

TABLE 1

ANALYSIS OF CASH FLOW STATEMENT: PATTERNS

	# 1	# 2	# 3	# 4	# 5	# 6	# 7	# 8
CF from Operation	+	+	+	+	-	-	-	-
CF from Investing	+	-	+	-	+	-	+	-
CF from Financing	+	-	-	+	+	+	-	-
General	Company using cash generated from operations and from sale of assets and from financing to build up pile of cash - Very liquid company - possibly looking for acquisition	Company using cashflow generated from operations to buy fixed assets and to pay down debt or pay owners	Company using cash from operations and from sale of fixed assets to pay down debt or pay owners successful	Company using cash from operations and from borrowing (or from owner investment) to expand	Company's operating cashflow problems being covered by sale of fixed assets and by borrowing on shareholder contributions	Company is growing rapidly but shortfalls in cashflow from operations and from purchase of fixed assets financed by longterm debt or new owner investment	Company is financing operating cashflow shortages and payment to debt and/or stockholder via sale of fixed asset	Company is using cash reserve to finance operation shortfall and pay L.T. creditors and/or investors

TABLE 2
EXAMPLES OF CASH FLOW PATTERNS

Company/ Year	Pattern 1 1988	Pattern 2 Val-Hart 1989	Pattern 3 WR Grace 1986	Pattern 4 HBJ 1988	Pattern 5 Hoble Drilling 1989	Pattern 6 Allied Products 1988	Pattern 7 Hortek 1989	Pattern 8 Texaco 1988
Net Income	\$ 14,422,000	\$837,221,000	<\$323,900,000>	<\$ 53,486,214>	<\$6,883,000>	\$5,452,000	<\$12,500,000>	<\$ 1,304,000,000>
Net Adjustments	<u>36,037,000</u>	<u><103,223,000></u>	<u>677,800,000</u>	<u>172,749,544</u>	<u>4,521,000</u>	<u><9,099,000></u>	<u><9,776,000></u>	<u>1,246,000,000</u>
Net Cash Flow from Operations	50,459,000	733,998,000	353,900,000	119,263,330	< 2,362,000>	<3,647,000>	< 22,276,000>	< 58,000,000>
Net Cash Flow from Investing	6,698,000	<541,134,000>	567,300,000	< 385,674,674>	4,376,000	<1,738,000>	180,911,000	< 755,000,000>
Net Cash Flow from Financing	<u>4,827,000</u>	<u><191,638,000></u>	<u>< 991,700,000></u>	<u>136,030,438</u>	<u>3,875,000</u>	<u>12,318,000</u>	<u><133,252,000></u>	<u>< 1,416,000,000></u>
Total Change In Cash	\$ <u>61,984,000*</u>	\$ <u>1,228,000</u>	<\$ <u>70,500,000>*</u>	<\$ <u>130,380,906></u>	\$ <u>5,889,000*</u>	\$ <u>6,933,000</u>	\$ <u>125,383,000</u>	<\$ <u>12,229,000,000>*</u>

* Before Foreign Currency Effects on Cash Flow

Source:
Michael T. Dugan
Benton E. Gup
"Teaching the Statement
of Cash Flows"
Jnl. of Accounting Educ.
Spring 1991