

5 Cash flow and profit – Part 2

Name: _____ Class: _____ Date: _____

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)
Cash flow	现金流	_____
Profit	利润	_____
revenue	收入	_____
loss	亏损	_____

Recall

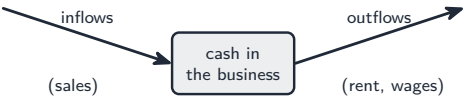
A business must watch its cash and work out its profit.

New ideas

Read these first, then do the Practice.

■ 1 Cash flow

Cash flow 现金流 is the money flowing into and out of a business:



If more flows out than in, the business may run out of cash — even if it is making a profit.

■ 2 Working out profit

$$\begin{array}{rcl} & \text{revenue (sales)} & \\ - & \text{costs} & \text{if costs are bigger,} \\ \hline & = \text{profit} & \text{it is a loss} \end{array}$$

Profit 利润 = total **revenue** 收入 – total costs. If costs are bigger, it is a **loss** 亏损.

Watch out: **cash flow** is money flowing *in and out*; a business can be **profitable** but **still run out of cash** if more flows out than in at the wrong time. **Profit** = total revenue – total costs.

Practice

Try these in order.

5.6 What is *cash flow*? [1]

5.7 Give one cash inflow. [1]

5.8 Give one cash outflow. [1]

5.9 How do you work out profit? [1]

5.10 What happens if total costs are bigger than revenue? [1]

5.11 Challenge. Explain how a *profitable* business could still run out of cash. [2]