

## Glencoe Accounting

### Chapter 20: Completing the Accounting Cycle for a Merchandising Corporation

#### I-Summary

Closing the books at the end of a fiscal period cleans the slate for the next accounting cycle. In this chapter, you learned how to prepare the journal entries to close the *temporary accounts* so that they begin the next accounting period with zero balances. You also prepared the *post-closing trial balance*, which is the accounting procedure that proves the ledger is still in balance after closing.

## Chapter 20: Completing the Accounting Cycle for a Merchandising Corporation

### I-Quiz

1. Which account has a zero balance after closing entries?
  - A. Accounts Receivable
  - B. Purchases
  - C. Merchandise Inventory
2. Where is the information needed for closing entries taken from?
  - A. from the Balance sheet section of the work sheet
  - B. from the Income statement section of the work sheet
  - C. from the Adjusted trial balance section of the work sheet
3. Which of the following is the closing entry that transfers a net loss to Retained Earnings?
  - A. Debit Income Summary and Credit Retained Earnings
  - B. Debit Retained Earnings and Credit Income Summary
  - C. Debit Sales and Credit Retained Earnings
4. Which of the following is NOT a step involved in closing entries for a corporation?
  - A. Close the withdrawals account to Retained Earnings
  - B. Close the balance of Income Summary to Retained Earnings
  - C. Close the temporary accounts with credit balances to Income Summary
5. What is the last step in the accounting cycle?
  - A. Prepare the financial statements
  - B. Journalize and post the closing entries
  - C. Prepare a post-closing trial balance

### Answer Key

1. B
2. B
3. B
4. A
5. C