

Accounting for Depreciation

Please refer to your accounting policy in terms of the recognition and measurement of your Property, Plant and Equipment (Non-Current Assets/Fixed Assets).

Assets Recognised at Cost

If you recognize your Assets at Cost, you will need three accounts:

- An Asset account (Non-Current Assets);
- An Accumulated Depreciation account (Non-Current Assets); &
- A Depreciation account (Expenses), this should be there by default.

To process the Depreciation, after initial recognition, you will need to process a journal entry by going to the **Accountants Area... Process Journal Entries...**

The following screen will be displayed

Process Journal Entries

Add Recurring Journal

New Journals allow you to add Journal transactions as drafts until they are Marked as Reviewed. You can add, edit and delete Journal transactions on the New Journals tab. You can print/preview these draft transactions to make sure everything is in order. Select the account and enter the amount exclusive of VAT to be posted to that account. The amount inclusive of VAT will be posted to the 'By Affecting Account'.

Once Journal transactions are Marked as Reviewed, you will be able to see them on the Reviewed Journals tab where you can specify a specific date range. You can edit and delete reviewed Journal transactions as well as add attachments but cannot add new Journal transactions. Only Reviewed Journal transactions will update your Account Balances and reporting.

New Journals | **Reviewed Journals**

Actions: Mark as Reviewed, Delete, Batch Edit, Schedule Recurring Journal, Import Journals, Export

Date	Effect	Account	Reference	Description	VAT Type	Amount	VAT	Incl. VAT	by Affecting Acc.	Actions
You have no new transactions to review. Import your transactions or enter below.										
<input type="checkbox"/> 10/04/2019	Debit	(None)			No VAT	R 0.00	R 0.00	R 0.00	(None)	

Buttons: Save, Mark Selected as Reviewed, Mark All as Reviewed, Print Preview

You will need to "Debit" your Depreciation account and "Credit" (the credit is selected in the "By Affecting Acc." column) the Accumulated Depreciation account.

Please note that Depreciation does not incur VAT

Your journal should look something like the below

Process Journal Entries

Add Recurring Journal

New Journals allow you to add Journal transactions as drafts until they are Marked as Reviewed. You can add, edit and delete Journal transactions on the New Journals tab. You can print/preview these draft transactions to make sure everything is in order. Select the account and enter the amount exclusive of VAT to be posted to that account. The amount inclusive of VAT will be posted to the 'By Affecting Account'.

Once Journal transactions are Marked as Reviewed, you will be able to see them on the Reviewed Journals tab where you can specify a specific date range. You can edit and delete reviewed Journal transactions as well as add attachments but cannot add new Journal transactions. Only Reviewed Journal transactions will update your Account Balances and reporting.

New Journals | **Reviewed Journals**

Actions: Mark as Reviewed, Delete, Batch Edit, Schedule Recurring Journal, Import Journals, Export

Date	Effect	Account	Reference	Description	VAT Type	Amount	VAT	Incl. VAT	by Affecting Acc.	Actions
You have 1 new transaction(s) to review and process.										
<input type="checkbox"/> 28/02/2019	Debit	Depreciation	DEP.INL01	Depreciation for the year 2019	No VAT	R 50,000.00	R 0.00	R 50,000.00	Equipment (Accumulated Depreciation)	
<input type="checkbox"/> 10/04/2019	Debit	(None)			No VAT	R 0.00	R 0.00	R 0.00	(None)	

You can then save your transaction or mark it as reviewed.

Assets Recognised at Carrying Amount

If you recognize your assets at Carrying Amount you will need two accounts:

- An Asset account (Non-Current Assets); &
- A Depreciation account (Expenses), this should be there by default.

To process the Depreciation, after initial recognition, you will need to process a journal entry by going to the **Accountants Area... Process Journal Entries...**

The following screen will be displayed

Process Journal Entries

Add Recurring Journal

New Journals allow you to add journal transactions as drafts until they are Marked as Reviewed. You can add, edit and delete journal transactions on the New Journals tab. You can print preview these draft transactions to make sure everything is in order. Select the account and enter the amount exclusive of VAT to be posted to that account. The amount inclusive of VAT will be posted to the 'By Affecting Account'.

Once journal transactions are Marked as Reviewed, you will be able to see them on the Reviewed Journals tab where you can specify a specific date range. You can edit and delete reviewed journal transactions as well as add attachments but cannot add new journal transactions. Only Reviewed Journal transactions will update your Account Balances and reporting.

New Journals | Reviewed Journals

Actions: Mark as Reviewed, Delete, Batch Edit, Schedule Recurring Journal, Import Journals, Export

Date	Effect	Account	Reference	Description	VAT Type	Amount	VAT	Incl. VAT	by Affecting Acc.	Actions
<input type="checkbox"/> 10/04/2019	Debit	(None)			No VAT	R.000	R.000	R.000	(None)	<input type="checkbox"/> <input type="checkbox"/>

Buttons: Save, Mark Selected as Reviewed, Mark All as Reviewed, Print Preview

You will need to "Debit" your Depreciation account and "Credit" (the credit is selected in the "By Affecting Acc." column) the Asset account.

Please note that Depreciation does not incur VAT

Your journal should look something like the below

Process Journal Entries

Actions: Mark as Reviewed, Delete, Batch Edit, Schedule Recurring Journal, Import Journals, Export

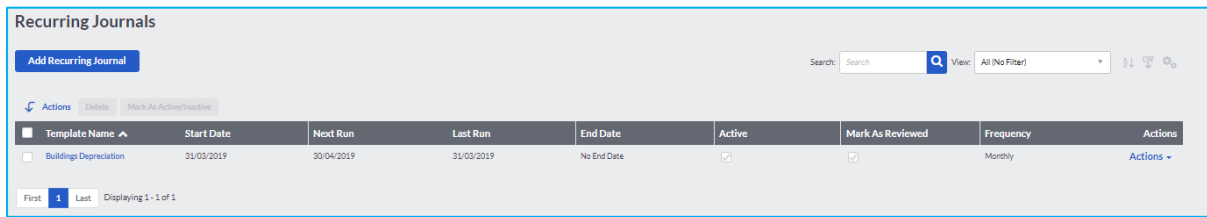
Date	Effect	Account	Reference	Description	VAT Type	Amount	VAT	Incl. VAT	by Affecting Acc.	Actions
<input type="checkbox"/> 28/02/2019	Debit	Depreciation	DEP_JNL_02	Depreciation for the year 2019	No VAT	R.50,000.00	R.000	R.50,000.00	Equipment (Carrying Amount)	<input type="checkbox"/> <input type="checkbox"/>
<input type="checkbox"/> 10/04/2019	Debit	(None)			No VAT	R.000	R.000	R.000	(None)	<input type="checkbox"/> <input type="checkbox"/>

You can then save your transaction or mark it as reviewed.

Please note that Recurring Journals can be created for these depreciation transactions depending on the frequency you require (usually yearly or monthly) based on the assets remaining useful life.

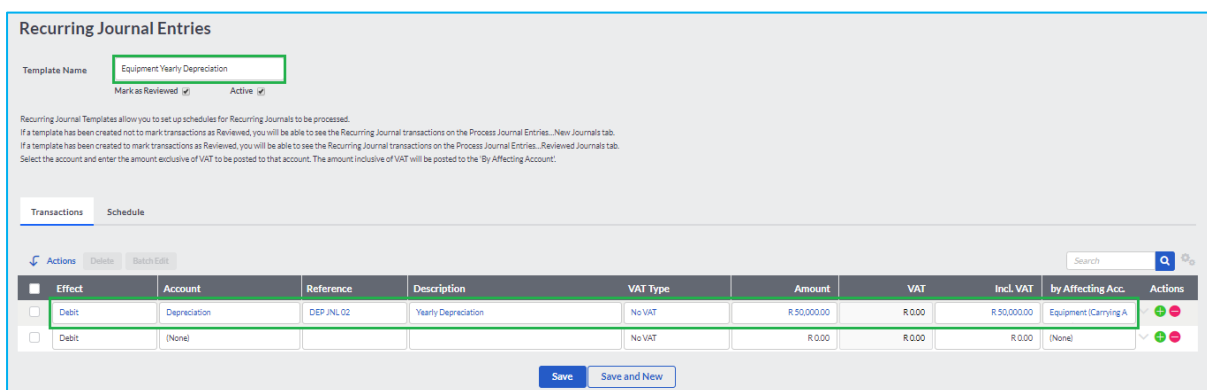
To process Recurring Journals, go to the **Accountants Area... Recurring Journal Entries...**

The following screen will be displayed

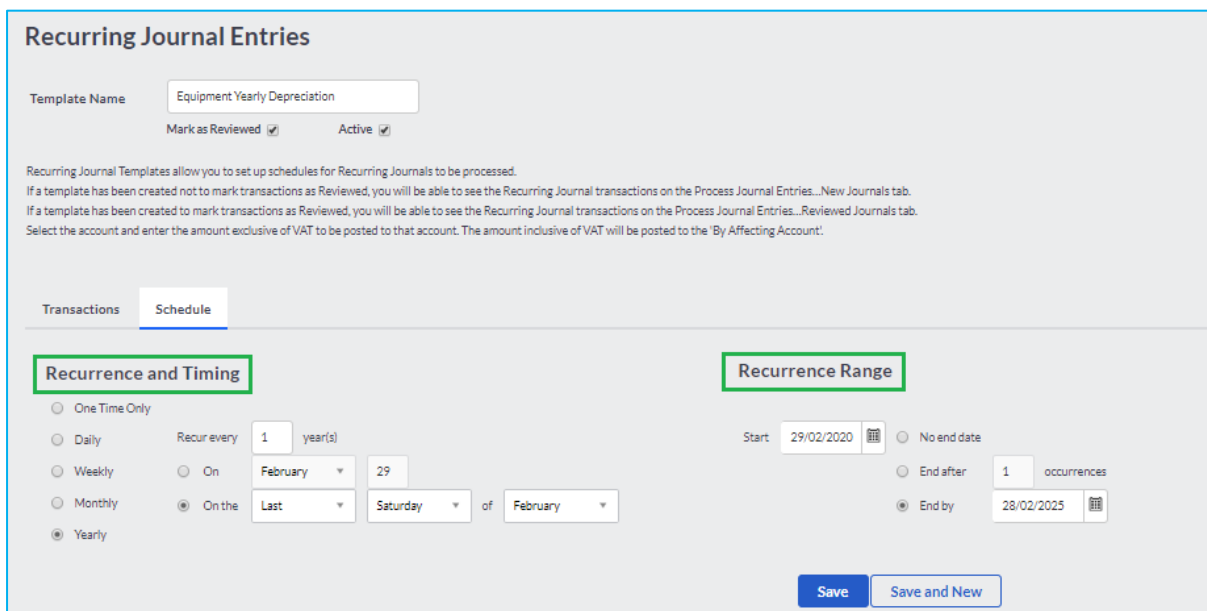


Select **Add Recurring Journal**

You will then give your recurring journal “template” a name and replicate the same journal/s which were discussed above.



Save your changes and move over to the “**Schedule**” tab. The following screen will be displayed.



Here you can set the frequency of journals and when it should stop creating journals for you.

Once you’ve selected you’re desired settings, save your changes.

For more helpful tips join our community [here](#)

