
QuickBooks 2009 Student Guide

Using Other Accounts in QuickBooks



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

Notes

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 both 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 both 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

Entering Credit Card Charges

QuickBooks lets you choose when you 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 an item is that you can keep close track of how much you owe. In addition, if the charge is for a particular job, you can keep track of how much you're spending on that job.

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** to record the transaction and close the window.

Notes

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 **12/15/2007**.
5. In the Ending Balance field, type **101.02**.
6. Press **Continue**.

Reconcile Credit Card - CalOil Card

For period: 12/15/2007 Hide transactions after the statement's end date

| Charges and Cash Advances | | | | | Payments and Credits | | | | | |
|---------------------------|------------|-------|---------------|--------|----------------------|------------|-------|--------------|------|--------|
| ✓ | Date | Ref # | Payee | Amount | ✓ | Date | Ref # | Payee | Type | Amount |
| | 12/03/2007 | | Bayshore C... | 23.50 | | 12/02/2... | | CalOil Co... | CHK | 135.80 |
| | 12/12/2007 | | Bayshore C... | 47.52 | | | | | | |
| | 12/15/2007 | | Bayshore C... | 30.00 | | | | | | |

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

Beginning Balance 135.80

Items you have marked cleared

- 0 Payments and Credits 0.00
- 0 Charges and Cash Advances 0.00

Modify Finance Charge 0.00

Ending Balance 101.02

Cleared Balance 135.80

Difference 34.78

Reconcile Now Leave

Notes

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 12/02/07 payment for \$135.80

Reconcile Credit Card - CalOil Card

For period: 12/15/2007 Hide transactions after the statement's end date

| Charges and Cash Advances | | | | | Payments and Credits | | | | | |
|---------------------------|------------|-------|---------------|--------|----------------------|------------|-------|--------------|------|--------|
| ✓ | Date | Ref # | Payee | Amount | ✓ | Date | Ref # | Payee | Type | Amount |
| ✓ | 12/03/2007 | | Bayshore C... | 23.50 | ✓ | 12/02/2... | | CalOil Co... | CHK | 135.80 |
| ✓ | 12/12/2007 | | Bayshore C... | 47.52 | | | | | | |
| ✓ | 12/15/2007 | | Bayshore C... | 30.00 | | | | | | |

Buttons: Mark All, Unmark All, Go To, Columns to Display...

Summary:

| | | | | |
|-------------------------------|--------|--------|-----------------|--------|
| Beginning Balance | 135.80 | Modify | Finance Charge | 0.00 |
| Items you have marked cleared | | | Ending Balance | 101.02 |
| 1 Payments and Credits | 135.80 | | Cleared Balance | 101.02 |
| 3 Charges and Cash Advances | 101.02 | | Difference | 0.00 |

Buttons: Reconcile Now, Leave

3. Click **Reconcile Now**.
4. For this exercise, you want to write a check for payment now, so leave that option 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.

Notes

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.

Write Checks - Checking

Previous Next Print Find Journal

Bank Account: Checking Ending Balance: 46,423.98

No. To Print
Date: 12/15/2007
\$ 101.02

Pay to the Order of: CalOil Company

One hundred one and 02/100***** Dollars

Address: CalOil Company
PO Box 628
Middlefield CA 94482

Memo

Order Checks

Expenses \$101.02 Items \$0.00 Online Payment To be printed

| Account | Amount | Memo | Customer:Job | Billable? |
|-------------|--------|------|--------------|-----------|
| CalOil Card | 101.02 | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Clear Splits Recalculate Save & Close Save & New Clear

4. Click **Save & Close** to record the transaction.
5. Close the chart of accounts.

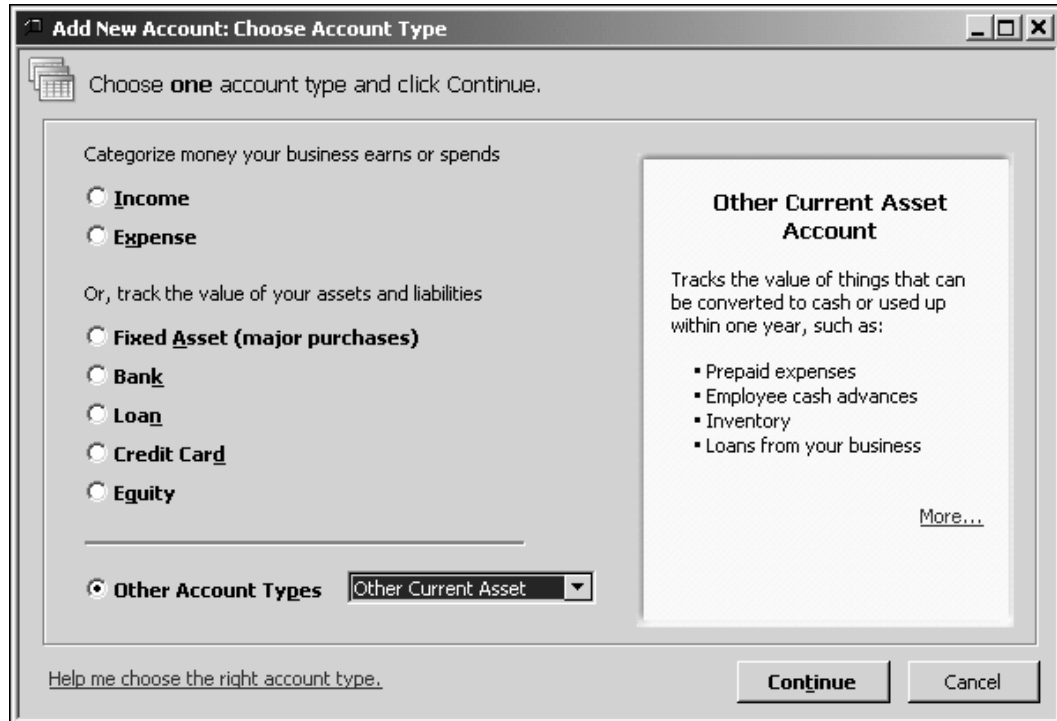
Notes

Working with Asset Accounts

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 all your inventory on hand is usually shown 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).

To set up an Other Current Asset account:

1. On the Home page, click Chart of Accounts.
2. Click the **Account** menu button, and then choose **New**.
3. Click **Other Account Types** and choose **Other Current Asset** from the drop-down list.



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 **12/14/07**.
8. Click **OK**.
9. Click **Save & Close**.

Notes

Setting Up Asset Accounts to Track Depreciation

Fixed assets are equipment or property your business owns that are 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*.

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 click **Continue**.
3. In the Account Name field, type **Trailer**.
4. Leave the opening balance blank, and click **Save & Close**.

| Name | Type | Balance Total |
|----------------------------|------------------------|---------------|
| Trailer | Fixed Asset | 0.00 |
| Trucks | Fixed Asset | 24,852.91 |
| Original Cost | Fixed Asset | 33,852.91 |
| Depreciation | Fixed Asset | -9,000.00 |
| Pre-paid Insurance | Other Asset | 1,041.85 |
| Accounts Payable | Accounts Payable | 30,739.38 |
| QuickBooks Credit Card | Credit Card | 70.00 |
| QBCC Dept #1 | Credit Card | 45.00 |
| QBCC Dept #2 | Credit Card | 25.00 |
| QBCC Dept #3 | Credit Card | 0.00 |
| CalOil Card | Credit Card | 101.02 |
| Direct Deposit Liabilities | Other Current Liabi... | 0.00 |
| Payroll Liabilities | Other Current Liabi... | 3,302.06 |
| Sales Tax Payable | Other Current Liabi... | 5,282.22 |

Account Activities Reports Include inactive

Notes

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 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.

The screenshot shows the 'Add New Account' dialog box. At the top, 'Account Type' is set to 'Fixed Asset'. Below that, 'Account Name' is 'Depreciation'. The 'Subaccount of' checkbox is checked, and the parent account is 'Trailer'. There are optional fields for 'Description', 'Note', and 'Tax-Line Mapping' (set to '<Unassigned>'). A button 'Enter Opening Balance...' is visible. At the bottom are 'Save & Close', 'Save & New', and 'Cancel' buttons.

8. Click **Save & Close**.

Notes

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**.

The screenshot shows a software window titled "Trailer:Depreciation". At the top, there are menu options: "Go to...", "Print...", "Edit Transaction", and "QuickReport". Below this is a table with the following columns: "Date", "Ref", "Payee", "Decrease", "Increase", and "Balance". The "Ref" column has sub-columns for "Type", "Account", and "Memo".

| Date | Ref | Payee | Decrease | Increase | Balance |
|------------|---------|---------------------|----------|----------|---------|
| | Type | Account | | | |
| 12/15/2007 | Ref | Payee | 1,300.00 | Increase | |
| | GENJRNL | Depreciation Expen: | | | |
| | | Memo | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Below the table, there is a "Splits" button and the text "Ending balance 0.00". There is also a checkbox for "1-Line" and a "Sort by" dropdown menu set to "Date, Type, Number/...". At the bottom right, there are "Record" and "Restore" buttons.

5. Click **Record**.
6. Close the register window.

Notes

Tracking a Loan with a Long-Term Liability Account

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

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 Accounts 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.

The screenshot shows the 'Add New Account' dialog box. The 'Account Type' is set to 'Long Term Liability'. The 'Account Name' is 'Trailer Loan'. The 'Subaccount of' checkbox is unchecked. The 'Optional' section includes a 'Description' field. The 'Account No.' field is empty. The 'Tax-Line Mapping' is set to '<Unassigned>', with a link 'How do I choose the right tax line?'. Below this is a button 'Enter Opening Balance...' and a link 'Should I enter an opening balance?'. At the bottom are buttons for 'Save & Close', 'Save & New', and 'Cancel'.

6. Click **Save & Close**.

Notes

Tracking a Loan with a Long-Term Liability Account

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

The screenshot shows a software window titled "Trailer:Cost" with a menu bar containing "Go to...", "Print...", "Edit Transaction", and "QuickReport". Below the menu bar is a table with the following columns: Date, Ref, Payee, Decrease, Increase, and Balance. The table contains one data row for the date 12/15/2007. The "Ref" column has a dropdown menu with "GENJRNL" selected. The "Payee" column has a dropdown menu with "Trailer Loan" selected. The "Decrease" column is empty, and the "Increase" column contains the value "30,000.00". The "Balance" column is empty. Below the table, there is a "Splits" button, a checkbox for "1-Line", and a "Sort by" dropdown menu set to "Date, Type, Number/...". At the bottom right, there are "Record" and "Restore" buttons. The "Ending balance" is shown as 0.00.

| Date | Ref | Payee | Decrease | Increase | Balance |
|------------|---------|--------------|----------|-----------|---------|
| 12/15/2007 | GENJRNL | Trailer Loan | | 30,000.00 | |

4. Click **Record**.
5. Close the register window.
6. Close the chart of accounts.

Notes

Tracking a Loan with a Long-Term Liability Account

You can enter the Trailer on the Fixed Asset Item list. Tracking fixed assets using the Fixed Asset Item list enables you to record such information about an asset as 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.

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: **12/15/2007**
 - Cost: **30,000**
 - Vendor/Payee: **East Bayshore Auto Mall**

Notes

Tracking a Loan with a Long-Term Liability Account

5. Enter the following information to complete the Asset Information section:
 - Asset Description: **White trailer with company logo**
 - Serial Number: **123456789**
 - Warranty Expires: **12/15/2010**
6. Click OK.
7. From the Asset Account drop-down list, choose **Trailer:Cost**.

The screenshot shows the 'New Item' dialog box with the following data entered:

| Section | Field | Value |
|----------------------|-------------------------|---|
| Type | Type | Fixed Asset |
| | Description | 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 | Asset Name/Number | Trailer |
| | Asset Account | Trailer:Cost |
| Purchase Information | Purchase Description | Trailer |
| | Item is | <input checked="" type="radio"/> new <input type="radio"/> used |
| | Date | 12/15/2007 |
| | Cost | 30,000.00 |
| Vendor/Payee | East Bayshore Auto Mall | |
| Sales Information | Sales Description | |
| | Item is sold | <input type="checkbox"/> |
| | Sales Date | |
| | Sales Price | 0.00 |
| Sales Expense | 0.00 | |
| Asset Information | Asset Description | White trailer with company logo |
| | Location | |
| | PO Number | |
| | Serial Number | 123456789 |
| | Warranty Expires | 12/15/2010 |
| Notes | | |

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

Notes

Tracking a Loan with a Long-Term Liability Account

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 a loan interest expense and the remainder to loan principal.

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 and then type **225.00**.
6. Assign the remainder of the expense (\$275.00) to the **Trailer Loan** liability account.
7. Click **Save & Close** to record the payment.

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

- In your checking account, QuickBooks subtracts the amount of the check from your balance.
- In the expense account that tracks interest, 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