

## CLOSING THE LEDGER.

The results of the business are generally shown once a year; but in large establishments and joint stock companies, it is customary to show them twice a year. In every business there is a time in the year when "business is dull," and that time is usually selected for closing the books.

The ledger on pages 12 and 13 is closed as follows :

1. Open an account in the ledger for Loss and Gain, to which will be carried the difference between the sides of each Representative account.

2. Open an account for Balance, to which will be carried the inventories and the difference between the sides of each Real account. (Resource and Liability would be more appropriate title for this account.)

The accounts are now to be closed. Closing an account is putting enough on the smaller side, in red ink, to make the sides equal, and then transferring that difference to the opposite side of some other account in black ink.

3a. On the Cr. of Mdse. account, write in red ink "Bal. \$600." (This amount is the inventory, and the word "Bal." indicates that it is to be entered in the Balance account.) then

3b. On the Dr. of Balance account write in black ink "Mdse. \$600." (The word "Mdse." indicates that the amount was brought from that account.)

4a. Now close the Mdse. account by writing on the Dr. side in red ink "L. & G. \$140." (The L. & G. indicates that the amount is to be carried to the Loss & Gain account.) then

4b. On the Cr. of Loss and Gain account write in black ink "Mdse. \$140."

5a. Close the Cash account by writing on the Cr. side in red ink "Bal. \$4,500" then

5b. On the Dr. of Balance account in black ink write "Cash \$4500."

## STOCK.

Bal.		5100		Jan.	1	5000	
				L. & G.		100	
		5100				5100	

## MERCHANDISE.

Jan.	2	1200		Jan.	3	525	
	4	200			5	175	
					6	240	
		1540				1540	

## CASH.

Jan.	1	5000		Jan.	2	1200	
	3	525			4	200	
	5	175			7	40	
	6	240				1500	
		5940				5940	

## EXPENSE.

Jan.	7	40					
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## LOSS &amp; GAIN.

Exp.		40		Mdse.		140	
		140				140	

## BALANCE.

Mdse.		600		Stock.		5100	
Cash.		4500					
		5100				5100	