TRIAL BALANCE.

Fol.	Account	Dr. $ c.	Cr. $ c.
1	....Robertson, J.—Capital		20,000 00
5	....Cash on hand	10,000 00	
10	....Inventory A/c., Dec. 31st, 1909 ...	15,000 00	
15	....Purchase Account	35,000 00	
20	....Sales Account		60,000 00
25	....Accounts Payable................		15,000 00
30	....Accounts Receivable	29,000 00	
35	....Furniture and Fixtures	2,000 00	
40	....Wages	3,000 00	
45	....Other Expenses	1,000 00	
		$95,000 00	$95,000 00

Inventory of Stock-in-Trade taken Dec. 31, 1910, shows goods on hand worth...... $10,000 00

With this data before us, the preparation of the profit and loss account is simple and easily understood. The procedure and form are as follows:—

Journal entry to close revenue and expense accounts into profit and loss accounts:—

Profit and Loss Account : Dr., $54,000 00
To Inventory A/c., 12/31/09............ $15,000 00
Purchase A/c........................ 35,000 00
Wages A/c. 3,000 00
Other Expenses 1,000 00
Sales Account : ....Dr., $60,000 00
Inventory Account, 12/31/10 : " 10,000 00
To Profit and Loss A/c................. $70,000 00

The posting of above entries will close out all accounts except those appearing on the balance sheet.