LESSON 6

Costs, Pricing and Profit Per Unit

60 minutes (2 periods) Running the Numbers and Reaching Customers

WHAT THIS LESSON DOES

You'll learn to separate fixed costs from variable costs, set a justified price for your mini-business, and calculate whether each sale actually makes profit. Work through a smoothie cart example, then build your own budget.

WHAT STUDENTS SHOULD BE ABLE TO DO

- Distinguish fixed costs from variable costs and identify examples in a mini-business context
- Set a price using cost-plus, comparable products, or customer survey evidence
- Calculate profit per unit and break-even point, and adjust pricing or costs if necessary

BEFORE THE BELL

- Before the Lesson The Budget Sheet is built into the lesson and saves each student's entries automatically, so there's nothing to pre-stage or hand out Have the smoothie cart worked example visible (board, projector, or printed handout) Optional: collect current local prices for a few common products to use as comparables during the lesson Suggested Timing Getting Started: 5 minutes What You'll Learn (key concepts table): 5 minutes Try It Yourself (smoothie cart worked example): 15 minutes Build Your Budget Sheet: 25 minutes (or set as homework) Think About It (reflection prompts): 5 minutes What's Next (summary and extension): 5 minutes Teaching Tips Walk the smoothie cart example through on the board step-by-step, especially the break-even division (fixed costs ÷ profit per unit). Pause after each calculation and ask students to check their own numbers When students get stuck on variable costs ('I don't know what a banana costs'), push them to estimate or do a quick 30-second online look-up; perfectionism kills momentum here Circulate while students fill in their Budget Sheet and listen for common misconceptions (labour costs, their own time as an expense, vague category names). Redirect gently and keep them moving Use the 'Think About It' section as a 5-minute whole-class share-out: ask 2-3 volunteers to name the line that surprised them and whether their customers would pay for it Common Mistakes Students try to list labour or their own time as a variable cost. Clarify that they are paying themselves from profit, not as a cost line. Fixed costs and variable costs are what the business pays out, not what the owner takes home Students confuse price with profit. Remind them: price is what you charge; profit per unit is price minus variable cost. One number is what goes in the till, the other is what the business keeps Break-even calculation is flipped or forgotten. Model it once more: fixed costs (the big number) divided by profit per unit (the small number) = how many you must sell. If fixed costs are €70 and profit per unit is €1.20, you need about 59 sales Differentiation Support: For students struggling with the on-screen form, offer a printed copy of the budget grid or pair them with a confident peer to talk through each line before typing Support: If students have not completed the earlier survey, show them local examples of comparable products (high-street prices, cafés, online retailers) so they can justify their price that way instead Extension: Ask students to run a sensitivity test: 'If your variable cost went up by 20%, how many extra sales would you need to hit break-even?' or 'What if you could halve your fixed costs, how would that change your break-even point?'

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HOW THE LESSON RUNS

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content	Think About It
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