

# Learning about asset or liability accounts

Assets are what you own, liabilities are what you owe, and the amount difference between them is your net worth.

- With Quicken asset accounts, you can track the value of your home, car, or any other personal possessions that you want to consider in your net worth.
- With Quicken liability accounts, you can track all your liabilities and loans that impact your net worth.
- For a small business, you can use asset and liability accounts to track capital equipment, accounts receivable, and accounts payable. If you set up accounts for all your assets and liabilities, Quicken can include them in net worth reports and graphs to give you an accurate view of your total financial status.

## When to use Quicken asset accounts

The balances in your bank and cash accounts represent only part of your total assets. Quicken has additional account types you can use to track your other assets: asset accounts and investment accounts. Use investment accounts to track assets such as stocks, bonds, mutual funds, and other investments that fluctuate in value. Use asset accounts to track the following:

Asset type	Scenarios to use asset accounts
Loan notes you hold /Money lent	Set up an asset account to track the money you've lent. When you receive a payment/installment and deposit it in your bank account as you normally would, ensure that you <a href="#">create a transfer</a> to the asset account. This is important to track the principal amount paid and will help you to know the balance amount that is still owed to you.
Home cost basis	Many types of home improvements add to the cost basis of your home. Set up an asset account to track your home improvements over the years. Use the purchase price of the home as the opening balance for the account, and then record each improvement in the register as you make it. You can do this by <a href="#">creating a transfer</a> from the account you paid the amount.
Contents of your home /Home assets	Create an asset account for your home inventory and use it to track furnishings, major appliances, electronics, jewelry, and other property you keep in your home. Enter each item with its purchase date and price as a transaction in the asset account. If your property is damaged or stolen, your records can help to settle your insurance claim.
Prepaid medical or dependent care expenses	If you set aside pre-tax dollars for medical or dependent care expenses, you can use an asset account as a holding account to track the money withheld from your paycheck. Use a split transaction and <a href="#">transfer</a> part of your paycheck to this asset account.
Capital equipment	Track the value of capital equipment as it is acquired and track depreciation as it occurs.
Accounts receivable	Keep up-to-date accounts receivable records.

## When to use Quicken liability accounts

The balances due on your credit cards represent part of your liabilities. Use Quicken's liability accounts to track all your liabilities:

Liability type	Scenarios to use liability accounts
Loan balances	You can use liability accounts to keep track of the money you've borrowed, such as car loans, home equity loans, and mortgages. When you make a loan payment, <a href="#">transfer the principal amount</a> from the account you paid to the loan liability account. This will keep the liability account updated and will always show the amount you owe on the loan.
Accrued liabilities	Keep track of accrued liabilities, such as payroll taxes and payable income taxes. When you do the payroll for your small business, transfer the payroll taxes portion of each check to a payroll liability account as part of the split transaction. This technique makes it easy for you to keep track of the amount that's due for payroll taxes.
Accounts payable	Keep up-to-date accounts payable records for your small business.