



## SOP

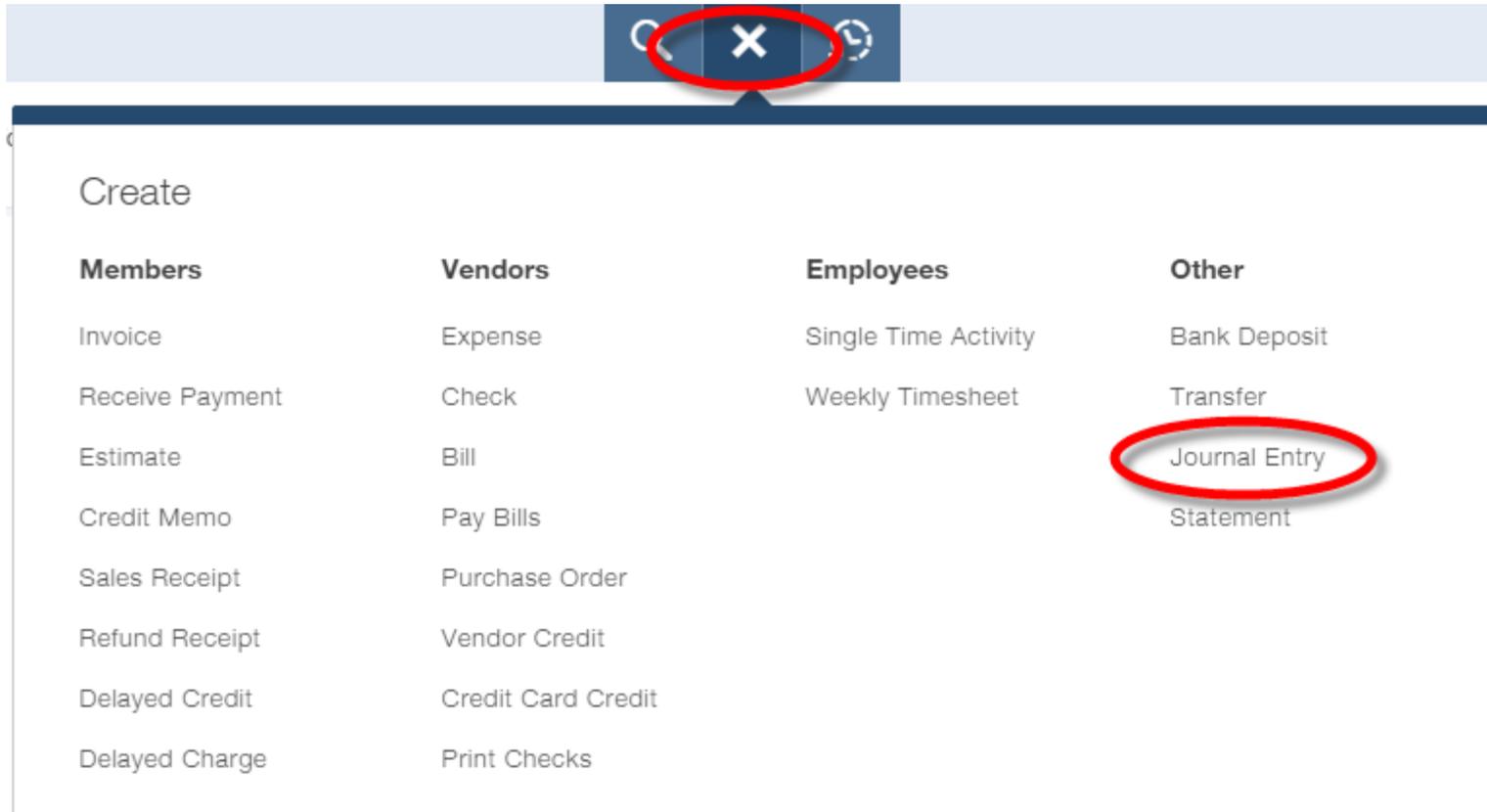
# How to Record Accumulated Depreciation on Fixed Assets

Login to your chapter QuickBooks Online, Enter your "User" ID & "Password"

A screenshot of the QuickBooks Online login page. The page has a dark blue header with the QuickBooks logo (a green circle with "qb" in white) and the text "QuickBooks" in white. Below the header, the page is split into two columns. The left column has a light gray background and contains a "Keep in the know." section with several blue links. The right column has a white background and is titled "Sign In". It contains a "User ID" text label next to a white input box, a "Password" text label next to another white input box, and a checked checkbox labeled "Remember my user ID". Below these is a blue "Sign In" button and a blue link that says "Can't access your account?". Red circles are drawn around the "User ID" and "Password" input boxes, and around the "Sign In" button.

**Note: When the value of a purchased asset is more than \$250, we have to record the asset under account 1908 – Equipment and we have to depreciate it over a 5-year period**

Click on    and select “Journal Entry”



The screenshot shows a software interface with a top navigation bar containing icons for search, add, and refresh. Below this is a 'Create' menu with four columns: Members, Vendors, Employees, and Other. The 'Journal Entry' option is circled in red.

Create			
Members	Vendors	Employees	Other
Invoice	Expense	Single Time Activity	Bank Deposit
Receive Payment	Check	Weekly Timesheet	Transfer
Estimate	Bill		<b>Journal Entry</b>
Credit Memo	Pay Bills		Statement
Sales Receipt	Purchase Order		
Refund Receipt	Vendor Credit		
Delayed Credit	Credit Card Credit		
Delayed Charge	Print Checks		

Assume your Balance Sheet shows purchase of a Laptop for \$1,200.00 on March 1, 2015



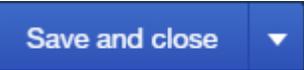
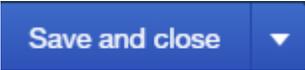
Fixed Assets	
1908 Equipment	1,200.00
Total Fixed Assets	\$1,200.00

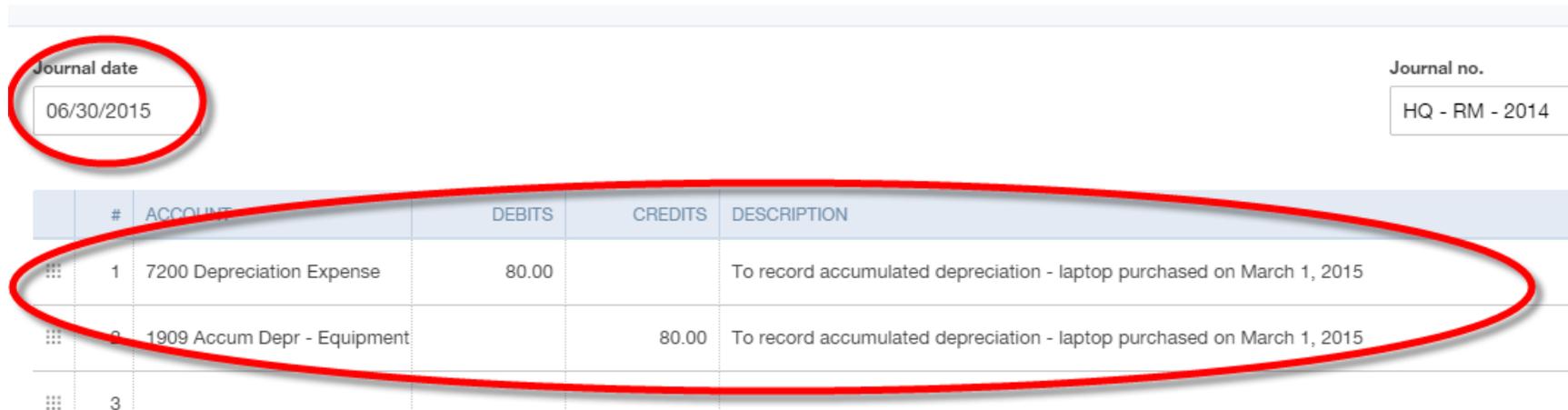
We have to depreciate this laptop over a 5-year period from the date of purchase. If the asset was purchased from the 1<sup>st</sup> to 15<sup>th</sup> of the month we count that as a month otherwise we start depreciation calculation from the following month.

In our example, we purchased the laptop on March 1<sup>st</sup> 2015. Therefore we divide \$1,200.00 by 5 to get its annual depreciation and then we divide it by 12 to get its monthly depreciation. Finally we multiply the monthly depreciation by the number of months from the purchase date to the end of fiscal year, in this case 4 (From March to June).  **$(\$1,200 / 5 / 12 = \$20 \times 4 = \$80)$**

Enter the last day of the month as your “Journal date”

Row 1 – Under “Account” column, enter “7200 Depreciation Expense”, under “Debit” column enter \$80.00 and enter a proper “Description”

Row 2 - Under “Account” column, enter “1909 Accum Depr – Equipment”, hit the tab key on your keyboard and click on  or click on  next to “Save and New” and the click on 



#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION
1	7200 Depreciation Expense	80.00		To record accumulated depreciation - laptop purchased on March 1, 2015
2	1909 Accum Depr - Equipment		80.00	To record accumulated depreciation - laptop purchased on March 1, 2015
3				

On your balance sheet the result should look like:

Fixed Assets	
1908 Equipment	1,200.00
1909 Accum Depr - Equipment	-80.00
Total Fixed Assets	<u>\$1,120.00</u>

Note that for the fiscal year, you should depreciate this asset for 12 months instead of 4 months

**$(\$1,200 / 5 / 12 = \$20 \times 12 = \$240)$**