## **Exercise 2: Create a chart of accounts and main accounts**

Consider the following scenario:

Phyllis, the Accounting Manager, wants to include the Current Ratio on the Short-term solvency KPI report. Current Ratio is calculated by dividing a company’s current assets by current liabilities. Current assets typically consist of cash, cash equivalents, accounts receivable, inventory, and marketable securities. Current Liabilities consist of any liabilities that are payable within one year.

To derive the Current Asset value, Phyllis must sum the values of the Cash, Accounts receivable, and Inventory accounts. Fixed Assets are not considered current assets. To perform this calculation, Phyllis uses the Main account category field. Main accounts later added to the chart of accounts will also use the Main account category to automatically be included in existing calculations.

### Perform the following steps to create a General Ledger Main Account category:

1. To access the **Main account categories** form, navigate to **General Ledger > Chart of accounts > Accounts > Main account categories**.
2. Select the **New** button to create a new record.
3. Enter a unique name for the Main account category and a Description.
4. Select a **Main account type** to associate with the account category. The purpose of selecting a Main account type is to reduce the lookup of available Main account categories when you create a new Main account within the Chart of accounts form.
5. To link an account category to a main account, select the Link main accounts button. Or link a Main account category to an account from the Main account details form.