

5

Closing Entries and the Post-Closing Trial Balance

DEMONSTRATION PROBLEM

After the adjusting entries have been posted, the ledger of C. Pitts, a financial planner, contains the following account balances as of December 31:

Cash	\$ 3,064
Accounts Receivable	8,450
Equipment	10,500
Accumulated Depreciation, Equipment	4,200
Accounts Payable	756
C. Pitts, Capital	18,378
C. Pitts, Drawing	80,000
Income Summary	—
Commissions Earned	92,824
Income from Services	23,050
Salary Expense	21,600
Rent Expense	11,200
Supplies Expense	1,635
Depreciation Expense, Equipment	2,100
Miscellaneous Expense	659

Instructions

Record the closing entries in general journal form.

SOLUTION

1	20—		<i>Closing Entries</i>				1
2	Dec.	31	<i>Commissions Earned</i>		92,824.00		2
3			<i>Income from Services</i>		23,050.00		3
4			<i>Income Summary</i>			115,874.00	4
5							5
6		31	<i>Income Summary</i>		37,194.00		6
7			<i>Salary Expense</i>			21,600.00	7
8			<i>Rent Expense</i>			11,200.00	8
9			<i>Supplies Expense</i>			1,635.00	9
10			<i>Depreciation Expense, Equipment</i>			2,100.00	10
11			<i>Miscellaenous Expense</i>			659.00	11
12							12
13		31	<i>Income Summary</i>		78,680.00		13
14			<i>C. Pitts, Capital</i>			78,680.00	14
15							15
16		31	<i>C. Pitts, Capital</i>		80,000.00		16
17			<i>C. Pitts, Drawing</i>			80,000.00	17
18							18