

Using Other Accounts in QuickBooks

Lesson 5

Lesson objectives

- To introduce the other account types available in QuickBooks
- To learn how to track credit card transactions in QuickBooks
- To reconcile a credit card account
- To see how to make a credit card payment
- To discuss the different types of asset and liability accounts you can create and see how to track assets and liabilities in QuickBooks.
- To 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
 - Asset accounts
 - Liability accounts
 - Equity accounts

Entering credit card charges

To enter a credit card charge:

1. From the Banking menu, choose **Enter Credit Card Charges**.
2. In the Credit Card field, select **CalOil Card**.
3. In the Purchased From field, select **Bayshore CalOil Service**.
4. Click in the Amount Field, and then double-click to select the entire amount.
5. Type **30** and then press Tab.
6. Click the Expenses tab.
7. In the detail area, click the Account column and assign the charge to the **Automobile: Fuel** expense account.
8. Click **Save & Close**.

Reconciling a credit card statement

To reconcile a credit card statement:

1. From the Company menu, choose **Chart of Accounts**.
2. Click **CalOil Card** in the list once to select it.
3. Click the Activities menu button, and then choose **Reconcile Credit Card**.
4. In the Statement Date field, enter **12/15/2015**.
5. In the Ending Balance field, type **101.02**.
6. Click **Continue**.

Marking cleared transactions

To mark the transactions as cleared:

1. In the "Charges and Cash Advances" section of the window, select all three charges.
2. In the "Payments and Credits" section of the window, select the 12/02/15 payment for \$135.80
3. Click [Reconcile Now](#).
4. Leave [Write a check for payment now](#) selected and click OK.
5. In the Select Reconciliation Report window, select [Detail](#) and then click [Display](#).
6. Click OK at the message QuickBooks displays.
7. Review the report and then close it.

Paying a credit card bill

To write a check for the bill now:

1. In the Write Checks window, make sure Checking is listed as the bank account.
2. Click in the Pay to the Order of field and select **CalOil Company** as the name of the credit card company.
3. Click the **To be printed** checkbox to select it.
4. Click **Save & Close** to record the transaction.
5. Close the chart of accounts.

Working with asset accounts

To set up an Other Current Asset account:

1. Click [Chart of Accounts](#) on the Home page.
2. Click the Account menu button, and then choose [New](#).
3. Click [Other Account Types](#) and choose [Other Current Asset](#).
4. Click [Continue](#).
5. In the Account Name field, type [Prepaid rent](#).
6. Click [Enter Opening Balance](#).
7. In the Opening Balance field, type [6000](#) and then select the date [12/14/2015](#).
8. Click OK.
9. Click [Save & Close](#).

Setting up asset accounts to track depreciation

To set up asset accounts to track depreciation:

1. In the chart of accounts window, click the Account menu button, and then choose **New**.
2. Select **Fixed Asset**, and then click **Continue**.
3. In the Account Name field, type **Trailer**.
4. Leave the opening balance blank, and click **Save & Close**.

Setting up asset accounts to track depreciation

To add subaccounts:

1. In the chart of accounts window, click the Account menu button, and then choose **New**.
2. Select **Fixed Asset**, and then click **Continue**.
3. In the Account Name field, type **Cost**.
4. Select the "Subaccount of" checkbox, and select **Trailer** as the parent account.
5. Leave the opening balance blank.
6. Click **Save & New**.
7. Repeat steps 3, 4, and 5 to add a second subaccount to the Trailer fixed asset account. Call the subaccount **Depreciation**, and leave the opening balance blank.
8. Click **Save & Close**.

Entering depreciation transactions

To enter a transaction for depreciation:

1. In the chart of accounts, select the Depreciation subaccount for the trailer.
2. Click the Activities menu button, and then choose **Use Register**.
3. In the Decrease column, type **1300** and press Tab. This is the depreciation amount.
4. In the Account field, select **Depreciation Expense**.
5. Click **Record**.
6. Close the register window.

Tracking a loan with a long-term liability account

To add a long-term liability account:

1. In the chart of accounts, click the Account menu button, and then choose **New**.
2. In the Add New Account window, select **Other Account Types**, and then choose **Long Term Liability** from the drop-down list.
3. Click **Continue**.
4. In the Account Name field, type **Trailer Loan**.
5. Do not enter an opening balance.
6. Click **Save & Close**.

Tracking a loan with a long-term liability account

To record an increase in the asset's Cost account:

1. In the chart of accounts, double-click the **Trailer:Cost** subaccount.
2. In the Increase field, type **30,000**.
3. In the Account field, select the **Trailer Loan** liability account.
4. Click **Record**.
5. Close the register window.
6. Close the chart of accounts.

Tracking a loan with a long-term liability account

To create a fixed asset item:

1. From the Lists menu, choose **Fixed Asset Item List**.
2. Click the Item menu button, and select **New**.
3. In the Asset Name/Number field, type **Trailer**.
4. Enter the following information to complete the Purchase Information section:
 - Item is: **new**
 - Purchase Description: **Trailer**
 - Date: **12/15/2015**
 - Cost: **30,000**
 - Vendor/Payee: **East Bayshore Auto Mall**

Tracking a loan with a long-term liability account

To create a fixed asset item:

5. Enter the following information to complete the Asset Information section:
 - Asset Description: **White trailer with company logo**
 - Serial Number: **123456789**
 - Warranty Expires: **12/15/2020**
6. Click OK.
7. From the Asset Account drop-down list, choose **Trailer:Cost**.
8. Click OK.
9. Close the Fixed Asset Item list.

Tracking a loan with a long-term liability account

To record a payment on a loan:

1. From the Banking menu, choose **Write Checks**.
2. In the "Pay to the Order of" field, type **Great** and then press Tab.
3. For the dollar amount of the check, type **500.00**.
4. Click the Expenses tab, and then click in the Account column and choose the **Interest Expense: Loan Interest** expense account.
5. In the Amount column highlight the amount that QuickBooks prefilled, then type **225.00**.
6. Assign the remainder of the expense (\$275) to the Trailer Loan liability account.
7. Click **Save & Close** to record the payment.



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**LESSON 5 Review questions
and activities**



Lesson 5: Using 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** Capital investments
 - 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 and two subaccounts—one for Cost and one for Accumulated Depreciation.
- 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 Cost account. Assign the transaction to the loan liability account.

Review questions and activities

Lesson 5: Using other accounts in QuickBooks

Review questions

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 - b** A subaccount of a current asset account
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- 2** Equity type accounts would be used to track which of the following?
 - a** Capital investments
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