

# [Horgrens accounting beginners chapters essay sample](https://assignbuster.com/horgrens-accounting-beginners-chapters-essay-sample/)

[Business](https://assignbuster.com/essay-subjects/business/), [Accounting](https://assignbuster.com/essay-subjects/business/accounting/)

1. Because adjusting entries assure that the balance sheet and income statement are up to date based on the accrual base of accounting and need to balance out the accounts based on when things are actually earned, Starbucks might record adjusting entries for asset accounts including: Cash and cash equivalents

Accounts receivable
Inventories
Prepaid expenses/current assets
Deferred income taxes
Plant and equipment
Other assets
Goodwill

2. Starbucks might record adjusting entries for liability accounts including: Accounts Payable
Compensation and related costs (listed as accrued on sheet, already adjusted) Occupancy costs (listed as accrued on sheet, already adjusted) Taxes (listed as accrued on sheet, already adjusted)

Insurance reserves
Other liabilities (listed as accrued on sheet)
3. Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation of property, plant and equipment, which includes assets under capital leases, is provided on the straight-line method over estimated useful lives, generally ranging from two to 15 years for equipment and 30 to 40 years for buildings.