

Consolidated Statement of Changes in Financial Position

Years ended December 31, 1978 1977*		Koppers Company, Inc. and Subsidiaries		Explanations
(\$ Thousands)				
		Source of funds:	1	1. WHERE THE FUNDS CAME FROM
		Operations:		
\$ 76,011	\$ 66,410	Net income	2	2. From line 13 of Income Statement on page 43.
52,651	42,593	Depreciation, depletion and amortization	3	
4,789	9,073	Deferred income taxes and other expenses	4	3. This operating cost does not require the payment of funds, which are retained for use in the business.
(1,431)	(1,446)	Equity in earnings of affiliated companies, less dividends received		4. Taxes and other expenses not paid currently. Available for use in operations until the time when payment becomes due
132,020	116,630	Funds provided from operations		5. Borrowings explained on page 45
94,125	32,363	Term debt issued	5	6. Redemption of ARCO/Polymers stock has been completed.
62,102	—	Book value of investment in Cutler-Hammer, Inc. sold		7. Negotiated value of companies acquired in exchange for shares of common stock, plus value of shares contributed to Employee Stock Ownership Plan trust as determined by Federal tax regulations
—	8,818	Redemption of investment in ARCO/Polymers, Inc.	6	
2,532	2,523	Common stock issued	7	8. Disposal of equipment, facilities etc. no longer needed in operations
13,831	3,548	Book value of fixed assets and other noncurrent assets disposed of or sold	8	9. Total of all cash generated from all sources.
304,610	163,882		9	10. WHERE THE FUNDS WENT
		Disposition of funds:	10	11. Capital investments to provide further growth.
144,452	104,522	Capital investments	11	12. Repayment of debt and capital lease obligations.
62,102	—	Investment in Cutler-Hammer, Inc.		13. Return to common and preferred shareholders per Explanation 13 on page 43.
12,484	40,070	Term debt and obligations under capital leases retired	12	14. Funds borrowed for Woodward coke plant expansion were held by a trustee in 1977; a portion was a source of funds in 1978.
28,758	24,250	Dividends paid	13	15. Amount derived by subtracting funds paid out from funds generated
(9,682)	18,991	Funds held (disposed of) for capital expenditures	14	16. Here is what working capital consisted of at year end.
4,563	4,732	Other		
242,677	192,565			
\$ 81,933	\$ (28,683)	Increase (decrease) in working capital	15	
		Changes in components of working capital:	16	
		Increase (decrease) in current assets:		
\$ (16,981)	\$ (29,701)	Cash and short-term investments		
114,511	30,218	Accounts receivable		
(5,790)	11,189	Inventories		
(2,120)	193	Prepaid expenses		
89,620	11,899			
		Increase (decrease) in current liabilities:		
1,839	3,387	Accrued income taxes		
1,142	3,093	Other taxes		
1,133	18,601	Accounts payable		
4,422	1,886	Accrued pensions		
34,888	1,634	Other accruals		
(10,473)	9,977	Advance payments received on contracts		
(5,292)	2,284	Debt due within one year		
28	(280)	Obligations under capital leases		
27,687	40,582			
\$ 61,933	\$ (28,683)	Increase (decrease) in working capital		

*Restated—see Note 5.

(See accompanying statement of accounting policies and notes to financial statements.)