Price, Cost, Profit

Track how a business earns money.

3.6.C "explain how the cost of production and selling price affect profits; and"

NAME ______________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline each production cost, circle each selling price, and write 1 beside a sentence that explains how a change in cost or price affects profit.

Jordan's Bookmark Packs

1 Jordan makes bookmark packs to sell at the school fair. To make one pack, Jordan buys cardstock, ribbon, and ink. These are production costs, the money needed to make a product. One pack costs Jordan $2 to make. Jordan chooses a selling price of $5 for each pack. The difference can help Jordan earn a profit.

2 At the fair, Jordan sells one pack for $5. After paying the $2 production cost, $3 is left. That $3 is profit on one pack. Profit is money left after a seller pays production costs. If Jordan sells ten packs at the same prices, the profit is $30 because each pack brings $3 of profit each.

3 Later, ribbon price rises. Now each pack costs $3 to make. If Jordan still charges $5, the profit falls to $2 per pack. Jordan could raise the selling price, but some shoppers may decide not to buy. Lower production costs or a higher selling price can increase profit, as long as people will buy the product.

2 ANSWER WITH EVIDENCE

Use the passage

1. What is Jordan's production cost for one bookmark pack, and what is the selling price?

2. How much profit does Jordan make on one pack at first? Show the amounts you used.

3. What is Jordan's total profit from selling ten packs at the first cost and price?

4. When the cost to make a pack rises to \$3 and the selling price stays \$5, how does the profit change?

3 YOUR TURN

Your own words

Choose a product you could sell. Fill in two plans for it. Change either the production cost or the selling price in the second plan, then calculate the profit for both plans.

PLAN FOR PRODUCT	PRODUCTION COST	SELLING PRICE	PROFIT

ANSWER KEY **Price, Cost, Profit** GRADE 3 · TEKS 3.6.C

PART 1 · READ AND MARK

Underline each production cost, circle each selling price, and write 1 beside a sentence that explains how a change in cost or price affects profit. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What is Jordan's production cost for one bookmark pack, and what is the selling price?	**The production cost is $2 per pack, and the selling price is $5 per pack.**
2	How much profit does Jordan make on one pack at first? Show the amounts you used.	**$3 profit. Jordan sells the pack for $5 and pays $2 to make it.**
3	What is Jordan's total profit from selling ten packs at the first cost and price?	**$30.**
4	When the cost to make a pack rises to $3 and the selling price stays $5, how does the profit change?	**The profit falls from $3 to $2 per pack because the production cost increases while the selling price stays the same.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

PLAN FOR PRODUCT	PRODUCTION COST	SELLING PRICE	PROFIT
Clay keychain, first plan	$2	$5	$3
Clay keychain, higher selling price	$2	$6	$4

Accept any reasonable product and correct profit calculations, where profit equals selling price minus production cost. The second plan must change a cost or selling price and show the matching change in profit.