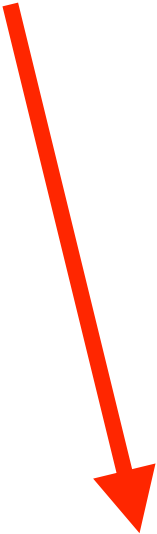


Understanding the difference between Accounting Profit and Economic Profit

A business is profitable if it
generates more than the
revenue necessary to pay
all explicit and implicit costs

A business is profitable
if it generates more than
the revenue necessary
to pay all explicit costs





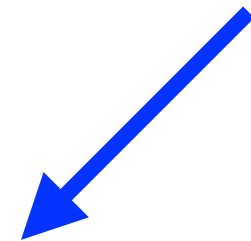
Accounting Profit

Total Revenue – Explicit Costs

Economic Profit

Total Revenue – Explicit Costs – Implicit Costs

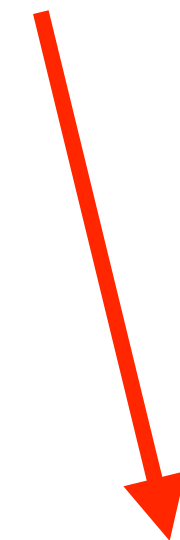
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Accounting Profit

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