ClassTycoon cash flow vs profit student worksheet

Work in pairs with a calculator. Use US dollars and show your calculations. Spend five minutes explaining the difference between profit, cash flow, and a cash balance.

A campus notebook business begins September with $800 in cash. It delivers 300 notebooks at $12 each during September. Each notebook costs $4. September operating expenses are $1,200. There is no opening or closing inventory.

Customers pay $1,800 in September and owe $1,800, expected in October. The business pays all notebook costs and operating expenses in September, after receiving the September customer payments. Exclude tax, interest, equipment, depreciation, borrowing, and owner withdrawals.

Spend ten minutes calculating September revenue, the cost of notebooks sold, and profit. Explain whether the unpaid customer balance belongs in September revenue.

Revenue __________ Cost of goods sold __________ Profit __________

Spend ten minutes calculating cash receipts, cash payments, net cash flow, and closing cash. Explain why the change in cash differs from profit.

Receipts __________ Payments __________ Net cash flow __________

Closing cash __________ Explanation ____________________________________

Spend ten minutes on a separate growth decision. Immediately after the September payments, a supplier requests $900 upfront for an additional batch of notebooks. The next customer payment arrives later. Calculate the funding gap before that collection.

Funding gap __________ What would you do before committing? ______________

Compare two alternatives with no other intervening transactions. In the first, all $1,800 owed arrives before the $900 payment. In the second, only $900 arrives early. Calculate cash after the supplier payment in each case. Does collecting an old customer balance create new profit?

Full collection __________ Partial collection __________ New profit __________

Spend the final ten minutes writing an individual recommendation. State profit, net cash flow, closing cash, and the funding gap. Choose a response, explain the payment timing, and name one risk. What does the supplier payment represent before delivery and after delivery but before sale?

Recommendation ____

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