

Closing entries are prepared at the end of the period (usually annually) to prepare temporary
Only TEMPORARY accounts are closed=revenue,expenses,and dividends.

1 Close revenue to Income Summary

Service Revenue	\$	3,875	
Income Summary			\$ 3,875

2 Close expenses to Income Summary

Income Summary	\$	2,140	
Rent Expenses			\$ 1,600
Utilities Expenses			\$ 240
Intrest Expenses			\$ 150
Office Supllies Exp			\$ 75
Misc Exp			\$ 75

r accounts for the next year.

3 Close Income Summary to Retained Earnings.

Income Summary	\$	1,735		
Retained Earnings			\$	1,735

4 Close Dividends to Retained Earnings.

Retained Earnings	\$	500		
Dividends			\$	500