

Cash is all the money a company collects from selling its products and services minus all the costs to run the business, like purchasing products, paying the workforce, interest on loans etc...

Cash is real.....its not like profit that can be affected by a range of non cash transactions like depreciation or provision releases.

No cash = No Business....Many businesses that have high profits, can run out of cash and falter due to poor cash management techniques.

More cash means a company can:

- Pay off any interest on loans or even pay off the loan quicker
- Pay higher bonuses to staff or distribute more cash back to shareholders
- Invest in a range of activities to grow the business further

Its about a total value approach...The strongest businesses consider all 3 key metrics:

$$\text{Sales} + \text{Margin} + \text{Cash} = \text{Total Value}$$