Setting up the chart of accounts and departments

Goal: Learn about the chart of accounts, and how to add an account and a department in Ajera.

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You set up the chart of accounts to define how to group entries for company financial reporting. You can group entries into:

- Assets
- Liabilities
- Equities
- Income
- Expenses

If you have **ajeraComplete** or the **Departments add-on**, you can set up departments to track project and financial information by different classifications (for example, the profitability of different sites).

If you use departments, you can set up any Expense or Other Income account as an allocated account so that it automatically distributes overhead expenses by a percent to various departments in your firm.

Step 1: Open the chart of accounts

- 1. Click **Company > Financials > Chart of Accounts**.
- 2. Depending on the selections you made while installing Ajera, a full or partial predefined chart of accounts appears in the Account List window.

	Account Lis	t ♥			_ 1	The chart of accounts is a list of accounts grouped into
	ID △ Description 1110 Bank Account - C 1120 Bank Account - P 1130 Petty Cash 1140 Pending Deposits 1210 Accounts Receivant 1220 Employee Receivant		ription	AccountType		types: Assets, Liabilities,
			hecking	Current Asset	Cash	Equity, Income, and Expense.
			ayroll	Current Asset Cash		
				Current Asset	urrent Asset Cash	-
			\$	Current Asset	Cash	-
			able	Current Asset	Receivables	-
			vables	Current Asset	Receivables	
	1230	Notes Receivable	8	Current Asset	Receivables	
	the Account List window, you			Current Asset	Work in Progress Work in Progress	-
	an add or remove unwanted ccounts. You can also change e ID or description.		- Consultants	Current Asset Work In Progress	- (()	
			Debt	Current Asset	Other Current Assets	-
			s	Current Asset	Other Current Assets	
	•			1	4	
		Close	Edit N	lew Copy	Delete Help	
					o add an account, lick New.	

on your financial reports.

Step 2: Create a new account

- 1. After you click the New button, the New Account window appears. Leave status as Active, and enter an account name and ID.
- 2. Select an account type. An account type determines where the account prints on financial reports. Please refer to your CPA if you are unsure about what account type to choose.
- 3. Enter an account group. An account group allows you to summarize or subtotal information on reports for a group of accounts. For example, you may want to group all your receivable accounts under the Receivables account group.
- 4. Select or clear the Allow journal entries and Normal debit balances check boxes.

New Account	
Status Active General Attachments Notes Description Employee	If you want to disallow journal entries, clear the Allow Journal Entries check box. Accounts such as cash, receivables, and payables will then remain in balance with their ledgers.
ID 1220 V Allow journal entries	
Account type Current Asset	If you select an account type (such as an Asset
Account group Receivables	or Expense) that has a normal debit balance,
	Ajera automatically selects the Normal Debit Balances check box.
	Balances check box.
Close Save Cancel Delete Help	When your employees owe you money (which would be a debit balance), the account prints as a positive amount

Step 3: Place the new account in the chart of accounts

1. Ajera adds new accounts to the bottom of the Account List window.

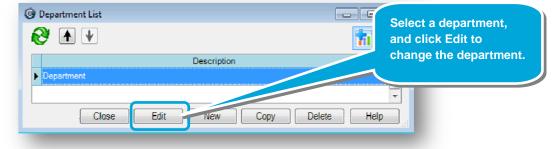
	ID	Description	Account Ty	Account Group		
	9210	Gain/loss Sale of Asset	Other Income	Other Income		
	8840	Bad Debt	Expense	Miscellaneous		
	9110	Interest Income	Other Income	Other Income		New accounts appear here, at the
	9120	Vendor Write-off	Other Income	Other Income		bottom of the list.
	9410	Other Non-operating Expenses	Other Income	Other Expenses		
	8640	Website Development & Maintena	Expense	Marketing & Business De	vel	
•	1220	Employee Receivables	Current Asset	Receivables	Ţ	
		Close Edit Ne	w Cop	v Delete	Help	
s		unt and drag it to the appro	opriate acco	ount group.		
s	ensures ad	• •	opriate acco	ount group.		
s	ensures ad	• •	opriate acco	ount group.		
s	ensures ac Account List	ccurate financial reporting.		ount group.		
s	ensures ac Account List	Description	Account Ty	ount group.		The new account is
s	ensures ac Account List () () () () () () () () () ()	Description Bank Account - Checking	Account Ty Current Asset	ount group.		
s	ensures ac Account List ID 1110 1120	Description Bank Account - Checking Bank Account - Payroll	Account Ty Current Asset Current Asset	ount group.		The new account is now in the correct
s	ensures ac Account List	Description Bank Account - Checking Bank Account - Payroll Petty Cash	Account Ty Current Asset Current Asset Current Asset	ount group.		The new account is now in the correct
s	ensures ac Account List	Description Bank Account - Checking Bank Account - Payroll Petty Cash Pending Deposits	Account Ty Current Asset Current Asset Current Asset Current Asset	Dunt group.		The new account is now in the correct

Step 4: Add a department (ajeraComplete or Departments add-on)

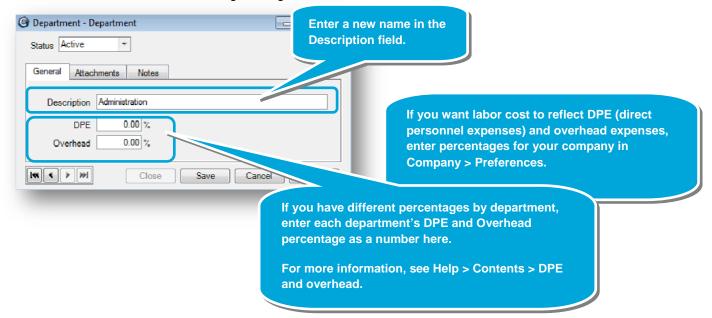
If your firm wants to report income and expenses by department, instead of by company, set up departments.

When you select the **Use departments** check box in Company > Preferences, the Departments option appears on the **Company** > **Financials** menu.

- 1. Click Company > Financials > Departments.
- 2. Notice that a department titled **Departments** already exists. For your first department, click the **Edit** button to change the default description to one that is used by your firm. To add additional departments, click **New**.



3. Let's say that your firm departmentalizes by services, and you want to set up departments for Administration, Architectural, and Engineering.



Step 5: Set up an allocated account (ajeraComplete or Departments add-on)

After setting up your departments, you can make any Expense or Other Income account an allocated account so that Ajera automatically distributes amounts to the specified departments. To learn more, see Help > Index > allocated accounts.

🚱 Account - Website Development & Maintenance	4	Account - Website Development & Maintenance	
Status Active General Allocations Attachments Notes Description Website Developm ID 8640 Account type Expense All Expense and Other Income accounts have an Allocations tab.		Status Active General Allocations Attachments Notes Department Architectural Admin	Percent 50.00 50.00
Account group Marketing & Business Deve	On the Allocations tab, you can specify departments and a percentage for each department. Ajera then automatically distributes the Expense or Other Income amount according to what you enter on this tab.	Close Save Cancel	Delete Help

Summary

Now that you know how the chart of accounts and departments work in Ajera, set them up for your firm.