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Debit

In bookkeeping, the left side of a journal entry. Asset accounts and expense accounts generally have debit balances.

Debit memo

A document issued by a buyer to inform a seller that a debit (reduction) has been made to the seller's account because of purchase return, allowance or correction.

Depreciation

The systematic process of allocating (expensing) the cost of a capital expenditure such as furniture, equipment or a building over its useful life. Land is not depreciated.

Depreciation methods

Various methods, such as straight line and double declining balance, governed by tax law and GAAP. Your accountant will advise you as to which to use. The methods vary for tax purposes depending on when the asset was purchased, the type of asset being depreciated, and whether the depreciation method is for Federal or State tax purposes.

Direct labor; direct employee

The cost of labor directly involved in manufacturing a finished good or providing a service.

Double-entry bookkeeping

A system of bookkeeping where transactions are entered in journals by the use of debits and credits. Every transaction has an equal dollar amount on the debit and credit side of the entry. The sum of all debits equals the sum of all credits.

Drawings

Withdrawal of cash or other assets from an unincorporated business for the personal use of the owner(s). Drawing accounts have debit balances and are usually debited.