

Identifying accounts affected by adjusting and closing entries

Account Title	2		3		4		5		6		7	
	Account is affected by an adjusting entry		Account is affected by a closing entry		After closing entries are posted, account has a balance							
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1. Advertising Expense		✓	✓									✓
2. Brennan Company		✓			✓		✓		✓			
3. Cash		✓			✓		✓		✓			
4. Delivery Revenue		✓	✓									✓
5. Galleon Company		✓			✓		✓		✓			
6. Inga Syms, Capital		✓	✓						✓			
7. Inga Syms, Drawing		✓	✓									✓
8. Income Summary		✓	✓									✓
9. Insurance Expense	✓		✓									✓
10. Miscellaneous Expense		✓	✓									✓
11. Prepaid Insurance	✓					✓		✓	✓			
12. Rent Expense		✓	✓									✓
13. Sales Revenue		✓	✓									✓
14. Supplies	✓					✓		✓	✓			
15. Supplies Expense	✓		✓									✓
16. Utilities Expense		✓	✓									✓

Analyzing the effect of net income or net loss and withdrawals on the capital account

Business	1		2		3	4
	Account balances on trial balance		Net income or net loss for accounting period			
	Capital	Drawing				
1	\$ 17 000.00	\$ 475.00	\$ 5 200.00		\$ 21 725.00	
2	31 900.00	1 300.00	-500.00		30 100.00	
3	51 984.00	1 900.00	7 350.00		57 434.00	
4	23 715.00	750.00	3 850.00		26 815.00	
5	64 400.00	2 300.00	-1 500.00		60 600.00	
6	44 280.00	none	4 960.00		49 240.00	
7	42 000.00	3 400.00	3 000.00		41 600.00	
8	105 000.00	4 750.00	550.00		100 800.00	
9	29 871.00	475.00	715.00		30 111.00	
10	5 320.00	230.00	750.00		5 840.00	

Recording and posting adjusting and closing entries; preparing a post-closing trial balance [1-4]

GENERAL JOURNAL

1	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL					
					DEBIT		CREDIT			
1		<i>Adjusting Entries</i>								
2	19.. Sept. 30	Supplies Expense		550	2	0	0	00		
3		Supplies		120					2	0
4	30	Insurance Expense		520	1	8	0	00		
5		Prepaid Insurance		130					1	8
6		<i>Closing Entries</i>								
7	30	Sales		410	1	4	1	0	00	
8		Income Summary		330					1	4
9	30	Income Summary		330	9	1	7	00		
10		Advertising Expense		510						2
11		Insurance Expense		520					1	8
12		Miscellaneous Expense		530						3
13		Rent Expense		540					3	7
14		Supplies Expense		550					2	0
15		Utilities Expense		560					1	0
16	30	Income Summary		330	4	9	3	00		
17		Bart Nichols, Capital		310					4	9
18	30	Bart Nichols, Capital		310	2	8	0	00		
19		Bart Nichols, Drawing		320					2	8
20										
21										
22										
23										
24										
25										

GENERAL LEDGER

ACCOUNT Cash

ACCOUNT NO. 110

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓			370000	

ACCOUNT Supplies

ACCOUNT NO. 120

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓			110000	
	30	G2		20000	90000	

ACCOUNT Prepaid Insurance

ACCOUNT NO. 130

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓			38000	
	30	G2		18000	20000	

ACCOUNT Best Supply Company

ACCOUNT NO. 210

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓				34000

ACCOUNT Wells Company

ACCOUNT NO. 220

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓				13000

ACCOUNT Bart Nichols, Capital

ACCOUNT NO. 310

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓				411700
	30	G2		49300		461000
	30	G2	28000			433000

GENERAL LEDGER

ACCOUNT Bart Nichols, Drawing

ACCOUNT NO. 320

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30	Balance	✓			280	00
30		G2		280	00	

ACCOUNT Income Summary

ACCOUNT NO. 330

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30		G2		141	00	
30		G2	91	700		493
30		G2	49	300		

ACCOUNT Sales

ACCOUNT NO. 410

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30	Balance	✓				141
30		G2	141	00		

ACCOUNT Advertising Expense

ACCOUNT NO. 510

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30	Balance	✓			26	00
30		G2		26	00	

ACCOUNT Insurance Expense

ACCOUNT NO. 520

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30		G2	18	00	18	00
30		G2		18	00	

ACCOUNT Miscellaneous Expense

ACCOUNT NO. 530

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30	Balance	✓			36	00
30		G2		36	00	

GENERAL LEDGER

ACCOUNT Rent Expense

ACCOUNT NO. 540

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓			3 7 5 00	
30		G2		3 7 5 00		

ACCOUNT Supplies Expense

ACCOUNT NO. 550

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30		G2	2 0 0 00		2 0 0 00	
30		G2		2 0 0 00		

ACCOUNT Utilities Expense

ACCOUNT NO. 560

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19- Sept. 30	Balance	✓			1 0 0 00	
30		G2		1 0 0 00		

[5]

Daly Company

Post-Closing Trial Balance

September 30, 19--

ACCOUNT TITLE	DEBIT	CREDIT
Cash	3 7 0 0 00	
Supplies	9 0 0 0 00	
Prepaid Insurance	2 0 0 0 00	
Best Supply Company		3 4 0 0 00
Wells Company		1 3 0 0 00
Bart Nichols, Capital		4 3 3 0 00
	4 8 0 0 00	4 8 0 0 00

Answer Key

Recording adjusting and closing entries [1, 2]

GENERAL JOURNAL

1	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL			
					DEBIT		CREDIT	
		<i>Adjusting Entries</i>						
2	19-- Oct. 31	Supplies Expense			1	0	0	00
3		Supplies					1	0 0 00
4	31	Insurance Expense			2	8	0	00
5		Prepaid Insurance					2	8 0 00
6		<i>Closing Entries</i>						
7	31	Sales			1	5	5	0 00
8		Income Summary					1	5 5 0 00
9	31	Income Summary			1	0	3	2 00
10		Advertising Expense						3 6 00
11		Insurance Expense						2 8 0 00
12		Miscellaneous Expense						5 6 00
13		Rent Expense						4 5 0 00
14		Supplies Expense						1 0 0 00
15		Utilities Expense						1 1 0 00
16	31	Income Summary			5	1	8	00
17		Ned Falls, Capital						5 1 8 00
18	31	Ned Falls, Capital			3	8	0	00
19		Ned Falls, Drawing						3 8 0 00
20								
21								
22								
23								
24								
25								

Completing a work sheet; recording and posting adjusting and closing entries; (1)
 preparing a post-closing trial balance

Reading Company
 Work Sheet

For Month Ended October 31, 19--

ACCOUNT TITLE	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
1 Cash	7100.00						7100.00	
2 Supplies	1300.00		(a) 300.00				1000.00	
3 Prepaid Insurance	950.00		(b) 200.00				750.00	
4 Conn Supply Company		300.00						300.00
5 Martin Company		250.00						250.00
6 Malcom Hertz, Capital		9145.00						9145.00
7 Malcom Hertz, Drawing	500.00						500.00	
8 Income Summary						2200.00		
9 Sales		2200.00						
10 Advertising Expense	100.00				100.00			
11 Equipment Repair Expense	600.00				600.00			
12 Insurance Expense			(b) 200.00		200.00			
13 Miscellaneous Expense	155.00				155.00			
14 Rent Expense	900.00				900.00			
15 Supplies Expense			(a) 300.00		300.00			
16 Utilities Expense	290.00				290.00			
17	11895.00	11895.00	500.00	500.00	2545.00	2200.00	9350.00	9695.00
18 Net Loss						345.00	345.00	
19					2545.00	2545.00	9695.00	9695.00
20								
21								
22								
23								
24								
25								
26								
27								

[2, 3]

GENERAL JOURNAL

1	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL			
						DEBIT		CREDIT	
1			Adjusting Entries						
2	19-- Oct.	31	Supplies Expense		560	3	0	0	00
3			Supplies		120			3	00 00
4		31	Insurance Expense		530	2	0	0	00
5			Prepaid Insurance		130			2	00 00
6			Closing Entries						
7		31	Sales		410	2	2	0	00 00
8			Income Summary		330			2	20 00 00
9		31	Income Summary		330	2	5	4	5 00
10			Advertising Expense		510			1	00 00
11			Equipment Repair Expense		520			6	00 00
12			Insurance Expense		530			2	00 00
13			Miscellaneous Expense		540			1	55 00
14			Rent Expense		550			9	00 00
15			Supplies Expense		560			3	00 00
16			Utilities Expense		570			2	90 00
17		31	Malcom Hertz, Capital		310	3	4	5	00
18			Income Summary		330			3	45 00
19		31	Malcom Hertz, Capital		310	5	0	0	00
20			Malcom Hertz, Drawing		320			5	00 00
21									
22									
23									
24									
25									

GENERAL LEDGER

ACCOUNT Cash

ACCOUNT NO. 110

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct 31	Balance	✓			710000	

ACCOUNT Supplies

ACCOUNT NO. 120

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct 31	Balance	✓			130000	
	31	G1		30000	100000	

ACCOUNT Prepaid Insurance

ACCOUNT NO. 130

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct 31	Balance	✓			95000	
	31	G1		20000	75000	

ACCOUNT Conn Supply Company

ACCOUNT NO. 210

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct 31	Balance	✓				30000

ACCOUNT Martin Company

ACCOUNT NO. 220

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct 31	Balance	✓				25000

ACCOUNT Malcom Hertz, Capital

ACCOUNT NO. 310

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct 31	Balance	✓				914500
	31	G1	34500			880000
	31	G1	50000			830000

CHALLENGE PROBLEM 9-C, continued
[1-4]

GENERAL LEDGER

ACCOUNT Malcom Hertz, Drawing

ACCOUNT NO. 320

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Oct 31	Balance	✓			5 0 0 00	
	31	G1		5 0 0 00		

ACCOUNT Income Summary

ACCOUNT NO. 330

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Oct 31		G1		2 2 0 0 00		2 2 0 0 00
	31	G1	2 5 4 5 00		3 4 5 00	
	31	G1		3 4 5 00		

ACCOUNT Sales

ACCOUNT NO. 410

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Oct 31	Balance	✓				2 2 0 0 00
	31	G1	2 2 0 0 00			

ACCOUNT Advertising Expense

ACCOUNT NO. 510

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Oct 31	Balance	✓			1 0 0 00	
	31	G1		1 0 0 00		

ACCOUNT Equipment Repair Expense

ACCOUNT NO. 520

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Oct 31	Balance	✓			6 0 0 00	
	31	G1		6 0 0 00		

GENERAL LEDGER

ACCOUNT Insurance Expense ACCOUNT NO. 530

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct. 31		G1	2 0 0 00			2 0 0 00
	31	G1		2 0 0 00		

ACCOUNT Miscellaneous Expense ACCOUNT NO. 540

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct. 31	Balance	✓				1 5 5 00
	31	G1		1 5 5 00		

ACCOUNT Rent Expense ACCOUNT NO. 550

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct. 31	Balance	✓				9 0 0 00
	31	G1		9 0 0 00		

ACCOUNT Supplies Expense ACCOUNT NO. 560

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct. 31		G1	3 0 0 00			3 0 0 00
	31	G1		3 0 0 00		

ACCOUNT Utilities Expense ACCOUNT NO. 570

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Oct. 31	Balance	✓				2 9 0 00
	31	G1		2 9 0 00		

[1,2]

GENERAL JOURNAL

Page 2

Date	Account Title	Doc. No.	P. R.	General	
				Debit	Credit
	Adjusting Entries				
19--					
2 Sept. 30	Supplies Expense			100.00	
3	Supplies				100.00
4 30	Insurance Expense			380.00	
5	Prepaid Insurance				380.00
6	Closing Entries				
7 30	Sales			2 260.00	
8	Income Summary				2 260.00
9 30	Income Summary			1 140.00	
10	Advertising Expense				40.00
11	Insurance Expense				380.00
12	Miscellaneous Expense				60.00
13	Rent Expense				450.00
14	Supplies Expense				100.00
15	Utilities Expense				110.00
16 30	Income Summary			1 120.00	
17	Paul Bill, Capital				1 120.00
18 30	Paul Bill, Capital			400.00	
19	Paul Bill, Drawing				400.00

RECYCLING PROBLEM 10-R Reconciling a bank statement and recording a bank service charge

[1]

Straub Service Company
Reconciliation of Bank Statement
September 30, 19--

Balance on Cheque Stub No. 242, Sept. 30, 19--	368.04	Balance on bank statement, Sept. 26, 19--	244.84
Deduct:		Add:	
Sept. service charge	3.00	Outstanding deposits,	
		Sept. 26	62.00
		Sept. 29	120.00
			182.00
		Total	426.84
		Deduct:	
		Outstanding cheques,	
		No. 238	24.30
		No. 240	10.00
		No. 241	27.50
			61.80
Adjusted cheque stub balance, Sept. 30, 19--	365.04	Adjusted bank balance, Sept. 30, 19--	365.04

(continued)

[2] COMBINATION JOURNAL Page 11

Date	Account Title	Doc. No.	P. R.	General		Sales	Cash		1
				Debit	Credit	Credit	Debit	Credit	
19--									
1 Sept. 30	Miscellaneous Expense	M21	..	3.00	3.00	1

RECYCLING PROBLEM 11-R Preparing a file maintenance input form and recording an opening entry

[1] GENERAL LEDGER
 Run Date 02/01/01 FILE MAINTENANCE FORM GL-1
 MM DD YY Input Form

1	2
Account Number	Account Title
1	110 Cash 1
2	120 Supplies 2
3	130 Prepaid Insurance 3
4	210 The Bank of Montreal 4
5	220 Davis Office Supply 5
6	310 Sharon Price, Capital 6
7	320 Sharon Price, Drawing 7
8	330 Income Summary 8
9	410 Fees 9
10	510 Insurance Expense 10
11	520 Miscellaneous Expense 11
12	530 Rent Expense—Building 12
13	540 Rent Expense—Equipment 13
14	550 Supplies Expense 14

[2] GENERAL LEDGER
 Batch No. 1 Input Form FORM GL-2
 Run Date 02/01/01
 MM DD YY

1	2	3	4	5
Account Number	Day	Doc. No.	Debit	Credit
1	01	M1	5 600.00
2	150.00
3	350.00
4	600.00
5	100.00
6	5 400.00
TOTALS			6 100.00	6 100.00