1. Management has a note payable which matures within 12 months. What two criteria must management satisfy in order to be able to classify the note as a LONG-TERM liability?

2. EconomicsRus, Inc. is involved in a lawsuit at December 31, 2004. Prepare the December 31, 2004 entry assuming (a) it is probable that EconomicsRus, Inc. will be liable for $700,000 as a result of this suit (b) it is not probable that EconomicsRus, Inc. will be liable for any payment as a result of this suit. (c’) the estimated range of loss to EconomicsRus, Inc. is $100,000 to $1,000,000.

3. Assume that management runs payroll on December 31, 2004 and it is composed as follows:

   Wages payable to employees $100,000 (paid out on December 31)
   Federal and state withholding $  7,000 (paid after December 31, 2004)
   Health & other insurance $  5,000 (paid after December 31, 2004)

What is the journal entry to record payroll?