**CLOSING ENTRIES**

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 |

**Closing entry steps**

1. **Close off Income accounts to Profit and Loss Summary account**
2. **Close off Expense accounts to Profit and Loss Summary account**
3. **Transfer the Profit or Loss from the Profit and Loss account to the Capital account.**
4. **Close off the Drawings account to the Capital account**

**GENERAL JOURNAL**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Particulars** | **Debit** | **Credit** |
| 30 June 2015 | Discount received |  |  |
|  | Sales |  |  |
|  | Rent Income |  |  |
|  | Profit and Loss Summary |  |  |
|  | *Income transferred* |  |  |
|  |  |  |  |
|  | Profit and Loss Summary |  |  |
|  | Bad debts |  |  |
|  | Cost of Sales |  |  |
|  | Insurance |  |  |
|  | Stationery |  |  |
|  | Telephone |  |  |
|  | Salaries: Sales Staff |  |  |
|  | Discount allowed |  |  |
|  | Advertising |  |  |
|  | Delivery Van expenses |  |  |
|  | *Expense transferred* |  |  |
|  |  |  |  |
|  | Profit and Loss Summary |  |  |
|  | Capital |  |  |
|  | *Profit transferred* |  |  |
|  |  |  |  |
|  | Capital |  |  |
|  | Drawings |  |  |
|  | *Drawings transferred* |  |  |
|  |  |  |  |

**GENERAL LEDGER of Hi-Tech Stores**

**Profit and Loss Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
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**Drawings**

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| --- | --- | --- | --- | --- | --- |
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**Capital**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
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