

## Closing the Accounting Period

### Making the Transition from a Manual to a Computerized System

Task	Manual Methods	Computerized Methods
Closing Entries	<ul style="list-style-type: none"> <li>Using a general journal form, prepare closing entries for revenue, expense, income summary, and withdrawals accounts. Post the closing entries in the general ledger accounts.</li> </ul>	<ul style="list-style-type: none"> <li>It is not necessary to journalize closing entries. Closing entries are performed by the computerized system.</li> </ul>



### Peachtree® Q & A

Peachtree Question	Answer
What is the difference between changing the accounting period and closing the fiscal year in Peachtree?	<ul style="list-style-type: none"> <li>In Peachtree the <i>accounting period</i> refers to the period used to record transactions. At the end of an accounting period (usually at month-end), you should change to the next accounting period. For example, at March 31, you would select the next accounting period, April 1, 20-- through April 30, 20--.</li> <li>The fiscal year should be closed only when you are sure that all entries have been recorded and all reports have been printed for the year.</li> </ul>
How do I close the fiscal year?	<ol style="list-style-type: none"> <li>Post and print all journal entries before closing the fiscal year. Closing the fiscal year cannot be reversed.</li> <li>From the <i>Tasks</i> menu, select <b>System</b>.</li> <li>Select <b>Year-End Wizard</b>.</li> <li>You will be prompted to complete Year-End closing procedures.</li> </ol>



### QuickBooks Q & A

QuickBooks Question	Answer
What is the difference between changing the accounting period and closing the fiscal year in QuickBooks?	<ul style="list-style-type: none"> <li>In QuickBooks the <i>accounting period</i> refers to the month used to record transactions. Changing the accounting period is as simple as entering the first day of the next month. The software does not require that you manually adjust accounting periods.</li> <li>The fiscal year should be closed only when you are sure that all entries have been recorded and all reports have been printed for the year.</li> </ul>
How do I close the fiscal year?	<ol style="list-style-type: none"> <li>Record all journal entries before closing the fiscal year.</li> <li>From the <i>Edit</i> menu, select <b>Preferences</b>.</li> <li>Choose the <b>Accounting</b> preference and click the Company Preferences tab.</li> <li>In the <i>Date</i> field, enter the closing date and click the <b>Set Password</b> button.</li> <li>Enter and confirm the password, and click <b>OK</b>.</li> </ol>

For detailed instructions, see your Glencoe Accounting Chapter Study Guides and Working Papers.

# CHAPTER 10

# Problems

Complete problems using:

Manual Glencoe  
Working Papers

OR

Spreadsheet  
Templates

## Peachtree®

### SMART GUIDE

#### Step-by-Step Instructions: Problem 10-4

1. Select the problem set for Wilderness Rentals (Prob. 10-4).
2. Rename the company and set the system date.
3. Select **System** from the **Tasks** menu and then choose **Year-End Wizard**.
4. Complete the Analyze activity.
5. End the session.

**TIP:** Print the General Ledger or General Ledger Trial Balance report to find an account balance.

### Problem 10-4 Preparing Closing Entries

A portion of the work sheet for Wilderness Rentals for the period ended December 31 follows.

**Instructions** Using the information from the work sheet, prepare the journal entries to close the temporary accounts.

1. Record the closing entry for the revenue account.
2. Record the closing entry for the expense accounts.
3. Record the closing entry for the **Income Summary** account.
4. Record the closing entry for the withdrawals account.

		Wilderness Rentals					
		Work Sheet					
		For the Period Ended December 31, 20--					
	ACCT. NO.	ACCOUNT NAME	INCOME STATEMENT		BALANCE SHEET		
			DEBIT	CREDIT	DEBIT	CREDIT	
1	101	Cash in Bank			7 000 000		1
2	105	Accts. Rec.—Helen Katz			2 000 000		2
3	110	Accts. Rec.—Polk and Co.			1 000 000		3
4	115	Office Supplies			900 000		4
5	120	Office Equipment			12 000 000		5
6	125	Camping Equipment			6 000 000		6
7	201	Accts. Pay.—Adventure Equip. Inc.				900 000	7
8	203	Accts. Pay.—Digital Tech Computers				400 000	8
9	205	Accts. Pay.—Greg Mollaro				500 000	9
10	301	Ronald Hicks, Capital				19 775 000	10
11	305	Ronald Hicks, Withdrawals			2 350 000		11
12	310	Income Summary					12
13	401	Equipment Rental Revenue		14 965 000			13
14	501	Advertising Expense	1 500 000				14
15	505	Maintenance Expense	1 560 000				15
16	515	Rent Expense	1 000 000				16
17	525	Utilities Expense	1 230 000				17
18			5 290 000	14 965 000	31 250 000	21 575 000	18
19		Net Income	9 675 000			9 675 000	19
20			14 965 000	14 965 000	31 250 000	31 250 000	20
21							21

#### Analyze

Predict the balance of the capital account after the closing entries are posted.

### Problem 10-5 Preparing a Post-Closing Trial Balance

**Instructions** Use the accounts shown on the next two pages to prepare a Dec. 31 post-closing trial balance for Hot Suds Car Wash.

# Problems

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Cash in Bank		Accounts Receivable— Linda Brown	
Debit + Balance 8,000	Credit —	Debit + Balance 875	Credit —
Accounts Receivable— Valley Auto		Office Equipment	
Debit + Balance 5,050	Credit —	Debit + Balance 6,000	Credit —
Office Furniture		Car Wash Equipment	
Debit + Balance 9,000	Credit —	Debit + Balance 65,000	Credit —
Accounts Payable— Allen Vacuum Systems		Accounts Payable— O'Brian's Office Supply	
Debit —	Credit + Balance 41,000	Debit —	Credit + Balance 2,500
Regina Delgado, Capital		Regina Delgado, Withdrawals	
Debit — Closing 1,500	Credit + 35,925 Closing 16,000	Debit + Balance 1,500	Credit — Closing 1,500
Income Summary		Wash Revenue	
Debit Closing 19,000 Closing 16,000	Credit Closing 35,000	Debit — Closing 15,000	Credit + Balance 15,000
Wax Revenue		Interior Detailing Revenue	
Debit — Closing 8,000	Credit + Balance 8,000	Debit — Closing 12,000	Credit + Balance 12,000
Advertising Expense		Equipment Rental Expense	
Debit + Balance 2,500	Credit — Closing 2,500	Debit + Balance 3,000	Credit — Closing 3,000

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#### SMART GUIDE

##### Step-by-Step Instructions: Problem 10-5

1. Select the problem set for Hot Suds Car Wash (Prob. 10-5).
2. Rename the company and set the system date.
3. Print a post-closing Trial Balance.
4. Complete the Analyze activity.
5. End the session.

**TIP:** Print the General Ledger Trial Balance after you complete the closing process to generate a post-closing trial balance.

### QuickBooks

#### PROBLEM GUIDE

##### Step-by-Step Instructions: Problem 10-5

1. Restore the Problem 10-5.QBB file.
2. Print a Post-Closing Trial Balance.
3. Complete the Analyze activity.
4. Back up your work.

CONTINUE

# CHAPTER 10

# Problems

Maintenance Expense		Rent Expense	
Debit +	Credit —	Debit +	Credit —
Balance 5,000	Closing 5,000	Balance 5,000	Closing 5,000

  

Utilities Expense	
Debit +	Credit —
Balance 3,500	Closing 3,500

**Analyze** Predict the balance of the temporary accounts after the closing entries are posted.

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### SMART GUIDE

#### Step-by-Step Instructions: Problem 10-6

1. Select the problem set for Kits & Pups Grooming (Prob. 10-6).
2. Rename the company and set the system date.
3. Close the current fiscal year.
4. Complete the Analyze activity.
5. End the session.

## Problem 10-6 Journalizing Closing Entries

The following account names and balances appear on the work sheet for Kits & Pups Grooming for the month ended December 31.

		Kits & Pups Grooming Work Sheet For the Month Ended December 31, 20--					
ACCT. NO.	ACCOUNT NAME	INCOME STATEMENT		BALANCE SHEET			
		DEBIT	CREDIT	DEBIT	CREDIT		
1	Cash in Bank			9 300 00		1	
2	Accts. Rec.—Juan Alvarez			3 000 00		2	
3	Accts. Rec.—Nathan Carlsbad			10 000 00		3	
4	Accts. Rec.—Martha Giles			5 000 00		4	
5	Office Equipment			8 000 00		5	
6	Office Furniture			10 000 00		6	
7	Computer Equipment			9 000 00		7	
8	Grooming Equipment			15 000 00		8	
9	Kennel Equipment			21 000 00		9	
10	Accts. Pay.—Able Store Equip.				5 000 00	10	
11	Accts. Pay.—Dogs & Cats Inc.				1 500 00	11	
12	Accts. Pay.—Pet Gourmet				15 000 00	12	
13	Abe Shultz, Capital				52 700 00	13	
14	Abe Shultz, Withdrawals			7 000 00		14	
15	Income Summary					15	
16	Boarding Revenue		20 000 00			16	
17	Grooming Revenue		8 000 00			17	
18	Advertising Expense	7 000 00				18	
19	Equipment Repair Expense	12 000 00				19	
20	Maintenance Expense	5 000 00				20	
21	Rent Expense	17 000 00				21	
22	Utilities Expense	8 000 00				22	

**Instructions** Using this information, record the closing entries for Kits & Pups Grooming. Use general journal page 11.

**Analyze** Calculate the change in the capital account for the period.