

## 6. Cash Flow Statement

The following are the Balance Sheets of Craft plc as at 31/12/2017 and 31/12/2018.

Balance Sheet as at	31/12/2018		31/12/2017	
	€	€	€	€
<b>Fixed Assets</b>				
Cost	725,000		550,000	
Less accumulated depreciation	(170,000)	555,000	(90,000)	460,000
<b>Financial Assets</b>				
Quoted Investments at cost		100,000		150,000
<b>Current Assets</b>				
Stock	360,000		305,000	
Debtors	180,000		120,000	
Less Provision for Bad Debts	(9,000)		(6,000)	
Government Securities	46,000		25,000	
Cash	12,000		18,500	
Investment Income due	1,000		—	
	590,000		462,500	
<b>Less Creditors: amounts falling due within 1 year</b>				
Trade Creditors	185,000		222,000	
Bank	31,000		45,000	
Taxation	60,000		65,000	
Interest due	16,000		12,000	
	(292,000)		(344,000)	
<b>Net Current Assets</b>		298,000		118,500
		953,000		728,500
<b>Financed by</b>				
<b>Creditors: amounts falling due after more than 1 year</b>				
8% Debentures		200,000		150,000
<b>Capital and Reserves</b>				
Ordinary Shares @ €1 each	500,000		400,000	
Share Premium	20,000		—	
Profit and Loss account	233,000	753,000	178,500	578,500
		953,000		728,500

The following information is also available for the year 2018:

1. Fixed assets, which cost €60,000 and on which total depreciation of €26,000 had been provided, were sold for €41,000.
2. The quoted investments yield a fixed return of 4% per annum.
3. Investments which cost €50,000 were sold for cash at their book value on 30/06/2018.
4. Taxation charge on profits for the year 2018 was €75,000.
5. €50,000 Debentures were issued on 01/04/2018.
6. 100,000 shares were issued at €1.20 per share.
7. Dividends paid during the year amounted to €60,000.

**You are required to:**

- (a)**
- (i) Prepare an Abridged Profit and Loss Account to ascertain the operating profit for the year ending 31/12/2018.
  - (ii) Prepare the Cash Flow Statement of Craft plc for the year ending 31/12/2018, including Reconciliation Statements. (88)
- (b)**
- (i) Outline the purposes of Cash Flow Statements.
  - (ii) Outline **two** responsibilities of the directors of a plc.
  - (iii) State **two** items of information that must be included in a Directors' Report. (12)

**(100 marks)**