

PROFIT VS CASH

A profitable business can go out of business because it's starved of cash.

A business making a loss can survive because it has access to funds from investors or financiers.

	Profit	Cash
GST	✗	✓
Loan repayments	✗	✓
Interest on loans	✓	✓
Cash spent on assets	✗	✓
Cash received from sale of assets	✗	✓
Depreciation	✓	✗

Profit = Total sales value less the cost of stock and other expenses (excludes GST)

Cash = All cash inflows less all cash outflows (includes GST)

