

TABLE TROUT SHOP, INC. HIS

FINANCIAL STATEMENTS

SEPTEMBER 30, 1978

FORMATION:

(UNAUDITED)

NEIL AND WILLIAMSON
CERTIFIED PUBLIC ACCOUNTANTS
BOZEMAN, MONTANA



TROUT SHOP, INC.
SEPTEMBER 30, 1978

(UNAUDITED)

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FINANCIAL STATEMENTS

SEPTEMBER 30, 1978

FINANCIAL INFORMATION:

(UNAUDITED)

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TROUT SHOP, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 1978

(UNAUDITED)

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T A B L E O F C O N T E N T S

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Neil and Williamson

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN H. WILLIAMSON, CPA
WAYNE F. NEIL, JR., CPA

234 E. BABCOCK · P.O. BOX 1941
BOZEMAN · MONTANA · 59715
(406) 587-9239

Board of Directors
Trout Shop, Inc.
Bozeman, MT 59715

The accompanying balance sheet of Trout Shop, Inc. as of September 30, 1978 and 1977, and the related statements of income and retained earnings and changes in financial position for the years then ended were not audited by us and accordingly we do not express an opinion on them.

Neil and Williamson

December 13, 1978

TROUT SHOP, INC.
BALANCE SHEET
SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

<u>ASSETS</u>	<u>1978</u>	<u>1977</u>
CURRENT ASSETS:		
Cash and savings	\$ 59,163	\$ 69,647
Accounts receivable	300	300
Prepaid insurance	1,195	951
Inventory, at lower of cost (first-in, first-out) or market	52,612	45,541
Other receivables	3,314	-0-
Total Current Assets	<u>116,584</u>	<u>116,439</u>
PROPERTY AND EQUIPMENT, at cost, (Note 2):		
Furniture and fixtures	1,664	1,369
Boats and trailers	5,874	5,874
Transportation equipment	6,650	6,650
Total	<u>14,188</u>	<u>13,893</u>
Less - accumulated depreciation	9,260	7,332
Total Property and Equipment	<u>4,928</u>	<u>6,561</u>
ORGANIZATION COSTS	<u>81</u>	<u>146</u>
TOTAL ASSETS	<u>\$ 121,593</u>	<u>\$ 123,146</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 8,280	\$ 23,888
Payroll taxes payable	1,997	1,969
Income taxes payable	675	1,450
Bonuses payable	24,250	17,250
Total Current Liabilities	<u>35,202</u>	<u>44,557</u>
STOCKHOLDERS' EQUITY:		
Common stock, \$100 stated value 500 shares authorized 300 shares issued and outstanding	30,000	30,000
Paid-in capital	3,076	3,076
Retained earnings	53,315	45,513
Total Stockholders' Equity	<u>86,391</u>	<u>78,589</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 121,593</u>	<u>\$ 123,146</u>

The accompanying notes are an integral part of these financial statements.

TROUT SHOP, INC.
STATEMENT OF INCOME
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

	<u>1978</u>	<u>1977</u>
SALES, net of refunds	\$ 412,385	\$ 365,124
COST OF SALES (Note 4)	<u>250,832</u>	<u>222,486</u>
GROSS PROFIT (39% in 1978, 39% in 1977)	<u>161,553</u>	<u>142,638</u>
OPERATING EXPENSES:		
Officers salaries	\$ 49,550	\$ 47,050
Salaries	49,217	35,430
Rent (Note 3)	9,241	6,049
Payroll taxes	6,935	5,899
Insurance, licenses and bond	6,825	4,000
Bank and charge card costs	6,202	4,027
Freight	6,054	4,545
Supplies	2,819	1,893
Advertising	2,578	3,176
Vehicle costs	2,328	2,616
Utilities	2,309	2,386
Travel	2,156	545
Depreciation (Note 2)	1,928	2,559
Repairs	1,234	1,444
Telephone	910	947
Professional services	775	1,652
Casual labor	548	123
Dues and publications	486	325
Miscellaneous	158	365
Business taxes	107	101
Amortization	65	65
Interest	-0-	375
Total Operating Expenses	<u>152,425</u>	<u>125,572</u>
INCOME FROM OPERATIONS	9,128	17,066
OTHER INCOME	935	688
PROVISION FOR INCOME TAXES	<u>2,261</u>	<u>4,330</u>
NET INCOME	<u>\$ 7,802</u>	<u>\$ 13,424</u>
EARNINGS PER SHARE	<u>\$ 26.01</u>	<u>\$ 44.75</u>

The accompanying notes are an integral part of these financial statements.

TROUT SHOP, INC.
STATEMENT OF RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

	<u>1978</u>	<u>1977</u>
BALANCE, beginning of period	\$ 45,513	\$ 32,089
ADD:		
Net income	<u>7,802</u>	<u>13,424</u>
BALANCE, end of year	<u>\$ 53,315</u>	<u>\$ 45,513</u>

The accompanying notes are an integral part of these financial statements.

TROUT SHOP, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

	<u>1978</u>	<u>1977</u>
SOURCE OF WORKING CAPITAL:		
Operations -		
Net income	\$ 7,802	\$ 13,424
Add expenses not requiring outlay of working capital in the current period:		
Amortization	65	65
Depreciation	<u>1,928</u>	<u>2,559</u>
Working capital provided by operations	9,795	16,048
APPLICATION OF WORKING CAPITAL:		
Purchase of equipment	<u>295</u>	<u>1,620</u>
INCREASE IN WORKING CAPITAL	<u>\$ 9,500</u>	<u>\$ 14,428</u>
INCREASE (DECREASE) IN WORKING CAPITAL, by major component:		
Cash	\$ (10,484)	\$ 15,058
Other receivables	3,314	-0-
Prepaid insurance	244	39
Inventory	7,071	12,260
Accounts payable	15,608	(11,996)
Payroll taxes payable	(28)	758
Income taxes payable	775	(641)
Bonuses payable	<u>(7,000)</u>	<u>(1,050)</u>
INCREASE IN WORKING CAPITAL	<u>\$ 9,500</u>	<u>\$ 14,428</u>

The accompanying notes are an integral part of these financial statements.

TROUT SHOP, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Assets and Liabilities, and Revenues and Costs are recorded on the accrual basis for both financial and income tax reporting purposes.
- B. Merchandise inventories are recorded at the lower of cost or market.
- C. Depreciation has been provided as described in Note 2.
- D. Organization costs are being amortized over a five year period.
- E. Property and equipment are recorded at historical cost.
- F. Investment and jobs tax credits, if any, are used to offset the current years income tax liability.

NOTE 2 DEPRECIATION

	DEPRECIATION METHOD	USEFUL LIFE	EXPENSE		ACCUMULATED DEPRECIATION
			1978	1977	
Boats and trailers	Straight-line & dec. balance	5-6 yrs.	\$ 712	\$ 1,101	\$ 4,098
Transportation equipment	Dec. balance	7 yrs.	969	1,357	4,226
Equipment	Straight-line & dec. balance	3-10 yrs.	247	101	936
			\$ 1,928	\$ 2,559	\$ 9,260

TROUT SHOP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

NOTE 3 RENT EXPENSE

The corporation has a rental agreement with Walen and Pat Lilly which calls for six monthly payments of \$130.00 each for the use of their property for the operation of the corporations catalog business.

NOTE 4 COST OF SALES

The cost of sales were computed as follows:

	<u>1978</u>	<u>1977</u>
Beginning inventory	\$ 45,541	\$ 33,281
Purchases - merchandise	205,763	175,844
Purchases - licenses	34,238	37,608
Guide costs	3,896	5,657
Catalog costs	<u>14,006</u>	<u>15,637</u>
Total Available	303,444	268,027
Less - ending inventory	<u>52,612</u>	<u>45,541</u>
 COST OF SALES	 <u><u>\$ 250,832</u></u>	 <u><u>\$ 222,486</u></u>

TROUT SHOP, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1978 AND 1977

(UNAUDITED)

NOTE 3
RENT EXPENSE

The corporation has a rental agreement with Walter and Pat Lilly which calls for six monthly payments of \$150.00 each for the use of their property for the operation of the corporation's catalog business.

NOTE 4
COST OF SALES

The cost of sales were computed as follows:

	<u>1978</u>	<u>1977</u>	
	\$ 42,541	\$ 33,281	Beginning inventory
	202,763	172,844	Purchases - merchandise
	34,238	37,408	Purchases - licenses
	3,884	2,527	Guide costs
	<u>14,000</u>	<u>12,437</u>	Catalog costs
	303,446	308,053	Total Available
	<u>22,812</u>	<u>22,241</u>	Less - ending inventory
	<u>\$ 220,832</u>	<u>\$ 222,444</u>	COST OF SALES



