|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial data of Fancy Footwork Company for 2013 and 2012 are presented below. | | | | |
|  |  |  | |  |
| FANCY FOOTWORK COMPANY | | | |  |
| COMPARATIVE BALANCE SHEET | | | |  |
| AS OF DECEMBER 31, 2013 AND 2012 | | | |  |
|  |  | |  |  |
|  | 2013 | | 2012 |  |
| Cash | $ 260,000 | | $ 230,000 |  |
| Receivables | $ 156,000 | | $ 120,000 |  |
| Inventory | $ 180,000 | | $ 220,000 |  |
| Plant assets | $ 160,000 | | $ 135,000 |  |
| Accumulated depreciation | $ (80,000) | | $ (76,000) |  |
| Long-term investments (held-to-maturity) | $ 80,000 | | $ 93,000 |  |
|  | $ 756,000 | | $ 722,000 |  |
|  |  | |  |  |
| Accounts payable | $ 135,000 | | $ 122,000 |  |
| Accrued liabilities | $ 30,000 | | $ 33,100 |  |
| Bonds payable | $ 135,000 | | $ 166,000 |  |
| Common stock | $ 180,000 | | $ 165,000 |  |
| Retained earnings | $ 276,000 | | $ 235,900 |  |
|  | $ 756,000 | | $ 722,000 |  |
|  |  | |  |  |
|  |  | |  |  |
| FANCY FOOTWORK COMPANY | | | |  |
| INCOME STATEMENT | | | |  |
| For the year ended Dec 31, 2013 | | | |  |
| Sales |  | 750000 | |  |
| Cost of Goods Sold |  | 530000 | |  |
| Gross Margin |  | 220000 | |  |
| Selling and administrative expenses |  | 106000 | |  |
| Income from Operations |  | 114000 | |  |
| Other revenues and gains |  |  | |  |
| Gain on sale of investments |  | 7000 | |  |
| Income before tax |  | 121000 | |  |
| Income tax expense |  | 48400 | |  |
| Net Income |  | 72600 | |  |
|  |  |  | |  |
|  |  |  | |  |
| Additional information: |  |  | |  |
| During the year, $9000 of common stock was issued in exchange for plant assets. No plant assets were sold in 2012. Cash dividends were $32500. | | | |  |
|  |  |  | |  |
| **Required: Use Excel** |  |  | |  |
| A) Prepare a statement of cash flows using the indirect method | | | |  |
| B) Prepare a statement of cash flows using the direct method. (Do not prepare a reconciliation schedule.) | | | |  |