

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:

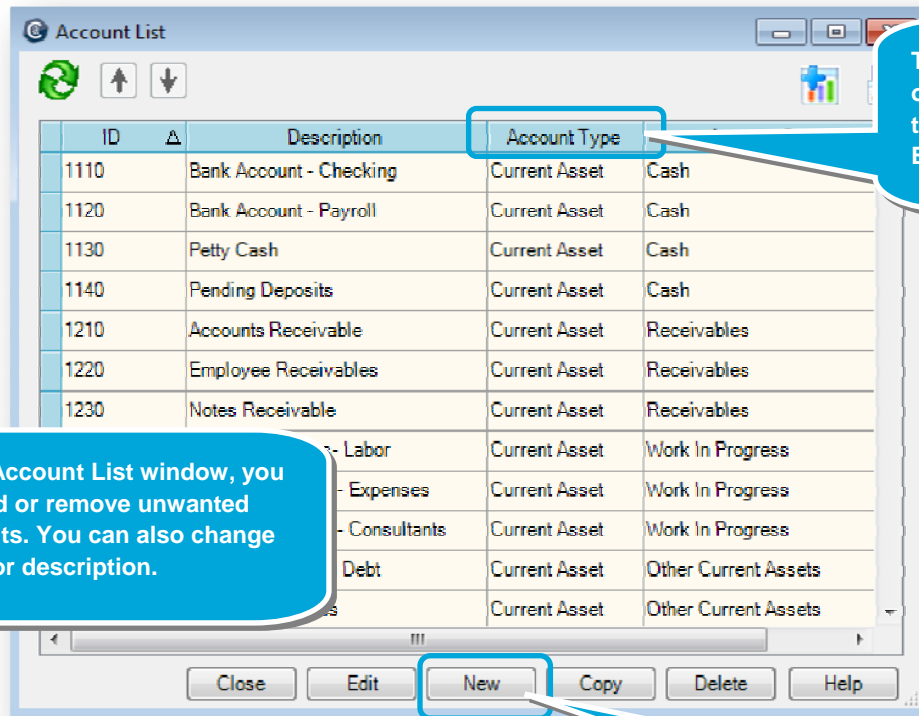
- Assets
- Liabilities
- Equities
- Income
- Expenses

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.



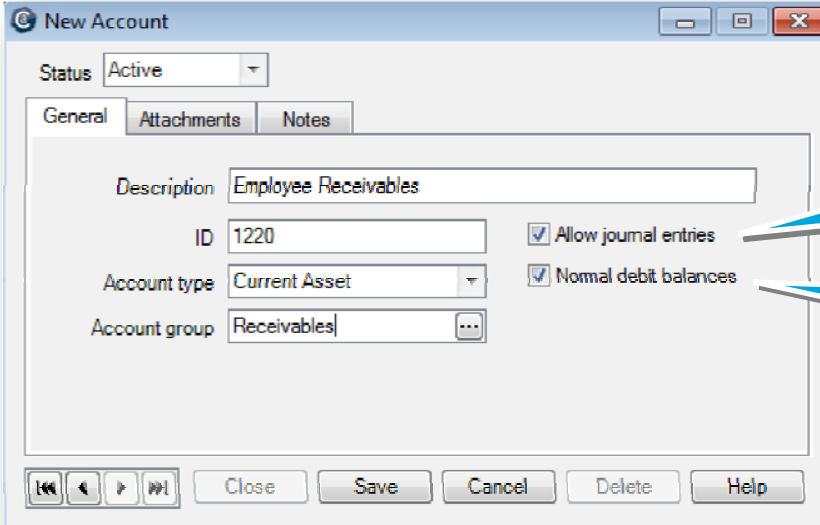
The chart of accounts is a list of accounts grouped into types: Assets, Liabilities, Equity, Income, and Expense.

In the Account List window, you can add or remove unwanted accounts. You can also change the ID or description.

To add an account, click New.

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.



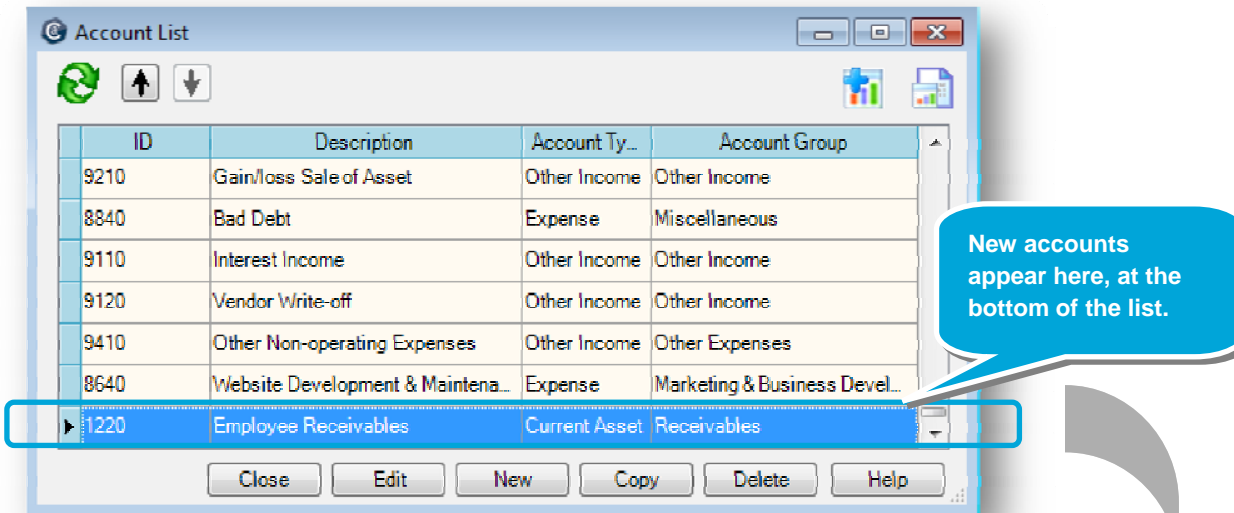
If you want to disallow journal entries, clear the Allow Journal Entries check box. Accounts such as cash, receivables, and payables will then remain in balance with their ledgers.

If you select an account type (such as an Asset or Expense) that has a normal debit balance, Ajera automatically selects the Normal Debit Balances check box.

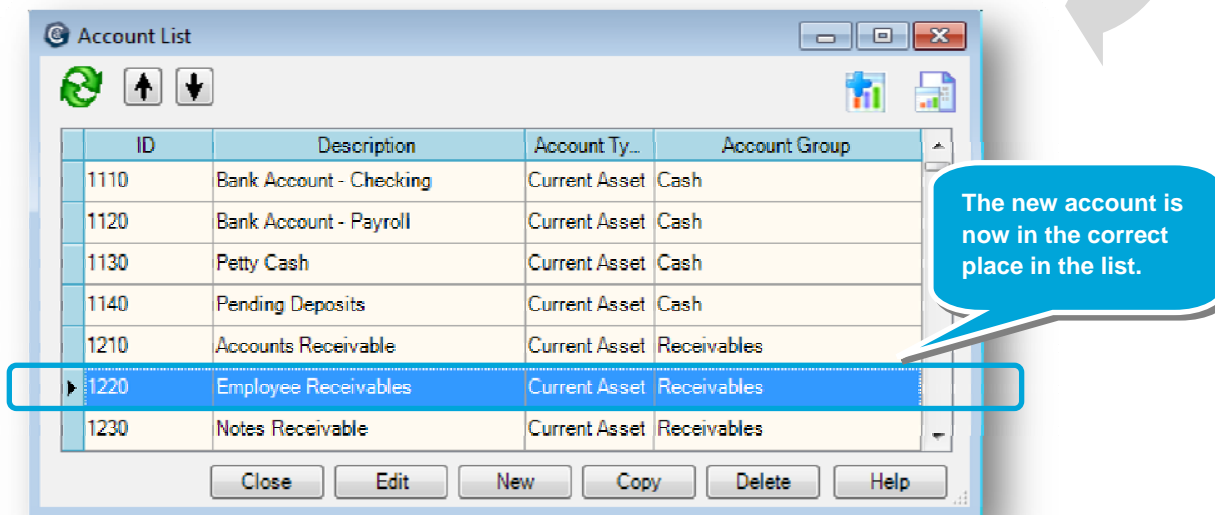
When your employees owe you money (which would be a debit balance), the account prints as a positive amount on your financial reports.

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

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



2. Select the account and drag it to the appropriate account group. This ensures accurate financial reporting.

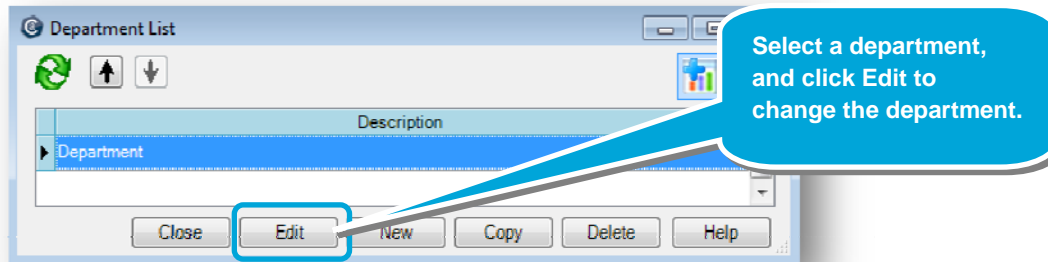


Step 4: Add a department (ajeraComplete or Departments add-on)

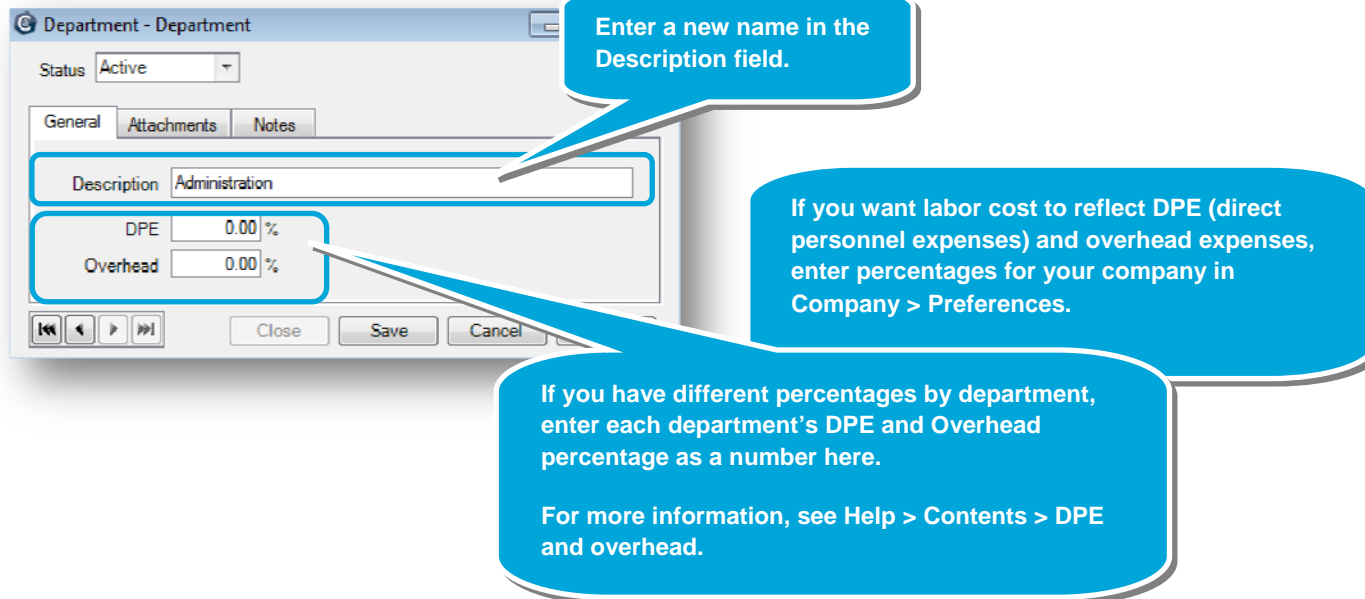
If your firm wants to report income and expenses by department, instead of by company, set up departments.

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.](#)

All Expense and Other Income accounts have an Allocations tab.

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.

Department	Percent
Architectural	50.00
Admin	50.00
*	

In balance

Summary

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