

Solution:

By using the balance sheet for the two years as well as the income statement of Jacinta Manufacturing Company (JMC), we can easily deduce the cash flow from their operations.

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

Name: Jacinta Manufacturing Company
For: Fiscal 2011

Particulars	Amount
CASH PROVIDED (USED) BY OPERATIONAL ACTIVITY	
Cash Sales	490
Add: Receipts from Outstanding Accounts	15
Purchase of Goods on Cash	(290)
Operation Expenses:	
Salaries & Wages	(82)
Other Operational Expense, paid in cash	(15)
Income Tax Paid	(8)
Net Cash Provided (used) by Operational Activity	110
CASH PROVIDED (USED) BY INVESTMENT ACTIVITY	
Purchase of welding Machines	(125)
Sale of Old Machines	5
Net Cash Provided (used) by Investment Activity	(120)
CASH PROVIDED (USED) BY FINANCING ACTIVITY	
Issuance of Long-Term Debt	100
Dividends Declared & Paid	(10)
Net Cash Provided (used) by Financing Activity	90
Net Cash Provided (used) by (Operational + Investment + Financial) Activity	80
Cash & Cash Equivalents on December 31, 2010	45
Cash & Cash Equivalents on December 31, 2011	125