Problem 1-7A - ***Part 1***

		Assets					=	Liabilities	+			Equity								
Date		Cash	+	Accounts Receivable	+	Office Equipment	=	Accounts Payable	+	Common Stock	-	Dividends	+	Revenues	-	Expenses		
May	1	+$40,000					=		+	$40,000								
	1	- 2,200					=								-	$2,200	Rent	
	3				+	$1,890	=	+ $1,890										
	5	- 750					=								-	750	Cleaning	
	8	+ 5,400					=						+	$5,400				
	12		+	$2,500			=						+	2,500				
	15	- 750					=								-	750	Salary	
	20	+ 2,500	-	2,500			=											
	22		+	3,200			=						+	3,200				
	25	+ 3,200	-	3,200			=											
	26	- 1,890					=	- 1,890										
	27				+	80	=	+ 80										
	28	- 750					=								-	750	Salary	
	30	- 300					=								-	300	Telephone	
	30	- 280					=								-	280	Utilities	
	31	- 1,400					=				-	$1,400						
		$42,780	+	$ 0	+	$1,970	=	$ 80	+	$40,000	-	$1,400	+	$11,100	-	$5,030		

Problem 1-7A ***(Continued)***
Part 2

The Gram Co. Income Statement For Month Ended May 31		
Revenues		
Consulting services revenue		$11,100
Expenses		
Rent expense.	$2,200	
Salaries expense.	1,500	
Cleaning expense.	750	
Telephone expense.	300	
Utilities expense.	280	
Total expenses..		5,030
Net income.		$ 6,070

The Gram Co. Statement of Retained Earnings For Month Ended May 31	
Retained earnings, May 1.	$ 0
Add: Net income.	6,070
	6,070
Less: Dividends.	1,400
Retained earnings, May 31.	$ 4,670

The Gram Co. Balance Sheet May 31			
Assets		**Liabilities**	
Cash..	$42,780	Accounts payable..	$ . . 80
Office equipment.	1,970	**Equity**	
		Common stock.	40,000
		Retained earnings.	4,670
Total equity		. . . . .	44,670
Total assets..	$44,750	Total liabilities and equity. .	$44,750

Problem 1-7A (*Concluded)*

Part 3

The Gram Co. Statement of Cash Flows For Month Ended May 31		
Cash flows from operating activities		
Cash received from customers.	$11,100	
Cash paid for rent.	(2,200)	
Cash paid for cleaning.	(750)	
Cash paid for telephone.	(300)	
Cash paid for utilities.	(280)	
Cash paid to employees.	(1,500)	
Net cash provided by operating activities.		$ 6,070
Cash flows from investing activities		
Cash paid for equipment.	(1,890)	
Net cash used by investing activities.		(1,890)
Cash flows from financing activities		
Cash investment from shareholder.	40,000	
Cash dividend to shareholder.	(1,400)	
Net cash provided by financing activities.		38,600
Net increase in cash.		$42,780
Cash balance, May 1.		0
Cash balance, May 31.		$42,780