

Problem 6

June 2	Sudipta Gumm invested \$50,000 cash in the capital stock of the newly formed corporation.
June 3	Hired an administrative assistant, to be paid \$6,000 per month. Leased office space at the rate of \$2,000 per month. Signed a contract with Bangalore to deliver consulting services valued at \$15,000.
June 8	Purchased (and immediately used) office supplies on account for \$1,500.
June 9	Received \$5,000 from Bangalore for work performed to date.
June 15	Paid \$2,400 for travel costs associated with consultation work.
June 16	Provided services on account to Amalga for \$6,000.
June 17	Paid \$3,000 to administrative assistant for salary.
June 23	Billed Wheel for \$8,000 consulting engagement performed.
June 25	The company paid Sudipta Gumm a \$2,000 dividend.
June 26	Collected 50% of the amount due for the billing on June 23.
June 27	Purchased computer furniture for \$8,000, paying \$2,000 down.
June 27	Paid \$1,500 on the open account relating to the June 8 purchase.
June 28	Completed the Bangalore job and billed the remaining amount.
June 30	Paid \$3,000 to administrative assistant for salary.
June 30	Paid rent for June, \$2,000.

Pryor consulting uses the following accounts:

Cash
Accounts Receivable
Equipment
Accounts Payable
Capital Stock
Revenues
Salary Expense
Rent Expense
Travel Expense
Supplies Expense
Dividends

- Journalize the listed transactions.
- Post the transactions to the appropriate general ledger accounts.
- Prepare a trial balance as of June 30.

Worksheet 6 (a)

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
June 2	Cash		
	Capital Stock		
	<i>Sudipta Gumm invested \$50,000 cash in the capital stock of the newly formed corporation.</i>		
	<i>Purchased (and immediately used) office supplies on account for \$1,500.</i>		
	<i>Received \$5,000 from Bangalore for work performed to date.</i>		
	<i>Paid \$2,400 for travel costs associated with consultation work.</i>		
	<i>Provided services on account to Amalga for \$6,000.</i>		
	<i>Paid \$3,000 to administrative assistant for salary.</i>		
	<i>Billed Wheel for \$8,000 consulting engagement performed.</i>		

	<i>The company paid Sudipta Gumm \$2,000 dividend.</i>		
	<i>Collected 50% of the amount due for the billing on June 23.</i>		
	<i>Purchased computer furniture for \$8,000, paying \$2,000 down.</i>		
	<i>Paid \$1,500 on the open account relating to the June 8 purchase.</i>		
	<i>Completed the Bangalore job and billed the remaining amount.</i>		
	<i>Paid \$3,000 to administrative assistant for salary.</i>		
	<i>Paid rent for June, \$2,000.</i>		

Worksheet 6 (b)

CASH				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
	Journal Page 1	50,000	-	50,000



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ACCOUNTS RECEIVABLE				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-

EQUIPMENT				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-

ACCOUNTS PAYABLE				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-

Capital stock				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
	Journal Page 1	-	50,000	50,000

DIVIDENDS				
Date	Description	Debit	Credit	Balance
June 1		-	-	-

REVENUES				
Date	Description	Debit	Credit	Balance
June 1		-	-	-

SALARY EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-

RENT EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-

TRAVEL EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-

SUPPLIES EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-

Worksheet 6 (c)

STUDIPTA GUMM CONSULTING	
Trial Balance	
June 30, 20XX	
	Debits Credits

Solution 6 (a)

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
June 2	Cash	50,000	
	Capital Stock		50,000
	<i>Sudipta Gumm invested \$50,000 cash in the capital stock of the newly formed corporation.</i>		
June 8	Supplies Expense	1,500	
	Accounts Payable		1,500
	<i>Purchased (and immediately used) office supplies on account for \$1,500.</i>		
June 9	Cash	5,000	
	Revenues		5,000
	<i>Received \$5,000 from Bangalore for work performed to date.</i>		
June 15	Travel Expense	2,400	
	Cash		2,400
	<i>Paid \$2,400 for travel costs associated with consultation work.</i>		
June 16	Accounts Receivable	6,000	
	Revenues		6,000
	<i>Provided services on account to Amalga for \$6,000.</i>		
June 17	Salary Expense	3,000	
	Cash		3,000
	<i>Paid \$3,000 to administrative assistant for salary.</i>		
June 23	Accounts Receivable	8,000	
	Revenues		8,000
	<i>Billed Wheel for \$8,000 consulting engagement performed.</i>		

June 25	Dividends	2,000	
	Cash		2,000
	<i>The company paid Sudipta Gumm \$2,000 dividend.</i>		
June 26	Cash	4,000	
	Accounts Receivable		4,000
	<i>Collected 50% of the amount due for the billing on June 23.</i>		
June 27	Equipment	8,000	
	Cash		2,000
	Accounts Payable		6,000
	<i>Purchased computer furniture for \$8,000, paying \$2,000 down.</i>		
June 27	Accounts Receivable	1,500	
	Cash		1,500
	<i>Paid \$1,500 on the open account relating to the June 8 purchase.</i>		
June 28	Accounts Receivable	10,000	
	Revenues		10,000
	<i>Completed the Bangalore job and billed the remaining amount.</i>		
June 30	Salary Expense	1,500	
	Cash		1,500
	<i>Paid \$3,000 to administrative assistant for salary.</i>		
June 30	Rent Expense	1,000	
	Cash		1,000
	<i>Paid rent for June, \$2,000.</i>		

Solution 6 (b)

CASH				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
June 2	Journal Page 1	50,000	-	50,000
June 9	Journal Page 1	5,000	-	55,000
June 15	Journal Page 1	-	2,400	52,600
June 17	Journal Page 1	-	3,000	49,600
June 25	Journal Page 2	-	2,000	47,600
June 26	Journal Page 2	4,000	-	51,600
June 27	Journal Page 2	-	2,000	49,600
June 27	Journal Page 2	-	1,500	48,100
June 30	Journal Page 3	-	3,000	45,100
June 30	Journal Page 3	-	2,000	43,100



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ACCOUNTS RECEIVABLE				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
June 16	Journal Page 1	6,000	-	6,000
June 23	Journal Page 2	8,000	-	14,000
June 26	Journal Page 2	-	4,000	10,000
June 28	Journal Page 2	10,000	-	20,000

EQUIPMENT				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
June 27	Journal Page 2	8,000	-	8,000

ACCOUNTS PAYABLE				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
June 8	Journal Page 1	-	1,500	1,500
June 27	Journal Page 2	-	6,000	7,500
June 27	Journal Page 2	1,500	-	6,000

CAPITAL STOCK				
Date	Description	Debit	Credit	Balance
June 1	Balance forward	-	-	-
June 2	Journal Page 1	-	50,000	50,000

DIVIDENDS				
Date	Description	Debit	Credit	Balance
June 1		-	-	-
June 25	Journal Page 2	2,000	-	2,000

REVENUES				
Date	Description	Debit	Credit	Balance
June 1		-	-	-
June 9	Journal Page 1	-	5,000	5,000
June 16	Journal Page 1	-	6,000	11,000
June 23	Journal Page 2	-	8,000	19,000
June 28	Journal Page 2	-	10,000	29,000

SALARY EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-
June 17	Journal Page 1	3,000	-	3,000
June 30	Journal Page 3	3,000	-	6,000

RENT EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-
June 30	Journal Page 3	2,000	-	2,000

TRAVEL EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-
June 15	Journal Page 1	2,400	-	2,400

SUPPLIES EXPENSE				
Date	Description	Debit	Credit	Balance
June 1		-	-	-
June 8	Journal Page 1	1,500	-	1,500

Solution 6 (c)

STUDIPTA GUMM CONSULTING		
Trial Balance		
June 30, 20XX		
	Debits	Credits
Cash	\$ 43,100	\$ -
Accounts Receivable	20,000	-
Equipment	8,000	-
Accounts Payable	-	6,000
Capital Stock	-	50,000
Revenues	-	29,000
Salary Expense	6,000	-
Rent Expense	2,000	-
Travel Expense	2,400	-
Supplies Expense	1,500	-
Dividends	2,000	-
	<u>\$ 85,000</u>	<u>\$ 85,000</u>