

Editing an Account

To edit an account in the chart of accounts list, open the dropdown menu in the **ACTION** column of the account you wish to edit.

Figure 1.23

Access to account editing

NAME	TYPE ▲	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Prepaid Expenses	Other Current Assets	Prepaid Expenses	0.00		View register ▼ Edit ← Make inactive (won't reduce usage) Run report

Click **Edit** to open the **Account** window.

You can change the account's name, number (if applicable), **account type**, or **detail type**. You can also make it a **sub-account**.

Inactivating an Account

Once created, an account cannot be deleted in QBO. It can, however, be inactivated.

To inactivate an account, follow the procedures listed above for editing an account but instead of clicking **Edit**, click **Make inactive**. (See Figure 1.23.)

If you click **Make inactive** on an account with activity, QBO will make the account inactive but the data is not deleted. An inactive account is not available in new transactions but the account would appear in any financial reports covering the period the account was used. Reactivating accounts is covered in Chapter 8.

Also in Chapter 8, we will cover how to manage accounts that are no longer useful but can't be deleted.

QuickCheck 1-1

True or False? QBO will allow you to create an account with the name Salaries Payable with an Expenses **account** type. (Answer at end of chapter.)

PRACTICE EXERCISE

1.3



Work with Craig's Design and Landscaping's chart of accounts.

(Craig needs an account to track airfare to conferences and wants to change some existing accounts.)

1. Click in the icon bar.
2. Click **Chart of Accounts**.
 - a. If you get a screen that says "Take a peek under the hood," click **See your Chart of Accounts**.
3. To add a new account:
 - a. Click **New**.
 - b. Select **Expenses** as the **financial statement classification**.
 - c. Select **Travel** in the **Save account under** field.
 - d. Select **Travel** in the **Tax form section** field.
 - e. Enter "Airfare" as the **Account name**.
 - f. Click **Save and Close**.

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4. To edit an account:
 - a. Select **Edit** in the **ACTION** column dropdown menu for the **Travel Meals** account.
 - b. Change the **Save account under** field to **Travel**.
 - c. Change the **name** to "Hotel and meals."
 - d. Click **Is sub-account** and select **Travel**.
 - e. Click **Yes** if asked about changing **types**.
 - f. Click **Save and Close**.
5. To inactivate an account:
 - a. Select **Make inactive** in the **ACTION** column dropdown menu for **Other Portfolio Income** account.
 - b. Click **Yes** when prompted.
6. **Make a note** of the number of sub-accounts under **Legal & Professional Fees**.
7. Click **Dashboard** to exit the chart of accounts list.

TRANSACTIONS IN QUICKBOOKS ONLINE

In a manual accounting system, the mechanics of accounting work something like this:

- ✓ Documentation (for transactions) is received from outside sources or prepared internally.
- ✓ Details from the documents are recorded in **journals**.
- ✓ Journal entries are posted (transferred) to the **general ledger** and, as appropriate, to **subsidiary ledgers**.
- ✓ A **trial balance** is prepared.
- ✓ Financial statements are prepared from the trial balance and subsidiary ledger reports are prepared from the subsidiary ledgers.

In QBO, the mechanics work like this:

- ✓ Certain documents (invoices and checks, for example) are prepared directly in QBO using specific forms.
- ✓ Documents received from outside sources (vendor invoices for example) are entered into QBO using other forms.
- ✓ That's all the user has to do (other than making those pesky adjusting journal entries!).

BEHIND THE SCENES The journal entries related to transactions are automatically created by QBO and posted to the general ledger when the form is completed (saved). Subsidiary ledgers, trial balances, and financial statements are also automatically updated every time a transaction is entered.

Journal A tabular record in which business transactions are analyzed in debit and credit terms and recorded in chronological order.

General ledger An accounting record with enough flexibility so that any type of business transaction may be recorded in it; a diary of a business's accounting transactions.

Subsidiary ledger A ledger that provides detailed information about an account balance.

Trial balance A list of the account titles in the general ledger, their respective debit or credit balances, and the totals of the debit and credit balances.

