

Answers to Study Guide Questions

CHAPTER 5

PART 1 True/False

- | | |
|------|-------|
| 1. F | 6. F |
| 2. T | 7. T |
| 3. T | 8. F |
| 4. F | 9. T |
| 5. F | 10. T |

PART 2 Completion—Language of Business

- | | |
|-------------------------------|--------------------------------|
| 1. post-closing trial balance | 5. closing |
| 2. real or permanent | 6. nominal or temporary-equity |
| 3. interim | 7. accrual basis |
| 4. Income Summary | 8. modified cash basis |

PART 3 Closing Entries

<u>Debit</u>	<u>Credit</u>
1. <u>b</u>	<u>d</u>
2. <u>d</u>	<u>a, f</u>
3. <u>d</u>	<u>e</u>
4. <u>e</u>	<u>c</u>

PART 4 Posting Closing Entries

- \$41,000
- \$46,000
- \$5,000 net loss (\$46,000 – \$41,000)
- \$22,000
- J. See, Capital; Income Summary
- J. See, Capital; J. See, Drawing
- \$27,000 decrease (\$22,000 + \$5,000 net loss)
- \$123,000 (\$150,000 – \$27,000)