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# Prepaid Expenses



Current Period      Later

Payment Made      Expenses Incurred

预付费用

155/2022

## CCS Insights

Bookkeeping - Everybody Can Do It - 17: Prepaid Expenses

簿记- 每个人都能做到- 17: 未赚取的收入

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## Prepaid Expenses



- Rent, insurance, and periodicals are examples of services or goods for which some companies require payment in advance.
- These companies reported expenses before some benefits have been received.
- These expenses are called prepaid expenses.
- Because the company anticipates receiving some benefit in the form of a service or goods in exchange for the prepaid expenses, they are classified as assets.
- During the useful life of the services or goods, the prepaid expenses are allocated to a specific expense account, thereby reducing owner's equity.

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## Prepaid Expenses



- Let's look at some of the most common journal entries about prepaid expenses.
- It is agreed that a payment of RM12,000 will be made as an advance rental for office space and equipment that will be used for a period of twelve months.
- This transaction impacts both the cash account and the prepaid expenses account.

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## Prepaid Expenses



- The prepaid expense account is an asset account that is increasing in value, therefore, the company should record a debit against it.
- The cash account is an asset account that decreases in value, as a result, the company should keep a credit record against it.

### Journal Entries

Account	Debit	Credit
Prepaid Expense Account	12,000	
Cash		12,000

## Prepaid Expenses



- The rental agreement has a 12-month usable life. That's why every month, the company should recognise a portion of the prepaid expenses as a rental expense.
- This type of transaction is referred to as an adjustment.
- Every month, RM1,000 should be debited to the rent expenses account, and RM1,000 should be credited to the prepaid expenses account.

### Journal Entries

Account	Debit	Credit
Rent Expenses Account	1,000	
Prepaid Expense Account		1,000

## 预付费用



- 租金、保险和期刊是一些公司被要求提前付款的服务或商品的例子。
- 这些公司在获得相关服务或商品之前，就以及作出了相关的支出。
- 这些费用被称为预付费用。
- 因为公司预期这些预付费日后可以用来交换服务或商品，因此，它们被归类为资产。
- 在服务或商品的使用期限内，预付费用被分配到一个特定的费用账户，从而减少所有者权益。

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## 预付费用



- 让我们来看看一些最常见的关于预付费用的日记账[journal entries]。
- 经商定，将支付12千令吉作为办公场所和设备的预付租金，将使用12个月。
- 这项交易同时影响到现金账户和预付费用账户。



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## 预付费用



- 预付费用账户是一个正在增值的资产账户，因此，公司应该对其进行借方记录。
- 现金账户是一个价值减少的资产账户，有鉴于此，公司应该对其进行贷方记录。

### 日记账 [Journal Entries]

账户 [Account]	借记 / DR	贷记 / CR
预付费用 [Prepaid Expense Account]	12,000	
现金 [Cash]		12,000

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## 预付费用



- 租赁协议有12个月的可使用期。这就是为什么每个月，公司应该确认部分预付费用作为租金的支出。
- 这种类型的交易被称为调整。
- 每个月，1千令吉应该记入租金支出账户的借方，同时1千令吉记入预付费用账户的贷方。

### 日记账 [Journal Entries]

账户 [Account]	借记 / DR	贷记 / CR
租金支出 [Rent Expenses Account]	1,000	
预付费用 [Prepaid Expense Account]		1,000

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