

3. Cash Flow Statement

The following are the Balance Sheets of Agnew plc as at 31/12/2012 and 31/12/2013, together with an abridged Profit and Loss account for the year ended 31/12/2013.

Abridged Profit and Loss Account for year ended 31/12/2013		€	
Operating profit			182,000
Interest for the year			<u>(12,000)</u>
Profit before taxation			170,000
Taxation for the year			<u>(42,000)</u>
Profit after taxation			128,000
Dividends paid			<u>(48,000)</u>
Retained profits for the year			80,000
Retained profits on 01/01/2013			<u>185,000</u>
Retained profits on 31/12/2013			<u><u>265,000</u></u>

Balance Sheet as at	31/12/2013		31/12/2012	
Fixed Assets	€	€	€	€
Land and buildings at cost	830,000		740,000	
Less accumulated depreciation	<u>(70,000)</u>	760,000	<u>(55,000)</u>	685,000
Machinery at cost	390,000		470,000	
Less accumulated depreciation	<u>(190,000)</u>	<u>200,000</u>	<u>(160,000)</u>	<u>310,000</u>
		960,000		995,000
Financial Assets				
Quoted investments		110,000		75,000
Current Assets				
Stock	210,000		140,000	
Debtors	170,000		125,000	
Government securities	25,000		–	
Bank	–		17,000	
Cash	4,000		3,000	
	<u>409,000</u>		<u>285,000</u>	
Less Creditors: amounts falling due within 1 year				
Trade creditors	240,000		230,000	
Interest due	7,000		–	
Taxation	55,000		30,000	
Bank	14,000		–	
	<u>(316,000)</u>		<u>(260,000)</u>	
Net Current Assets		<u>93,000</u>		<u>25,000</u>
		<u><u>1,163,000</u></u>		<u><u>1,095,000</u></u>
Financed by				
Creditors: amounts falling due after more than 1 year				
7% Debentures		160,000		230,000
Capital and Reserves				
Ordinary shares at €1 each	720,000		680,000	
Share premium	18,000		–	
Profit and loss account	<u>265,000</u>	<u>1,003,000</u>	<u>185,000</u>	<u>865,000</u>
		<u><u>1,163,000</u></u>		<u><u>1,095,000</u></u>

The following information is also available:

1. There were no disposals of buildings during the year but new buildings were acquired.
2. There were no purchases of machinery during the year. Machinery was disposed of for €42,000.
3. Depreciation charged for the year on Machinery in arriving at the operating profit was €65,000.

You are required to:

- (a) Prepare the Cash Flow Statement of Agnew plc for the year ended 31/12/2013 including Reconciliation Statements. (48)
- (b) (i) Outline the benefits of preparing a Cash Flow Statement.
 (ii) Distinguish between a 'cash gain' and a 'non-cash gain', giving **one** example of each. (12)

(60 marks)