



QUICKBOOKS DESKTOP 2020 CLIENT TRAINING

Lesson 5

Use Other Accounts in QuickBooks



903-782-0224

Copyright

Copyright 2020 Intuit, Inc.
All rights reserved.

Intuit, Inc.
5601 Headquarters Drive
Plano, TX 75024

Trademarks

©2020 Intuit, Inc. All rights reserved. Intuit, the Intuit logo, Intuit ProLine, Lacerte, ProAdvisor, ProSeries and QuickBooks, among others, are trademarks or registered trademarks of Intuit, Inc. in the United States and other countries. Other parties' marks are the property of their respective owners.

Notice to Readers

The publications distributed by Intuit, Inc. are intended to assist accounting professionals in their practices by providing current and accurate information. However, no assurance is given that the information is comprehensive in its coverage or that it is suitable in dealing with a client's particular situation. Accordingly, the information provided should not be relied upon as a substitute for independent research. Intuit, Inc. does not render any accounting, legal or other professional advice, nor does it have any responsibility for updating or revising any information presented herein. Intuit, Inc. cannot warrant that the material contained herein will continue to be accurate nor that it is completely free of errors when published. Readers should verify statements before relying on them.

Table of Contents

About the Author.....	4
Lesson Objectives.....	5
Other Account Types in QuickBooks	6
Enter Credit Card Charges.....	7
Reconcile a Credit Card Statement	9
Mark Cleared Transactions	10
Pay a Credit Card Bill.....	12
Work with Asset Accounts	14
Set Up Asset Accounts to Track Depreciation	16
Track a Loan with a Long Term Liability Account.....	18
Record a Payment on a Loan.....	23
Introduction to Equity Accounts	25
Use Other Accounts in QuickBooks – Review Questions.....	26
Review Activities	28
Answers to Review Questions	29

About the Author



Esther Friedberg Karp, MBA

President, EFK CompuBooks Inc.

esther@e-compubooks.com

Esther Friedberg Karp is an internationally renowned trainer, writer, business consultant and speaker who has been repeatedly listed as one of Insightful Accountant's Top 100 QuickBooks ProAdvisors in the world. She has also been named to their Top 10 list on two occasions: as Top International ProAdvisor and Top Trainer/Writer ProAdvisor.

Based in Toronto, Canada, Esther has the unique distinction of holding ProAdvisor certifications in the United States, Canada and the United Kingdom. She has authored materials and delivered educational and certification courses for Intuit in all those countries, as well as Australia where she conducted live QuickBooks Online training. She has spoken at Scaling New Heights, QuickBooks Connect and other conferences, and has written countless articles for Intuit Global.

Esther's clients include companies worldwide and accounting professionals who seek her out on behalf of their own clients. She is sought out for her expertise in various countries' editions of QuickBooks Desktop and Online, and for her talent in customizing QuickBooks usage for different industries. She also teaches QuickBooks Core and Advanced certification classes to accounting professionals in Canada.

Esther holds a BSc from the University of Toronto in Actuarial Science and Mathematics, and an MBA in Marketing and Finance from York University's Schulich School of Business.

She can be reached at esther@e-compubooks.com or 416-410-0750.



Lesson Objectives

- Introduce other account types available in QuickBooks
- Learn how to track credit card transactions in QuickBooks
- Reconcile a credit card account
- See how to make a credit card payment
- Discuss the different types of asset and liability accounts you can create and see how to track assets and liabilities in QuickBooks
- Introduce the subject of equity and QuickBooks equity accounts

Other Account Types in QuickBooks

In this lesson you'll learn about these types of QuickBooks accounts:

- **Credit card accounts** - Used to track transactions you pay for with a credit card
- **Asset accounts** - Used to track current assets (those assets you're likely to convert to cash or use up within one year, such as inventory on hand) and fixed assets (such as long-term notes receivable and depreciable assets your business owns that aren't liquid, such as equipment, furniture or a building)
- **Liability accounts** - Used to track current liabilities (those liabilities scheduled to be paid within one year, such as sales tax, payroll taxes and short-term loans) and long-term liabilities (such as loans or mortgages scheduled to be paid over terms longer than one year)
- **Equity accounts** - Used to track owner's equity, including capital investment, draws and retained earnings

NOTES

Enter Credit Card Charges

QuickBooks lets you choose when to enter your credit card charges. You can enter credit card charges when you charge an item or when you receive the bill. Your choice depends on whether you like to enter information into QuickBooks incrementally or all at once. The advantage to entering charges when you charge them is that you can keep close track of how much you owe at any given time. You can also keep track of how much you spent at individual vendors or stores, regardless of how you paid for them (including credit card charges) by running a QuickReport on that vendor name. In addition, if the charge is for a particular job, you can keep track of how much you're spending on that job.



Step-by-Step: Enter a Credit Card Charge

1. From the Banking menu or Home page, choose **Enter Credit Card Charges**.

Enter Credit Card Charges - QuickBooks Credit Card

Main Reports

Find New Save Delete Memorize Attach File Download Card Charges Select PO Enter Time Clear Splits Recalculate

CREDIT CARD: QuickBooks Credit Card Purchase/Charge Refund/Credit ENDING BALANCE: 94.20

Credit Card Purchase/Charge

PURCHASED FROM: [Dropdown] DATE: 12/15/2024 REF NO.: [Text] AMOUNT: 0.00 MEMO: [Text]

Expenses \$0.00 Items \$0.00 Ready to pay a credit card bill?

ACCOUNT	AMOUNT	MEMO	CUSTOMER:J...	BILL...	CLASS

Save & Close Save & New Clear

2. In the Credit Card field at the top, select the appropriate credit card account. (You can use the Tab key to move from field to field rather than taking your hands off the keyboard to use the mouse to point to the next field.)
3. Leave the radio button on **Purchase/Charge**. (If you are getting a refund or credit on the credit card, change the radio button to **Refund/Credit**.)
4. In the Purchased From field, enter the name of the vendor from whom you made the purchase.
5. Enter the remaining information about the charge (date, reference number, amount, memo, etc.) in the top or header section of the Enter Credit Card Charges screen.
6. In the detail section (the lower section of the Enter Credit Card Charges screen), there are two tabs – the Expenses tab and the Items tab. Make sure that you are in the Expenses tab. Click on the **Expenses** tab if necessary.
7. Once in the Expenses tab, make sure your mouse pointer is in the first vacant row of the **Account** column and assign the charge to the corresponding expense account. Enter a memo in the Memo column if desired.

The screenshot shows the 'Enter Credit Card Charges' window in QuickBooks. The window title is 'Enter Credit Card Charges - QuickBooks Credit Card'. The interface includes a toolbar with options like Find, New, Save, Delete, Memorize, Attach File, Download Card Charges, Select PO, Enter Time, Clear Splits, and Recalculate. Below the toolbar, the 'CREDIT CARD' is set to '20500 · QuickBooks C', and the 'ENDING BALANCE' is '94.20'. The main section is titled 'Credit Card Purchase/Charge' and contains fields for 'PURCHASED FROM' (Kershaw Computer Services), 'DATE' (12/15/2024), 'REF. NO.' (1576), and 'AMOUNT' (150.00). There is also a 'MEMO' field. Below this, there are two tabs: 'Expenses' (selected) and 'Items'. The 'Expenses' tab shows a table with columns for ACCOUNT, AMOUNT, MEMO, CUSTOMER.J..., BILL..., and CLASS. The first row is populated with '64200 · Repairs:64220 · Computer ...', '150.00', and 'Larry Kershaw onsite work'. At the bottom, there are buttons for 'Save & Close', 'Save & New', and 'Clear'.

8. Click **Save & Close** to record the transaction and close the window.

Reconcile a Credit Card Statement



Step-by-Step: Reconcile a Credit Card Statement

1. From the Banking drop-down, choose **Reconcile** or **Reconcile Credit Card**.
2. In the Account drop-down, choose the appropriate credit card from the list.

Begin Reconciliation

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: 20600 - CalOil Credit Card

Statement Date: 12/15/2024

Beginning Balance: 436.80 [What if my beginning balance doesn't match my statement?](#)

Ending Balance: 382.62

Enter any finance charge.

Finance Charge	Date	Account	Class
0.00	11/30/2024		

Buttons: Locate Discrepancies, Undo Last Reconciliation, Continue, Cancel, Help

3. In the Statement Date field, enter the closing date of the statement you wish to reconcile.
4. In the Ending Balance field, enter the ending balance of the statement you wish to reconcile.
5. Click **Continue**. Proceed to next exercise.

NOTES

Mark Cleared Transactions



Step-by-Step: Mark Transactions as Cleared

1. Place a checkmark in the box next to **Hide transactions after statement's end date** to show only transactions dated up to and including the statement end date.
2. In the Charges and Cash Advances section of the window on the left side, match the transactions with the charges on your statement. Place a checkmark next to each transaction in QuickBooks that appears on your statement. This marks the transaction as cleared in your QuickBooks register.
3. In the Payments and Credits section of the window on the right side, place a checkmark next to each transaction that matches your statement to mark the payments as cleared in the register.

You can open a transaction to view it and make changes to it, if necessary, by double-clicking on the transaction in the reconciliation window.

4. When you are done with this process, the Difference in the bottom right corner should be zero. When this difference is zero, *and only when this difference is zero*, click **Reconcile Now**.

For period: 12/15/2024

Hide transactions after the statements end date

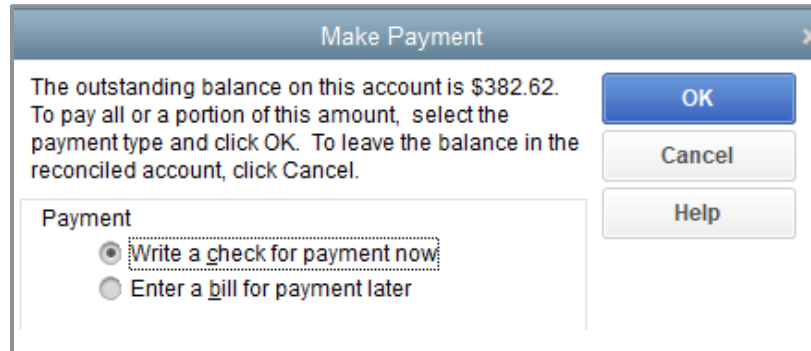
Charges and Cash Advances				Payments and Credits				
DATE	REF #	PAYEE	AMOUNT	DATE	REF #	PAYEE	TYPE	AMOUNT
12/03/2024	Setup: 17	Overhead	3,288.00	12/02/2024		Overhead	CHK	3,288.00
12/03/2024		Bayshore CalOil Service	23.50			Overhead	CHK	135.80
12/12/2024		Bayshore CalOil Service	47.52					
12/15/2024		Bayshore CalOil Service	10.60					

Highlight Marked
 Mark All
Unmark All
Go To
Columns to Display...

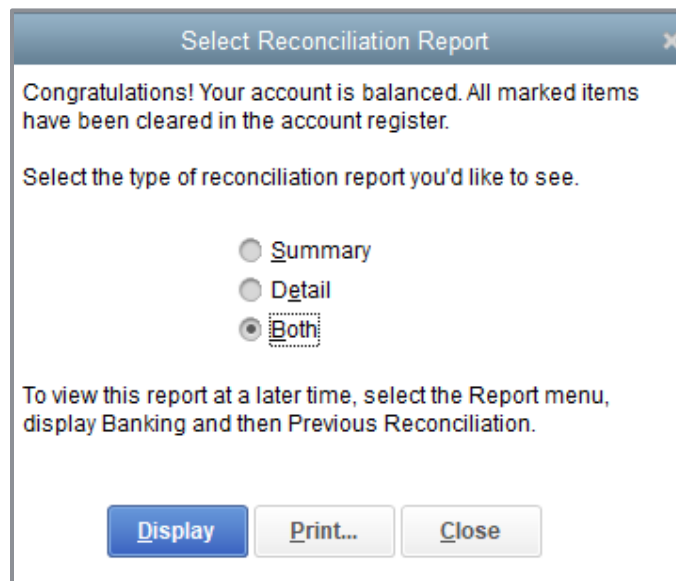
Beginning Balance	436.80		
Items you have marked cleared			
2 Payments and Credits	3,403.80		
4 Charges and Cash Advances	3,349.62		

Modify	Finance Charge	0.00
	Ending Balance	382.62
	Cleared Balance	382.62
	Difference	0.00

5. QuickBooks will ask if you would like to enter a bill or write a check for the remaining balance on your credit card. You can choose one of these options or click **Cancel** if you would rather not do either one at this time.



6. In the Select Reconciliation Report window, you can choose to display or print your reconciliation reports. It is important to print both the Summary and Detail reports, and a best practice is to save them as PDFs for future reference.



NOTES

Pay a Credit Card Bill



Step-by-Step: Write a Check for the Bill Now (continued from the reconciliation above)

1. After reconciling, if you select **Write a check for payment now**, the Write Checks window will open. Make sure **Checking** is listed as the bank account.
2. Make sure you have the correct payment date on the check, as well as the check number, or if the check is to be printed, ensure that **Print Later** is checked.
3. Click in the **Pay to the Order of** field and select the name of the credit card company.
4. Notice in the Expenses tab that the account is prefilled with the CalOil Credit Card account (a credit card account).

Write Checks - Checking

Main Reports

Find New Save Delete Memorize Create a Copy Print Print Later Attach File Select PO Enter Time Clear Splits Recalculate Batch Transactions Reorder Reminder Order Checks

BANK ACCOUNT: 10100 - Checking ENDING BALANCE: 4,794.10

NO.: 492 DATE: 12/15/2024

PAY TO THE ORDER OF: CalOil Company \$ 382.62

Three hundred eighty-two and 62/100 *****DOLLARS

ADDRESS:
CalOil Company
PO Box 628
Middlefield CA 94482

MEMO:

Expenses \$382.62 Items \$0.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER:JOB	BIL...	CLASS
20600 - CalOil Credit Card	382.62				

Save & Close Save & New Clear

5. Click **Save & Close** to record the transaction.

NOTE: If this is a credit card bill you can pay electronically by direct payment rather than by check, you can use the Transfer Funds function to transfer funds from your checking account to your credit card account.

Transfer Funds Between Accounts

Previous Next Save Journal Attach

Transfer Funds

DATE: 12/15/2024

CLASS: [Empty]

TRANSFER FUNDS FROM: 10100 - Checking ACCOUNT BALANCE: 4,794.10

TRANSFER FUNDS TO: 20500 - QuickBooks Credit Card ACCOUNT BALANCE: 244.20

Online Funds Transfer

TRANSFER AMOUNT: 244.20

MEMO: Reference #ABC123: Funds Transfer to pay off QuickBooks Credit Card directly from Checking Account

Save & Close Save & New Clear

Work with Asset Accounts



IMPORTANT: *The remaining sections are somewhat advanced. It may be advisable to consult with your accountant or tax professional for assistance in dealing with these topics.*

An Other Current Asset account tracks assets that are likely to be converted to cash or used up within one year. If you buy and sell inventory, the value of your entire inventory on hand usually appears in an Other Current Asset account called something like Inventory Asset. Other current assets might include treasury bills, certificates of deposit, prepaid expenses, prepaid deposits, reimbursable expenses and notes receivable (if due within one year).

A Fixed Asset account tracks assets your business owns that are not likely to be converted into cash within a year. A fixed asset is usually something necessary for the operation of your business, like a truck, cash register, computer or large printer. It is generally depreciated over time.



Step-by-Step: Set up an Other Current Asset Account

1. On the Home page, click **Chart of Accounts** (or use **CTRL+a** or any other method of opening the Chart of Accounts).
2. Click the **Account** menu button in the bottom left corner of the Chart of Accounts, and then choose **New**.
3. Click **Other Account Types** and choose **Other Current Asset** from the drop-down list.

Add New Account: Choose Account Type

Choose one account type and click Continue.

Categorize money your business earns or spends

Income

Expense

Or, track the value of your assets and liabilities

Fixed Asset (major purchases)

Bank

Loan

Credit Card

Equity

Other Account Types

Other Current Asset

Other Current Asset Account

Tracks the value of things that can be converted to cash or used up within one year, such as:

- Prepaid expenses
- Employee cash advances
- Inventory
- Loans from your business

More...

Help me choose the right account type.

Continue Cancel

4. Click **Continue**.
5. Enter the Account Name and Number you would like to use (you will see the Number field if Account Numbers have been enabled in the Accounting Preferences). You may also enter a Description.
6. Do not enter an opening balance.

The screenshot shows the 'Add New Account' window. At the top, the title is 'Add New Account'. Below the title bar, there is a grid icon, 'Account Type' set to 'Other Current Asset', and 'Number' set to '13200'. The main area contains the following fields and options:

- Account Name:** 'Prepaid Rent'
- Subaccount of:** A dropdown menu.
- OPTIONAL Section:**
 - Description:** A large text area.
 - Account No.:** A text field.
 - Tax-Line Mapping:** A dropdown menu set to 'B/S-Assets: Other current ass...'. To its right are two blue links: 'How do I choose the right tax line?' and 'Should I enter an opening balance?'.
 - Enter Opening Balance...:** A button.

At the bottom of the window are three buttons: 'Save & Close' (highlighted in blue), 'Save & New', and 'Cancel'.

7. Click **Save & Close**.

NOTES

Set Up Asset Accounts to Track Depreciation

Fixed assets are equipment or property your business owns that is not for sale. Since they last a long time, you don't completely charge their cost to the year in which you buy them. Instead, you spread their cost over several years. But because fixed assets wear out or become obsolete, their value declines constantly from the day you purchase them. The amount of this decline in value is called depreciation. Over time, the amount of depreciation accumulates and you can see the total decline in value at any point in time by looking at the accumulated depreciation as of that date. The Accumulated Depreciation account is generally set up as a fixed asset account and is very often set up as a subaccount of a fixed asset parent account.



Step-by-Step: Set up Asset Accounts to Track a New Trailer Purchased by Rock Castle Construction

1. In the Chart of Accounts window, click the **Account** menu button in the bottom left corner, and then choose **New**.
2. In the Add New Account window, select **Fixed Asset (major purchase)**, and then click **Continue**.
3. Enter the Account Name and Number you would like to use, as well as a Description.

The screenshot shows the 'Add New Account' dialog box. The 'Account Type' is 'Fixed Asset' and the 'Number' is '15150'. The 'Account Name' is 'Trailer'. There is a 'Subaccount of' dropdown menu. Below this is an 'OPTIONAL' section with a 'Description' text area, a 'Note' text area, and a 'Tax-Line Mapping' dropdown menu set to 'B/S-Assets: Buildings/oth. de...'. There are two links: 'How do I choose the right tax line?' and 'Should I enter an opening balance?'. At the bottom are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

4. Do not enter an opening balance.
5. Click **Save & Close**.

Chart of Accounts				
Look for account name or number				
<input type="text"/>		<input type="button" value="Search"/>	<input type="button" value="Reset"/>	
NAME	DESCRIPTION	TYPE	BALANCE TOTAL	ATTACH
10100 · Checking	Cash	Bank	4,167.28	
10300 · Savings	Savings	Bank	59,910.19	
10400 · Petty Cash	Petty Cash	Bank	500.00	
11000 · Accounts Receivable	Accounts Receivable	Accounts Receivable	93,007.93	
12000 · Undeposited Funds	Undeposited Funds	Other Current Asset	2,440.00	
12100 · Inventory Asset	Inventory Asset	Other Current Asset	30,683.38	
12800 · Employee Advances	Employee Advances	Other Current Asset	832.00	
13100 · Pre-paid Insurance	Pre-paid Insurance	Other Current Asset	4,050.00	
13200 · Prepaid Rent		Other Current Asset	0.00	
13400 · Retainage Receivable	Retainage Receivable	Other Current Asset	3,703.02	
15000 · Furniture and Equipment	Furniture and Equipment	Fixed Asset	34,326.00	
15100 · Vehicles	Vehicles	Fixed Asset	78,936.91	
15150 · Trailer		Fixed Asset	0.00	
15200 · Buildings and Improvements	Buildings and Improvements	Fixed Asset	325,000.00	
15300 · Construction Equipment	Construction Equipment	Fixed Asset	15,300.00	
16900 · Land	Land	Fixed Asset	90,000.00	
17000 · Accumulated Depreciation	Accumulated Depreciation	Fixed Asset	-110,344.60	
18700 · Security Deposits	Security Deposits	Other Asset	1,720.00	
20000 · Accounts Payable	Moneys you owe to vendors and suppliers	Accounts Payable	26,636.92	
20500 · QuickBooks Credit Card	QuickBooks Credit Card	Credit Card	0.00	
20600 · CalOil Credit Card		Credit Card	0.00	
Subcontracted Federal WH		Other Current Liability	0.00	
20700 · Due to Owner	Short Term Loan from Owner - No Note or Bond	Other Current Liability	0.00	
24000 · Payroll Liabilities	Payroll Liabilities	Other Current Liability	5,404.45	
24010 · Federal Withholding		Other Current Liability	1,364.00	

Account ▾ Activities ▾ Reports ▾ Attach Include inactive

Track a Loan with a Long Term Liability Account

The Long Term Liability account tracks debts which your business is not likely to pay off within a year. The most common long-term liabilities are loans you expect to pay off in more than one year.



Step-by-Step: Track a Loan with a Long Term Liability Account

1. In the Chart of Accounts, click the **Account** menu button in the bottom left corner, and then choose **New**.
2. In the Add New Account window, select **Other Account Types** then choose **Long Term Liability** from the drop-down list.
3. Click **Continue**.
4. Enter the Account Name and Number you would like to use, as well as a Description.

The screenshot shows the 'Add New Account' dialog box. The 'Account Type' is set to 'Long Term Liability' and the 'Number' is '23150'. The 'Account Name' is 'Trailer Loan'. There is a 'Subaccount of' checkbox and a dropdown menu. An 'OPTIONAL' section contains a 'Description' text area, an 'Account No.' text field, and 'Tax-Line Mapping' set to 'B/S-Liabs/Eq.: L-T Mortgage/n...'. There are two blue links: 'How do I choose the right tax line?' and 'Should I enter an opening balance?'. Below the 'Tax-Line Mapping' is a button labeled 'Enter Opening Balance...'. At the bottom, there are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

5. Do not enter an opening balance.
6. Click **Save & Close**.

Chart of Accounts				
Look for account name or number				
<input type="text"/>		<input type="button" value="Search"/>	<input type="button" value="Reset"/>	
NAME	DESCRIPTION	TYPE	BALANCE TOTAL	ATTACH
24020	FICA Payable	Other Current Liability	2,118.82	
24030	AEIC Payable	Other Current Liability	0.00	
24040	FUTA Payable	Other Current Liability	100.00	
24050	State Withholding	Other Current Liability	299.19	
24060	SUTA Payable	Other Current Liability	110.00	
24070	State Disability Payable	Other Current Liability	48.13	
24080	Worker's Compensation	Other Current Liability	1,214.31	
24090	Direct Deposit Liabilities	Other Current Liability	0.00	
24100	Emp. Health Ins Payable	Other Current Liability	150.00	
25500	Sales Tax Payable	Other Current Liability	957.63	
23000	Loan - Vehicles (Van)	Long Term Liability	10,501.47	
23100	Loan - Vehicles (Utility Truck)	Long Term Liability	19,936.91	
23150	Trailer Loan	Long Term Liability	0.00	
23200	Loan - Vehicles (Pickup Truck)	Long Term Liability	22,641.00	
28100	Loan - Construction Equipment	Long Term Liability	13,911.32	
28200	Loan - Furniture/Office Equip	Long Term Liability	21,000.00	
28700	Note Payable - Bank of Anycity	Long Term Liability	2,693.21	
28900	Mortgage - Office Building	Long Term Liability	296,283.00	
30000	Opening Bal Equity	Equity	38,773.75	
30100	Capital Stock	Equity	500.00	
31400	Shareholder Distributions	Equity	0.00	
32000	Retained Earnings	Equity		
40100	Construction Income	Income		
40010	Construction Consulting Income	Income		
40110	Design Income	Income		

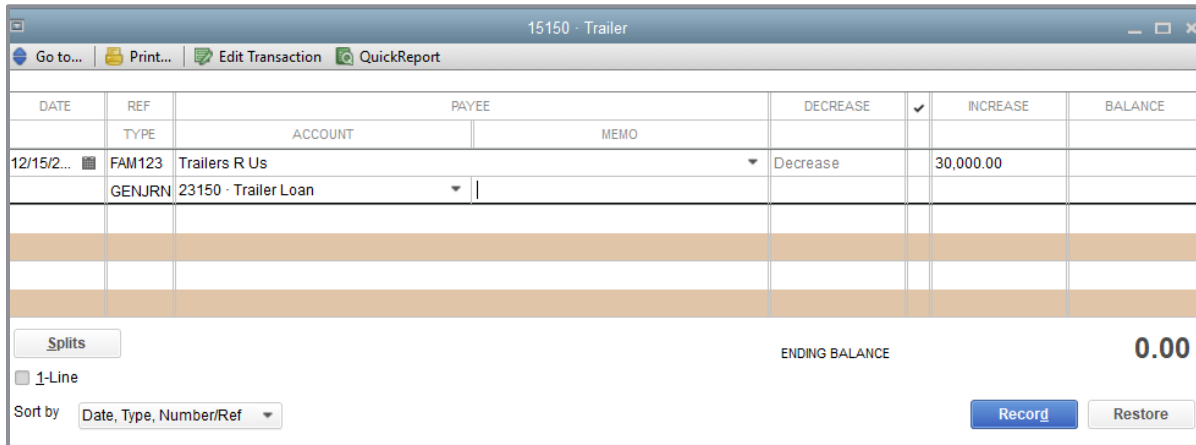
Because this is a new loan, you are either receiving money to deposit in your bank account or receiving a new asset worth the amount of the loan. In this example, you received an asset (the new trailer), so you need to show an increase in the asset's Cost account.



Step-by-Step: Record an Increase in the Asset's Cost Account

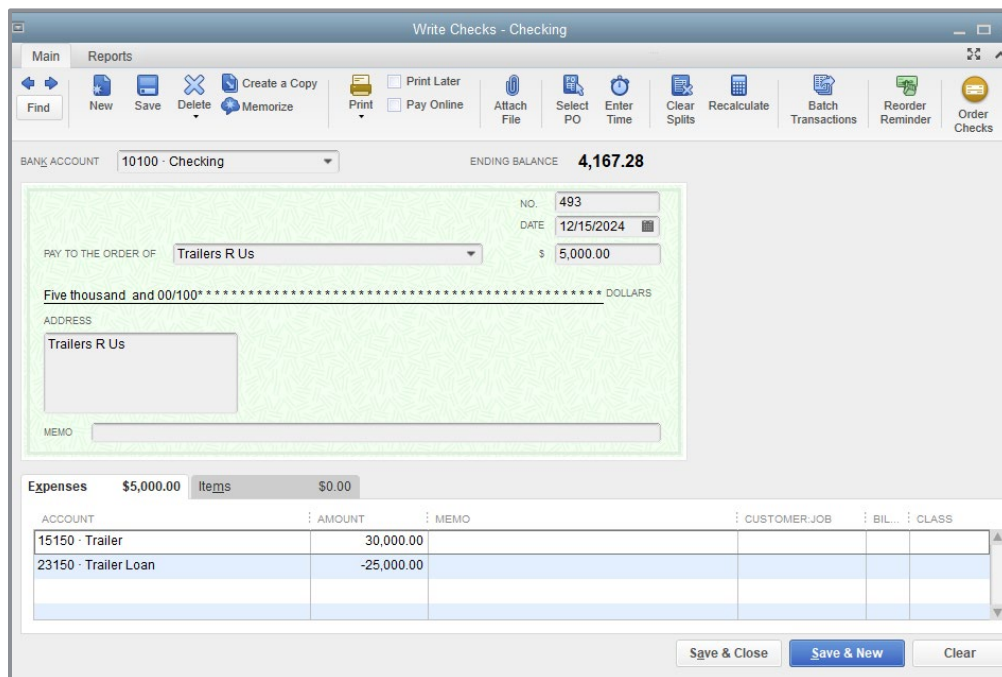
1. In the Chart of Accounts, double-click the asset account that describes the asset you purchased (in this example, it would be the Trailer asset account). This will open the register for that asset account.
2. In the Date field, specify the date of the purchase using the loan funds. You can also enter a reference number in the Ref field if desired. If you wish, you can also enter the name of the person or company that sold the trailer to you in the Payee field.
3. In the Increase field, enter the dollar amount for which the asset was purchased.

- In the Account field, select the corresponding liability account that was used to purchase the asset (in this example the Trailer Loan liability account).



- Click **Record**.
- Close the register window.
- Close the Chart of Accounts.

Another way, which is especially useful if the loan made up only *part* of the purchase price, is to use the Write Checks window to create a check to the vendor for the portion of the purchase price being paid like this:



In this example, the check transaction recognizes the full purchase price or value of the fixed asset (\$30,000) and full amount of the loan (\$25,000), as well as the portion of the purchase price coming out the bank to pay the vendor (\$5,000).

You can also, if you wish, enter the trailer on the Fixed Asset Item list. Tracking fixed assets using the Fixed Asset Item list enables you to record detailed information about an asset such as the purchase date and price, whether the asset was new or used when purchased, and the asset's sale price if you decide to sell it. You can also generate customizable reports listing all your fixed assets.

Entering information on the Fixed Asset Item list does not in any way affect your general ledger, and therefore does not double-count the entry in which you purchased the asset and incurred the loan.



Step-by-Step: Create a Fixed Asset Item

1. From the Lists menu, choose **Fixed Asset Item List**.

NAME	LOCATION OF FIXED ASSET	PURCHASE	ACCOUNT	COST	COST/BAL.	ACCUML.	BOOK VAL.	SALE	PRICE	ATTACH
Desktop PC (5) - 8		05/01/2010	15000 - Furniture and Equipment	13,000.00	13,000.00	2,600.00	10,400.00		0.00	
Copier/Printer - 15	Main Office	04/28/2010	15000 - Furniture and Equipment	5,000.00	5,000.00	1,000.00	4,000.00		0.00	
Chairs - 3		11/15/2009	15000 - Furniture and Equipment	475.00	475.00	247.00	228.00		0.00	
Conference Table - 4		11/15/2009	15000 - Furniture and Equipment	3,500.00	3,500.00	1,820.00	1,680.00		0.00	
Desks - 5		12/20/2009	15000 - Furniture and Equipment	2,100.00	2,100.00	1,092.00	1,008.00		0.00	
Desktop computer - 6	MV	10/15/2009	15000 - Furniture and Equipment	2,000.00	2,000.00	1,040.00	960.00		0.00	
Desktop PC - 7		10/01/2009	15000 - Furniture and Equipment	5,000.00	5,000.00	2,600.00	2,400.00		0.00	
Laser Printer - 9		10/01/2009	15000 - Furniture and Equipment	2,001.00	2,001.00	1,040.52	960.48		0.00	
Metal filing cabinets - 10		10/29/2009	15000 - Furniture and Equipment	1,250.00	1,250.00	484.69	765.31		0.00	
Server - 13		10/01/2009	15000 - Furniture and Equipment	6,500.00	6,500.00	3,380.00	3,120.00		0.00	
Lexus - 16		04/28/2010	15100 - Vehicles	75,000.00	75,000.00	15,000.00	60,000.00		0.00	
2005 pickup - 2	Bayshore, CA	02/14/2007	15100 - Vehicles	28,602.91	28,602.91	12,585.00	16,017.91		0.00	
2005 Van - 14		10/15/2007	15100 - Vehicles	26,000.00	26,000.00	21,507.20	4,492.80		0.00	
Utility Truck - 1	Bayshore, CA	06/01/2007	15100 - Vehicles	24,334.00	24,334.00	12,585.00	11,749.00		0.00	
Office Building - 11	1735 County Road Bayshore, CA 94567	09/22/2007	15200 - Buildings and Improvements	325,000.00	325,000.00	27,430.54	297,569.46		0.00	
Equipment - 17		12/31/2009	15300 - Construction Equipment	15,300.00	15,300.00	5,932.65	9,367.35		0.00	
Office Land - 12	1735 Country Road Bayshore, CA	09/22/2007	16900 - Land	90,000.00	90,000.00		90,000.00		0.00	

2. Click the **Item** menu button then select **New**.

3. In the Asset Name/Number field, enter the name of the asset.
4. Enter the remaining information to complete the Purchase Information section.
5. Enter the remaining information to complete the Asset Information section.
6. Choose the corresponding asset account from the **Asset Account** drop-down list.

TYPE
Fixed Asset Use for property you purchase, track, and may eventually sell. Fixed assets are long-lived assets, such as land, buildings, furniture, equipment, and vehicles.

Asset Name/Number
Trailer

Asset Account
15150 - Trailer

PURCHASE INFORMATION
Purchase Description Item is new used
Trailer
Date 12/15/2024
Cost 30,000.00
Vendor/Payee Trailers R Us

SALES INFORMATION
Sales Description Item is sold
Sales Date
Sales Price 0.00
Sales Expense 0.00

ASSET INFORMATION
Asset Description
White Trailer with Company Logo
Location PO Number Serial Number Warranty Expires
Head Office Yard 1234567890 12/15/2030
Notes

Buttons: OK, Cancel, Next, Custom Fields, Spelling, Item is inactive

7. Click **OK**.
8. Close the Fixed Asset Item list.

NOTES

Record a Payment on a Loan

When it's time to make a payment on a loan, use the Write Checks window to record a check to your lender. Assign part of the payment to loan interest expense and the remainder to loan principal.



Step-by-Step: Record a Payment on a Loan

1. From the Banking menu choose **Write Checks**.
2. In the Pay to the Order of field enter the name of the lender.
3. Enter the dollar amount of the payment in the Amount field.
4. Click in the **Account** column on the Expenses tab and enter the liability account against which you are applying the principal portion of this payment. You can use multiple accounts/lines here to account for principal payment vs. interest expense.

Write Checks - Checking

Main Reports

Find New Save Delete Memorize Create a Copy Print Print Later Pay Online Attach File Select PO Enter Time Clear Splits Recalculate Batch Transactions Reorder Reminder Order Checks

BANK ACCOUNT 10100 - Checking ENDING BALANCE -832.72

NO. 494
DATE 12/15/2024
PAY TO THE ORDER OF Great Statewide Bank \$ 500.00
Five hundred and 00/100***** DOLLARS
ADDRESS
Great Statewide Bank
P.O. Box 522
Bayshore CA 94326
MEMO monthly payment on trailer loan - both principal and interest

Expenses \$500.00 Items \$0.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER:JOB	BIL...	CLASS
23150 - Trailer Loan	275.00	This is the principal component of this payment			
62400 - Interest Expense	225.00	This is the interest component of this payment			

Save & Close Save & New Clear

5. Click **Save & Close** to record the payment and close the Write Checks window.

6. The split between principal and interest, as they comprise the total payment, will change from payment to payment in accordance with the loan amortization schedule.

When you record the transaction, QuickBooks automatically updates the accounts affected by this transaction:

- In your Checking bank account, QuickBooks subtracts the total amount of the check from your balance
- In the Interest expense account, QuickBooks enters the interest amount as an increase to your company's interest expense
- In the Trailer Loan liability account, QuickBooks subtracts the principal amount from the current value of the liability (reducing the amount of your debt)

NOTES

Introduction to Equity Accounts

Equity on your company's balance sheet is defined as the company's net worth. The total assets minus total liabilities equals the equity.

Equity is comprised of the company's retained earnings (or owner's equity if it is not an incorporated company) since the company's inception (incremented each year by that year's net income if it is positive, or reduced by that year's net income if it is negative or a loss), adjusted for, if they exist:

- Dividends paid out or owner's draw (these reduce equity)
- Common or preferred shares (these increase equity)
- Contributed or paid-in capital

Use Other Accounts in QuickBooks – Review Questions

1. Accumulated depreciation is typically set up as what type of account in QuickBooks?
 - a. A subaccount of a fixed asset account
 - b. A subaccount of a current asset account
 - c. A subaccount of a liability account
 - d. An expense account
2. Equity type accounts would be used to track which of the following?
 - a. Contributed or paid-in capital
 - b. Draws
 - c. Retained earnings
 - d. All of the above
3. Which of the following would likely be considered a long-term liability?
 - a. Vehicle loan
 - b. Accounts payable
 - c. Rent
 - d. Credit card account
4. Retained earnings is defined as which of the following?
 - a. The amount of money that a business retains for paying its employees
 - b. The earnings from non-essential business services
 - c. The amount of interest saved from paying off a loan early
 - d. The accumulation of a company's net income or loss from its start date

5. Which of the following would not decrease the value of a company's equity?
- a. The company paying corporate dividends
 - b. The company incurring a net loss for the fiscal year
 - c. An owner drawing money out of the company
 - d. The company taking a loan out to purchase a new asset

Review Activities

Assume that the owner of Rock Castle Construction has taken out a loan and purchased a computer system for \$15,000. He wants to track the accumulated depreciation and cost of the system in two separate fixed asset accounts.

1. Create a fixed asset account called *Computer System*.
2. Create a long-term liability account to track the loan.
3. Enter the amount of the loan as an increase in the asset's account. Assign the transaction to the loan liability account.

Answers to Review Questions

1. Accumulated depreciation is typically set up as what type of account in QuickBooks?
 - a. ✓ *A subaccount of a fixed asset account*
 - b. A subaccount of a current asset account
 - c. A subaccount of a liability account
 - d. An expense account
2. Equity type accounts would be used to track which of the following?
 - a. Contributed or paid-in capital
 - b. Draws
 - c. Retained Earnings
 - d. ✓ *All of the above*
3. Which of the following would likely be considered a long-term liability?
 - a. ✓ *Vehicle loan*
 - b. Accounts payable
 - c. Rent
 - d. Credit card account
4. Retained earnings is defined as which of the following?
 - a. The amount of money that a business retains for paying its employees
 - b. The earnings from non-essential business services
 - c. The amount of interest saved from paying off a loan early
 - d. ✓ *The accumulation of a company's net income or loss from its start date*

5. Which of the following would not decrease the value of a company's equity?
- a. The company paying corporate dividends
 - b. The company incurring a net loss for the fiscal year
 - c. An owner drawing money out of the company
 - d. ✓ *The company taking a loan out to purchase a new asset*