

## Depreciation in QuickBooks® Basic 2002

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### Figuring Depreciation in QuickBooks® Basic 2002

Follow the steps below to figure out depreciation on your capital equipment using QuickBooks® Basic 2002.

There are several ways to figure depreciation. Choosing the right method is often a complex decision, one that depends on several factors. Here's how you can make an informed decision.

1. From the Company menu, choose Decision Tools, and then choose Depreciate Your Assets.
2. Read the background information and compare different methods of depreciation.
3. Talk to your accountant and decide how you want to track depreciation in your business. (We suggested using the straight-line method)
4. Based on the information provided, enter depreciation expenses on a monthly, quarterly, or annual basis.
5. To go to the tool in the future, from the Company menu choose Decision Tools and then Depreciate Your Assets.

If you have not entered any assets, QuickBooks® Basic 2002 may ask you to enter your assets. Enter as much information as you can about your assets.

This is a list of assets for Jack N' Jill's Lawn Care.

Asset ID	1	2	3	4
<b>Name</b>	Craftsman 6.75 Mower	Craftsman 7.0 Mower	1991 Ford F150	Trailer
<b>Serial #</b>	223344556	33444556688	55544345345	0595959595
<b>Dept/Loc</b>				
<b>Placed-in-service Date</b>	07/31/2001	07/31/1999	12/31/2000	12/31/2000
<b>Basis</b>	350.00	375.00	1,500.00	2,000.00
<b>Salvage Value</b>	0.00	0.00	0.00	0.00
<b>Depreciation Basis</b>	350.00	375.00	1,500.00	2,000.00
<b>Convention</b>	Full Year	Full Year	Full Year	Full Year
<b>Useful Life</b>	5	5	5	5
<b>Method</b>	SL	SL	DDB	SL
		75.00		
<b>FY2000</b>		75.00	600.00	400.00
<b>FY2001</b>	70.00	75.00	360.00	400.00
<b>FY2002</b>	70.00	75.00	216.00	400.00
<b>FY2003</b>	70.00	75.00	129.60	400.00
<b>FY2004</b>	70.00		77.76	400.00
<b>FY2005</b>	70.00			
<b>FY2006</b>				

The mower was depreciated using the straight line method.

This truck was depreciated using the double-declining method.

Every year the mower depreciates \$75.00.

To record depreciation expenses monthly or quarterly, divide the annual amount by twelve months or four quarters, and assign the result to each period.

## Depreciation Expense Account

After you have calculated your depreciation, you will need to assign it to an account. Just as your business “spends” money on supplies, you regularly “spend” some of the useful life of your equipment. Each year (or month or quarter) you must charge that depreciation expense to an account: your depreciation expense account.

For each asset or group of assets, you will need two Fixed Asset sub accounts - one to track cost and one to track accumulated depreciation. For example:

### **Computers**

Cost

Accumulated Depreciation

### **Vehicles**

Cost

Accumulated Depreciation

**NOTES:**