



QUICKBOOKS DESKTOP 2017 STUDENT GUIDE

Lesson 5

Use Other Accounts in QuickBooks

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Call or Email us for Correct Answers

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 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.



Step-by-Step: Enter a Credit Card Charge

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

2. In the Credit Card field at the top, select the appropriate credit card account.

3. In the Purchased From field, enter the name of the vendor from whom you made the purchase.
4. Enter the remaining information about the charge (date, reference number, amount, memo, etc.).
5. In the detail area, click the **Account** column and assign the charge to the corresponding expense account.

The screenshot displays 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 various actions like 'Find', 'New', 'Save', 'Delete', 'Create a Copy', 'Attach File', 'Download Card Charges', 'Select PO', 'Enter Time', 'Clear Splits', and 'Recalculate'. Below the toolbar, there are fields for 'CREDIT CARD' (20500 - QuickBooks ...), 'Purchase/Charge' (selected), 'Refund/Credit', and 'ENDING BALANCE' (94.20). The main area is titled 'Credit Card Purchase/Charge' and contains a form with fields for 'PURCHASED FROM' (Kershaw Computer Services), 'DATE' (12/15/2021), 'REF NO.' (1576), 'AMOUNT' (150.00), and 'MEMO' (Server repair). Below this form, there is a summary section showing 'Expenses \$150.00' and 'Items \$0.00', with a note 'Ready to pay a credit card bill?'. At the bottom, there is a table with columns for 'ACCOUNT', 'AMOUNT', 'MEMO', 'CUSTOMER-J...', 'BILL...', and 'CLASS'. The first row shows '64200 · Repairs:64220 · Computer Repairs' with an amount of 150.00 and memo 'Server repair'. At the bottom right, there are buttons for 'Save & Close', 'Save & New', and 'Clear'.

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

NOTES

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 12/15/2021

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

Ending Balance 412.62

Enter any finance charge.

Finance Charge	Date	Account	Class
0.00	12/15/2020		

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: 12/15/2021

Hide transactions after the statement's end date

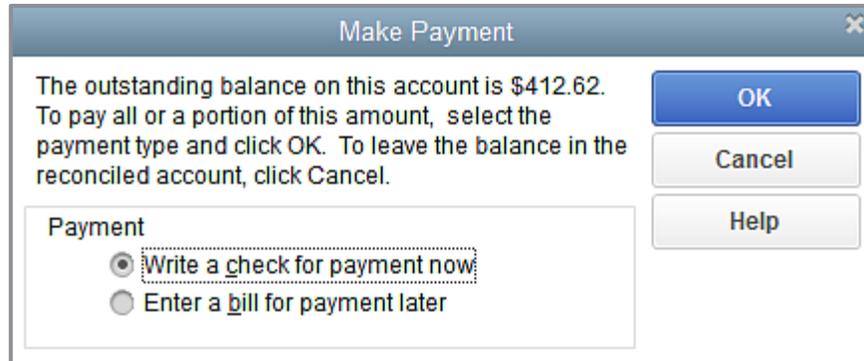
Charges and Cash Advances				Payments and Credits			
DATE	REF #	PAYEE	AMOUNT	DATE	REF #	PAYEE	AMOUNT
12/31/2019	Setup 17	Overhead	3,268.00	11/15/2020		Overhead	3,268.00
12/03/2021		Bayshore CalOil Servi...	23.50	12/02/2021		Overhead	135.80
12/12/2021		Bayshore CalOil Servi...	47.52				
12/15/2021		Bayshore CalOil Servi...	10.60				
12/15/2021		Cal Gas & Electric	30.00				

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

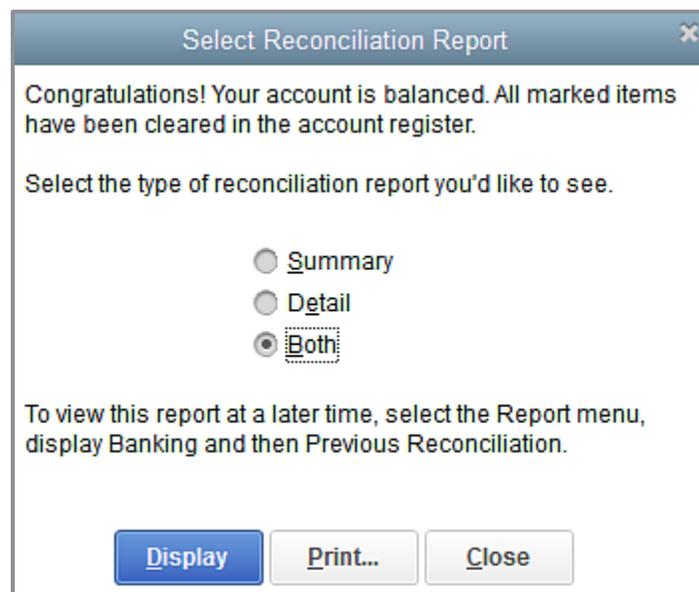
Beginning Balance	436.80		
Items you have marked cleared		Modify	Finance Charge
2 Payments and Credits	3,403.80		0.00
5 Charges and Cash Advances	3,379.62		Ending Balance
			412.62
			Cleared Balance
			412.62
			Difference
			0.00

Reconcile Now
Leave

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 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. Click in the **Pay to the Order of** field and select the name of the credit card company.
3. Notice the account is prefilled with the CalOil Credit Card account (a credit card account).

The screenshot shows the 'Write Checks - Checking' window. The 'BANK ACCOUNT' is set to '10100 - Checking' and the 'ENDING BALANCE' is '46,969.10'. The check is dated '12/15/2021' for an amount of '\$ 412.62'. The 'PAY TO THE ORDER OF' field is filled with 'Four hundred twelve and 62/100'. Below the check form, the 'Expenses' section shows a table with one entry: '20600 - CalOil Credit Card' with an amount of '412.62'. The 'Items' section shows a total of '\$0.00'. At the bottom, there are buttons for 'Save & Close', 'Save & New', and 'Clear'.

ACCOUNT	AMOUNT	MEMO	CUSTOMER JOB	BIL...	CLASS
20600 - CalOil Credit Card	412.62				

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

NOTES

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 photocopier.



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 then choose **New**.
3. Click **Other Account Types** and choose **Other Current Asset** from the drop-down list.

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 Account No. you would like to use. You may also enter a Description.

The screenshot shows the 'Add New Account' dialog box. At the top, the title bar reads 'Add New Account'. Below the title bar, there is a grid icon, a dropdown menu for 'Account Type' set to 'Other Current Asset', and a text box for 'Number' containing '13200'. The main area contains a text box for 'Account Name' with 'Prepaid Rent' entered. Below it is a checkbox for 'Subaccount of' followed by a dropdown menu. A section labeled 'OPTIONAL' contains a large text box for 'Description', a text box for 'Account No.', and a dropdown menu for 'Tax-Line Mapping' set to 'B/S-Assets: Other current ass...'. To the right of the 'Tax-Line Mapping' dropdown are two blue links: 'How do I choose the right tax line?' and 'Should I enter an opening balance?'. Below the 'Tax-Line Mapping' dropdown is a button labeled 'Enter Opening Balance...'. At the bottom of the dialog box are three buttons: 'Save & Close' (highlighted in blue), 'Save & New', and 'Cancel'.

6. 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 then choose **New**.
2. In the Add New Account window, select **Fixed Asset** then click **Continue**.
3. Enter the Account Name and Account No. you would like to use, as well as a Description.
4. Do not enter an opening balance.
5. Click **Save & Close**.

NAME	TYPE	BALANCE TOTAL	ATTACH
12100 - Inventory Asset	Other Current Asset	30,683.38	
12800 - Employee Advances	Other Current Asset	832.00	
13100 - Pre-paid Insurance	Other Current Asset	4,050.00	
13200 - Prepaid Rent	Other Current Asset	0.00	
13400 - Retainage Receivable	Other Current Asset	3,703.02	
15000 - Furniture and Equipment	Fixed Asset	34,326.00	
15100 - Vehicles	Fixed Asset	78,936.91	
15150 - Trailer	Fixed Asset	0.00	
15200 - Buildings and Improvements	Fixed Asset	325,000.00	
15300 - Construction Equipment	Fixed Asset	15,300.00	
16900 - Land	Fixed Asset	90,000.00	
17000 - Accumulated Depreciation	Fixed Asset	-110,344.60	
18700 - Security Deposits	Other Asset	1,720.00	
20000 - Accounts Payable	Accounts Payable	26,636.92	
20500 - QuickBooks Credit Card	Credit Card	244.20	
20600 - CalOil Credit Card	Credit Card	0.00	

Account Activities Reports Attach Include inactive

Track a Loan with a Long Term Liability Account

The Long Term Liability account tracks debts 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 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 Account No. you would like to use, as well as a Description.

The screenshot shows the 'Add New Account' window in QuickBooks. At the top, there is a grid icon, a label 'Account Type' with a dropdown menu set to 'Long Term Liability', and a 'Number' field containing '23150'. Below this is a large white box containing the account details form. The 'Account Name' field is filled with 'Trailer Loan'. Below it is a 'Subaccount of' checkbox and a dropdown menu. Underneath is a section labeled 'OPTIONAL' which contains a 'Description' text area, an 'Account No.' text field, and a 'Tax-Line Mapping' dropdown menu set to 'B/S-Liabs/Eq.: L-T Mortgage/n...'. To the right of the 'Tax-Line Mapping' dropdown are two blue links: 'How do I choose the right tax line?' and 'Should I enter an opening balance?'. At the bottom of the 'OPTIONAL' section is a button labeled 'Enter Opening Balance...'.

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

NAME	TYPE	BALANCE TOT...	ATTACH
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	

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.



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).
2. In the Date field, specify the date of the purchase using the loan funds. 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.
4. In the Account field, select the corresponding liability account that was used to purchase the asset (in this example the Trailer Loan liability account).

DATE	REF	PAYEE	DECREASE	INCREASE	BALANCE
12/15/2021	FAM2012	Trailers are Us		30,000.00	30,000.00
	GENJRN	23150 - Trailer Loan			
15/2021	Ref	Payee	Decrease	Increase	
		Account			
ENDING BALANCE					30,000.00

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

7. Close the Chart of Accounts.

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 DATE	ACCOUNT	COST	COST/B...	ACCUMU...	BOOK V...	SALE...	PRICE	ATTACH
Desktop PC (5) - 8		05/01/2010	15000 - Furniture...	13,000.00	13,000.00	2,600.00	10,400.00		0.00	
Copier/Printer - 15	Main Office	04/26/2010	15000 - Furniture...	5,000.00	5,000.00	1,000.00	4,000.00		0.00	
Chairs - 3		11/15/2009	15000 - Furniture...	475.00	475.00	247.00	228.00		0.00	
Conference Table - 4		11/15/2009	15000 - Furniture...	3,500.00	3,500.00	1,820.00	1,680.00		0.00	
Desks - 5		12/20/2009	15000 - Furniture...	2,100.00	2,100.00	1,092.00	1,008.00		0.00	
Desktop computer - 6	MV	10/15/2009	15000 - Furniture...	2,000.00	2,000.00	1,040.00	960.00		0.00	
Desktop PC - 7		10/01/2009	15000 - Furniture...	5,000.00	5,000.00	2,600.00	2,400.00		0.00	
Laser Printer - 9		10/01/2009	15000 - Furniture...	2,001.00	2,001.00	1,040.52	960.48		0.00	
Metal filing cabinets - 10		10/29/2009	15000 - Furniture...	1,250.00	1,250.00	484.69	765.31		0.00	
Server - 13		10/01/2009	15000 - Furniture...	6,500.00	6,500.00	3,380.00	3,120.00		0.00	
Lexus - 16		04/26/2010	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 - Building...	325,000.00	325,000.00	27,430.54	297,569.46		0.00	
Equipment - 17		12/31/2009	15300 - Construc...	15,300.00	15,300.00	5,932.65	9,367.35		0.00	
Office Land - 12	1735 Country Road Baryshore, 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: Trailer
Item is: new used
Date: 12/15/2021
Cost: 30,000.00
Vendor/Payee: Trailers are 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: 123456789
Warranty Expires: 12/15/2026
Notes:

Item is inactive

Buttons: OK, Cancel, Next, Custom Fields, Spelling

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

BANK ACCOUNT: 10100 - Checking ENDING BALANCE: 46,556.48

NO. TO PRINT
DATE: 01/16/2022
\$ 500.00

PAY TO THE ORDER OF: Great Statewide Bank

Five hundred and 00/100***** DOLLARS

ADDRESS
Great Statewide Bank
P.O. Box 522
Bayshore CA 94326

MEMO: monthly payment on the trailer loan - both principal and interest

Expenses \$500.00 Items \$0.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER:JOB	BIL...	CLASS
15150 - Trailer	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.

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

Call or Email us for Correct Answers



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.