

Cash Flow

- Money going into and out of a business.
- Cash is a **liquid asset**



Means easy to go in
and out

- If there is not enough cash to meet demands than a company has **cash flow problems**.

How can cash flow into a business?

- Sales of goods for cash
- Payment of exist debts
- Sales of assets
- Investors (shareholders)
- Borrowing (repayable loan)

How can cash flow out of a business?

- Purchasing goods and assets for cash.
- Cash payment for salaries and other expenses.
- Buying (fixed) assets.
- Repaying loans.
- Paying creditors (for goods/services previously supplied on credit)

Cash Flow Cycle

Delay between cash flow in and out

