**Prepare** a classified balance sheet?

**Review** the following information:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | 12-31 | | |
|  |  |  |  |  |  |  | 2007 |  | 2006 |
|  |  |  |  |  |  |  |  |  |  |
| Cash |  |  |  |  |  |  | $         35,000 |  | $         32,000 |
| Accounts receivable | | |  |  |  |  | 33,000 |  | 30,000 |
| Allowance for doubtful accounts | | | |  |  |  | (1,300) |  | (1,100) |
| Inventory |  |  |  |  |  |  | 31,000 |  | 47,000 |
| Property, plant, & equipment | | |  |  |  |  | 100,000 |  | 95,000 |
| Accumulated depreciation | | |  |  |  |  | (16,500) |  | (15,000) |
| Trade accounts payable | | |  |  |  |  | (25,000) |  | (15,500) |
| Income taxes payable | | |  |  |  |  | (21,000) |  | (29,100) |
| Deferred income taxes | | |  |  |  |  | (5,300) |  | (4,600) |
| 8% callable bonds payable | | |  |  |  |  | (45,000) |  | (20,000) |
| Unamortized bond discount | | |  |  |  |  | 4,500 |  | 5,000 |
| Common stock | |  |  |  |  |  | (50,000) |  | (40,000) |
| Additional paid-in capital | | |  |  |  |  | (9,100) |  | (7,500) |
| Retained earnings | |  |  |  |  |  | (25,200) |  | (64,600) |
| Sales |  |  |  |  |  |  | (558,300) |  | (778,700) |
| Cost of goods sold | |  |  |  |  |  | 250,000 |  | 380,000 |
| Selling expenses | |  |  |  |  |  | 141,500 |  | 172,000 |
| General and administrative expenses | | | |  |  |  | 137,000 |  | 151,300 |
| Interest expense | |  |  |  |  |  | 4,300 |  | 2,600 |
| Income tax expense | | |  |  |  |  | 20,400 |  | 61,200 |
|  |  |  |  |  |  |  | $                 - |  | $                 - |
|  |  |  |  |  |  |  |  |  |  |
| Additional information: | | |  |  |  |  |  |  |  |
| 1. Los Lobos purchased $5,000 in equipment during 2007. | | | | | | | | |  |
| 2. Los Lobos allocated one-third of its depreciation expense to selling expenses and | | | | | | | | | |
| the remainder to general and administrative expenses. | | | | | | | |  |  |
| 3. Bad debt expense for 2007 was $5,000, and write-offs of uncollectible accounts | | | | | | | | | |
| totaled $4,800.  4. $12, 000 of the debt is current portion. | | | |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Cash Sales | |  |  |  |  |  | $72,600 |
| Collections on Receivables | | |  |  |  |  | 477,900 |
| Purchases | |  |  |  |  |  | (219,500) |
| Purchase of Equipment | | |  |  |  |  | (5,000) |
| Wages |  |  |  |  |  |  | (150,700) |
| Payments to Suppliers | | |  |  |  |  | (126,300) |
| Tax Payments | |  |  |  |  |  | (27,800) |
| Borrowing |  |  |  |  |  |  | 30,000 |
| Repayment of Debt | |  |  |  |  |  | (5,000) |
| Interest Payments | |  |  |  |  |  | (3,800) |
| Sale of Stock | |  |  |  |  |  | 11,600 |
| Dividends |  |  |  |  |  |  | (51,000) |