Illustration of Closing Entries, with Dividends Paid as a temporary account

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Cash |  |  | Retained Earnings | |  | Dividends Paid | |
| **25,000\*** |  |  |  | 35 |  |  |  |
|  | 4 (Div) |  |  |  |  | (Div) 4 |  |
|  |  |  | (CE) 4 |  |  |  | 4 (CE) |
|  |  |  |  |  |  |  |  |
|  |  |  |  | 31 |  |  |  |

The adjusted trial balance for Mini Company for the year ended

December 31, 2012 is shown below:

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

**Mini Company**

**Adjusted Trial Balance**

**For the Year Ended**

**December 31, 2012**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | **Debit** | **Credit** |
| Cash | 26 |  |
| Accounts receivable | 28 |  |
| Prepaid insurance | 6 |  |
| Machinery | 102 |  |
| Accumulated depreciation |  | 10 |
| Accounts payable |  | 25 |
| Wages payable |  | 3 |
| Income taxes payable |  | 12 |
| Contributed capital |  | 76 |
| Retained earnings |  | 35 |
| Dividends Paid | 4 |  |
| Sales Revenue |  | 96 |
| Cost of Goods Sold | 44 |  |
| Wages Expense | 20 |  |
| Depreciation Expense | 10 |  |
| Insurance Expense | 5 |  |
| Income Tax Expense | 12 |  |
| Totals | 257 | 257 |

**Required:**

1. Prepare closing entries to close all the temporary accounts.

Use the journal on the following page.

**Journalize the transactions in the space below:**

|  |  |  |  |
| --- | --- | --- | --- |
| Ref. | Accounts | Debit | Credit |
| **Closing** | Sales Revenue | 96 |  |
|  | Retained Earnings |  | 1 |
|  | Dividends Paid |  | 4 |
|  | Cost of Goods Sold |  | 44 |
|  | Wages Expense |  | 20 |
|  | Depreciation Expense |  | 10 |
|  | Insurance Expense |  | 5 |
|  | Income Tax Expense |  | 12 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

Illustration of Closing Entries, with Dividends Paid posted directly to R/E

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Cash |  |  | Retained Earnings | |  | Dividends Paid | |
| **25,000\*** |  |  |  | 35 |  |  |  |
|  | 4 (Div) |  | (Div) 4 |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  | 31 |  |  |  |

The adjusted trial balance for Mini Company for the year ended

December 31, 2012 is shown below:

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

**Mini Company**

**Adjusted Trial Balance**

**For the Year Ended**

**December 31, 2012**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | **Debit** | **Credit** |
| Cash | 26 |  |
| Accounts receivable | 28 |  |
| Prepaid insurance | 6 |  |
| Machinery | 102 |  |
| Accumulated depreciation |  | 10 |
| Accounts payable |  | 25 |
| Wages payable |  | 3 |
| Income taxes payable |  | 12 |
| Contributed capital |  | 76 |
| Retained earnings |  | 31 |
| No Dividends Paid Used |  |  |
| Sales Revenue |  | 96 |
| Cost of Goods Sold | 44 |  |
| Wages Expense | 20 |  |
| Depreciation Expense | 10 |  |
| Insurance Expense | 5 |  |
| Income Tax Expense | 12 |  |
| Totals | 257 | 257 |

**Required:**

1. Prepare closing entries to close all the temporary accounts.

Use the journal on the following page.

**Journalize the transactions in the space below:**

|  |  |  |  |
| --- | --- | --- | --- |
| Ref. | Accounts | Debit | Credit |
| **Closing** | Sales Revenue | 96 |  |
|  | Retained Earnings |  | 5 |
|  | Cost of Goods Sold |  | 44 |
|  | Wages Expense |  | 20 |
|  | Depreciation Expense |  | 10 |
|  | Insurance Expense |  | 5 |
|  | Income Tax Expense |  | 12 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |