

Plicta Motors is an automobile service center offering a full range of repair services for high performance cars. The following information is pertinent to adjusting entries that are needed for Plicta, as of March 31, 20X5. Plicta has a fiscal year ending on March 31, and only records adjusting entries at year end.

Plicta has a large investment in repair equipment, and maintains detailed asset records. These records show that depreciation for fiscal "X5" is \$123,400.

As of March 31, 20X5, accrued interest on loans owed by Plicta is \$21,678.

Auto dealerships outsource work to Plicta. This work is done on account, and billed monthly. As of March 31, 20X5, \$54,800 of unbilled services have been provided.

Plicta maintains a general business liability insurance policy. The prepaid annual premium is \$6,000. The policy was purchased on October 1, 20X4. Another policy is a 6-month property and casualty policy, and it was obtained on December 1, 20X4, at a cost of \$3,000. Both policies were initially recorded as prepaid insurance.

The company prepared a detailed count of shop supplies at March 31, 20X4. \$37,904 was on hand at that date. Management believed this level was greater than necessary and undertook a strategy to reduce these levels over the next year. During the fiscal year 20X5, Plicta purchased an additional \$125,000 of supplies, and debited the Supplies account. By March 31, 20X5, the effort to reduce inventory was successful, as the count revealed an ending balance of only \$13,600.

During the fiscal year, Plicta began offering a service contract to retail customers entitling them regular tire rotations, car washing, and other routine maintenance items. Customers prepay for this service agreement, and Plicta records the proceeds in the Unearned Revenue account. The service plan is a flat fee of \$219, and Plicta sold the plan to 456 customers. At March 31, 20X5, it is estimated that 25% of the necessary work has been provided under these agreements.

Plicta's primary advertising is on billboards. Lamzar Outdoor Advertising sold Plicta a plan for multiple sign locations around the city. Because Plicta agreed to prepay the full price of \$26,000, Lamzar agreed to leave the signs up for 13 months. Plicta paid on June 1, 20X4, and recorded the full amount as a prepaid. However, the advertising campaign was not begun until July 1, 20X4. It will conclude on July 31, 20X5.

Plicta leases shop space. Monthly rent is due and payable on the first day of each month. Plicta paid March's rent on March 1, and expects to pay April's rent on April 1.

Prepare adjusting entries (hint: when necessary) for Plicta, as of March 31, 20X5.