

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

[](https://assignbuster.com/)[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.