

Solution 1.23

The annual cash flows (in \$1000 units) for Browning Brothers Glass Works are summarized.

- (a) Determine the total net cash flow over the 5 years.
- (b) Calculate the percentage of revenues represented by expenses for each year.

Year	1	2	3	4	5
Revenue, \$	521	685	650	804	929
Expenses, \$	610	623	599	815	789

Solution:

Let Rev = Revenues; Exp = Expenses

Year	1	2	3	4	5	Total
Rev, \$1000	521	685	650	804	929	
Exp, \$1000	610	623	599	815	789	
NCF, \$1000	-89	62	51	-11	140	153
Exp/Rev, %	117	91	92	101	85	

- (a) Total NCF = \$153,000
- (b) Last row of the table shows the answers