

Solution:

(1)

The statement is given in indirect format. We need to convert it to direct method. For this, we need to change the operating cash flows into readily available values.

The statement becomes as follows:

STATEMENT OF CASH FLOW (Amount in millions of \$)	
Name: J.M. Smucker Co. For: Fiscal 2011	
Particulars	Amount
CASH PROVIDED (USED) BY OPERATIONAL ACTIVITY	
Cash Sales	4,723
Operating Expenses, Paid in Cash	(3,928)
Other changes in current assets, net	(99)
Income Tax Paid	(304)
Net Cash Provided (used) by Operational Activity	392
CASH PROVIDED (USED) BY INVESTMENT ACTIVITY	
Purchases:	
Property, Plants & Equipment	(180)
Marketable Securities	(76)
Disposal:	
Property, Plants & Equipment	6
Marketable Securities	57
Net Cash Provided (used) by Investment Activity	(193)
CASH PROVIDED (USED) BY FINANCING ACTIVITY	
Proceeds from Long-Term Debt	400
Dividends Paid	(194)
Repurchase of Common Stock	(389)
Other financial inflow (outflow)	13
Net Cash Provided (used) by Financing Activity	(170)
Net Cash Provided (used) by (Operational + Investment + Financial) Activity	29

(2)

The cash from operations is used to do financial as well as investment activities.