



Unit One:

Closing Process of Temporary Accounts For services Business

Question (1):

Classify the following accounts and determine if it a temporary account or a permanent account.

Account	Classification	Type of Account	
		Temporary	Permanent
Accounts Payable			
Accounts Receivable			
Capital			
Cash			
Commission Income			
Depreciation Expense			
Equipment			
Insurance Expense			
Prepaid Insurance			
Rent Expense			
Rent Revenue			
Salaries Payable			
Service Revenue			
Supplies			
Supplies Expense			
Unearned Service Revenue			
Utilities Expense			
Withdrawals			

**Question (2):**

The ledger of Mahmoud's Company on December 31, 2020 includes the following accounts with normal balances on December 31, 2020: **Mahmoud, Capital BD12,000; Drawings BD500; Services Revenues BD8,000; Wage Expenses BD1,300; Supplies Expenses BD1,700; and Rent Expenses BD2,000.**

Required:

Prepare the necessary closing entries from the available information on December 31, 2020.

**GENERAL JOURNAL
CLOSING ENTRIES**

Date	Account Title	Debit	Credit

**Question (3):**

The following trial balance for Fawaz Trading Est.

Fawaz Trading Est. Adjusted Trial Balance As on December 31, 2011		
Name of Account	Debit	Credit
Cash	3,950	
Accounts Receivable	1,800	
Supplies	8,670	
Prepaid Insurance	2,300	
Equipment	26,000	
Accumulated Depreciation-equipment		375
Accounts Payable		6,200
Salaries Payable		210
Unearned Consulting Revenue		2,750
Fawaz. Capital		30,000
Fawaz, Withdrawals	600	
Consulting Revenue		7,850
Rental Revenue		300
Depreciation Expense — Equipment	375	
Salaries Expense	1,610	
Insurance Expense	100	
Rent Expense	1,000	
Supplies Expense	1,050	
Utilities Expense	230	
Total	47,685	47,685

Required:

Prepare the necessary closing entries on December 31, 2011.

GENERAL JOURNAL
CLOSING ENTRIES

Date	Account Title	Debit	Credit

Question (4):

The following a partial of trial balance for Jamal Company.

Jamal Company Trial Balance As at June 30, 2018		
Name of Account	Debit (BD)	Credit (BD)
Cash	28,000	
Account Receivable	5830	
Equipment	2500	
Unearned Service Revenue		650
Account Payable		250
Jamal, Capital		35,000
Jamal, Drawing	700	
Fees Earned		1500
Rent Revenue		3200
Salaries Expense	1000	
Utilities Expense	200	

Required:

Prepare the necessary closing entries on June 30, 2018

GENERAL JOURNAL
CLOSING ENTRIES

Date	Account Title	Debit	Credit

Question (5):

The adjusted trial balance of Ahmed Trading Est shows the following balances on December 31, 2020.

Ahmed Trading Est. Adjusted Trial Balance December 31, 2020		
Account Title	Debit	Credit
Cash	5,000	
Accounts Receivable	2,200	
Supplies	4,800	
Machines	35,000	
Accumulated Depreciation- Machines		7,000
Furniture	9,000	
Accounts Payable		6,200
Unearned Rent Revenue		8,800
Ahmed, Capital		28,000
Ahmed, Withdrawals	1,500	
Rental Revenue		12,100
Repairs Revenue		4,900
Depreciation Expense – Machines	3,500	
Salaries Expense	2,100	
Insurance Expense	400	
Rent Expense	2,000	
Supplies Expense	1,000	
Utilities Expense	500	
Totals	67,000	67,000

**Required:**

1. Prepare the necessary closing entries at December 31, 2020.

**GENERAL JOURNAL
CLOSING ENTRIES**

Date	Account Title	Debit	Credit

2. Post these entries to the ledger.

Rental Revenue				
Date	Explanation	Debit	Credit	Balance

Repairs Revenue				
Date	Explanation	Debit	Credit	Balance

Depreciation Expense - Machiens				
Date	Explanation	Debit	Credit	Balance



Salaries Expense				
Date	Explanation	Debit	Credit	Balance

Insurance Expense				
Date	Explanation	Debit	Credit	Balance

Rent Expense				
Date	Explanation	Debit	Credit	Balance

Supplies Expense				
Date	Explanation	Debit	Credit	Balance

Utilities Expense				
Date	Explanation	Debit	Credit	Balance

Withdrawals Expense				
Date	Explanation	Debit	Credit	Balance

Income Summary				
Date	Explanation	Debit	Credit	Balance

Capital				
Date	Explanation	Debit	Credit	Balance



3. Prepare a post-closing trial balance as of December 31, 2020.

Account Title	Debit	Credit
Totals		

Question (6):

The following is the adjusted trail balance, which prepared at June 30, 2020 for Khalid Trading Company:

**Khalid Trading Company
Adjusted Trial Balance
June 30, 2020**

Account Title	Debit (BD)	Credit (BD)
Cash	20,400	
Accounts Receivable	3,500	
Equipment	8,600	
Supplies	700	
Unearned Revenue		3,400
Capital		31,800
Khalid Drawings	800	
Revenue		6,750
Salaries Expense	3,850	
Rent Expense	1,720	
Utilities Expense	2,380	
Totals	41,950	41,950

**REQUIRED:**

1. Prepare the necessary **closing entries** on June 30, 2020.

**GENERAL JOURNAL
CLOSING ENTRIES**

Date	Account Title	Debit	Credit

2. Post these entries to the ledger.

Revenue				
Date	Explanation	Debit	Credit	Balance

Salaries Expense				
Date	Explanation	Debit	Credit	Balance

Rent Expense				
Date	Explanation	Debit	Credit	Balance

Utilities Expense				
Date	Explanation	Debit	Credit	Balance



Withdrawals				
Date	Explanation	Debit	Credit	Balance

Income Summary				
Date	Explanation	Debit	Credit	Balance

Capital				
Date	Explanation	Debit	Credit	Balance

3. Prepare a **post-closing trial balance** on June 30, 2020.

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Account Title	Debit	Credit
Totals		

**Question (7):**

The adjusted trial balance for Hanadi Cleaning Services shows the following account balances on November 30, 2020.

**Hanadi Cleaning Services
Adjusted Trial Balance
November 30, 2020**

Account Title	Debit (BD)	Credit (BD)
Cash	35,750	
Accounts Receivable	45,400	
Equipment	50,300	
Land	20,900	
Accounts Payable		32,500
Hanadi , Capital		103,000
Hanadi ,Drawings	650	
Service Revenue		29,450
Wages Expense	9,350	
Advertising Expense	2,600	
Totals	164,950	164,950

REQUIRED:

1. Prepare the necessary **closing entries** on November 30, 2020.

**GENERAL JOURNAL
CLOSING ENTRIES**

Date	Account Title	Debit	Credit



2. Post these entries to the ledger.

Rental Revenue				
Date	Explanation	Debit	Credit	Balance

Wages Expense				
Date	Explanation	Debit	Credit	Balance

Advertising Expense				
Date	Explanation	Debit	Credit	Balance

Withdrawals				
Date	Explanation	Debit	Credit	Balance

Income Summary				
Date	Explanation	Debit	Credit	Balance

Capital				
Date	Explanation	Debit	Credit	Balance



3. Prepare a **post-closing trial balance** on November 30, 2020.

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Account Title	Debit	Credit
Totals		

**Question (10):**

The following selected ledger accounts for Shayma Company are presented below. All June 30, 2020 postings are from closing entries:

Salaries Expense				
Date	Explanation	Debit	Credit	Balance
10	Cash	3,200		3,200
28	Cash	5,600		8,800
30	Income Summary		8,800	0

Supplies Expense				
Date	Explanation	Debit	Credit	Balance
12	Cash	800		800
24	Cash	700		1500
30	Income Summary		1500	0

Rent Expense				
Date	Explanation	Debit	Credit	Balance
1	Cash	3,000		3,000
30	Income Summary		3,000	0

Service Revenue				
Date	Explanation	Debit	Credit	Balance
15	Cash		7,200	7,200
24	A/C's Receivable		8,400	15,600
30	Income Summary	15,600		0

Shayama Drawings				
Date	Explanation	Debit	Credit	Balance
13	Cash	1,000		1,000
25	Cash	1,500		2,500
30	Capital		2,500	0

Required:

- 1- Prepare the necessary closing entries that were made at June 30, 2020.
- 2- Post the closing entries to Income Summary and Capital Accounts, assuming that the balance of capital is BD12,000.

