

Students may use this sheet to complete Accounting 1 Ch. 8 Test

Recording Adjusting and Closing Entries in General Journal

1. Record adjustment columns **as is**
2. Start closing entries, in the following order:
 - a. Sales by debiting--close (*by crediting*) to Income Summary [Close the revenue account(s) to Income Summary]
 - b. Expenses by crediting balance of each—close [total] (*by debiting*) to Income Summary
 - c. Income Summary to Capital [or Retained Earnings if corporation] (*by crediting* if Net Income or *by debiting* if Net Loss)
This reduces the VALUE of the Capital [or Retained Earnings] acct.
 - d. Drawing [or Dividends] by *crediting*—close to (*by debiting*) [Retained Earnings] or Capital
3. Post to general ledger (only Assets, Liabilities, and Capital accts should have a balance *or remain open*)

**Students may use this sheet to complete Accounting 1 Ch.
8 Test**

4. Prepare Post-Closing Trial Balance