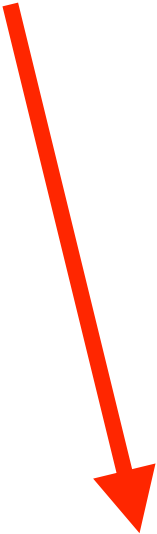


Understanding the difference between Accounting Profit and Economic Profit

A business is profitable if
generates more than the
revenue necessary to pay
all explicit and implicit costs

A business is profitable
if generates more than
the revenue necessary
to pay all explicit costs






Accounting Profit

Total Revenue – Explicit Costs

Economic Profit

Total Revenue – Explicit Costs – Implicit Costs

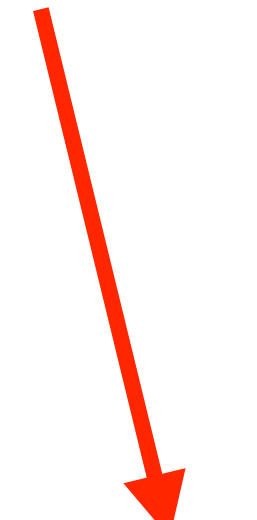
Understanding the difference between Accounting Profit and Economic Profit



A business is profitable
if generates more than
the revenue necessary
to pay all explicit costs

Accounting Profit

Total Revenue – Explicit Costs



A business is profitable if
generates more than the
revenue necessary to pay
all explicit and implicit costs

Economic Profit

Total Revenue – Explicit Costs - Implicit Costs

