

## **Glencoe Accounting**

### **Chapter 10: Completing the Accounting Cycle for a Sole Proprietorship**

#### **I-Summary**

You've now completed the accounting cycle! In this chapter, you learned how to journalize and post closing entries and how to prepare a post-closing trial balance at the end of an accounting period. Closing the accounts is important so that the balances of all temporary accounts are reduced to zero and the net income or loss for the period is transferred to the capital account.

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#### **I-Quiz**

1. What is meant by the term “closing an account”?
  - A. reducing the account balance to zero
  - B. eliminating the account from the business
  - C. verifying an account balance
  
2. Which temporary account is used to accumulate and summarize revenues and expenses for a period?
  - A. Capital
  - B. Income Summary
  - C. Sales
  
3. Which general ledger accounts will NOT appear on the post-closing trial balance?
  - A. all temporary accounts
  - B. all permanent accounts
  - C. all owner’s equity accounts
  
4. What is the purpose of the post-closing trial balance?
  - A. used by the accountant to prepare the income statement
  - B. required by the Internal Revenue Service
  - C. ensures that permanent accounts are in balance to start the new fiscal period

#### **Answer Key**

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