

Solution:

Let's create a comprehensive statement of cash flow.

STATEMENT OF CASH FLOW
(Amount in thousands of \$)

Name: Only Toys, Inc.
For: Fiscal 2011

Particulars	Amount
CASH PROVIDED (USED) BY OPERATING ACTIVITY	
Cash Sales to Customers	9,819
Payment to Suppliers & Employees	(8,074)
Interest Expense	(129)
Dividends Received from Investments	152
Taxes Paid	(390)
Net Cash Provided (used) by Operating Activity¹	1,378
CASH PROVIDED (USED) BY INVESTING ACTIVITY	
Purchases:	
Property, Plants & Equipment	(1,986)
40% Stock of Bozeman Toy Company	(3,900)
Disposal:	
Property	600
withdrawal from Money Market Fund	800
Net Cash Provided (used) by Investing Activity²	(4,486)
CASH PROVIDED (USED) BY FINANCING ACTIVITY	
Proceeds from Issuance of Long-Term Debt	1,906
Less: Retirement of Debt due in 2011	(850)
Issuance of Common Stock	3,300
Less: Acquisition of Treasury Stocks	(249)
Exercise of Stock Options by Employees	170
Cash Dividends Paid	(240)
Net Cash Provided (used) By Financing Activity²	4,037
Net Cash Provided (used) by (Operating + Investing + Financing) Activity	929

¹Refer to the schedule of reconciliation of net income to operating cash flow for reference.

²Refer to the schedule of non-cash investing and financial activities for reference to activities that did not involve cash yet are important.

**SCHEDULE OF RECONCILIATION OF NET INCOME
TO NET CASH FLOW FROM OPERATIONS
(in thousands of \$)**

Net Income	809
Adjustments to Net Income to reconcile with net cash flow from operations:	
Income not affecting cash:	
Depreciation & Amortization	615
Changes in assets & liabilities:	
Increase in Inventory	(72)
Increase in Accounts Receivables	(31)
Increase in Accounts & Wages Payable	7
Increase in Income Taxes Payable	35
Increase in Accrued Interest Payable	15
Net Cash Provided (used) by operating Activity	1,378

**SCHEDULE OF NON-CASH INVESTING & FINANCIAL
ACTIVITIES
(in thousands of \$)**

Purchases:	
New Equipment	516
(increase in Notes Payable)	
Salzburg Musical Instruments Company	305
(in exchange for stocks)	
Conversion of Long-Term Debt to Common Stock	960
