

2. Cash Flow Statement

The following are the balance sheets of Puspure plc as at 31/12/2021 and 31/12/2020 together with an abridged profit and loss account for the year ended 31/12/2021.

Abridged Profit and Loss Account for the year ended 31/12/2021 €

Operating Profit	227,000
Investment income for the year	3,800
Interest for the year	(12,000)
Profit before taxation	218,800
Taxation for the year	(66,000)
Profit after taxation	152,800
Dividends paid	(30,800)
Retained profit for the year	122,000
Retained profit on 01/01/2021	268,650
Retained profit on 31/12/2021	390,650

Balance Sheets as at	31/12/2021		31/12/2020	
Financial Assets	€	€	€	€
Investments at cost		165,000		185,000
Fixed Assets				
Land and buildings at cost	850,000		732,000	
Less accumulated depreciation	(75,000)	775,000	(60,000)	672,000
Machinery at cost	397,000		438,000	
Less accumulated depreciation	(209,000)	188,000	(187,600)	250,400
		1,128,000		1,107,400
Current Assets				
Stock	214,600		178,600	
Debtors	185,200		171,800	
Bank	14,000		-	
Investment income due	1,050		950	
Government securities	35,000		10,000	
	449,850		361,350	
Less Creditors: Amounts falling due within 1 year				
Trade creditors	250,600		241,600	
Debenture interest due	2,600		2,000	
Bank	-		8,500	
Corporation tax	52,000		48,000	
	305,200	144,650	300,100	61,250
		1,272,650		1,168,650
Financed by:				
Creditors: Amounts falling due after 1 year				
6% Debentures		100,000		200,000
Capital and Reserves				
Ordinary shares @ €1 each	770,000		700,000	
Share premium	12,000		-	
Profit and loss account	390,650	1,172,650	268,650	968,650
		1,272,650		1,168,650

The following information is also available:

- (i) There were no disposals of buildings during the year but new buildings were acquired.
- (ii) There were no purchases of machinery during the year. Machinery was disposed of for €33,000.
- (iii) Depreciation charged for the year in arriving at operating profit included €30,400 on machinery.

Required:

- (a)** Prepare the cash flow statement of Puspure plc for the year ended 31/12/2021 including reconciliation statements. (52)

- (b)** (i) Financial Reporting Standard 1 requires companies to prepare a cash flow statement. What is a Financial Reporting Standard?

- (ii) Distinguish between a cash gain and a non-cash gain for Puspure plc. Give one example of each from the financial statements of Puspure plc. (8)

(60 marks)