

## Stockbroker Case



You are opening an office as a new stockbroker on Wall Street. You will provide services as a consultant and also as a trader.

You are open for business as of January 1, 20--.

You have \$75,000 cash, a Porsche 911 that is used exclusively for business (worth \$114,000), and a mahogany desk worth \$3500.

The name of your business: 'Bull Trading Co.'

The following transactions took place in the first fiscal year. Please post the transactions to your ledger.

Use **only** the accounts provided.

Cash	Revenue-Consulting	Gas Expense
Office Equipment & Furniture	Revenue-Commissions	Driver Expense
Vehicle	Office Rental Expense	Utilities Expense
Securities	Parking Expense	Miscellaneous Expense
A/R – (Various accounts.)	Entertainment Expense	Your Name, Capital
Mastercard Payable	Vehicle Maintenance Expense	
A/P – (Various accounts.)	Supplies Expense	

### Transactions:

1. To start, you find a great office space on Wall Street. The rent is \$5,000 a month, and you pay the first month's instalment.
2. Parking fees are extra. You pay \$1,500 for the first month. Ouch.
3. You have Super Cleaners come in an spruce up your office. They polish the floor and vacuum all the ventilation. Their total bill is \$1245, on account.
4. You buy some supplies for your office at a price of \$1,452. You pay in cash. (These supplies are immediately expensed.)
5. You put some gas in your car. It is premium, and costs \$4.95 per gallon. You put in 20 gallons and pay by Mastercard.
6. You have some painting done by Arrow Painters, on account, at a cost of \$1249.
7. You do some consulting for The Investors Group, and charge \$3400, on account.
8. You also make 35 trades for various investors. You charge \$78 commission on each trade. All are paid in cash.

9. You take a prospective client out to a fancy lunch. It comes to \$78, and you put it on Mastercard. (Consider this 'entertainment'.)
10. You purchase a lamp for your office. The price is \$89, cash.
11. You buy a new computer for the office, from Best Buy, on account, at a price of \$1133.
12. You pay office rent and parking fees again.
13. Your Porsche goes in to a certified Porsche mechanic. They charge \$155 per hour for 4 hours of work. You pay by cheque.
14. You take some more clients out for dinner. This is an expense of doing business on Wall Street. It comes to \$543. You put it on Mastercard.
15. You purchase a high back chair for your office. It is \$1200. You pay by debit card.
16. A business associate asks you about your vehicle, and says he would love that exact model. He is willing to pay you \$120,000 cash for it. You make the deal.
17. Without a car, you decide to rent a driver. You pay \$899 for the first month of service.
18. New York Hydro sends you and electricity bill for \$255.
19. You pay your electricity bill (New York Hydro) by cheque.
20. You invest \$30,000 of your own money in securities (stocks).
21. You do some consulting for Lehman Brothers, and charge \$8220, on account.
22. Lehman Brothers pays off half of their account.
23. You also make 60 more trades for various investors. You now charge \$79 commission on each trade. All are paid in cash.
24. You pay off your Mastercard.
25. You get your windows cleaned at a price of \$441, on account, buy Windows R Us.
26. Investors group pays off their account in full.
27. You sell your securities for a 10% return on your original investment.
28. You purchase another \$25,000 worth of securities.
29. You pay off all of your creditors in full.
30. You pay another month's rent by cheque, \$5000.

**\*Once you have posted the transactions to your ledger, you need to take off a trial balance. From this trial balance, create an Income Statement and Balance Sheet for the end of the year.\***



