

Analyzing Statements of Cash Flows

4.8. Research Problem

Choose five companies from different industries and locate their statements of cash flows for the most recent year.

(a) Create a table to compare the dollars provided or used by operating, investing, and financing activities, as well as the overall increase or decrease in cash.

(b) Create a second table for each company comparing this same information for each of the three years presented in that company's statement of cash flows. Include an additional column that looks at the combined cash flows for all three years.

(c) Write a short analysis of the information gathered. Your discussion should address, among other things, whether cash flow from operating activities is large enough to cover investing and financing activities, and if not, how the company is financing its activities. Discuss differences and similarities between the companies you have chosen.

(a) Create a table to compare the dollars provided or used by operating, investing, and financing activities, as well as the overall increase or decrease in cash.

STATEMENT OF CASH FLOW ANALYSIS

	STARBUCK \$ 2008	HARELY DAVIDSON 2008	RITE AID 2008
NET INCOME / STARTING LINE	\$ 315.5	\$ -	\$ (1,079.0)
OPERATING ACTIVITIES	\$ 1,258.7	\$ (684.7)	\$ 79.4
INVESTING ACTIVITIES	\$ (1,086.6)	\$ (393.3)	\$ (2,933.7)
FINANCING ACTIVITIES	\$ (184.5)	\$ 1,293.4	\$ 2,904.0
CASH	\$ (11.5)	\$ 190.7	\$ 49.9

(b) Create a second table for each company comparing this same information for each of the three years presented in that company's statement of cash flows. Include an additional column that looks at the combined cash flows for all three years.

STARBUCKS

	2008	2007	2006
Net Income/Starting Line	315.5	672.64	564.26
Cash from Operating Activities	1258.70	1331.22	1131.63
Cash from Investing Activities	-1086.60	-1201.95	-841.04

Cash from Financing Activities	-184.50	-171.89	-155.33
Net Change in Cash	-11.50	-31.35	138.80
Net Cash - Beginning Balance	281.30	312.61	173.81
Net Cash - Ending Balance	269.80	281.26	312.61

HARLEY DAVIDSON

	2008	2007	2006
Net Income/Starting Line	0	933.84	1043.15
Cash from Operating Activities	-684.65	798.15	761.78
Cash from Investing Activities	-393.25	391.21	-35.26
Cash from Financing Activities	1293.39	-1037.80	-637.02
Net Change in Cash	190.70	164.46	97.42
Net Cash - Beginning Balance	402.85	238.40	140.98
Net Cash - Ending Balance	593.56	402.85	238.4

RITE AID

	2008	2007	2006
Net Income/Starting Line	-1078.99	26.83	1273.01
Cash from Operating Activities	79.37	309.15	417.17
Cash from Investing Activities	-2933.74	-312.78	-231.08
Cash from Financing Activities	2903.99	33.72	-272.84
Net Change in Cash	49.61	30.08	-86.75
Net Cash - Beginning Balance	106.15	76.07	162.82
Net Cash - Ending Balance	155.76	106.15	76.07

(c) Write a short analysis of the information gathered. Your discussion should address, among other things, whether cash flow from operating activities is large enough to cover investing and financing activities, and if not, how the company is financing its activities. Discuss differences and similarities between the companies you have chosen.

Starbucks operating cash flow has gone up in 2007 and decreased a little in 2008. The net change in cash for Starbucks year is decreasing from the previous year. This could mean that this year there can be a gain.

Harley Davidson's operating cash flow has significantly decreased from 2007. It appears the company was on an upward trend in 2007. The information supplied for net income. With the economy the way it is and not many people buying at this point could have reflected a positive gain.

Rite Aid's operating cash flow has taken a significant decrease as well from previous years. Although, after taking in cash from operations, it has been in previous years. Rite Aid's net gain in cash could be from the ever growing needs in medical supplies. This also reflects a positive gain.