The balances in the ledger of Landscape Services as of December 31, 2007 before adjustments, are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cash | $ 4,500 |  | Tim Welch, Capital | $33,050 |
| Supplies | 4,150 |  | Tim Welch, Drawing | 2,900 |
| Prepaid Insurance | 8,700 |  | Service Revenue | 52,500 |
| Equipment | 42,000 |  | Salary Expense | 26,600 |
| Accumulated |  |  | Rent Expense | 5,000 |
| Depreciation | 10,200 |  | Miscellaneous Expense | 1,900 |
|  |  |  |  |  |

Adjustment data are as follows: supplies on hand, December 31, $1,000; insurance expired for December, $900; depreciation on equipment for December, $1,500; salaries accrued, December 31, $1,000.

|  |  |
| --- | --- |
| (a) | Prepare a ten-column work sheet for Landscape Services for December, 2007. |
| (b) | On the basis of the work sheet in (a), present the following in good order: (1) income statement, (2) statement of owner's equity (no additional investments were made during the month), and (3) balance sheet. |
| (c) | On the basis of the work sheet in (a), journalize the closing entries as of December 31, 2007. |