**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) |