

Recording Depreciation at End of Year

Step 1: Create Sub-accounts, if necessary.

A. The following two sub-accounts must be created in order to enter the depreciation:

- ☞ 1810.00 Accumulated Depreciation
- ☞ 54xx.00 Depreciation Expense (xx represents the next number available in the chart of accounts 5400 category)

Step 2: Calculate Depreciation.

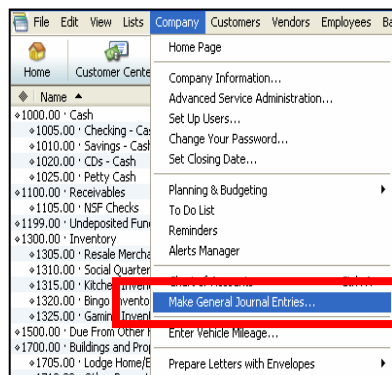
A. Depreciate Paraphernalia (Account 1805.00) at 10% of total as of the January 31st balance sheet.

Example: If your amount in account 1805.00 is \$3,500.00, the depreciation amount will be \$350.00.

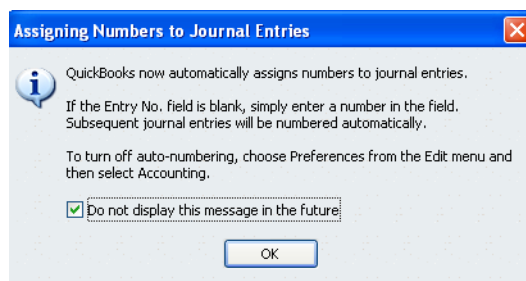
☞ This amount will be the amount to use in the following Journal Entry.

Step 3: Enter the following Journal Entry:

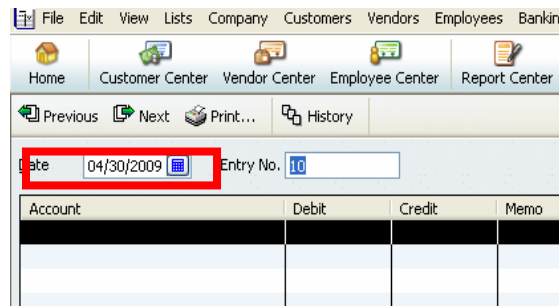
A. Click on Company/Make General Journal Entry



B. The following dialog box will appear: Place a check mark in the check box, Do not display this message in the future. Click OK.



- C. In the Date box, enter the date that you are doing the journal entry. Must be before April 30th.



- D. Tab to the first line in the Account field, Choose 1810.00 Accumulated Depreciation, Press Tab
- E. In the Credit field, enter the amount of the 10% depreciation, Press Tab.
- F. In the Memo field, enter Depreciation Year End, Press Tab.
- G. Press Tab
- H. Press Tab
- I. In the class field, enter Depreciation, Press Tab.
- J. In the second row below account, choose the 54xx.00 account for Depreciation Expense, Press Tab. The Debit amount will prefill.
- K. Press Tab. In the Memo field, enter Depreciation Year End.
- L. Press Tab three times, enter Depreciation in the Class Field.

Account	Debit	Credit	Memo	Name	Bills...	Class
1800.00 · Furniture and Equipment:1810.00 · Accumulated Depreciation	350.00		Depreciation Year End			Depreciation
5400.00 · General Administration Exp:5420.00 · Depreciation Expense		350.00	Depreciation Year End			Depreciation

- M. Click on Save and Close.