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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

Condensed financial data of Fairchild Company for 2010 and 2009 are presented below.

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| FAIRCHILD COMPANY |
| Comparative Balance Sheet |
| as of December 31 2010 and 2009 |
|  | 2010 | 2009 |
| Cash | $1,800 | $1,100 |
| Receivables | 1,750 | 1,300 |
| Inventory | 1,600 | 1,900 |
| Plant assets | 1,900 | 1,700 |
| Accumulated depreciation | (1,200) | (1,170) |
| Long-term investments (Held-to-maturity) | 1,300 | 1,470 |
|  | $7,150 | $6,300 |
|  |  |  |
| Accounts payable | $1,200 | $ 800 |
| Accrued liabilities | 200 | 250 |
| Bonds payable | 1,400 | 1,650 |
| Capital stock | 1,900 | 1,700 |
| Retained earnings | 2,450 | 1,900 |
|  | $7,150 | $6,300 |

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| FAIRCHILD COMPANY |
| Income Statement |
| For the year ended December 31, 2010 |
| Sales | $6,900 |
| Cost of goods sold | 4,700 |
| Gross margin | 2,200 |
| Selling and administrative expense | 930 |
| Income from operations | 1,270 |
| Other revenues and gains |  |
| Gain on sales of investments | 80 |
| Income before tax | 1,350 |
| Income tax expense | 540 |
| Net income | $810  |

Additional information:
During the year, $70 of common stock was issued in exchange for plant assets. No plant assets were sold in 2010. Cash dividends were $260.

**Instructions**: a) Complete the statement of cash flows using the indirect method.

 b) complete the statement of cash flows using the direct method