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| **Business transaction** | **Profit / Loss** | **Impact on cash** |
| 1. Sells 5000 items for cash @ $2.  Each item cost the business $1.50 but it has not yet paid its suppliers | $2500 (5000 items X $0.50) |  |
| 1. Sells 25,000 items on credit @ $3.  Pays cash to suppliers ($2 per item) |  | Outflow of $50 000 (sales on credit but cash paid for supplies) |
| 1. Sells 8000 items for cash @ $4.  Suppliers paid in cash ($2 per item) | $16000 |  |