

**Solution:**

(1)

The statement is given below:

STATEMENT OF CASH FLOW (Amount in millions of \$)	
Name: Feinstein Company For: Fiscal 2013	
Particulars	Amount
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITY</b>	
Cash Received from Sales of Goods	261
Purchase of Goods Acquired	(171)
Other General & Prepaid Expenses	(51)
Taxes Paid in Cash	(9)
<b>Net Cash Provided (used) by Operating Activity</b>	<b>29</b>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITY</b>	
Purchase of New Plant	(103)
Sale of assets	6
<b>Net Cash Provided (used) by Investing Activity</b>	<b>(97)</b>
<b>CASH PROVIDED (USED) BY FINANCING ACTIVITY</b>	
Proceeds From Long-Term Debts	54
Dividends Declared & Paid	(4)
<b>Net Cash Provided (used) by Financing Activity</b>	<b>50</b>
<b>Net Cash Provided (used) by (Operating + Financing + Investing) Activity</b>	<b>(18)</b>

(2)

The schedule of reconciliation is given below:

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SCHEDULE OF RECONCILIATION OF  
NET INCOME TO OPERATION EXPENSE  
(Amount in millions of \$)

Name: Feinstein Company  
For: Fiscal 2013

Particulars	Amount
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITY</b>	
Net Income	16
Adjustment to reconcile net income to net Cash provided by the operations:	
Income not affecting cash:	
Depreciation & Amortization	40
Changes in assets & liabilities:	
Increase in Accounts Receivables	(21)
Increase in Inventory	(20)
Increase in Prepaid Expenses	(1)
Increase in Accounts Payable	14
Increase in Accrued Taxes Payable	1
<b>Net Cash Provided (used) by Operating Activity</b>	<b>29</b>

(3)

The statement of cash flow reveals that the operational activities have generated an outflow which could not be covered by the gains in operations as well as financial activities, resulting in a depletion of cash.

Mr. Feinstein needs to understand that this investment, which might appear as a huge burden initially, could actually be beneficial since the new plant will enhance the productivity of the company in long run and produce higher returns, leading to higher operations revenue and hence, higher cash returns.