gnoring interest expense and interest income for the following case prepare: 1) Balance sheet for each month January thru June. 2) Income statement for each month January thru June 3) Cash Budget for each month January thru June

Jones Salvage and Recyling Inc

Jones Salvage and Recycling Inc was started by Mr John Jones in 1985. Mr. Jones was concerned about the industrial impact on the world's environment and felt that it was time to be productive in attempting to save the world's decreasing natural resources. His company takes scrap metal and compresses it into 4-ton blocks. His company then ships the blocks to steel mills that melt is down to take out the impurities and recycle it back into bars and pipes for the construction industry. Jones also recycles glass into fine powder and ship it to a local glass company that recycles the glass powder into new bottles, which saves natural resources as well as energy. Although Mr. Jones is convinced that this type of business is the wave of the future. The business as not prospered and at times. He feels is out in front of the wave rather than riding it.

The finacial manager at Jones Salvage and Recycling Inc. is attemping to estimate the financial needs of the company for the first half of the new year. The company's end-of-year balance sheet is presented below.

Assets		Liabilities and Net worth	
Cash	$1,000	Accounts payable	$6500
Marketable securitis (30-day)	$4,000	Taxes payable	0
Accounts receivable	75,000	30-day account payable	71000
Inventory	65,000	Mortoge loan	150,000
Gross fixed assets	251,000	Common stock	100,000
Accumulated depreciation	(25,000)	Retained earnings	65,000

All sales are made on credit with terms of net 30 days, which is standard for the industry. However, the following cash collection schedule for the most recent six months is pretty typical

Month	Credit Sales	Cash Collections Month of sale	Cash Collection 1 month after sale	Cash Collection 2 months after sale
July	$60,000	0	$15,000	$25,000
August	90,000	0	30,000	15,000
September	75,000	0	45,000	30,000
October	100,000	0	37,500	45,000
November	100,000	0	50,000	37,500
December	75,000	0	50,000	50,000

Jones purchases materials on terms of net 30 days and pays when due. He purchases enough materials in any given month based on a desired inventory policy of ending each month which enough inventory to satisfy next months' sales at cost. His gross profit margin is 35 percent

General and administrative costs run about $30,000 per month, and taxes are paid quarterly at the end of March, June, September, and December. The tax rate is 40 percent. Depreciation expense runs $1000 per month. Jones is currently required to leave a minimum of $1000 in the company's back account Jones forecasts sales for the next eight months to be

Month	Forecasted Sales
January	$ 80,000
February	180,000
March	300,000
April	200,000
May	160,000
June	120,000
July	100,000
August	90,000

5