

Explaining Profits and Losses

Directions Write the answers to these questions. Use complete sentences.

1. What is one reason producers have to keep their costs down?

2. What is total revenue?

3. How is profit measured?

4. Explain the difference between a fixed cost and a variable cost.

5. Give one example of a fixed cost and one example of a variable cost.

6. Why do companies sometimes lay off workers?

7. What is a loss?

8. How does competition keep prices low?

9. What are two reasons a company may have losses?

10. What is one example of how a company uses its profits to increase its business?
