

Demonstration Problems cont.**PROBLEM 10-2 Closing Expense Account Balances into Income Summary**

1. To close an expense account, its balance must be reduced to _____.
2. If an expense account has a balance of \$800.00 will the account be closed by a debit of \$800.00 or a credit of \$800.00? _____
3. When closing the expense accounts, Income Summary is _____ for the sum of all the expense account balances.
4. Use the following T accounts to show the transfer of the expense account balances to Income Summary.

Advertising Expense		Miscellaneous Expense		Rent Expense	
Debit	Credit	Debit	Credit	Debit	Credit
Bal. 400.00		Bal. 200.00		Bal. 600.00	

Utilities Expense		Income Summary	
Debit	Credit	Debit	Credit
Bal. 300.00			Clos. 2,000.00

5. Record the closing entry for expenses in the general journal below.

GENERAL JOURNALPAGE 8

	DATE		DESCRIPTION	POST. REF.	DEBIT				CREDIT				
1	20--		<i>Closing Entries</i>										1
2	Dec.	31	<i>Fees</i>		2	0	0	0	0				2
3			<i>Income Summary</i>						2	0	0	0	3
4													4
5													5
6													6
7													7
8													8