INDUSTRIAL DIFFERENCES IN LARGE CORPORATION FINANCING IN 1949

by

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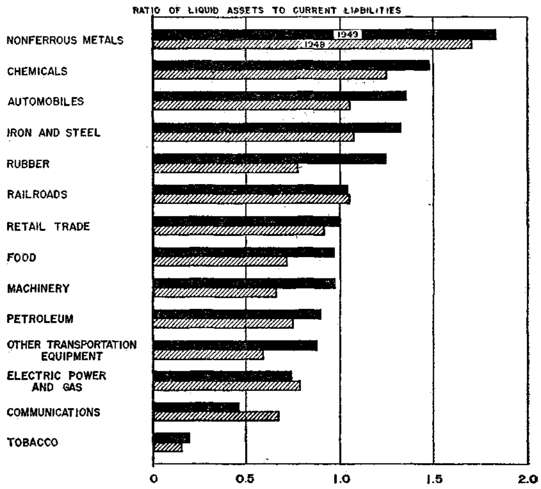
During the early part of 1949, a smaller amount of business expenditures for plant and equipment, coupled with a substantial volume of funds received from retained earnings and from liquidation of inventories and customer receivables, resulted in a significant increase in liquidity of large corporations, as is indicated in the leading article in this BULLETIN. Despite the increase in investment which occurred in the last half of 1949, end-of-year financial statements indicate that large companies as a group still had on hand a much larger volume of liquid assets relative to their current liabilities than was the case at the end of 1948.

This increase in liquidity was confined for the most part to companies in manufacturing industries. In 7 of the 10 major manufacturing groups which are typically large company industries, the increase in corporate liquidity reflected a shift in current asset holdings from inventories and accounts receivable to cash and marketable securities, accompanied by a reduction in short-term bank and trade debt, accrued Federal income taxes, and other current liabilities. In 2 manufacturing groups, the increase in liquidity reflected a smaller decline in cash and marketable securities than in current liabilities, while in one it resulted from a greater increase in liquid asset holdings than in current liabilities.

Increased liquidity during 1949 was less pronounced among large retail trade concerns than in any of the manufacturing industries except nonferrous metals, as the chart shows. While trade concerns reduced inventories and short-term indebtedness moderately, they added relatively little to liquid assets. Instead, they invested substantial amounts in customer receivables, as credit sales increased in importance relative to cash sales following the gradual relaxation and final removal of consumer instalment credit regulations.

The decline in liquidity of electric and gas utilities in 1949 reflects the experience of two companies that transferred to current liabilities a substantial amount of bank indebtedness falling due in 1950. Excluding these two companies, there was practically no change during 1949 in the liquidity position of large electric and gas utilities as a group since liquid assets and current liabilities each increased slightly. The railroad and telephone communication industries were in a less liquid position than in 1948 since they reduced their liquid asset holdings in order to finance substantial plant and equipment expenditures.

LIQUIDITY POSITION OF LARGE CORPORATIONS
END OF YEARS 1949 AND 1948



The foregoing observations are based on data compiled for a sample of 300 large corporations in 10 manufacturing industries, retail trade, and 3 public utility groups.[1] Other differences and similarities in large corporation financing during 1949 are summarized in the following paragraphs.

USES OF FUNDS

In general, with the completion of many plant expansion programs begun since the war, together with lower price and production levels during the first half of 1949 and uncertainty about business prospects, corporations in most industries increased

[1] For description of the sample and analysis of financial experience in prior years, see Charles H. Schmidt, "Industrial Differences in Large Corporation Financing in 1948," Federal Reserve BULLETIN, June 1949, pp. 626-33.

their holdings of cash and its equivalent, repaid bank loans and short-term debt and, as compared with 1948, used a much smaller proportion of their available funds for new investment.

Increase in liquid asset holdings. Large companies in retail trade, electric power and gas, and 8 of the 10 manufacturing groups increased their holdings of cash and marketable securities in 1949. Retail trade and electric utility companies, whose capital expenditures were still increasing in 1949, used a relatively small portion of their funds to increase holdings of cash and/or marketable securities. For manufacturers of machinery, automobiles, and other transportation equipment, on the other hand, expansion of liquid asset holdings was the single most important use of funds in 1949. In the food, rubber, chemical, and iron and steel industries, it was second only to plant and equipment expenditures. For the most part reflecting inventory liquidation, reduced plant and equipment expenditures, and a continued large volume of funds from operations, manufacturing companies in the sample increased their investment in marketable securities—largely United States Government securities—by more than one billion dollars in 1949, and their holdings of cash by 200 million dollars.

Decline in plant and equipment expenditures. The fact that the first major phase of postwar expansion of plant and equipment has now largely run its course is clearly evident in figures for the 300 companies in the sample. In the aggregate, these companies spent 15 per cent less on plant and equipment in 1949 than in 1948. The largest relative declines occurred in the machinery, chemical, and tobacco groups.

Nonferrous metals, railroad, electric power and gas, and retail trade were the only groups for which plant and equipment expenditures exceeded the level of the preceding year. There would have been a slight decline for the nonferrous metals group had it not been for the purchase by one company of war-built facilities formerly operated under lease from the Government. Capital expenditures by railroad companies were somewhat above the 1948 level despite the fact, noted in the leading article, that equipment expenditures were sharply curtailed in the second half of last year. The steadily increasing capital outlays in the electric power and gas industry in 1949 reflected the magnitude of postwar expansion programs, the length of time required to complete new installations in this field, as well as the delaying effect of materials shortages during the early postwar period. Increased capital expenditures of large retail trade concerns probably reflected modernization programs undertaken in response to increased competition.

Repayment of bank debt. For all industries together (excluding railroads, for which data on bank loans are not available) funds used by large corporations to retire short- and long-term bank debt increased only slightly in 1949, from 485 million dollars in 1948 to 530 million last year. The fact that retirement of bank debt exceeded new borrowing from banks, in the aggregate and in 8 of the industries, reflects a sharp decline in new borrowing rather than a significant increase in repayment of outstanding bank debt.

Food processors, chemical and automobile manufacturers, and electric power and gas utilities were the only groups of companies to retire a substantially larger volume of bank loans in 1949 than in 1948. Petroleum companies, on the other hand, which had retired 95 million dollars of bank credit in 1948, reduced their indebtedness to banks by only about 15 million in 1949.

Reduction of other debt. Reduction of short-term debt other than bank loans was primarily a reflection of the lower average level of activity during 1949. In all industries except foods, for example, trade debt incurred in 1949 for the purchase of materials and supplies was less than the amount of previously incurred debt paid off in 1949. Similarly, with the decline in profits, the amount set aside for payment of income taxes was generally less in 1949 than it had been in 1948.

Sources of Funds

Despite widespread declines from 1948 levels of corporate profits, funds derived from current operations in 1949—that is, profits after taxes and dividends, and depreciation allowances—were still large relative to corporate financial requirements. In addition, a substantial volume of internal funds was made available through liquidation of inventories and accounts receivable. As a result, the total dollar volume of internal funds was at least as large in 1949 as in 1948 in all of the 14 groups except petroleum and retail trade. As the table

SOURCES OF FUNDS OF LARGE CORPORATIONS, 1949 AND 1948[1]

[Percentage distribution]

Industry and year	Total	Internal funds: Total	Internal funds: From current operations	Internal funds: From asset liquidation	External funds	Industry and year	Total	Internal funds: Total	Internal funds: From current operations	Internal funds: From asset liquidation	External funds
Food.....1949	100	92	47	45	8	Machinery.....1949	100	94	55	39	6
1948	100	47	45	2	53	1948	100	54	54	0	46
Tobacco.....1949	100	58	55	4	42	Automobiles.....1949	100	80	68	13	20
1948	100	25	25	0	75	1948	100	63	56	7	37
Rubber.....1949	100	99	52	46	1	Other trans. equip.....1949	100	67	25	42	33
1948	100	97	69	28	3	1948	100	70	42	28	30
Petroleum.....1949	100	95	81	14	5	Retail trade.....1949	100	94	73	22	6
1948	100	71	71	0	29	1948	100	77	73	4	23
Chemicals.....1949	100	89	69	20	11	Railroads.....1949	100	90	45	45	10
1948	100	81	67	14	19	1948	100	73	66	7	27
Iron and steel.....1949	100	90	72	18	10	Electric power and gas..1949	100	39	32	7	61
1948	100	72	63	8	28	1948	100	28	28	0	72
Nonferrous metals.....1949	100	78	33	45	22	Communications.....1949	100	45	33	13	55
1948	100	74	63	11	26	1948	100	29	23	6	71

[1] Gross sources were derived by combining positive amounts in the Sources of Funds and negative amounts in the Uses of Funds sections of the Composite Sources and Uses of Funds Statement.

NOTE.—Details may not add to totals because of rounding.

shows, 8 of the groups financed 90 per cent or more of their 1949 requirements from internal funds. In the few industries in which a significant proportion of funds was obtained externally, there was a shift in 1949, as compared with 1948, from debt to equity financing. The increased preference for equity funds reflected both improved prospects for stock financing and a desire for permanent capital rather than for temporary funds such as had been required for the initial financing of post-war expansion programs.

Liquidation of inventories and receivables. Business organizations obtain internal funds from two general sources: retained earnings plus current depreciation allowances, and liquidation of assets. In a period of economic prosperity the former generally account for the largest proportion of internal funds, and in 1948 they accounted for over 90 per cent of the internal funds of the 300 large companies in the aggregate.

In 1949, for the first time in recent years, retail trade companies reduced their inventories significantly and large corporations in most manufacturing industries liquidated inventories and also reduced the amount of customer financing (as evidenced by accounts receivable). Such liquidation was relatively minor in the tobacco, petroleum, and automobile groups, but in the remaining 7 manufacturing groups and in retail trade it accounted for 20 to 45 per cent of total sources of funds. In several industries—particularly food, rubber, machinery, nonferrous metals, and retail trade—liquidation of inventories or receivables was largely responsible for the relatively greater importance of internal funds in 1949.

Funds from operations. In absolute dollar terms, the volume of funds retained from operations by large companies declined from 1948 to 1949 in all of the 14 industry groups except 4—the tobacco, automobile, electric power, and communications industries. These declines reflected a drop in sales and the disbursement of a larger proportion of net profits in dividends.

Relative to total financial requirements, however, funds derived from operations were larger in the aggregate than in 1948 and, among the individual industries, fell below the 1948 level only in the rubber, nonferrous metal, other transportation equipment, and railroad groups. For large tobacco companies, a decline of 50 per cent in total uses of funds together with a small increase in retained earnings resulted in a very great increase in the relative importance of the latter.

External financing negligible in most industries. Financing through bank credit, long-term debt, stock issues, or increased allowance for accrued taxes and other current liabilities was relatively unimportant in 1949 among large manufacturing and trade corporations. The only exceptions were bank credit in the nonferrous metal group, increased tax accruals in the automobile group, increases in other current liabilities—principally advances on contracts—in the other transportation equipment group, and sale of stock in the tobacco group. In the remaining six manufacturing industries and in retail trade, at least 90 per cent of total needs was provided by internal sources and no more than a negligible proportion of total investment was financed from any single external source.

The food processing, tobacco, and machinery industries, which had obtained substantial funds through long-term borrowing in 1948, obtained little or none in this way during 1949. Individual companies in several industries did increase their long-term indebtedness moderately in 1949, but, in the group totals, such increases were largely offset by retirements by other companies.

Railroad companies obtained practically all of their external financing in 1949 through long-term borrowing. However, such borrowing accounted for less than 10 per cent of the industry's total funds as compared with 20 per cent in 1948. No company in this group has issued or retired any capital stock since 1946.

The electric and gas utility and communications groups continued to finance a large proportion of their investment expenditures externally. Electric power and gas utilities obtained about 30 per cent of their total investment funds through long-term borrowing and about 25 per cent through sale of stock. In the communications industry the corresponding proportions were 20 and 28 per cent. In both groups, the percentages for long-term borrowing represent a sharp decline from 1948, and those for stock issues a moderate increase.

NOTE.—Composite Balance Sheet, Selected Income Statement, and Sources and Uses of Funds data for the sample of large corporations discussed in this article are shown on the following pages.

Composite Balance Sheet and Income Statement, 1949, 1948 and 1947
300 Large Corporations in Selected Industries

[Dollar amounts in millions]

Account	Manufacturing																				
	Food			Tobacco			Rubber			Petroleum			Chemicals			Iron and steel			Nonferrous metals		
	[1] 1949	1948	1947	1949	1948	1947	1949	1948	1947	[1] 1949	1948	1947	1949	1948	1947	[1] 1949	1948	1947	1949	1948	1947
Number of companies	28	28	28	4	4	4	4	4	4	24	24	24	33	33	33	18	18	18	14	14	14
Total assets (end of year)	**$3,463**	**$3,460**	**$3,149**	**$1,750**	**$1,739**	**$1,567**	**$1,382**	**$1,427**	**$1,362**	**$13,338**	**$12,866**	**$10,658**	**$4,930**	**$4,701**	**$4,356**	**$7,398**	**$7,174**	**$6,283**	**$3,292**	**$3,313**	**$3,058**
Cash	365	366	314	56	54	53	139	116	165	919	941	825	591	510	581	747	711	722	279	308	347
Marketable securities	289	181	188	0	0	0	129	104	62	480	527	487	516	440	459	897	770	845	415	496	430
Receivables (net)	411	484	432	82	86	81	254	259	263	978	1,161	931	424	455	427	592	700	582	189	242	210
Inventories	987	1,133	1,060	1,418	1,416	1,273	452	539	483	1,719	1,741	1,317	877	961	875	1,323	1,377	1,150	621	620	557
Plant and equipment (net of depreciation)	1,267	1,163	1,020	110	101	79	385	383	365	8,238	7,484	6,228	1,892	1,767	1,478	3,571	3,374	2,767	1,609	1,470	1,341
Other assets [2]	144	134	135	84	82	81	23	26	24	1,004	1,012	871	631	569	535	268	243	217	179	177	173
Total liabilities and equity	**$3,463**	**$3,460**	**$3,149**	**$1,750**	**$1,739**	**$1,567**	**$1,382**	**$1,427**	**$1,362**	**$13,338**	**$12,866**	**$10,658**	**$4,930**	**$4,701**	**$4,356**	**$7,398**	**$7,174**	**$6,283**	**$3,292**	**$3,313**	**$3,058**
Notes payable to banks (short-term)	89	180	92	171	236	270	15	11	11	47	50	11	27	21	34	5	10	1	10	6	5
Trade notes and accounts payable	206	201	201	11	14	17	74	93	100	882	968	815	192	209	209	506	592	487	122	141	131
Accrued income taxes	227	248	255	89	91	81	69	99	92	420	722	467	381	391	362	509	549	442	166	241	214
Other current liabilities [3]	117	128	118	26	20	17	58	78	81	211	218	187	149	149	133	220	238	233	80	83	75
Notes payable to banks (long-term)	38	41	44	0	0	2	12	15	18	603	561	388	71	123	111	7	10	14	47	2	5
Mortgages, bonds, and other liabilities [4]	485	463	345	524	539	414	296	305	306	1,270	1,163	999	465	441	413	831	773	722	224	198	160
Surplus reserves [5]	166	208	185	3	4	2	127	127	107	149	155	148	138	185	194	185	185	207	85	106	99
Capital stock	1,047	1,027	1,020	508	489	463	299	300	303	3,911	3,854	3,550	1,356	1,329	1,299	2,793	2,708	2,459	1,124	1,119	1,112
Surplus	1,087	965	888	417	346	302	432	399	344	5,844	5,174	4,094	2,152	1,853	1,602	2,343	2,109	1,718	1,434	1,417	1,258
Income statement:																					
Sales	$10,613	$11,184	$10,731	$2,317	$2,286	$2,170	$2,118	$2,331	$2,301	$11,406	$12,250	$9,136	$4,734	$4,998	$4,525	$7,903	$8,547	$7,030	$2,404	$2,902	$2,494
Depreciation, depletion, and amortization	103	85	73	7	6	5	58	55	46	713	650	522	203	182	131	283	295	240	71	63	56
Profit before income taxes [6]	406	413	489	202	185	156	130	183	170	1,593	2,464	1,540	862	863	778	940	984	739	357	582	527
Net profit [6]	248	253	298	124	114	96	88	116	112	1,280	1,837	1,190	556	547	495	551	580	450	227	362	326
Dividends	145	146	147	72	67	62	39	41	41	561	553	430	363	311	271	240	227	196	168	200	174

Account	Manufacturing, cont.									Retail trade			Utilities								
	Machinery, incl. electrical			Automobiles			Other transportation equipment						Railroads			Electric and gas			Communications		
	1949	1948	1947	1949	1948	1947	1949	1948	1947	[7] 1949	1948	1947	1949	1948	1947	1949	1948	1947	1949	1948	1947
Number of companies	46	46	46	12	12	12	19	19	19	42	42	42	20	20	20	35	35	35	1	1	1
Total assets (end of year)	**$5,769**	**$5,665**	**$4,945**	**$5,188**	**$4,698**	**$3,934**	**$1,773**	**$1,744**	**$1,692**	**$4,082**	**$3,964**	**$3,613**	**$17,428**	**$17,456**	**$16,914**	**$10,536**	**$9,743**	**$8,998**	**$8,126**	**$7,475**	**$6,392**
Cash	617	611	580	667	582	593	232	185	238	638	646	530	609	705	627	327	290	274	90	86	77
Marketable securities	678	369	316	1,379	853	398	201	115	88	256	240	188	455	639	622	232	256	267	247	377	461
Receivables (net)	827	903	781	404	381	438	268	284	258	539	484	408	334	360	367	233	222	200	326	290	271
Inventories	1,649	1,919	1,724	1,175	1,306	1,117	580	680	669	1,393	1,467	1,491	489	579	513	291	358	284	99	124	136
Plant and equipment (net of depreciation)	1,522	1,422	1,172	1,239	1,253	1,103	432	413	374	1,063	939	827	12,166	11,706	11,260	[8] 9,213	[8] 8,368	[8] 7,724	6,789	6,097	4,975
Other assets [2]	475	441	371	324	323	285	61	67	64	193	189	171	3,375	3,466	3,525	240	248	247	575	501	472
Total liabilities and equity	**$5,769**	**$5,665**	**$4,945**	**$5,188**	**$4,698**	**$3,934**	**$1,773**	**$1,744**	**$1,692**	**$4,082**	**$3,964**	**$3,613**	**$17,428**	**$17,456**	**$16,914**	**$10,536**	**$9,743**	**$8,998**	**$8,126**	**$7,475**	**$6,392**
Notes payable to banks (short-term)	11	52	37	14	7	4	6	46	58	45	41	31	([9])	([9])	([9])	105	94	70	113	77	40
Trade notes and accounts payable	284	331	308	465	500	408	108	137	118	332	348	365	433	517	535	157	161	146	251	282	297
Accrued income taxes	393	427	336	697	545	401	78	85	75	276	332	309	212	340	264	[10] 332	[10] 303	[10] 290	207	180	145
Other current liabilities [3]	648	685	571	352	312	252	305	240	253	238	244	228	390	433	444	156	136	124	167	151	136
Notes payable to banks (long-term)	41	122	203	7	18	18	15	28	26	55	58	60	([9])	([9])	([9])	46	83	79	0	0	0
Mortgages, bonds, and other liabilities [4]	666	652	490	240	364	312	102	80	74	178	164	114	6,359	6,257	6,053	4,748	4,376	3,795	3,691	3,443	2,786
Surplus reserves [5]	263	260	251	104	114	82	53	58	73	48	62	89	1,312	1,289	1,255	59	59	94	19	12	5
Capital stock	1,595	1,515	1,506	1,117	924	922	385	385	353	1,033	1,037	1,034	5,057	5,057	5,057	4,011	3,652	3,585	2,815	2,534	2,269
Surplus	1,868	1,622	1,242	2,193	1,914	1,535	721	686	665	1,878	1,678	1,383	3,665	3,564	3,306	923	877	815	863	795	713
Income statement:																					
Sales	$7,182	$7,330	$5,928	$10,382	$8,690	$7,035	$2,312	$2,177	$1,679	$10,975	$11,459	$10,425	$5,741	$6,459	$5,836	$2,851	$2,739	$2,506	$2,893	$2,625	$2,225
Depreciation, depletion, and amortization	161	131	103	170	148	126	37	33	29	84	77	70	285	266	244	270	248	249	321	278	237
Profit before income taxes [6]	901	927	704	1,583	1,187	823	156	167	24	634	785	705	448	727	516	615	547	547	354	323	236
Net profit [6]	556	559	426	930	670	458	98	102	−17	390	481	424	287	460	311	405	364	362	233	222	161
Dividends	251	213	189	473	298	208	60	58	53	210	210	192	156	183	147	301	266	266	216	203	189

[1] For one or two companies in the food, petroleum, and iron and steel industries, reports for 1949 excluded, and for 1947 and 1948 included, foreign subsidiaries. Balance sheet and income statement data and sources and uses of funds of these companies for 1949 have been adjusted so as to be comparable with earlier years.
[2] Includes relatively small amounts of intangibles and current assets not shown separately.
[3] Includes current instalments of principal repayments on mortgages and bonds, accrued interest and charges, dividends payable, etc.
[4] Includes pension reserves and minority interest in capital stock and surplus.
[5] Includes reserves for self-insurance, contingencies, plant replacement, and possible future declines in value of inventories.
[6] Excludes nonrecurring charges and credits to income, tax refunds, payments of prior year's taxes, gains on sales of assets, and charges and credits to and from surplus reserves.
[7] Data for two companies estimated.
[8] Includes intangibles.
[9] Included with other short- and long-term liabilities.
[10] Includes State income and property taxes.

NOTE.—Includes most of the largest companies in each industry group having fiscal years that end on or around December 31 and for which data are available in investment manuals and company reports to stockholders. Manufacturing and trade groups include only companies with end-of-year 1949 total assets of 10 million dollars and over; railroads, Class I roads with total assets of 265 million and over; utilities, Class A and B electric and gas companies with total assets of 90 million and over; communication, American Telephone and Telegraph Company and principal subsidiaries comprising the Bell System. Details may not add to totals because of rounding.

Composite Sources and Uses of Funds Statement, 1949 and 1948

300 Large Corporations in Selected Industries

[Dollar amounts in millions]

Account	Manufacturing													
	Food		Tobacco		Rubber		Petroleum		Chemicals		Iron and steel		Nonferrous metals	
	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948
Number of companies	28	28	4	4	4	4	24	24	33	33	18	18	14	14
Sources of funds—total	**$32**	**$406**	**$18**	**$178**	**$−20**	**$130**	**$1,583**	**$3,025**	**$227**	**$624**	**$370**	**$1,038**	**$214**	**$299**
Net from operations [1]	204	208	59	54	107	134	1,787	2,240	400	427	600	661	121	233
Cash	−4	−52	−3	−1	−23	49	54	−104	−82	72	−40	12	30	39
Marketable securities	−108	7	0	0	−25	−42	48	−40	−76	19	−127	76	81	−66
Trade payables	4	1	−3	−3	−19	−7	−106	152	−17	1	−83	104	−20	10
Bank loans, short-term	−88	88	−64	−34	3	(2)	−3	40	6	−12	−4	9	5	1
Bank loans, long-term	−3	−2	0	−2	−3	−3	42	176	−52	13	−4	−3	46	−4
Accrued income taxes	−1	15	−1	10	−30	6	−302	253	−10	33	−40	108	−75	27
Other current liabilities	−2	10	6	4	−20	−3	8	31	−1	16	−16	5	−3	8
Mortgages, bonds, other liabilities	22	116	−15	125	−8	−1	57	149	24	36	58	51	25	38
Capital stock	8	4	39	25	−2	−3	−3	111	35	2	19	14	4	9
Other sources [3]	(2)	11	0	0	0	0	1	17	0	17	7	1	0	4
Uses of funds—total	**$32**	**$406**	**$18**	**$178**	**$−20**	**$130**	**$1,583**	**$3,025**	**$227**	**$624**	**$370**	**$1,038**	**$214**	**$299**
Plant and equipment expenditures	224	237	16	29	67	75	[4] 1,741	[4] 2,200	337	500	498	661	254	203
Inventories	−104	110	2	144	−87	57	−31	428	−84	89	−46	228	2	63
Receivables	−67	52	−4	4	−5	−5	−185	229	−32	30	−104	123	−53	32
Other assets	−21	8	3	1	−2	2	59	168	4	4	22	24	3	2
Other uses [5]	0	0	1	1	7	1	0	0	3	0	0	0	9	0

Account	Manufacturing, cont.						Retail trade		Utilities					
	Machinery, incl. electrical		Automobile		Other transportation equipment				Railroads		Electric and gas		Communications	
	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948
Number of companies	46	46	12	12	19	19	42	42	20	20	35	35	1	1
Sources of funds—total	**$−32**	**$728**	**$129**	**$470**	**$−62**	**$134**	**$202**	**$271**	**$612**	**$751**	**$1,143**	**$1,222**	**$1,168**	**$1,496**
Net from operations [1]	471	485	709	557	73	81	273	349	476	618	409	360	402	351
Cash	−8	−34	−86	11	−46	53	8	−116	96	−78	−37	−27	−3	−9
Marketable securities	−309	−54	−526	−455	−86	−27	−16	−52	185	−18	25	−15	130	84
Trade payables	−46	23	−35	92	−28	19	−17	−17	−84	−18	−5	20	−31	−15
Bank loans, short-term	−41	15	7	3	−40	−12	4	10	(6)	(6)	11	24	36	37
Bank loans, long-term	−82	−80	−11	0	−13	3	−2	−3	(6)	(6)	−37	4	0	0
Accrued income taxes	−31	94	152	144	−8	12	−57	22	−125	76	[7] 29	[7] 14	28	34
Other current liabilities	−37	116	39	60	66	−17	−6	16	−47	−11	21	8	16	15
Mortgages, bonds, other liabilities	14	162	−124	52	22	9	14	50	100	182	371	619	248	658
Capital stock	18	1	−3	−3	−10	14	−3	4	0	0	334	184	340	340
Other sources [3]	19	0	7	9	8	0	4	8	11	0	22	31	2	1
Uses of funds—total	**$−32**	**$728**	**$129**	**$470**	**$−62**	**$134**	**$202**	**$271**	**$612**	**$751**	**$1,143**	**$1,222**	**$1,168**	**$1,496**
Plant and equipment expenditures	281	392	238	301	60	75	215	197	808	749	1,197	1,113	1,080	1,460
Inventories	−264	198	−131	189	−100	18	−73	−19	−91	66	−67	76	−25	−12
Receivables	−71	122	21	−58	−13	25	54	77	−27	−6	12	21	36	20
Other assets	21	15	1	39	−8	3	4	17	−80	−58	1	13	76	30
Other uses [5]	0	1	0	0	0	12	0	0	0	1	0	0	0	0

[1] Net profit after taxes plus current depreciation accruals and minus cash dividends paid; nonfund and nonrecurring charges and credits to income have been eliminated from net profit.
[2] Less than 0.5 million dollars.
[3] Proceeds from sale of fixed assets and investments, tax refunds, and extraordinary sources of funds.
[4] Company figures which in some cases include, and in others exclude, dry hole costs.
[5] Prior year tax payments, charges resulting from devaluation of foreign currencies, and extraordinary uses of funds.
[6] Included with other short- and long-term liabilities.
[7] Includes State income and property taxes.

NOTE.—Figures were derived from income data and year-to-year changes in balance sheet accounts, as shown in the Composite Balance Sheet and Income Statement. Asset write-ups and write-downs, stock dividends, and other nonfund bookkeeping transfers are not shown separately, but are eliminated from the income data and changes in balance sheet accounts in the Sources and Uses of Funds Statement. Negative figures in the Sources of Funds section represent uses of funds, while negative figures in the Uses of Funds Section represent sources of funds. Details may not add to totals because of rounding.