

Miscellaneous: \$5,340.00

Payroll: \$150,000

Rent: \$20,750.00

Salary: \$200,000.00

Supplies: \$55,839.00

Utilities: \$3,520.00

Total Expenses: \$ _____

Net Profit \$ _____



Lesson Conclusion

Hopefully, you learned the basic equation to calculate net profit (income) today. There is much more detail and work behind the numbers and calculations you were given today. If you liked today's lesson and are interested in learning more, I would recommend taking an Accounting class during your high school career.