



1. TRANSFER REVENUE ACCOUNT BALANCES

<u>Commissions Earned</u>		401	<u>Revenue and Expense Summary</u>		399
Oct. 31 (to close)	51 800	Oct. 31 bal.	51 800	Oct. 31	51 800

2. TRANSFER EXPENSE ACCOUNT BALANCES

Rent Expense 501		Revenue and Expense Summary 399	
Oct. 31 bal. 1 600	Oct. 31 (to close) 1 600 ←	Oct. 31 8 735	Oct. 31 51800
Telephone Expense 502			
Oct. 31 bal. 40	Oct. 31 (to close) 40 ←		
Utilities Expense 503			
Oct. 31 bal. 595	Oct. 31 (to close) 595 ←		
Salaries Expense 504			
Oct. 31 bal. 4 500	Oct. 31 (to close) 4 500 ←		
Advertising Expense 505			
Oct. 31 bal. 2 000	Oct. 31 (to close) 2 000 ←		

3. TRANSFER THE R + E SUMMARY BALANCE TO THE CAPITAL ACCOUNT

Revenue and Expense Summary 399	
Oct. 31 8 735 (total expenses)	Oct. 31 51 800 (total revenue)
	Oct. 31 balance 43 065 This account has a credit balance. It must be the net income.

Net Income goes to credit side of capital account.

Revenue and Expense Summary 399		J. Emery, Capital 401	
Oct. 31 8 735	Oct. 31 51 800	Oct. 31 63 000	
Oct. 31 (to close) 43 065		Oct. 31 43 065	

(Note: An arrow in the original image points from the 43,065 credit in the Revenue and Expense Summary account to the 43,065 debit in the J. Emery, Capital account.)

4. TRANSFER DRAWINGS TO THE CAPITAL ACCOUNT

J. Emery, Drawing 302		J. Emery, Capital 301	
Oct. 31 2 000 (balance)	Oct. 31 2 000 (to close)	Oct. 31 2 000	Oct. 31 63 000
		Oct. 31 43 065	
		Balance 104 065	

OWNER'S EQUITY	
J. Emery, Capital	\$63 000
Add: Net Income	<u>43 065</u>
	106 065
Less: Drawing	<u>2 000</u>
Total Owner's Equity	\$104 065

CLOSING THE NET LOSS

X Capital		301	Revenue and Expense Summary		399
Net Loss	4 000	Original Balance 8 900	Expenses	12 000	Revenue 8 000
			<i>Net loss 4000</i>		To close Net Loss 4 000

↑

Net loss goes to debit side of capital account.

