



Financial training For non financial staff

Profit and cashflow quiz

This quiz contains 10 “True or False” questions about profit and cashflow.

1. Profit is money in the bank.
2. If you pay £20 cash for something, and sell it for £35 on 30 days credit, this will help both profit and cashflow.
3. Even if a customer isn't paying their bills we should keep on selling to them as sales are the lifeblood of business.
4. You want to have as little working capital in your business as possible.
5. If a company has poor cashflow it is in danger of “going bust” even if it is profitable.
6. You buy goods at £20 each and sell them at £35. You are selling 1,000 items a week. If you drop the price by £5, you will sell 1,250 a week. Dropping the price will help your company.
7. You sell three types of widgets. “Basic” widgets cost £8 each and retail at £10. “Normal” widgets cost £11 each and retail at £20. “Luxury” widgets cost £35 each, but retail at a massive £40. You should aim to maximise sales of “luxury” widgets at the expense of the other two ranges.
8. In the previous example your market research indicates that a “4 for the price of 3” offer on luxury widgets will quadruple sales. Assuming you can source enough widgets to meet demand, it will help the company if we go ahead with the offer.
9. The credit terms on your sales are 30 days. Offering a 2½% discount for payment within 7 days is considerably more expensive than paying 12% interest on the overdraft.
10. You should aim to have both your debtor days and creditor days as high as possible.

Once you have finished, [email](mailto:alex@attainmenttraining.co.uk) your answer to us at alex@attainmenttraining.co.uk, and we will mark and return it. Do say whether you are doing the budgeting quiz or the profit and cashflow quiz! Please allow a week for marking.

Thank you.