https://blog.craftybase.com/

Supplies.

So , it start with Supplies, Supplies are defined as:
a) Materials not used directly in the manufacture of your products (e.g. envelopes, packing),or

b) Materials used directly in the manufacture of your products that are not be abled to be inventoried due to the inability to accurately measure.

If you think that your material is a supply, it should generally be tracked as an expense rather than the material. This is because supplies are typically claimable only within the year that they were purchased. Materials used to produce your product If you think that your material is a supply it should generally be tracked as an expense rather than the material.

This is because supplies are typically claimable only within the year that they were purchased. Materials used to produce your products are on the other hand treated as an asset until sort we will cover that in the section below.

Definition of Inventory and examples

The definition of inventory changes slightly depending on the industry here is a small list of definitions:

Most common definition:

Inventory refers to all the items common goods, merchandise and materials held by business for selling in the market to earn a profit .

Example if a new newspaper vendors uses the vehicle to deliver newspapers to the customers, only the newspaper will be considered inventory the vehicle will be treated as an asset.

https://www.zoho.com/inventory/guides/inventory-definition-meaning-types.html

Meaning of inventory: Breaking down the definitions

If we break down all the definitions, we can see that there are certain similarities:

Inventory is:

i) An asset, tangible or intangible,

ii) An asset that can be realized for revenue generation or has a value for exchange, or

iii) An asset which is in process but is meant for sale in the market

Prepared by Eng.Maged Kamel.

https://www.temenos.com/

Prepaid Accounts

A prepaid account is any of the following:

1. Any account marketed or labeled as “prepaid” that is redeemable at multiple, unaffiliated merchants for goods or services, at ATMs or for P2P transfers

2. Any account issued on a prepaid basis in a specific amount – or not issued on a prepaid basis but capable of being loaded with funds thereafter – with the primary function of conducting transfers with multiple, unaffiliated merchants for goods and services at ATMs or for P2P transfers that is not a checking, share draft or NOW account

3. A payroll card account

4. A government benefit account

Prepared by Eng.Maged Kamel.

https://www.accountingtools.com/articles/2017/5/14/prepaid-rent-accounting

Prepaid rent accounting

August 14, 2024

Overview of Prepaid Rent Accounting

Prepaid rent is rent paid prior to the rental period to which it relates. Rent is commonly paid in advance, being due on the first day of that month covered by the rent payment. The landlord typically sends an invoice several weeks early, so the tenant issues a check payment at the end of the preceding month in order to mail it to the landlord and have it arrive by the due date. This presents a problem for the tenant, since the payment would normally appear in its income statement as rent expense in the period in which the invoice was entered in the accounting software – however, since the payment was recorded and the check was cut in the month *before* the period to which the payment relates, it is actually prepaid rent. Therefore, a tenant should record on its balance sheet the amount of rent paid that has not yet been used.

Prepared by Eng.Maged Kamel.

https://www.accountingcoach.com/

What is prepaid insurance?

Definition of Prepaid Insurance
Prepaid insurance is the portion of an insurance premium that has been paid in advance and has *not* expired as of the date of a company's balance sheet. This unexpired cost is reported in the current asset account Prepaid Insurance.

As the amount of prepaid insurance expires, the expired portion is moved from the current asset account Prepaid Insurance to the income statement account Insurance Expense. This is usually done at the end of each accounting period through an adjusting entry.

Example of Prepaid Insurance
To illustrate prepaid insurance, let's assume that on November 20 a company pays an insurance premium of $2,400 for insurance protection during the six-month period of December 1 through May 31. On November 20, the payment is entered with a debit of $2,400 to Prepaid Insurance and a credit of $2,400 to Cash.

As of November 30 none of the $2,400 cost has expired and the entire $2,400 will be reported on the balance sheet as Prepaid Insurance or Prepaid Expenses. On December 31, an adjusting entry will debit Insurance Expense for $400 (the amount that expired: 1/6 of $2,400) and will credit Prepaid Insurance for $400. This means that the debit balance in Prepaid Insurance at December 31 will be $2,000 (5/6 of the $2,400 cost), since this is the amount that has *not* yet expired.

Prepared by Eng.Maged Kamel.