

**Demonstration Problems cont.****PROBLEM 10-3 Closing Income Summary into Capital**

1. To close Income Summary, its balance must be reduced to \_\_\_\_\_.
2. If Income Summary has a credit balance after the revenue and expense accounts have been closed, will the account be closed by a debit or a credit? \_\_\_\_\_
3. In closing Income Summary when there is a net income, the capital account is \_\_\_\_\_ for the amount of the net income.
4. Use the following T accounts to show the closing of Income Summary.

Income Summary		Jeri Aulier, Capital	
Debit	Credit	Debit	Credit
Clos. 1,500.00	Clos. 2,000.00		Bal. 15,000.00

5. Record the entry to close Income Summary in the general journal below.

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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1	20--	<i>Closing Entries</i>				1
2	Dec. 31	Fees		2 0 0 0 0 0		2
3		Income Summary			2 0 0 0 0 0	3
4	31	Income Summary		1 5 0 0 0 0		4
5		Advertising Expense			4 0 0 0 0 0	5
6		Miscellaneous Expense			2 0 0 0 0 0	6
7		Rent Expense			6 0 0 0 0 0	7
8		Utilities Expense			3 0 0 0 0 0	8
9						9
10						10
11						11
12						12