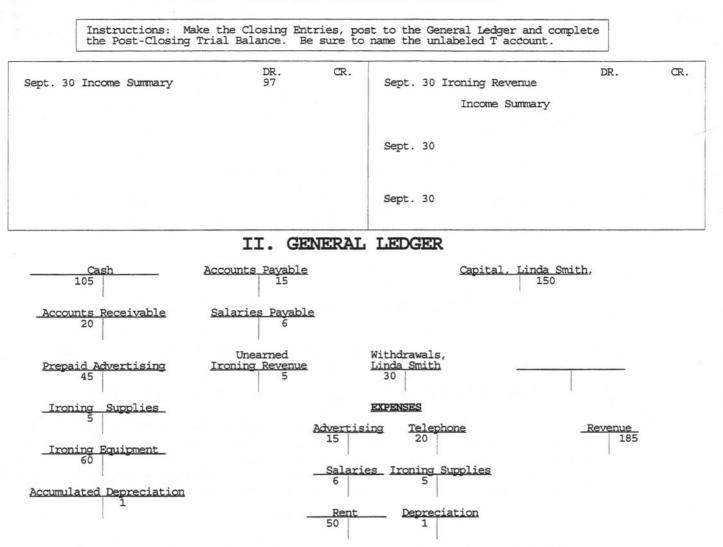
# PPACTICE SET COMPLETING THE ACCOUNTING CYCLE

#### I. CLOSING JOURNAL ENTRIES



#### III. POST-CLOSING TRIAL BALANCE

Speedy Ironing Service Post-Closing Trial Balance September 30, 1991	
Cash	
Accounts Receivable	
Prepaid Advertising	
Ironing Supplies	
Ironing Equipment	
Accumulated Depreciation, Ironing Equipment	
Accounts Payable	
Salaries Payable	
Unearned Ironing Services	
Capital, Linda Smith	235

Instructions Part IV: Complete the Reversing Entry and pay Oct. 2nd payroll. V: Make the Correcting Entry. VI: Fill in the missing accounting steps.

## IV. REVERSING ENTRIES

Paying Salaries - No Reversing E			Entry DR. CR.	Payin	DR.	CR.			
Sept.	20	Salaries Expense Salaries Payable	6	6	Sept. Oct.	30 1	Salaries Expense Salaries Payable	6	6
Oct.	2	Salaries Expense Salaries Payable Cash	6 6	12	Oct.	2			

# V. CORRECTING ENTRIES

On Oct. 8, Linda discovered that a \$5 purchase of Ironing Supplies had been posted to the Ironing Equipment account.

	VI.	THE T	HIRTEEN	ACCOUNT	TING STEPS	
1.Journal Entries	4. 5. Post to L	odger	7. Income	Statement	9. 10.	12.
3.	6.	edger	8.		11. Post-Closing Trial Balance	13.

## VII. OWNER'S EQUITY VS. STOCKHOLDERS' EQUITY

Instructions: Given the entries Linda Smith made as a sole proprietor, make the required entries for a corporation. Assume shares of Common Stock sold at Par for \$1 per share.

Cash Capital, Linda Smith	DR. 150	STARTING A CR. 150	BUSINESS			DR.	CR.	
Income Summary Capital, Linda Smith	88	RECORDING 88	EARNINGS					
Withdrawals, Linda Smith Cash	30	<b>DISTRIBUTIN</b> 30	EARNINGS					
Capital, Linda Smith Withdrawals, Linda Smith	30	30						
	EQU	ITY SECTION O	F BALANCE SH	zet				
 Owner's Equity	1 100	2 \$150		Stockholders	' Equi	ty		

Linda Smith,		september	1,	1992			\$150	
Net Income	1	-			\$ 8	38		
Withdrawals					3	<u>30</u>	58	
Capital, Sep	tember 30						<u>\$208</u>	

1

Total Stockholders' Equity