

Once you determine those percentages, then you take the year one revenues times (11.66% minus 18.43%). Remember, I made up those percentages. The result will give you a negative number, and that will be your net working capital (NWC) for year one. Then you go through the same calculations for years two through five, using the same percentages of CA/Sales and CL/Sales. Remember to show the "change" in NWC from year to year. For example, if the NWC is -\$100 in year one and -\$119 in year two, then the change in NWC is -\$19. And yes, I am making up those numbers, too.

I'm going to let you wrestle with 2e and #3 on your own. You do not have to complete instruction #4.