



## Example

Let's consider a small retail business in New Zealand with the following financial info:

- Sales: \$100,000
- Cost of Goods Sold (COGS): \$55,000
- Operating Expenses: \$18,000
- Depreciation: \$5,000
- Interest: \$2,000
- Income Tax: \$2,500
- GST: \$1,000
- New equipment purchased: \$8,000
- Business Loan received: \$15,000

The profit calculation is how this would show on your businesses profit and loss statement but will not reflect the funds in your business bank account(s).

The Cashflow calculation is how these financial activities would show on your businesses cashflow statement and will reflect you cash balance in your business bank account(s)

### Profit Calculation:

Sales	\$100,000
LESS: Cost of Goods Sold (GOGS)	\$55,000
<b>GROSS PROFIT</b>	<b>\$45,000</b>
LESS:	
Operating Expenses	\$18,000
Depreciation	\$5,000
Interest	\$2,000
Total Operating Expenses	\$28,000
<b>NET PROFIT before tax</b>	<b>\$17,000</b>
Less: Income Tax	\$2,500
<b>NET PROFIT after tax</b>	<b>\$15,000</b>

### Cash Flow Calculation:

Cash from Operations (Sales):	\$100,000
LESS: Cash paid for COGS	\$55,000
LESS: Cash paid for Operating Expenses	\$18,000
LESS: Cash Paid for GST	\$1,000
<b>Total Cash from Operations (Sales)</b>	<b>\$27,000</b>
LESS: New Equipment Purchase	\$8,000
PLUS: Business Loan Received	\$15,000
<b>NET CASH FLOW</b>	<b>\$34,000</b>

In this example, the business has a net profit of \$15,000 but a positive cash flow of \$34,000, highlighting the differences between profit and cash flow.

➤ **Ways to improve cash flow:**

- ★
- ★
- ★
- ★

## **ACTIONS - TO DO LIST:**

**What can you work on now to help improve your cash flow?**

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**Do one thing right now!!! Write it down!**

Please don't hesitate to reach out for further info.

Here's my Virtual Summit Promo info:

<https://www.everycentaccounts.nz/virtual-summit-promo>

Thank you,

Samantha Ngan  
Business Owner/Director  
**Every Cent Accounts Ltd**