

## 2. Cash Flow Statement

The following are the Balance Sheets of Norris plc as at 31/12/2008 and 31/12/2009 together with an abridged Profit and Loss account for the year ended 31/12/2009.

### Abridged Profit and Loss Account for the year ended 31/12/2009

			€	
Operating Profit			179,000	
Interest for the year			(18,000)	
Profit before taxation			161,000	
Taxation for the year			(43,000)	
Profit after taxation			118,000	
Dividends paid			(64,000)	
Retained profits for the year			54,000	
Retained profits on 01/01/2009			182,000	
Retained profits on 31/12/2009			236,000	
<b>Balance Sheet as at</b>	<b>31/12/2009</b>		<b>31/12/2008</b>	
<b>Fixed Assets</b>	€	€	€	€
Land and Buildings at cost	800,000		725,000	
Less accumulated depreciation	(60,000)	740,000	(50,000)	675,000
Machinery at cost	380,000		450,000	
Less accumulated depreciation	(200,000)	180,000	(175,000)	275,000
		920,000		950,000
<b>Financial Assets</b>				
Quoted Investments		60,000		25,000
<b>Current Assets</b>				
Stock	212,000		194,000	
Debtors	188,000		180,000	
Government Securities	15,000		—	
Bank	—		6,000	
Cash	3,000		2,000	
	418,000		382,000	
<b>Less Creditors: amounts falling due within 1 year</b>				
Trade creditors	280,000		255,000	
Interest due	5,000		—	
Taxation	45,000		40,000	
Bank	9,000		—	
	(339,000)		(295,000)	
<b>Net Current Assets</b>		79,000		87,000
		1,059,000		1,062,000
<b>Financed by</b>				
<b>Creditors: amounts falling due after more than 1 year</b>				
10% Debentures		140,000		220,000
<b>Capital and Reserves</b>				
Ordinary Shares at €1 each	680,000		660,000	
Share Premium	3,000		—	
Profit and loss account	236,000	919,000	182,000	842,000
		1,059,000		1,062,000

The following information is also available:

- There were no disposals of buildings during the year but new buildings were acquired.
- There were no purchases of machinery during the year. Machinery was disposed of for €30,000.
- Depreciation charged for the year on Machinery in arriving at the operating profit was €55,000.

You are required to:

- Prepare the Cash Flow Statement of Norris plc for the year ended 31/12/2009 including Reconciliation Statements. (48)
- Outline the benefits of preparing a Cash Flow Statement. (12)
  - Distinguish between a cash expense and a non cash expense.

(60 marks)