**ACF11**

**CLOSING ENTRIES**

**Extra Practical Question 1**

Use the Trial Balance of Hi-Tech Stores to do the following:

* Prepare Closing entries in the General Journal
* Transfer the closing entries from the General Journal to the following General Ledger accounts: Profit and Loss Summary, Capital and Drawings.

**Hi-Tech Stores**

**Trial Balance as at 30 June 2015**

|  |  |
| --- | --- |
| Discount received | **1 000** |
| Mortgage on building (repayable 2020) | 40 000 |
| Cash at bank | 11 000 |
| Inventory | 6 500 |
| Investment (maturity 2018) | 30 000 |
| Bad debts | **500** |
| Office Equipment | 10 000 |
| Accounts Receivable | 12 500 |
| Cost of Sales | **31 500** |
| Drawings | **20 000** |
| Capital | **85 750** |
| Insurance expense | **4 500** |
| Sales | **124 500** |
| Stationery expense | **2 000** |
| Telephone | **3 000** |
| Salary: Sales Staff | **3 500** |
| Discount Allowed | **1 000** |
| Rent Income | **6 000** |
| Land & Buildings | 110 000 |
| Advertising expense | **3 500** |
| Accounts Payable | 5 750 |
| Delivery Van | 12 000 |
| Delivery Van expenses | **1 500** |

**GENERAL JOURNAL of HI-TECH STORES**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Particulars** | **Debit** | **Credit** |
| 2015  June 30 | Discount Received | 1,000 |  |
|  | Sales | 124,500 |  |
|  | Rent Received | 6,000 |  |
|  | Profit and Loss Summary **#** |  | **131,500** |
|  | *Close off Income accounts to Profit and Loss Summary account* |  |  |
|  |  |  |  |
| 30 | Profit and Loss Summary **#** | **51,000** |  |
|  | Bad Debts |  | 500 |
|  | Cost of Sales |  | 31,500 |
|  | Insurance Expense |  | 4,500 |
|  | Stationery Expense |  | 2,000 |
|  | Telephone |  | 3,000 |
|  | Salary: Sales Staff |  | 3,500 |
|  | Discount Allowed |  | 1,000 |
|  | Advertising Expense |  | 3,500 |
|  | Delivery Van Expense |  | 1,500 |
|  | *Close off Expense accounts to Profit and Loss Summary account* |  |  |
|  |  |  |  |
| 30 | Profit and Loss Summary (**131,500** – **51,000**) | **80,500** |  |
|  | Capital |  | **80,500** |
|  | *Transfer Profit to Capital account* |  |  |
|  |  |  |  |
| 30 | Capital | **20,000** |  |
|  | Drawings |  | **20,000** |
|  | *Transfer Drawings to Capital account* |  |  |
|  |  |  |  |

**# Remember to break these Profit and Loss amounts down when it gets entered into the Profit and Loss Summary account in the General Ledger!!**

**GENERAL LEDGER of HI-TECH STORES**

**PROFIT AND LOSS SUMMARY**

. **Profit and Loss Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015  June 30 | Bad Debts | **500** | 2015  June 30 | Discount Received | **1,000** |
|  | Cost of Sales | **31,500** |  | Sales | **124,500** |
|  | Insurance Expense | **4,500** |  | Rent Income | **6,000** |
|  | Stationery Expense | **2,000** |  |  |  |
|  | Telephone | **3,000** |  |  |  |
|  | Salary: Sales Staff | **3,500** |  |  |  |
|  | Discount Allowed | **1,000** |  |  |  |
|  | Advertising Expense | **3,500** |  |  |  |
|  | Delivery Van Expense | **1,500** |  |  |  |
|  | Capital | **80,500** |  |  |  |

**CAPITAL**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015  June 30 | Drawings | **20,000** | 2015  June 30 | Balance b/f | **85,750** |
|  | Balance c/d | 146,250 |  | Profit and Loss Summary | **80,500** |
|  |  | 166,250 |  |  | 166,250 |
|  |  |  | Jul 1 | Balance b/d | 146,250 |

**DRAWINGS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015  June 30 | Balance | **20,000** | 2015  June 30 | Capital | **20,000** |

**ACF11**

**CLOSING ENTRIES**

**Extra Practical Question 2**

Use the Trial Balance of Hi-Tech Stores to do the following:

* Prepare Closing entries in the General Journal
* Transfer the closing entries from the General Journal to the following General Ledger accounts: Profit and Loss Summary, Capital and Drawings

**Toyzone Supplies**

**Trial Balance as at 30 June 2016**

|  |  |
| --- | --- |
| Capital: P Young | **39 750** |
| Drawings | **8 400** |
| Loan: Ezy Bank (repayable 2021) | 25 000 |
| Accounts Payable | 9 800 |
| Accounts Receivable | 5 700 |
| Bank Overdraft | 4 550 |
| Fixtures & Fittings | 24 500 |
| Vehicle | 45 000 |
| Office Furniture | 6 000 |
| Investments (maturity 2019) | 10 000 |
| Inventory | 7 500 |
| Advertising expense | **3 400** |
| Bad Debts | **1 200** |
| Discount Allowed | **800** |
| Delivery expense | **1 500** |
| Stationery expense | **1 600** |
| Interest on Loan | **2 500** |
| Sales | **126 000** |
| Insurance expense | **5 100** |
| Discount Received | **4 000** |
| Sales returns | **1 400** |
| Cost of Sales | **84 500** |

**GENERAL JOURNAL of TOYZONE SUPPLIES**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Particulars** | **Debit** | **Credit** |
| 2016  June 30 | Sales | 126,000 |  |
|  | Discount Received | 4,000 |  |
|  | Profit and Loss Summary **#** |  | **130,000** |
|  | *Close off Income accounts to Profit and Loss Summary account* |  |  |
|  |  |  |  |
| 30 | Profit and Loss Summary **#** | **102,000** |  |
|  | Advertising Expense |  | 3,400 |
|  | Bad Debts |  | 1,200 |
|  | Discount Allowed |  | 800 |
|  | Delivery Expense |  | 1,500 |
|  | Stationery Expense |  | 1,600 |
|  | Interest on Loan |  | 2,500 |
|  | Insurance Expense |  | 5,100 |
|  | Sales Returns |  | 1,400 |
|  | Cost of Sales |  | 84,500 |
|  | *Close off Expense accounts to Profit and Loss Summary account* |  |  |
|  |  |  |  |
| 30 | Profit and Loss Summary (**130,000** – **102,000**) | **28,000** |  |
|  | Capital |  | **28,000** |
|  | *Transfer Profit to Capital account* |  |  |
|  |  |  |  |
| 30 | Capital | **8,400** |  |
|  | Drawings |  | **8,400** |
|  | *Transfer Drawings to Capital account* |  |  |
|  |  |  |  |

**# Remember to break these Profit and Loss amounts down when it gets entered into the Profit and Loss Summary account in the General Ledger!!**

**GENERAL LEDGER of TOYZONE SUPPLIES**

**PROFIT AND LOSS SUMMARY**

. **Profit and Loss Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2016  June 30 | Advertising Expense | **3,400** | 2016  June 30 | Sales | **126,000** |
|  | Bad Debts | **1,200** |  | Discount Received | **4,000** |
|  | Discount Allowed | **800** |  |  |  |
|  | Delivery Expense | **1,500** |  |  |  |
|  | Stationery Expense | **1,600** |  |  |  |
|  | Interest on Loan | **2,500** |  |  |  |
|  | Insurance Expense | **5,100** |  |  |  |
|  | Sales Returns | **1,400** |  |  |  |
|  | Cost of Sales | **84,500** |  |  |  |
|  | Capital | **28,000** |  |  |  |

**CAPITAL**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2016  June 30 | Drawings | **8,400** | 2016  June 30 | Balance b/f | **39,750** |
|  | Balance c/d | 59,350 |  | Profit and Loss Summary | **28,000** |
|  |  | 67,750 |  |  | 67,750 |
|  |  |  | Jul 1 | Balance b/d | 59,350 |

**DRAWINGS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2016  June 30 | Balance | **8,400** | 2016  June 30 | Capital | **8,400** |