

### Depreciation

#### GL Acc Impacted:

Depreciation (*Expense*) **Debit**

Accumulated Depreciation (*Negative Asset*)

**Credit**

\*

#### Straigh-line Method:

Annual fixed percentage

Asset value x % = Annual Depreciation

Example: Vehicle Cost = R120,000 x 20% = R24,000

\*

#### Reducing Balance Method:

Annual percentage of reduced value

Reduced Asset Value x % = Annual Depreciation

Example: Remaining Vehicle Cost = R120,000 - R24,000 = R96,000 x 20% = R19,200

### Credit Losses

#### Increase Allowance for Credit Losses

Credit Losses (*Expense*) **Debit**

Allowance for Credit Losses (*Negative Asset*) **Credit**

\*

#### Decreasing Allowance for Credit Losses

Allowance for Credit Losses (*Negative Asset*) **Debit**

Credit Losses (*Expense*) **Credit**

\*

#### Writing off Credit Losses when allowance for credit losses does NOT exist

Credit Losses (*Expense*) **Debit**

Debtors Control (*Current Asset*) **Credit**

\*

#### Writing off Credit Losses when allowance for credit losses DOES exist

Allowance for Credit Losses (*Negative Asset*) **Debit**

Debtors Control (*Current Asset*) **Credit**

### Credit Losses (cont)

\*

#### Creating an Allowance for Credit Losses

Credit Losses (*Expense*) **Debit**

Allowance for Credit Losses (*Negative Asset*) **Debit**

### Pre-paid Expenses

Prepaid Expenses (*Expense*) **Debit**

GL Expense Account (*Expense*) **Credit**

Example: Prepaid Exepenses DR 1000 and Insurance CR 1000

### Accrued Expenses

GL Expense Account (*Expense*) **Debit**

Accrued Expenses (*Expense*) **Credit**

### Example

Water and Electricity DR 500 and Accrued Expenses CR 500

### Accrued Income

Accrued Income \*(*Income*) **Debit**

GL Income Account (*Income*) **Credit**

Example: Accrued Income DR 2500 and Rent CR 2500

### Income Received in Advance

GL Income Account (*Income*) **Debit**

Income Received in Advance (*Income*) **Credit**

Example: Rent Received DR 2100 and Income Received in Advance CR 2100

