

Solution:

Using the two-balance sheet as well as the income statement, we can easily deduce the changes in the money pattern and hence, create a statement of cash flow. The following is the result of such analysis:

STATEMENT OF CASH FLOW
(Amount in millions of rands)

Name: Cape Town Manufacturing
For: Fiscal 2011

Particulars	Amount
CASH PROVIDED (USED) BY OPERATIONAL ACTIVITY	
Cash Sales	845
Cost of Goods Acquired on Cash	(430)
Operating Expenses	(220)
Interest Expenses	(15)
Income Taxes Paid	(25)
Net Cash Provided (used) by Operational Activity	155
CASH PROVIDED (USED) BY INVESTMENT ACTIVITY	
Purchases of fixed assets	(315)
Sale of fixed assets	100
Net Cash Provided (used) by Investment Activity	(215)
CASH PROVIDED (USED) BY FINANCING ACTIVITY	
Proceeds from Long-Term Debt	70
Dividends Paid	(33)
Net Cash Provided (used) by Financing Activity	37
Net Cash Provided (used) by (Operational + Investment + Financial) Activity	(23)