

Tom Pryor formed a management consulting firm specializing in cost management systems. Below are the transactions that occurred during the initial month of operation.

June 2	Tom Pryor invested \$25,000 cash in the capital stock of the newly formed corporation.
June 3	Hired an administrative assistant, to be paid \$3,000 per month. Leased office space at the rate of \$1,000 per month. Signed a contract with Pomero to deliver consulting services valued at \$7,500.
June 8	Purchased (and immediately used) office supplies on account for \$750.
June 9	Received \$2,500 from Pomero for work performed to date.
June 15	Paid \$1,200 for travel costs associated with consultation work.
June 16	Provided services on account to Arpy for \$3,000.
June 17	Paid \$1,500 to administrative assistant for salary.
June 23	Billed Farris for \$4,000 consulting engagement performed.
June 25	The company paid Tom Pryor a \$1,000 dividend.
June 26	Collected 50% of the amount due for the billing on June 23.
June 27	Purchased computer furniture for \$4,000, paying \$1,000 down.
June 27	Paid \$750 on the open account relating to the June 8 purchase.
June 28	Completed the Pomero job and billed the remaining amount.
June 30	Paid \$1,500 to administrative assistant for salary.
June 30	Paid rent for June, \$1,000.

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.

Involved Solutions

I-02.01

Preparing journal entries, posting, and a trial balance

(a)

GENERAL JOURNAL				Page 1
Date	Accounts		Debit	Credit
June 2	Cash	✓	25,000	
	Capital Stock	✓		25,000
	Tom Pryor invested \$25,000 cash in the capital stock of the newly formed corporation.			
June 8	Supplies Expense	✓	750	
	Accounts Payable	✓		750
	Purchased (and immediately used) office supplies on account for \$750.			
June 9	Cash	✓	2,500	
	Revenues	✓		2,500
	Received \$2,500 from Pomero for work performed to date.			
June 15	Travel Expense	✓	1,200	
	Cash	✓		1,200
	Paid \$1,200 for travel costs associated with consultation work.			
June 16	Accounts Receivable	✓	3,000	
	Revenues	✓		3,000
	Provided services on account to Arpy for \$3,000.			
June 17	Salary Expense	✓	1,500	
	Cash	✓		1,500
	Paid \$1,500 to administrative assistant for salary.			

GENERAL JOURNAL				Page 2
Date	Accounts		Debit	Credit
June 23	Accounts Receivable	✓	4,000	
	Revenues	✓		4,000
	<i>Billed Farris for \$4,000 consulting engagement performed.</i>			
June 25	Dividends	✓	1,000	
	Cash	✓		1,000
	<i>The company paid Tom Pryor a \$1,000 dividend.</i>			
June 26	Cash	✓	2,000	
	Accounts Receivable	✓		2,000
	<i>Collected 50% of the amount due for the billing on June 23.</i>			
June 27	Equipment	✓	4,000	
	Cash	✓		1,000
	Accounts Payable	✓		3,000
	<i>Purchased computer furniture for \$4,000, paying \$1,000 down.</i>			
June 27	Accounts Payable	✓	750	
	Cash	✓		750
	<i>Paid \$750 on the open account relating to the June 8 purchase.</i>			
June 28	Accounts Receivable	✓	5,000	
	Revenues	✓		5,000
	<i>Completed the Pomero job and billed the remaining amount.</i>			

GENERAL JOURNAL				Page 3
Date	Accounts		Debit	Credit
June 30	Salary Expense	✓	1,500	
	Cash	✓		1,500
	<i>Paid \$1,500 to administrative assistant for salary.</i>			
June 30	Rent Expense	✓	1,000	
	Cash	✓		1,000
	<i>Paid rent for June, \$1,000.</i>			

(c)

TOM PRYOR CONSULTING Trial Balance June 30, 20XX		
	Debits	Credits
Cash	\$21,550	\$ -
Accounts receivable	10,000	-
Equipment	4,000	-
Accounts payable	-	3,000
Capital stock	-	25,000
Revenues	-	14,500
Salary expense	3,000	-
Rent expense	1,000	-
Travel expense	1,200	-
Supplies expense	750	-
Dividends	1,000	-
	<u>\$42,500</u>	<u>\$42,500</u>