

Solution:

The cash flow statement is already introduced in the Problem 5-55. The reconciliation schedule is provided here:

**STATEMENT OF RECONCILIATION OF NET INCOME
TO OPERATIONS EXPENSE
(Amount in millions of ¥)**

Name: Hiramatsu Exports, Inc.
For: Fiscal 2010

Particulars	Amount
CASH PROVIDED (USED) BY OPERATING ACTIVITY	
Net Income	254
Adjustment of net income to reconcile with net cash flow of operations:	
Income not affecting cash:	
Depreciation & Amortization	151
Changes in assets & liabilities:	
Increase in Accounts Receivable	(95)
Increase in Inventory	(56)
Decrease in Accounts Payable	(3)
Decrease in Accrued Wages	(24)
Decrease in Income Taxes Payable	(3)
Net Cash Provided (used) by Operating Activity	224