**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

1. Total NCF = $153,000
2. Last row of the table shows the answers