Syllabus

F. Y. B. Com. (Sem. - II)
Financial Accounting - II

Unit	Topic
1	**Software used in Accounting** 1. Types of Accounting Software 2. Use of Accounting Software 3. Installation of Accounting Software 4. Advantages and disadvantages of Accounting Software Voucher entry and Report Generation including GST transactions
2	**Final Accounts of Charitable Trust (Clubs, Hospitals, Libraries etc.)** 1. Meaning and Characteristics 2. Accounting Records 3. Income and Expenditure Account 4. Receipt and Payment Account 5. Balance Sheet and Adjustments
3	**Valuation of Intangibles** 1. Valuation of Goodwill (Problem) 2. Valuation of Brands 3. Valuation of Patents, Copyright and Trademark etc.
4	**Accounting for Leases** 1. Types of Lease (Finance Lease and Operating Lease) 2. Finance Lease (Hire Purchase and installment) (Theory) 3. Operating Lease 4. Royalty, 5. Minimum Rent, 6. Short Workings, 7. Recoupment of Short Working, 8. Lapse of Short Working Journal Entries and Ledger Accounts in the Books of Landlord and Lessee

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CHAPTER 1

Software used in Accounting

- 1.1. Types of Accounting Software Packages
- 1.2. Consideration for Accounting Package Selection
- 1.3. Use of Accounting Software
- 1.4. Installation of Accounting Software
- 1.5. Advantages of Accounting Software
- 1.6. Disadvantages of Accounting Software

Introduction :

Manual Accounting System despite of its general advantages has many limitations and with the rapid and manifold growth of economy in general and the industries in Particular. Manual Accounting is rapidly replaced by Computerised Accounting System. Now-a-days, with rapid advancement information technology, most of the business organisation whether large or small, are using computers for data processing and maintaining accounting records. The use of computers significantly affects the organisation, Control, flow of documents and manner of information processing. As we are familiar with the concepts of accounting in different methods and situation under this computerised accounting environment, the fundamental rules of accounting does not change The same principles of debit and credit that we apply for recording income or expenditure, purchase or sales of assets or creation discharge of liability in a manual accounting system is equally applicable in computerised environment. Computer information system environment exists when one or more computer / computers of any type or size is/are involved in the methods they use for processing and transaction.

1.1 Types of Accounting Software Packages :

1) Spread Sheet Package :

It is simple to use and easy to understand. Most of the common function likes doing calculations, setting formulas, macros, replication of cell contents, etc. can be easily

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done in a spreadsheet. Presentation can be made in various forms including graphical presentations like bar diagram, histogram, pie chat etc. in spread sheet package. In this software grouping and regrouping account can be done very easily. Restriction access and password protection of cell can be used for basic protection to give security to the spread sheet data. **e.g.**

a) Microsoft excel **b)** Lotus 123 **c)** Lotus Smartsuite

2) **Prepackaged Accounting Software :**

There are several prepackaged accounting softwares available in the market. These packages are used in small and medium size organisations. These softwares are euser friendly, inexpensive and readily available in the market. Persons having basic knowledge of accounting can easily use this software. The procedure of installation of these software is very simple through Diskette or CD. These CD or Diskette is provided with the software which can be used to install the software on a personal computer. In this software, the accounting period has to be set by inserting the first and last day of the financial year. The next step in the use of this software could be the creation of accounts. This is done by adding the accounts along with their codes into the master file/files. Each account has to be classified into according to an assets or liabilities or an income or expenditure account. **e.g.** :

a) Tally **b)** Ex-generation next **c)** Hisab-kitab

3) **Customised Accounting Software :**

This software is developed on the basis of requirement provided by the organisation. It covers perticulars of specific business and covers all functional area.

The life cycle of a customised accounting software begins with the organisation providing the user requirement, development, testing and implementation are the other components of the system development life cycle. The reports created with this software can be used as per the specification of the organisation. Many additional MIS report can be done through this software. Customised Accounting software can suitably match with the organisational structure of the company. **e.g.**

a) Compete : (Restaurant Management)

b) POS Solutions (News agency / Pharmacy)

4) **Accounting Software as part of Enterprise Resource Planning (ERP) :**

An Enterprise resource planning is a generalised package which covers most of the common functionalities of any specific module. In this software duplication of data entry is avoided. More information is available through the package. ERP are very expensive and not suitable to small and medium sized organisation. An Enterprise Resource Planning Software is an integrated software package that manages the business process across the entire enterprise.

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that caters for growth you will not have to upgrade every couple of years to meet the demands of your business. New software can be expensive so ensure your initial outlay will cope with expansion is highly advisable. Not all software companies will produce their products with expansion in mind it is worth finding a company that will allow you to purchase additions and upgrades to suit the immediate needs of your business as and when they arise.

3) **Reputation of The Vendor :**

It must be remembered that it is also important to find a reputable company when looking at accounting software. This is especially true if you want a company that will still be there at the time you want to upgrade otherwise you may find yourself having to install and accustom yourself to a new system regularly. A reputable company, also help to install and accustom yourself to a new system regularly. A reputable company, in theory, should have a greater support structure when any difficulties become apparent.

4) **Adjustable in Current Operating System :**

Looking at the software and hardware that is present already in your business is also advisable. The issue of compatibility is extremely important as purchasing a system that does not tie in with the system already in place will ultimately be a waste of money. The most obvious of these compatibility issues It is equally important to compare your current accountimg system with the new softwarew being used if it is impossible to import your current data to the new system, transferring manually can be a labourious task.

5) **Cost of Package :**

Finally, there the cost price of a package is always a consideration at the forefront of any business mind. Cost will vary on the size of the business and the tasks you wish the package to perform. Cheaper accounting software may be appealing but try and remember that it must cater for the growth of your business. Evidently an accounting package is a worthwhile investment for your business, after what some may consider an expensive initial outlay the benefits will rapidly become apparent.

6) **Regular Updates :**

The Law applicable to the enterprise is changing frequently. The vendor will be able to ready, to modify the existing accounting software according the change in law.

1.3 Use of Accounting Software :

1) **To simplify accounts :**

The accounting software solutions influence the control in the hands of a non-accounting audience, as they are designed to give numbers a meaning, and to perform automated calculations.

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With a little to spend on training costs these systems, enables the business owners to complete all accounting operations and comply with legal standards with ease and simplicity.

2) **To save Cost :**

The accounting software solutions automate most of the core calculations and administrative procedures and thereby also take control of the revenue framework so that businesses will not be required to outsource finance management to an external expert.

On a parallel thought, they also reduce the costs related to printing and distribution of documents and store sensitive data in secure and monitored locations (say cloud computing)

Best example for distribution of documents to end user via Accounting systems would be sending of Account statements and Ledger copies via Gmail integrated into the accounting software module. We can see this in Tally ERP 9 solution which is a leading performer in providing ERP solutions.

3) **Transparency :**

A good accountancy system is one that avoid costly and recurring human errors. In the business sentiment, calculating inaccurate totals or failing to report data in time can lead to a crisis, and that's where automating calculations is most helpful which plays an important role in financial transparency audit.

4) **Accurate forecasting :**

It's one of the major features of accounting software where without a proper accounting system, detailing on the patterns and trends of financial performance would take ages to complete.

The accounting solution gives numbers a meaning, helping the management to understand where to save on the expenses or where to invest more.

A best accounting solution also helps in developing smart strategies and allocating resources to the right channel.

5) **Productivity :**

Accounting software in India is a complete package of digitized services which makes the most cumbersome, day-to-day tasks of companies look easier, and collects, organize, and analyze their outcomes.

Most importantly it makes smarter use of the available resources and there by increase the efficiency of reporting standards by providing accurate data which in turn helps management in taking informed decision making.

6) **Complying with tax laws :**

Today almost all accounting software's automatically complies with taxation laws as part of their internal structure so the businesses can avoid penalties and other consequences on defaults.

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The accounting systems of today are so comprehensive that they provide every detail required to comply with taxation laws for example TDS compliance with Tally.ERP 9 is very simple task as one just needs to activate it at the statutory information screen and Tally does the compliance part on it's own.

7) **Maintaining customer relationships :**

It's impossible to negate the factor that accounting software's have little to do with customer relationship management.

The accounting systems nowadays (regardless of their main functions) work around effective billing and invoicing, and prevent all sorts of delays and miscommunication and thus, make companies performance appear more professional and credible.

With Accounting systems we can convey any piece of information which is important or related to the product. We can wish the clients on their birthdays with the data stored in the systems. We can deliver Christmas mails or wish the client on occasion of any festival with the help of mail I'd s and phone numbers recorded in the accounting system. We can send reminders of outstanding dues, and on receipt of the same we can send the acknowledgement note to the customers or clients. All these goes in building a strong customer relationship and makes the business viable for the long run.

8) **Data security :**

Data related to financial activity of business is a most valuable information and it must be prevented from falling into the wrong hands.

Here's what the accounting systems do for their users, they prevent accounting from being jeopardized by theft by providing passwords and administration ID s and setting up as who can view what.

1.4 Installation of Accounting Software :

Here is a brief list of the major stages that needs to be completed in order to implement a new accounting software system :

1) Implementation planning, **2)** Software installation, **3)** Accounting system configuration, **4)** System training

A) Implementation Planning :

a) This is the vital first step that can make or break your project. The expertise of knowing how all the pieces need to flow, the order of the steps, what needs to be addressed and when will impact how successful your new system is for your business.

b) Implementation planning is where decisions on the Chart of Accounts, customer numbers, vendors numbers, inventory items, integration, who gets trained, how to go live in a timely and safe manner all occur.

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c) Discussion and determination of what information from your old system is needed in the new system. There can be an broad difference in the cost based on what they want. Be careful not to try to do more than you actually need or more than you find cost effective.

2) Software Installation :

a) Make sure your hardware and network system is adequately configured to support the new accounting software. Since several of today's programs also offer CRM additional hardware needs may be required.

b) Load the software from a CD or a download onto the proper computer either a stand alone or server

c) Install or adjust the operating system and ancillary software such as Microsoft Windows Server, SQL Server, Small Business Server, IIS, etc.

d) Establish a backup of the system data to protect against hardware failure. This needs to be followed up by testing and checking to confirm that the right files are being backed and the process is correct. Note that backing up SQL products are handled differently.

e) Setup of Terminal Services, Citrix or web services is required in many of today's environments, especially where companies have remote employees or multiple locations.

f) If loaded onto a server and accessed from PC's then establish proper access rights to the server to allow your employees to use the system. Network security must be incorporated into the accounting software installation.

g) If multiple users:

1) Establish passwords for each user

2) Establish proper access for each user to their specific areas such as limiting Payroll access to specific employees

3) Sarbanes-Oxley type security options (role based security) is available for many systems. The setup needs to be specific and carefully setup.

h) Configure system documents to suit your needs such as:

1) Customer invoices

2) Customer statements

3) Payroll checks

4) Vendor checks

5) Purchase Orders

6) Sales Quotes, etc.

i) Create custom reports to provide information in a format you need. These reports integrate both operational areas as well as financial areas.

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j) Establish any needed "tie in" with other software such as importing data from an E-commerce application or from a time clock. Integration with other systems will vary based on your individual system. All require attention for security, backup and the ability to recover from a failed import.

C) Accounting System Configuration :

a) Establish your company chart of accounts for assets, liabilities, equity, sales and expenses

b) Establish company divisions, departments and cost centers as needed

c) Load the following actual data:

1) All customer information into Accounts Receivable and establish new customer default AR information

2) All vendor information into Accounts Payable and establish new vendor default AP information

3) All Inventory items into Inventory Control and establish new part default IC information

4) All employees information into Payroll and establish new employee information – payroll must be handled very carefully as the data in the system must feed to quarterly payroll reports correctly and year to date numbers are vital to a clean cut over.

d) Load specific figures so as to support the Trial Balance amounts for these accounts:

1) Some people need history transactions–see the implementation plan

2) The integrity of the old data must be determined.

3) Before and after reports must be run to confirm that the data imported flowed through correctly. We recommending bringing in non master record information through data entry screens to have it post through where possible. This checks the data integrity and lets you keep drill downs inherent in most of today's systems.

4) Accounts Receivable all open unpaid invoices

5) Accounts Payable all open unpaid invoices

6) Inventory Control all current inventory stats including: quantity on hand, quantity on order by customers, quantity on order from vendors, current cost per item in stock, etc

7) Payroll all individual payroll amounts per employee for current and former employees for the current year and quarter including pay, individual Federal, state, local and unemployment taxes paid and withheld

8) Load other specific information to support the actual business condition at the time of conversion

9) Purchase Order all open purchase order detail

10) Sales Orders all open sales orders detail

11) Job Cost all open jobs detail information and costs

12) Bill of Materials all BOM "recipes"

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D) System Training :

a) Software providers include training on the software use tailored to specific individuals based on their area of responsibilities for example train payroll department employees are trained on employee adds, changes and terminations; recording employee payroll data, preparing various tax reports, procedures to close a month and year and processing various year end tax reports.

b) Training needs to be timed correctly so it is long enough ahead of go live to learn, but so far ahead where employees forget what they learned.

c) Although most companies employ smart people, they are not experts on the systems they are implementing.

d) Training of new employees that did not sit in on the initial training is vital to avoid "attrition of knowledge".

e) Update training when new version come out. It is a waste to install a new version and not know the new features.

E) Other Items

a) Providers allow time for GO live support, both for the regular system and for payroll

b) Conference room pilots – providers often find the need to use conference room pilots to test out more complex solutions and resolve processes and needs before rolling out training to clients.

c) Initial bank reconciliation – most users need assistance for their first bank reconciliation to tick and tie the numbers to their old reconciliation.

d) Work flow processing–providers often can help a business see if their processes are the most efficient possible.

1.5 Advantages of Accounting Software :

1) Saving Time :

When you select a quality accounting software system it can really help you save a lot of time compared to manual bookkeeping. The package can simultaneously process front end documents as well as back end transactions.

For instance, you can write checks, create bank deposits, and prepare customer invoices in the solution, and the software will record all the transactions.

2) Continuous Financial Monitoring :

In manual accounting, most of the work is done at the end of the financial year when the records are prepared for administration and tax assessment purposes. But with computerized bookkeeping, you can create and maintain financial records continuously and get in-depth reports any time you wish. This enables company management to continuously monitor the financial records of the business and resolve issues early before they balloon into big problems.

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3) **Management of Cash Flow :**

With accounting software, you can record and track your payables and receivables. This enables you to know your current as well as future cash flow status. For example, you can enter your bills as well customer invoices, and their due dates, and get insightful reports that will tell you if your receivables are enough to pay your future bills. Plus, you can keep records of invoices and bills which can help you to avoid late fees and overdraft charges.

4) **Short Learning Curve :**

Small business owners usually don't have the time to learn to use new software. Fortunately, with most leading accounting software systems the learning curve is short and easy. So, even lay users can learn to use the system effectively. This can help to minimize reconciliation issues and accounting errors. Most leading vendors provide adequate training and customer support to help small businesses make effective use of their software.

5) **Minimizes Mistakes :**

Manual accounting increases the chances of errors in calculation. You can avoid this by opting for accounting software which automatically performs all calculations accurately. This is a big benefit especially if you need to prepare detailed invoices in which specific items or worked hours are billed at various rates. Simply pick the items for invoicing, enter the required data, and the system will do rest for you.

6) **Scalable Solutions :**

Leading accounting software systems offer advanced features such as salable databases and sophisticated customization. Expanding startups and small businesses can opt for these solutions to meet their growing needs and demands. Companies that are expanding in other countries, using home-based employees, and have clients in diverse locations can use cloud-based accounting solutions that can be accessed anytime, anywhere, on any internet-connected device.

7) **Computerized Invoicing :**

With accounting software that focuses on invoicing, you can get up-to-date reports on customer payments. The reports can provide you details on which customers owe you and the amount to be paid. This can help you to manage and control your finances effectively. You can ask the late-paying customers to speed up payments and thereby minimize losses. Thus, the accounting software can provide you with reliable information on payables and help to boost profits.

8) **Neat and Tidy Organization :**

Manual invoices can easily be misplaced or lost. On the other hand, an accounting package stores all the data and information securely in a single location. You can review,

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reprint, and resend invoices if needed. Plus, you can easily search the software for invoices with invoice numbers, names, and amounts. The process is easy and fast as the system neatly organizes all the entered data.

9) Tracks Inventory :

According to recent accounting software trends, many quality solutions can now track product inventory and provide up-to-date details on the amount of stock in hand. They can automatically track inventory even as product orders are processed. On top of that, they can forecast when you are likely to run out of stock so that you can order more items in advance. Thus, this inventory tracking feature can provide accurate data and help to save time too.

10) Actionable Reports :

Accounting systems can provide detailed reports on your business processes and help you track the money flow in your organization. You can get a clear picture of your costs and revenue at any time. This can help you to calculate your profits more easily and learn which customers generate the most revenue for your company. Leading accounting solutions provide in-depth actionable reports whose range depends only on the type of information you enter in them. In short, these reports can help you make smart decisions, and operate your business more efficiently and productively.

11) Immediacy :

With accounting software, you are forced to keep your data entry current and up to date. This can help you keep close track of your company's finances all the time. As a result, you can quickly learn about a customer who has credit problems and not making payments on time and similar issues that create a gap in cash flow. Thus, using accounting software is a much better alternative to simply storing manual invoices and receipts in a file for later dealing at the end of the financial year.

12) Advantage of Mobility :

Leading accounting software vendors provide mobile apps for Android and iOS devices that enable you to carry your books with you. These apps can be used for a range of productive tasks such as sending invoices, viewing invoice information as well as expenses, attaching receipts to immediately record expenses, tracking billable time, importing new client details directly from the contact information stored in your phone, and more.

13) Centralization :

Accounting products help you to centralize key business processes and tasks such as customer relationship management, payroll, invoicing, inventory management and more. You can use one package for all these tasks instead of investing in separate software solutions for each process. Thus, a full-featured accounting package can help you save

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a lot of time and money as well as make your business processes more streamlined and efficient.

14) Eases Tax Compliance :

Accounting platforms can calculate the tax amount that needs to be paid on each invoice. Plus, you can get detailed reports on the amount of tax your company has paid during a given time period. Thus, you can get all the information you need to prepare and file tax forms stipulated by the government. Advanced systems even allow you to e-file tax returns from within the product.

1.6 Disadvantages of Accounting Software :

Accounting software is designed to automate much of the accounting process. The purpose is to make accounting easier, faster and more accurate. While the software does serve its purpose, there are disadvantages to relying solely upon technology for your accounting needs. This is why it is important to understand accounting fundamentals as well as how to use accounting software.

1) Cost :

When using accounting software, you must buy the software and any additional licenses necessary for other users and computers. Some software requires you to purchase upgrades or updates for additional features. You must also ensure your computer is capable of running the software. If not, you'll need to upgrade your computer as well.

2) Reliance on Computers :

If your computer crashes or data is corrupted by a virus, you won't be able to use your accounting software until the problem is fixed. This also means you won't have access to any entered data until the computer is running again. Your data can also be corrupted, meaning you will have to re-enter information unless you've backed up your files. In addition, if there's a power failure, your software will be unusable unless you're on a battery-powered laptop.

3) Fraud :

Accounting software data requires extra levels of security to prevent problem like fraud and embezzlement. Software makes it easier for users to alter data, making fraud easier to accomplish. As a result, there is an increased need for internal auditors to check for any data inaccuracies. Security measures must also be taken to limit the amount of control users have over any accounting software's features.

4) Additional Software :

Most accounting software requires you to have additional software in order to view reports. For instance, some programs allow you to export data as a PDF file or an Excel spreadsheet. This allows users without the accounting program to view the data.

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However, the viewing software may pose an additional expense to the user.

5) **Human Error :**

While it is easy to write down numbers incorrectly, it is even easier to mistype a number. Entering data into accounting software too quickly may result in serious errors. With the program performing calculations, it can be more difficult to trace the cause of the problem. Spreadsheets, digital ledgers or written ledgers make tracking simpler and faster.

6) **Training :**

Accounting software requires you to take the time to learn how to use it. While you may be an experienced accountant, you'll still need to learn what each button and menu command does in order to use accounting software effectively. This learning curve can result in costly errors. In some cases, paid training may be necessary to learn how to perform certain tasks. If you're not tech savvy, the process could be even more difficult.

7) **Time :**

Many accountants find that it takes more time to enter data into accounting software than it does to write it or type it into a spreadsheet. Due to step-by-step screens, the process often takes longer, especially for those who don't use the software often or are still new to using the program. If the software requires numerous steps to enter basic data, the time requirements may outweigh the benefits of automatic calculations.

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Tally (For Practical Purpose)

Introduction :

Tally is versatile and massive software package. It is used by various types of trade and industry. Tally Software business was set up in 1986 by late S.S. Goenka, who was the founder of the company Peutronics Private Limited., Bangalore. He mentors his son Bharat Goenkar in creating software that would handle the financial accounts for his business. Bharat Goenkar spends a lot of months to develop path breaking technology. Tally is user friendly software used to solve all the complicated accounting structure. Bharat Goenkar is the original architect and programmer of the Tally Accounting systems and also developer of the "No-Code" concepts of accounting entities. Tally is a globally recognized name with 2 million users in over 90 countries experiencing the "Power of Simplicity". This value is reflected in innovative, uncomplicated and customer-centric approach. Tally recognizes its own format in ASCII (American Standard Code for Information Interchange) from which data can be imported into Tally. To export your database file application to tally, you have to export data in tally acceptable format in ASCII. The milestone statement of the Tally division is "Continuously doing the right thing".

1.1 Tally User Classification:

Tally (integrated enterprise solution) provides you with two specific classification Licensing. They are

1) **Tally Silver for Single User :**

   The single-user Licensing allows the consumption of Tally on only one computer with an option of activating it online or offline. However, you can use the same Tally license on another computer, by granting the license activated on the first and reactivating it on the other. If you are an Offline user, you can take a request file to a computer, which has Internet connectivity and activate your copy of Tally easily.

2) **Tally Gold for Multi-user :**

   The multi-user Licensing feature facilitates the use of Tally on any number of computers connected to a local area network (LAN) with a provision of activating the license online or offline. However, the method of activation is no different from the one followed in Single User licensing system. After the successful installation of multi-user license on the License server, you can have Tally start when Windows starts and run as a service in the background. The License clients may install and use Tally later on.

1.2 General Features:

i) The new option directory have been introduced to specify Data Directory in the Company Creation Screen.

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ii) To keep data for one company in one drive/ directory

iii) Tally lock storage device is used to share the information quickly

iv) Tally vault is used to keep the data in encrypted format instead of Normal form

v) All the profitability reports, invoice wise reports, item wise reports , godown wise reports are summarised easily

vi) Display all vouchers for a grouping method

vii) Income and Expenditure statement also available to view Profit and Loss account

viii) Using the Tally defined language, we customize the user friendly environment to the organisation.

ix) Tally is availability on windows 95, 98, XP, 2000, NT and Linux. This software is run on single personal computer, LAN and WAN. If on a Network supports access via any combination of platforms.

x) Tally is now Web enabled. While working with tally you can browse by clicking the browser button

1.3. Accounting Feature:

Accounting has been defined as the art of recording, classifying and summarising money transaction in a significant manner. Tally maintain ledger wise balance and display net debit or credit balance for a ledger. Using Reverse journal to make transient journal vouchers to get intermediate Profit and Loss and Balance sheet. Tally offers numerous options for interest calculation. While simple mode meets need of average users, advance mode is meant for users having complex requirement like penal interest.

1) **Comprehensive Accounting System :**

Tally is complete Accounting system. It handles different types of vouchers, for example, Payments, Receipts, Journals, Debit Notes, Sales, Purchase, Delivery note and etc. Accounts Receivables is the amount to be received from Sundry Debtors and Accounts Payable is the amount payable to Sundry Creditors. Tally provides complete bill wise information of amounts receivable as well as payable either Party wise or Group wise.

2) **Catagorisation of Accounts :**

Tally allows the user to define account heads as per his requirements. Tally offers 28 predefined widely used Groups. Of these 28 predefined groups 15 groups are Primary groups and the remaining 13 are sub groups. Among the 15 predefined groups 9 Groups are Balance Sheet items and the remaining 6 groups are Profit and Loss items. The user is allowed to alter the arrangement of any of these 28 Groups. Further the user is allowed to create any number of Groups as per his/her requirements, which can either be a Primary or a Sub-Group. Tally also allows the user to have a multiple tree like structure groupings. .

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3) Ledger Group Administration :

Tally maintains details of all ledgers that are defined by the user. You can define your chart of accounts that is maintain groups, ledger etc. Ledger reports can be used for scrutiny of accounts. Most accounting systems across the globe follow the concept of separate Personal and Nominal accounts. Tally follows the concept of single ledger systems, which includes both Personal and Nominal accounts.

4) Audit Trial And Drill Down Display :

Tally allows users to Drill Down from any report to lower levels of reports till the voucher. For example, user can view a Balance sheet and then select the required group in the Balance Sheet and drill down till the vouchers. Any changes then made in the voucher is reflected real time at all levels.

5) Extracting Reports:

Tally allows users to select any report for a particular date or for any range of dates. Once you have selected a Report, press F2 (F2 in case of Day Book) and specify the date range (From and to). You can also do simultaneous comparison side by side for any two selected periods including across financial years. All reports from Tally are generated based on the transaction date rather than the date of actual entry and hence Tally ensures that information is always represented accurately. This unique approach to bank reconciliation allows review of past date status for auditing purpose. Tally provides columnar reports in Sales register, Purchase Register and Journal registers as well as Ledgers and Cash / Bank Books.

6) Bank Reconciliation :

Tally provides the user a facility to reconcile bank accounts with his bank passbook statement and hence providing the user with information regarding transactions, which haven't been cleared as yet by the bank.

1.4. Inventory Feature:

1) Stock Group And Stock Category Classification:

Like accounts Ledger, Stock Items take part in all inventory Transactions. For better organisation of the hundreds & thousands of Stock items that may be stocked & traded in an organisation, you may organize them in stock groups and stock Categories. The relationship between stock item and stock group is similar to that of Accounts Ledger and Accounts groups. Normally, stock groups will be sufficient for most of the organisations for managing the inventory reports in an organised manner. However, some organisation may need an alternative way to find out items of similar nature. For that, Tally provides a build up a parallel method of organising the items in stock categories.

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2) Physical Stock Position :

Stock discrepancy is one of the mystical that have been intriguing the accountants for a long time. You may sell 20 Kg of lemon after purchasing 20 Kg, and still may have 200 grams left in your stock. Or after selling 5Kg of sugar out of 6 Kg bought, you may have paltry 800 grams left. This is a part of life. To adjust such kind of real life dilemma, Tally has introduced a sort of novel voucher called physical stock voucher.

3) Stock Transfer And Adjustment :

Tally provides stock journal voucher to move items from one Godown to another, dismantle an item into its components or to assemble the components.

4) Multiple Godown Stock Evolution :

Tally not only allows to create multiple godowns, but even create sub-godowns , next into any level. Thus, you logically built factories, warehouses, godowns to organise and get summarised total for each level. You can treat the godowns as stackable or non-stackable and also to keep their stock separate and have separate valuation. For multiple stock valuations Tally provides multiple methods for stock items like Average unit cost, LIFO (Last in First Out), FIFO (First in First Out), Average price etc. Default valuation methods can be specified at the time of creation of stock items. You can get final accounts with stock valued in selected valuation method.

5) Multiple Rate Price List :

Tally allows creating multiple price lists with alternative rates (retail, wholesale) and you can specify rates and discounts for each item for each type of price list with quantity slabs.

6) Actual Bill Quantity :

You may deliver a different quantity but have to bill for a different quantity (for example, 1 packet of Horlicks pouch free with 5 packet of Horlicks Pouch - Delivered 6 packet, Billing 5 packet). You can enter both quantities, actual to update stock and billed for computation of invoice.

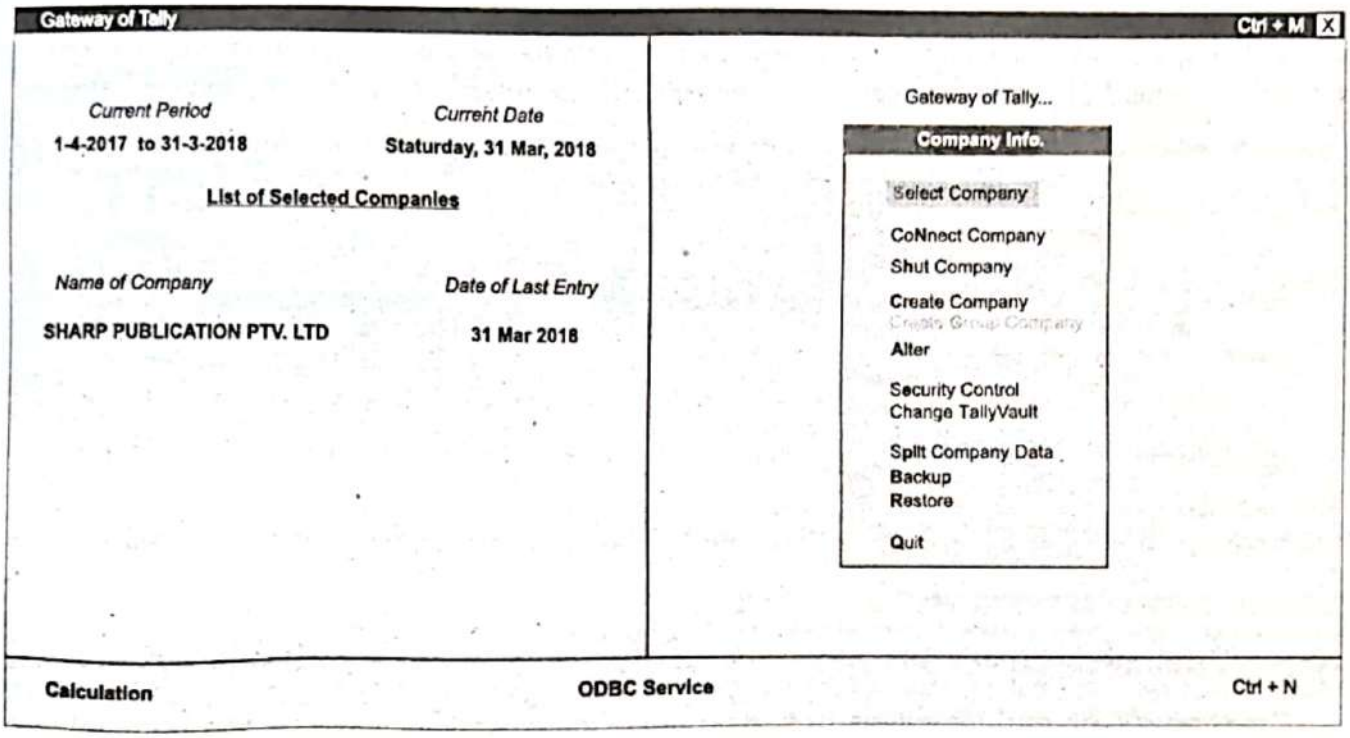
7) Tracking Through Receipt And Delivery Notes :

In many businesses, goods are dispatched first and invoices are sent later or vice versa. In such cases stocks should not be updated along with the accounts. Tally tracks such situation with the help of tracking nos. you can receive /dispatch goods first and receive or send invoices later or invoices first and material later. Receipt/Delivery notes updates inventory but will not affect accounts. Tally track pending tracking document and displays in Profit and Loss as apart of purchases and sales as sales / purchase as bills to make.

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1.5. Company Creation:

The term company is a generic term and not confined to an organisation registered under companies Act. This term in context of Tally stands for any entity for whom a separate set of books of accounts is maintained. It may be a company, partnership firm, individual organisation even a branch office for which a separate set of account books is maintained for accounting. For each entity you create a profile which is termed as "COMPANY" in Tally.



1.6 Company Information Menu:

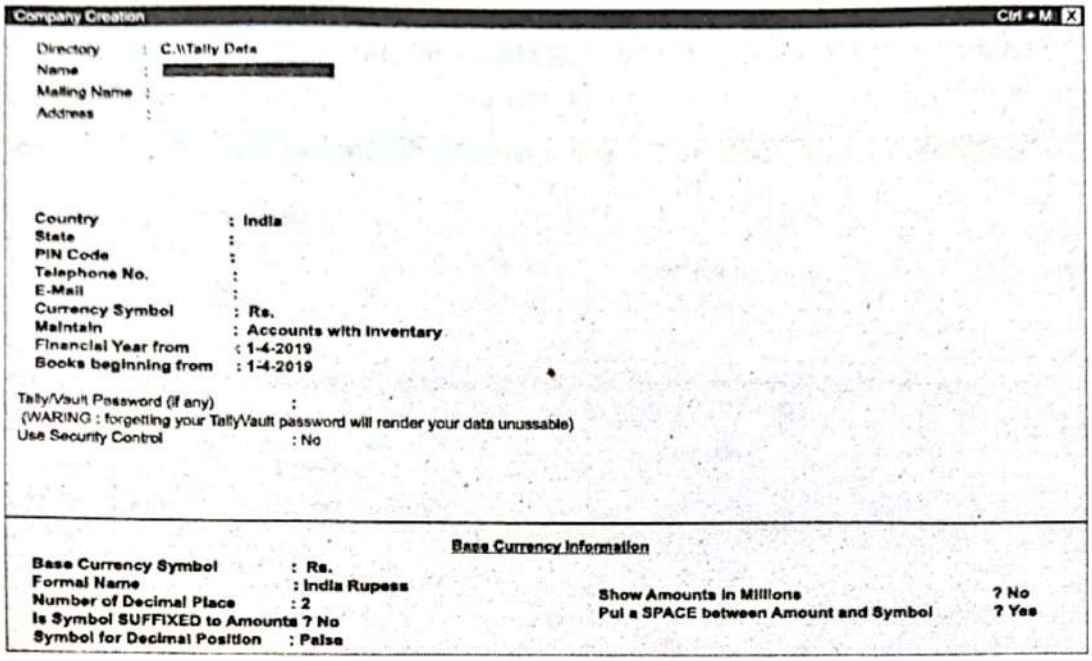
Using the button F3 : company info (<Alt> + <F3>) , we have the following company information menu.

S. No.	Action	Meaning
1	Select Company	To select a company
2	SHut Company	To unload a selected company
3	Create Company	To create a new company
4	Create Group Company	This option becomes active when more than one company is selected
5	Alter	To alter information of existing company
6	Change Tally Vault	To alter tally valut password for a company
7	SPlit Company Data	To split the company data into financial period
8	Backup	A copy of the data should be kept in other media like floppy or CD or Tally Locker
9	Restore	To getting back the earlier data in the working disk
10	Quit	To exit the tally software

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1.7 Creation of Company :

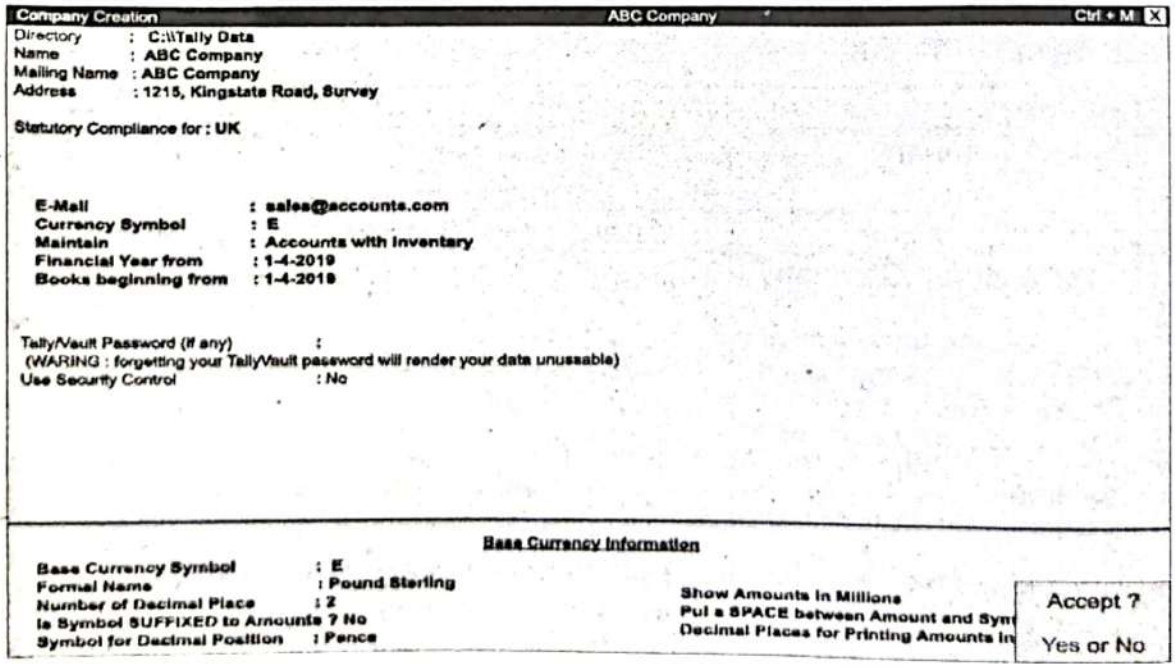
To create a company, select Create company option from company info menu that brings company creation screen as shown in following figure.



1.8 Fields of Company Creation:

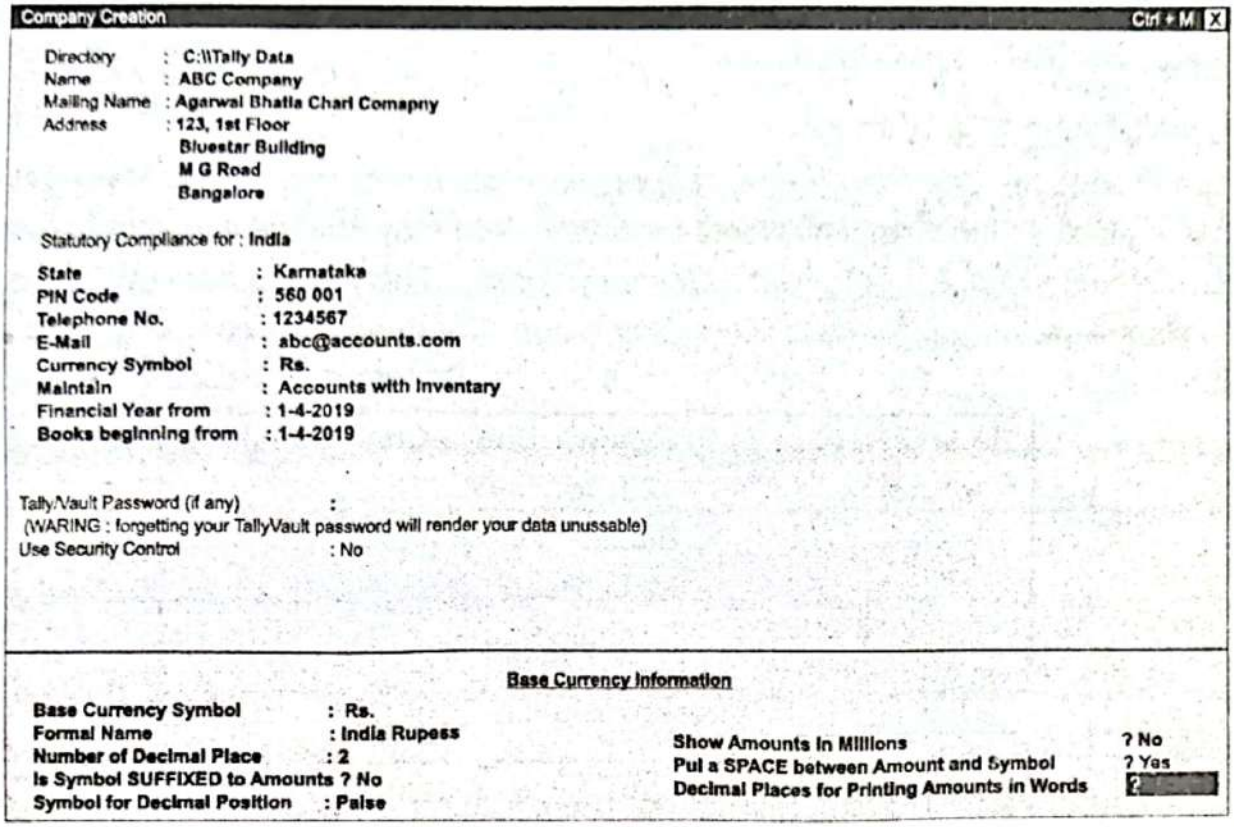
1) Gateway of Tally :

Creating a Company involves providing basic information about the company whose books of accounts are to be maintained in Tally. Go to Gateway of Tally > (Alt+F3) Company Info. > Create Company



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Above is displayed an International Company Creation Screen. Note that the State and PIN Code fields are not available. The screen for India/SAARC would be:



A detailed explanation on each field is given:

2) Directory :

The, data path where you want the company to be created is specified in theDirectory field.

This field is skipped by default when you create the company in the data path given in the Tally.INI file. If you want to change it, use the backspace key and modify it to the path required. This is referred to as the Tally Any where concept - which is the ability to create/load companies in separate directories. The Directory field is displayed while selecting Select, Create, Backup, Restore and Rewrite options for a company. By default, the cursor will skip the field, presuming that you wish to use the default data directory for your work. You may press Backspace to give a new path and work from there. For example, the default Tally data directory could be C:\TALLY\DATA. You may now wish to create a new company on C:\TALLY\PERSONAL, and some other companies on C:\TALLY\BRANCHES. The next time, the default directory displaysC:\TALLY\DATA, and if you wish to work on the data of your branches, press Backspace and enter C:\ TALLY\BRANCHES for the directory name. This displays the companies whose data is stored in that location in the List of Companies. You can even give the path of a network cerver or any other storage device.

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3) Name :

Enter the name of the company whose books are being opened. If you are a professional accountant and are maintaining the books of your clients, give the Client Company's name.

4) Mailing Name and Address :

In addition to the Company Name, Tally provides the facility to enter the Mailing Name field. It displays the Company Name by default. You may change it as required, if the mailing name is different from the Company Name. The mailing name and address details are picked up for inclusion in any report that needs the company name and address as heading. For example: Balance Sheets, Statement of Accounts, and so on.

Mailing Name :	Agarwal Bhatia Chari Company
Address :	123, 1st Floor Bluestar Building M. G. Road Bangalore

Tally's reports print the mailing name and address as given:

Agarwal Bhatia Chari Company
123, 1st Floor
Bluestar Building
M. G. Road
Bangalore

Tally does NOT restrict the number of lines for the address details. Tally accommodates all the entered information and vertically compresses the same.

Note:

a) In the space provided for the Address details, observe the vertical compression as compared to the Mailing Name field where there is horizontal compression.

b) You can specify any length for the mailing name and you are permitted to give any number of lines for the address. The information is completely visible.

c) Tally handles compressed information correctly while printing. It adjusts the reports accordingly.

5) Statutory Compliance for :

Select the Country from the List of Countries. The Statutory Features and Base Currency Symbol are enabled in accordance with the country selected. For example, if the

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accounts belong to a company in India, the base currency would be Indian Rupees. The Base Currency will appear with respect to the Country selected.

Selecting India from the List of Countries brings up a State, Pin Code and Telephone No. field.

6) **State :**

You can select the appropriate state from the predefined list.

7) **PIN Code :**

Specify the PIN Code (Postal Index Number) of the specified address.

8) **Telephone :**

Enter the Telephone number.

9) **E-mail Address :**

Enter the E-mail address that will be used to e-mail documents, reports and data from Tally.

10) **Currency :**

Currency symbol is the symbol of the base currency, that is, the currency that will be used to maintain the books of account. The symbol Rs. appears by default for India/ SAARC Companies and the field is left blank for International Companies.

11) **Maintain :**

Tally displays a drop down for the Type of Company with two options Accounts only and Accounts with

12) **Inventory :**

Select Accounts only if you do not have any inventory transactions (suitable for professionals and corporate offices).However, at a later date (if required) you can choose to alter the information as Accounts-with-Inventory. Select Accounts with Inventory, to maintain both financial accounts and inventory.

13) **Financial Year From :**

In most countries, the books of accounts of a company are maintained for a stipulated period like, 12 months, 15 months, and so on. This stipulated period is referred to as the Financial Year. The stipulated period of the financial year is 12 months in most countries. Tally automatically considers 12 months from the date you give here as the Financial Year.

For example, if you enter April 1, 2005 as the date, the Financial Year will be from April to March ending with March 31, 2006. If you enter October 1, 2005 as the Financial Year From then the financial year will be from October 2005 to September 2006 ending with 30th of September every year.

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Tally allows you to maintain data for multiple years by changing the period (Alt+F2) at the Gateway of Tally. In addition, you can also specify the date of actual establishment of the company (date of incorporation)

14) Books Beginning From :

Tally presumes that you wish to maintain books from the beginning of the financial year. Hence, Tally displays the date given in Financial Year From field automatically.

The date for Books beginning from can be changed, in case of companies, which are incorporated in the middle of the year. If your company is new, you can opt to start the books of accounts from the date of actual establishment of the company (date of incorporation) but close books according to the Financial Year as specified by you. Tally provides the required flexibility in such a case by allowing you to give the date when the books of accounts actually began. Tally will open books from this date and close as on the last day of the Financial Year.

For example, if your company is established on August 19, 2005, the opening balances for all the accounts can be given as on August 19, 2005 even though the Financial Year given is April 1, 2005 (April to March financial year). The company's books will begin on August 19, 2005 and close on March 31, 2006, which ensures smooth transition to the next year.

This concept can be applied even when you are migrating to Tally from any other system or from a manual accounting system on any day during the Financial Year. Close books in that other system on the previous day and start books on Tally from this day. You are allowed to give opening balances of all Ledger accounts including Revenue accounts.

1.9 Accounting Vouchers:

Voucher is a piece of evidence, which proves that a certain event or transaction is carried out. Voucher can be in three different forms. Vouchers are necessary because they are a source document and a proof to every transaction that has taken place in the business premises. If every transaction of the business were recorded, it would mean that there is a voucher available as a proof to that transaction. When the accounts of the company are audited, these vouchers play an important role and help the external auditor in gathering audit evidence.

1.9.1 Meaning :

Written instrument that serves to confirm or witness (vouch) for some fact such as a tra action. Commonly, a voucher is a document that shows goods have bought or services been rendered, authorizes payment, and indicates the ledger account(s) in which actions have to be recorded.

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In short avoucher is small printed piece of paper that entitles the holder to a discount, or that may be exchanged for goods or services

1.9.2. Types of Accounting Voucher :

A voucher is the primary online document for recording transactions. Many types of vouchers are used in accounting. These are used for recording the transactions as a source document. Following are some of the types of these vouchers:

1) **Payment :**

These types of vouchers is a proof of payment by cheque or cash

2) **Receipt :**

These vouchers help in the recording of the receipts. If the payment is received from a customer, then a voucher will be prepared as a proof to the transaction

3) **Purchase :**

This voucher is made as a proof to the purchase. This helps in determining whether the entity has actually carried out the purchase

4) **Sales:**

These vouchers are a proof of the sale of inventory to the customer and help in establishing that sale is not fictitious

5) **Contra:**

These vouchers are designed for passing the contra entries

6) **Journal:**

These are the vouchers when the account is neither a cash nor cheque.

7) **Adjustments Voucher:**

Changes in the business stock or any other changes are accounted by adjustment vouchers.

1.9.3. Creation of Various Vouchers In TALLY :

Tally.ERP 9 allows us to create different types of vouchers and record, classify and segregate vouchers as per our requirements. For example, we can further classify payment vouchers by creating voucher types with the names Bank Payment and Cash Payment.

To Create a New Voucher Type :

i) Go to Gateway of Tally > Accounts Info > Voucher Type > Create.

ii) Enter the Voucher name.

iii) Specify the Type of Voucher.

iv) Specify the Method of Voucher Numbering.

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v) Activate or deactivate other functions as required.

1) Purchase Voucher :

In Tally.ERP 9, the Purchase voucher can be passed in Voucher mode or the Invoice mode where the calculations can be automated and expedite voucher entry.

To Create a Purchase Voucher :

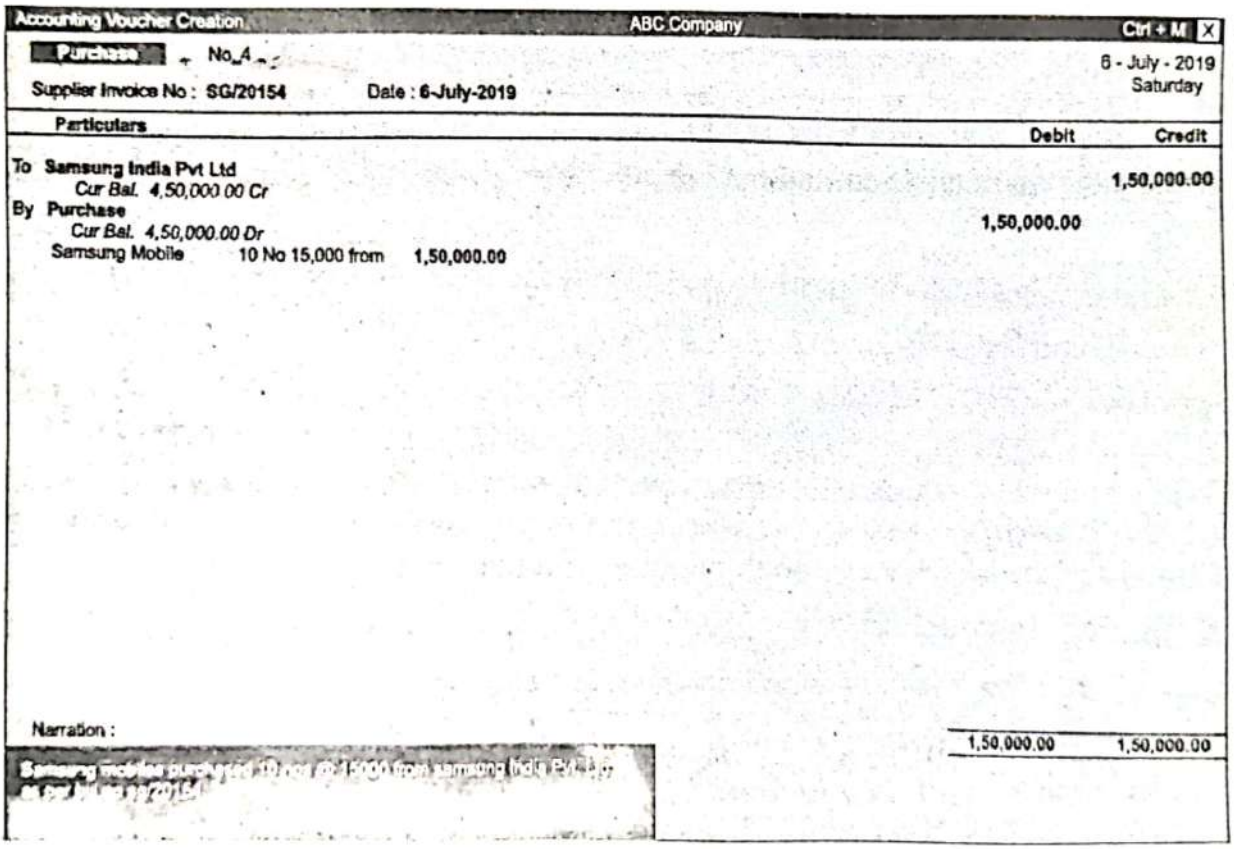
i) Go to Gateway of Tally > Accounts Vouchers.

ii) Press F9 or select F9 : Purchase on the Button bar.

iii) Select the Party's A/c. Name.

iv) Select the Stock Items, Qty and Rate details.

v) Select the Tax Ledger and the tax amount is automatically computed.



vi) Enter all other required details.

vii) Press Enter and save.

During Voucher Entry, we can pre-fill the voucher narration for a specific ledger / voucher entry, by pressing.

i) Alt + R, to recall the last narration saved for the first ledger in the voucher, irrespective of the voucher type.

ii) Ctrl + R, to recall the last narration saved for a specific voucher type, irrespective of the ledger.

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2) Sales Voucher :

In Tally.ERP 9, the Sales voucher can be passed in Voucher Mode or the Invoice Mode where, the calculations can be automated and expedite voucher entry.

To Create a Sales Voucher :

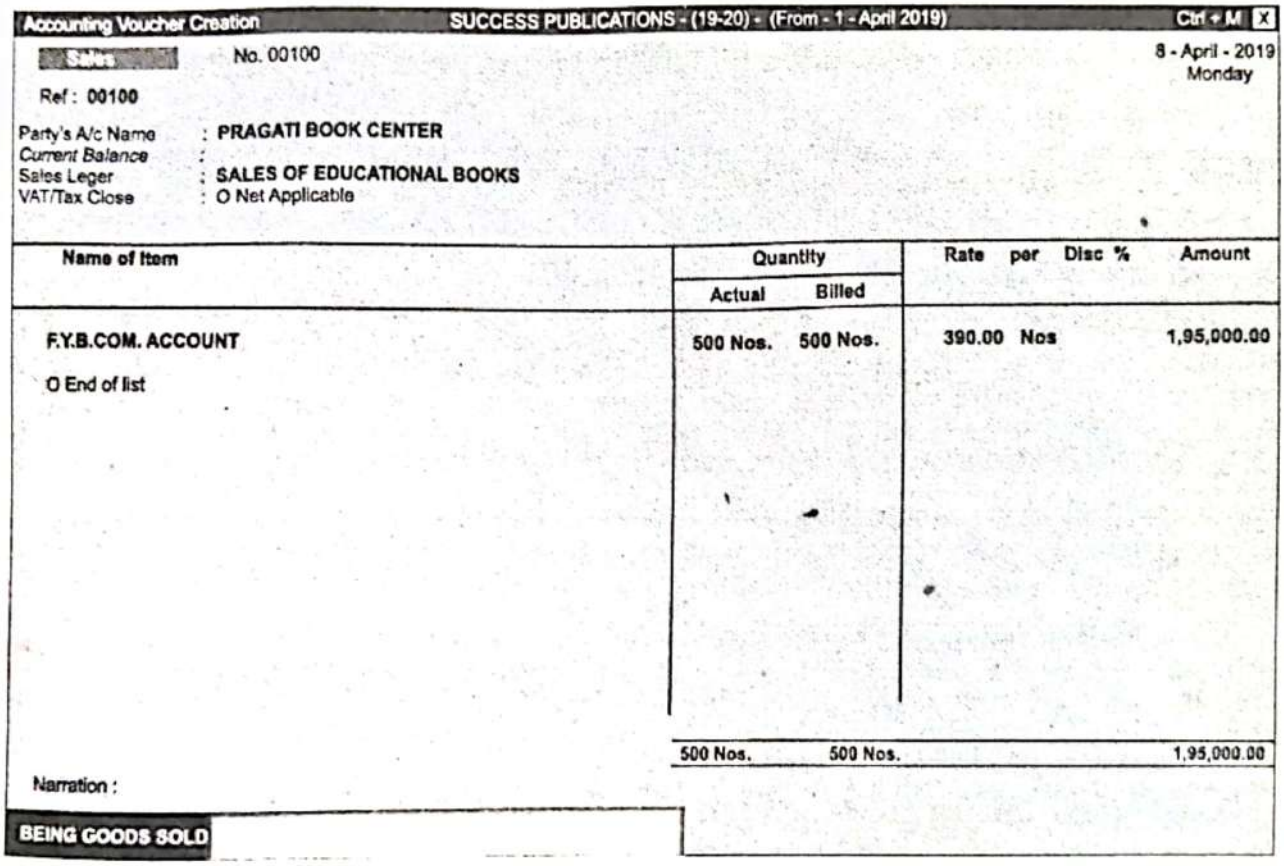
i) Go to Gateway of Tally > Accounting Vouchers.

ii) Press F8 or select F8 : Sales on the Button bar.

iii) Select the Party Name in the By field and specify the amount.

iv) Select the Sales Ledger in the To field and specify the amount.

v) Select the Tax Ledger in the To field and specify the amount.



Accounting Voucher Creation — SUCCESS PUBLICATIONS - (19-20) - (From - 1 - April 2019) — Ctrl + M

Sales — No. 00100 — 8 - April - 2019 Monday

Ref : 00100

Party's A/c Name : PRAGATI BOOK CENTER
Current Balance :
Sales Leger : SALES OF EDUCATIONAL BOOKS
VAT/Tax Class : O Net Applicable

Name of Item	Quantity Actual	Quantity Billed	Rate per	Disc %	Amount
F.Y.B.COM. ACCOUNT	500 Nos.	500 Nos.	390.00 Nos		1,95,000.00
O End of list					
	500 Nos.	500 Nos.			1,95,000.00

Narration :

BEING GOODS SOLD

vi) Press Enter and save.

Sales Invoice :

To create Sales Invoice in Taily.ERP 9:

i) Press FII: Inventory Features and set Allow Invoicing to Yes.

ii) In the Sales entry screen, click Ctrl+V (As Invoice) button.

iii) Select the Party's A/c Name.

iv) Select the Stock Items, Qty and Rate details.

v) Select the Tax Ledger and the tax amount is automatically computed.

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3) Receipt Voucher :

In Tally.ERP 9, we can record any money received from debtors against sales Invoices or on Account and for all transactions where money is received, using the Receipt Voucher.

To Create the Receipt Voucher :

i) Go to Gateway of Tally > Accounting Vouchers.

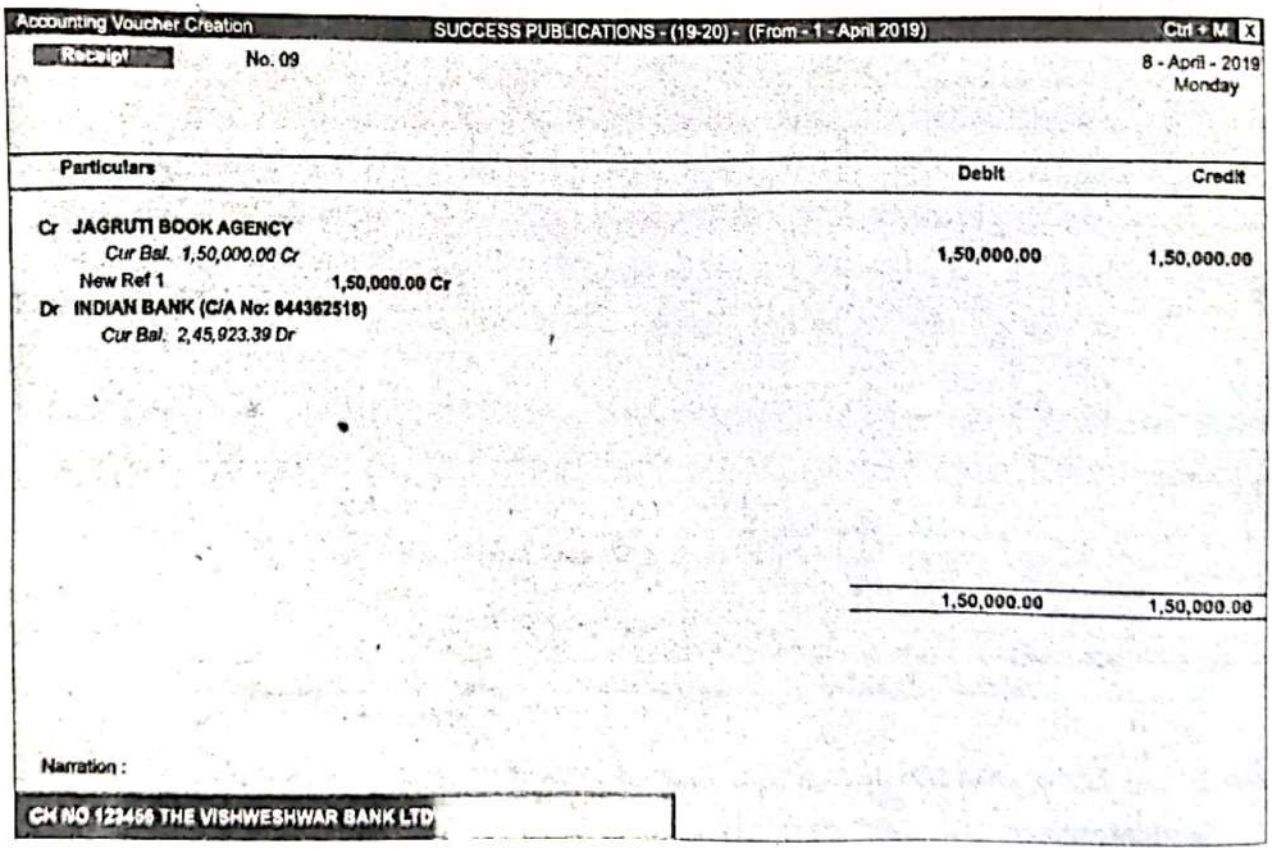
ii) Press F6 or select F6: Receipt from the button bar.

iii) Select the Party Name in the To Held and specify the amount.

iv) Select the Bill references in the Bill Wise Details for screen.

v) Select the Bank Ledger in the By field and press Enter to accept the amount.

vi) Press Enter and save.



We can also pass the above Receipt Voucher in Single Entry Mode, by pressing F12 Configure and setting Use Single Entry mode for Pymt/Rcpt/Contra to Yes.

4) Payment Voucher :

In Tally.ERP 9f we can pass the payment voucher in Single Entry or Double Entry mode

To Create Payment Voucher:

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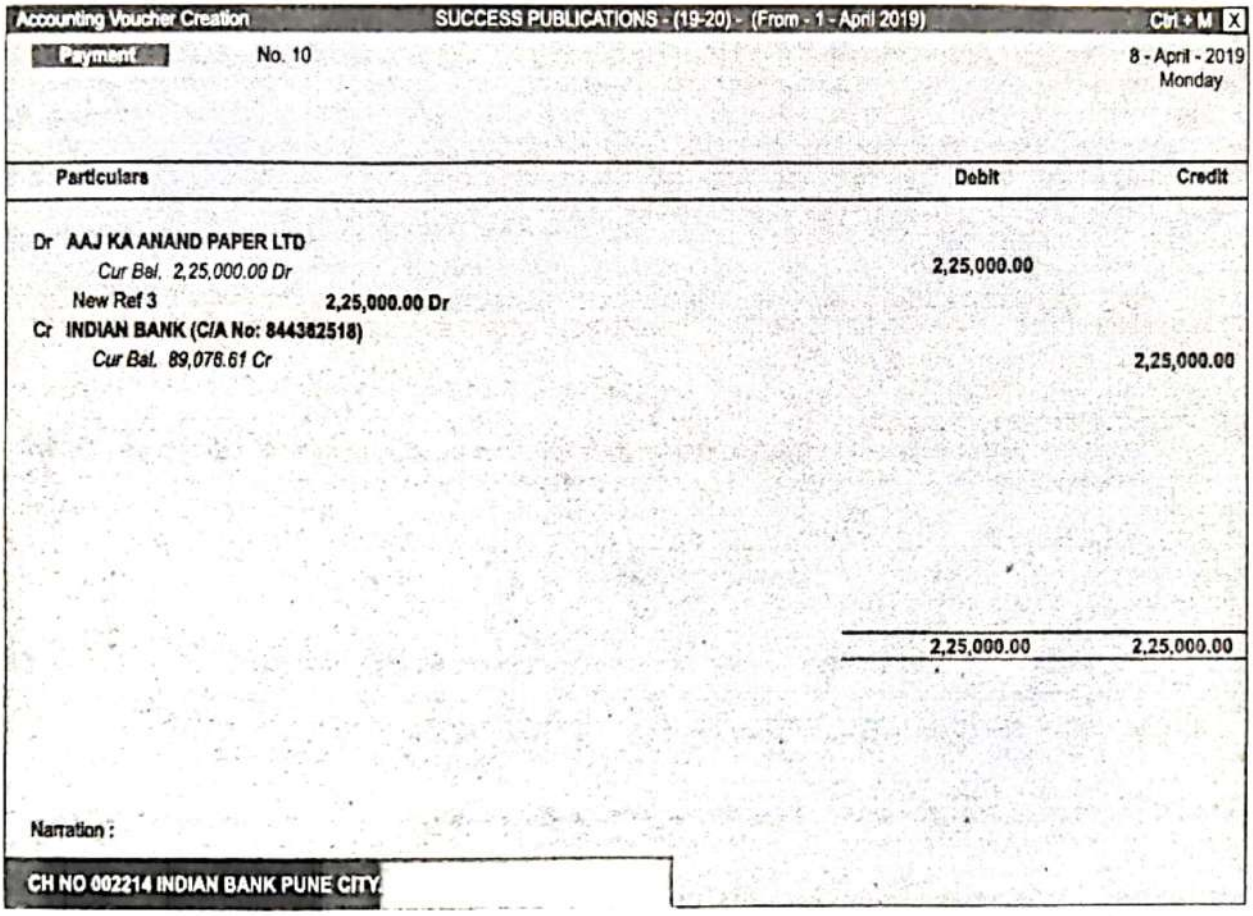
i) Go to Gateway of Tally > Accounting Vouchers.

ii) Press F5 or select F5: Payment from the button bar.

iii) Select the Party Name in the By field and specify the amount.

iv) Select the Bill references in the Bill Wise Details for screen.

v) Select the Bank Ledger in the To field and press Enter to accept the amount.



Accounting Voucher Creation — SUCCESS PUBLICATIONS - (19-20) - (From - 1 - April 2019) — Ctrl + M

Payment — No. 10 — 8 - April - 2019 Monday

Particulars	Debit	Credit
Dr AAJ KA ANAND PAPER LTD		
Cur Bal. 2,25,000.00 Dr	2,25,000.00	
New Ref 3 2,25,000.00 Dr		
Cr INDIAN BANK (C/A No: 844382518)		
Cur Bal. 89,076.61 Cr		2,25,000.00
	2,25,000.00	2,25,000.00

Narration :

CH NO 002214 INDIAN BANK PUNE CITY

vi) Press Enter and save.

We can also pass the above Payment Voucher in Single Entry Mode, by pressing F12: Configure and setting Use Single Entry mode for Pymt'|Rcpt/Contr;i to Yes.

5) Contra Voucher :

In Tally.ERP 9, we can pass the Contra Voucher in Single Entry or Double Entry mode.

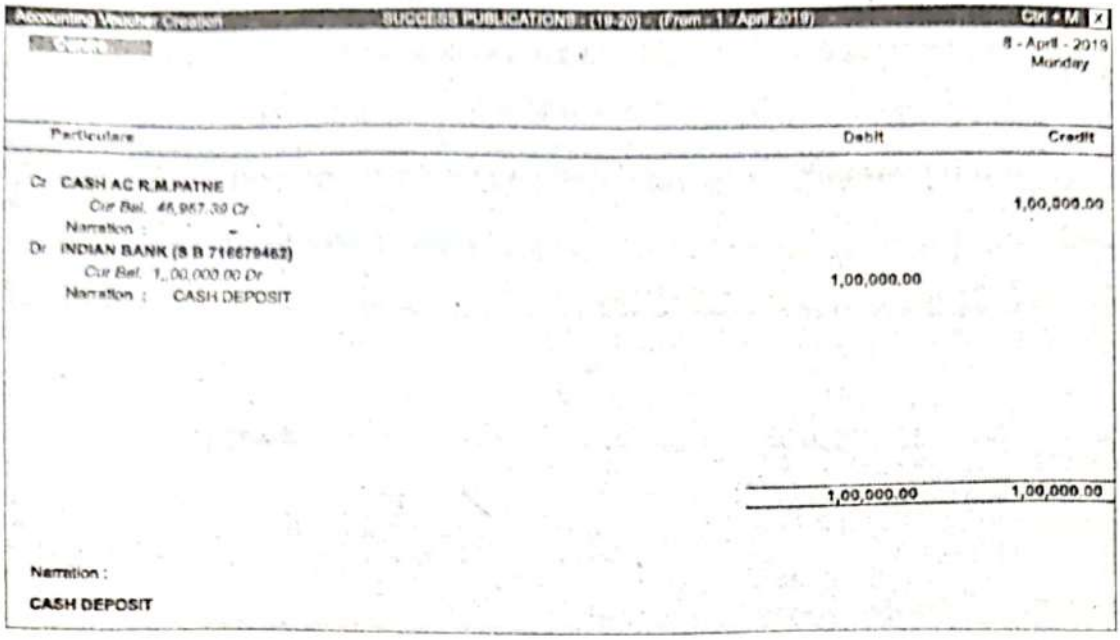
To create Contra Voucher :

i) Go to Gateway of Tally > Accounting Vouchers.

ii) Press F4 or Select F4: Contra on the Button bar.

iii) Select the Cash/Bank ledger in To and By fields, as required.

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iv) Press Enter and save.

6) Journal Voucher :

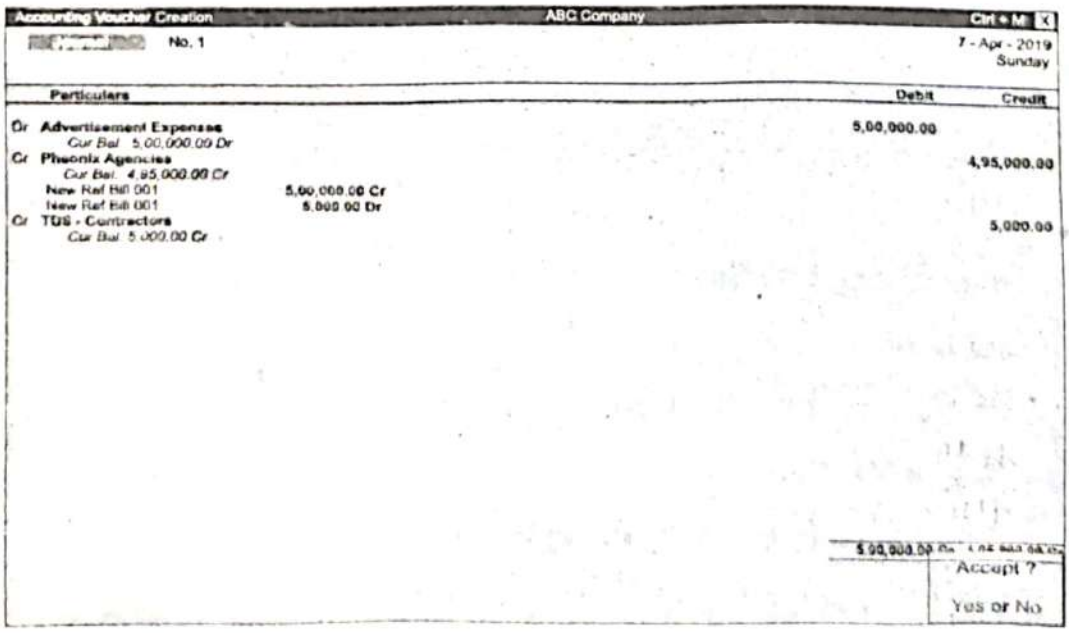
In Tally.ERP 9, we can create Journal Vouchers for adjustments with respect to debi and credit amounts without involving the cash or bank accounts.

To Create Journal Voucher:

i) Go to Gateway of Tally > Accounting Vouchers.

ii) Press F7 or select F7: Journal on the Button Bar.

iii) Enter the required details.



iv) Press Enter and save.

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7) Debit Note Voucher :

In Tally.ERP 9, we can pass Debit Note for any kind of Purchase Returns, Escalation/ De-escalation in price or any other expenses incurred by us on behalf of the party, etc.

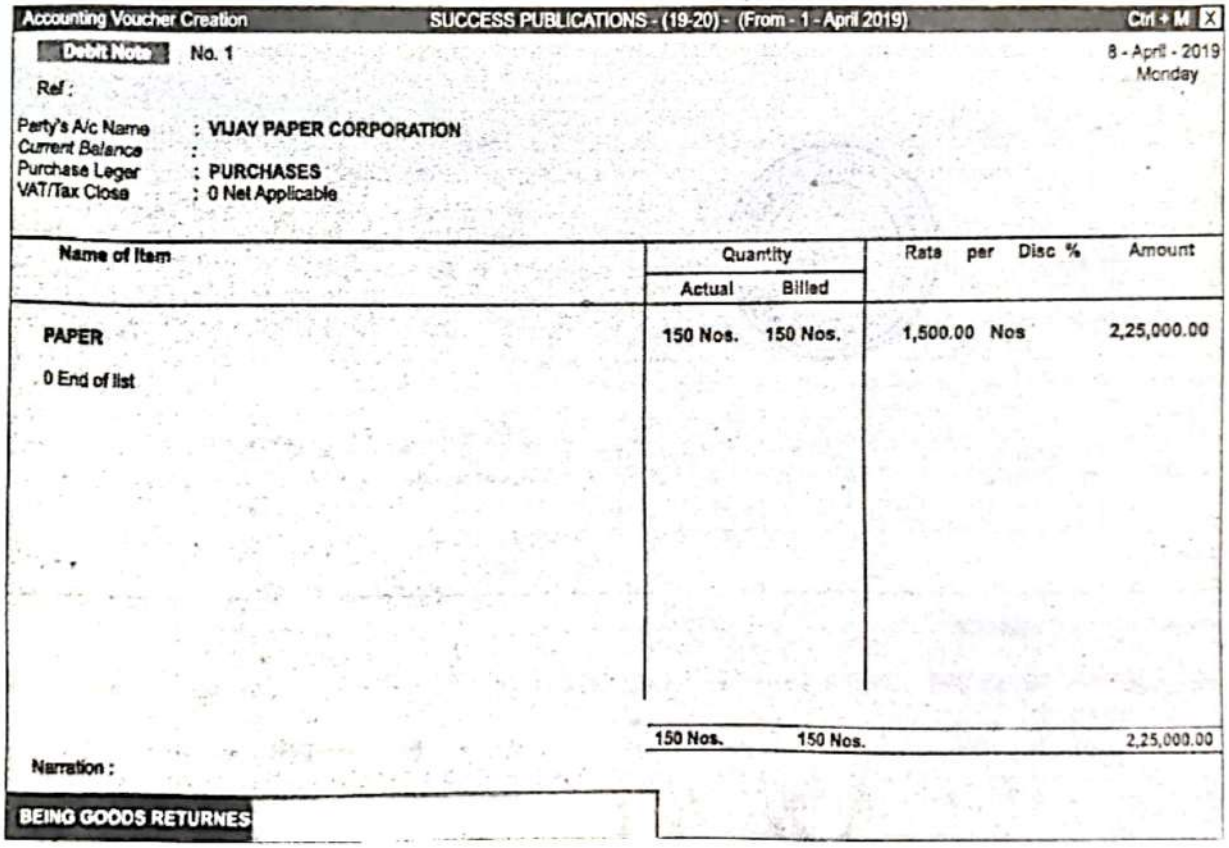
To enable Debit Notes, press Fll: Inventory Features and set Use Debit/ Credit Notes to Yes.

To Create Debit Note Entry:

i) Go to Gateway of Tally > Accounting Vouchers.

ii) Press Ctrl+F9 or select Ctrl+F9: Debit Note ort the Button Bar.

iii) Enter the required details.



Accounting Voucher Creation — SUCCESS PUBLICATIONS - (19-20) - (From - 1 - April 2019) — Ctrl + M

Debit Note No. 1 — 8 - April - 2019, Monday

Ref :

Party's A/c Name : VIJAY PAPER CORPORATION
Current Balance :
Purchase Leger : PURCHASES
VAT/Tax Close : 0 Net Applicable

Name of Item	Quantity Actual	Quantity Billed	Rate per Disc %	Amount
PAPER	150 Nos.	150 Nos.	1,500.00 Nos	2,25,000.00
0 End of list				
	150 Nos.	150 Nos.		2,25,000.00

Narration :

BEING GOODS RETURNES

iv) Press Enter and save.

We tan enter the above entry in Invoice mode, by enabling Use Invoice Mode for Debit Notes to Yes and entering the transaction in Invoice Mode (Ctrl+V).

8) Credit Note Voucher :

In Tally.ERP 9, we can pass Credit Note for any kind of Sales Returns, Escalation/ De-escalation in price, etc.

To enable Credit Notes, press F11: Inventory Features and set Use Debit/Credit Notes to Yes.

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To Create Credit Note Entry:

i) Go to Gateway of Tally > Accounting Vouchers,

ii) Press Ctrl+F8 or Select the button Ctrl+F8: Credit Note on the Button Bar.

iii) Enter the required details.

Accounting Voucher Creation — SUCCESS PUBLICATIONS - (19-20) - (From - 1 - April 2019) — Ctrl + M

Credit Note No. 1 — 8- April - 2019 Monday

Ref : — Used for Goods Sold Returned

Party's A/c Name : JAGRUTI BOOK AGENCY
Current Balance :
Sales Leger : SALES OF EDUCATIONAL BOOKS — Price Level WHOLESALER
VAT/Tax Close : 0 Net Applicable

Name of Item	Quantity Actual	Quantity Billed	Rate per	Disc %	Amount
F.Y.B.COM. ACCOUNT	400 Nos.	400 Nos.	399.00 Nos		1,56,000.00
0 End of list					
	400 Nos.	400 Nos.			1,56,000.00

MAHATMA PHULE MAHAVIDYALAYA PIMPRI, PUNE-17 SENIOR

Narration :

BEING GOODS RETURNES

iv) Press Enter and save.

We can enter the above entry in Invoice mode, by enabling Use Invoice Mode for Credit Notes to Yes and entering the transaction in Invoice Mode (Ctrl+V).

9) Stock Journal :

In Tally.ERP 9, we can pass Stock Journals for all types of Stock Adjustments viz., Inter-Godown Transfer, Manufacturing Process and so on.

To Create Stock Journal Voucher:

i) Go to Gateway of Tally > Inventory Vouchers.

ii) Press Alt + F7 or select the button F7: Stk Jrnl from the button bar.

iii) Specify the Stock Items, Godown, Qty details in the Source section.

iv) Specify the Stock Items, Godown, Qty details in the consumption section.

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Accounting Voucher Creation — SUCCESS PUBLICATIONS : (19-20) : (From : 1 - April 2019) — Ctrl + M

Stock Journal No. 1 — 8 - April - 2019, Monday

Voucher Class : INTERNAL STOCK TRF

Transfer of Materials (Inter - Godown)

Destination Godown : A1 OFFICE GODOWN

Name of Item	Godown	Quantity	Rate		Amount
S.Y.B.COM BANKING (ENG) TEXT	DHAYARI GODOWN	200 No.	68.25	No	13,650.00
S.Y.B.COM CORPORATE ACCOUNTING TEXT	DHAYARI GODOWN	100 No.	15.45	No	1,545.00
S.Y.B.COM BUSINESS MANAGEMENT (ENG)	DHAYARI GODOWN	250 No.	102.38	No	26,595.00
F.Y.B.COM ACCOUNT	A2 BALGANDHWAR GODOWN	300 No.	99.00	No	29,700.00
F.Y.B.COM MATHEMATICS & STATISTICS	A2 BALGANDHWAR GODOWN	250 No.	90.00	Nos	24,000.00
		1100 No.			95,490.00

Narration:

STOCK TRF (OFFICE GODOWN)

v) Press Enter and save.

10) Profit and Loss Account :

Profit and Loss Account or Income Statement is a periodic statement, which shows the net result of business operations for a specified period. All the expenses incurred and incomes earned during the reporting period are recorded in the Profit and Loss account or Income and Expenditure account.

The profit and loss account in Tally.ERP 9 displays the information based on the default primary groups. It is updated instantly with every transaction/ voucher that is entered and saved. No special processing is required to produce a profit and loss account in Tally.ERP 9.

To view the **Profit & Loss Account** of ABC Company,

Go to **Gateway of Tally > Profit & Loss A/c**

- Click F1: Detailed, to view the Profit & Loss Account in detailed format.

The **Profit & Loss Account** is displayed as shown :

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Profit & Loss A/c — ABC COMPANY (19-20) — Ctrl + M

Particulars	ABC Company 19-20 1-Apr-2019 to 31-Mar-2020	Particulars	ABC Company 19-20 1-Apr-2019 to 31-Mar-2020
Opening Stock	10,61,840.44	Sales Accounts	4,32,99,616.28
Purchase Accounts	2,74,43,682.50	Direct Incomes	56,550.00
Direct Expenses	43,000.00	Closing Stock	74,94,295.06
Gross Profit c/o	2,17,81,930.40		
	5,09,50,461.34		5,09,50,461.34
Indirect Expenses	73,30,923.75	Gross Profit b/f	2,17,81,930.40
Net Profit	1,55,01,006.66	Indirect Incomes	10,50,000.00
Total	2,28,31,930.40	Total	2,28,31,930.40

The **Profit & Loss account** is generated and updated immediately from the date of opening of books till the date of last entry.

Press **F2: Period** to change the period as required.

Note: The Profit & Loss Account is displayed according to the configuration set up in the F12: Configure.

Horizontal Form of Profit & Loss Account :

The Profit & Loss A/c, by default is in horizontal form. However, you may configure the same to view in Vertical form by pressing it in F12: Configure. You can view additional information or toggle to another report using the options available in the Button Bar. Some of the Button Bar options are

- Select **F1: Detailed/Condensed** to display more information or condense.
- Change the date of the Profit & Loss Account using **F2: Period.**
- Add new columns to

a) Display the Profit & Loss Account for a different period to compare with the current one

b) Display the Profit & Loss Account in a different currency

c) Display a column with Budget figures and analyse variances

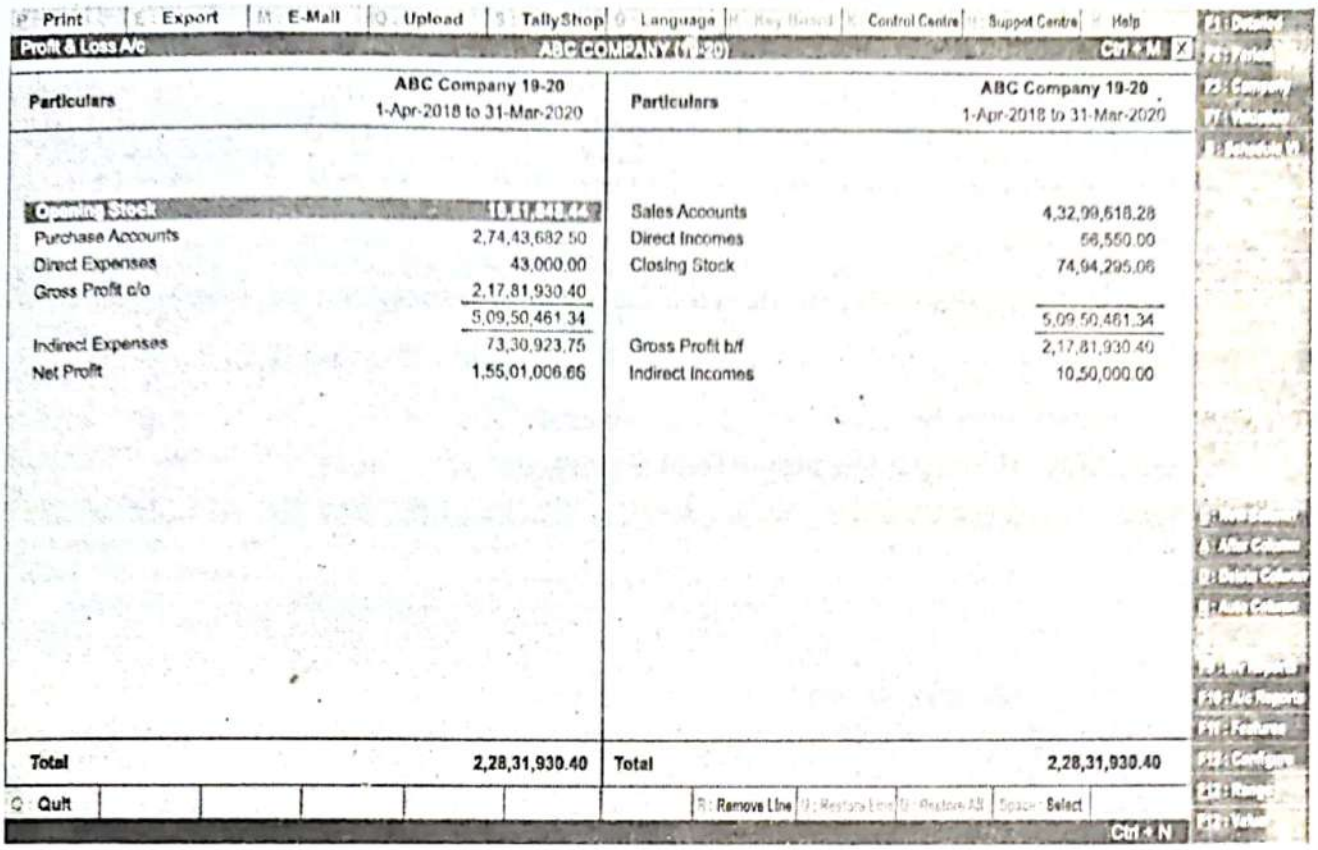
d) See the effect of different Stock Valuations on the Profit/Loss account.

e) Select and compare Profit & Loss of different companies.

Schedule VI Profit & Loss A/c :

A new button **S : Schedule VI** has been provided in Profit & Loss A/c screen to view Schedule VI Profit & Loss A/c.

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P: Print | E: Export | M: E-Mail | O: Upload | T: TallyShop | G: Language | K: Key Board | L: Control Centre | U: Support Centre | H: Help

Profit & Loss A/c — ABC COMPANY (19-20) — Ctrl + M

Particulars	ABC Company 19-20 1-Apr-2018 to 31-Mar-2020	Particulars	ABC Company 19-20 1-Apr-2018 to 31-Mar-2020
Opening Stock	[illegible]	Sales Accounts	4,32,99,616.28
Purchase Accounts	2,74,43,682.50	Direct Incomes	56,550.00
Direct Expenses	43,000.00	Closing Stock	74,94,295.06
Gross Profit c/o	2,17,81,930.40		
	5,09,50,461.34		5,09,50,461.34
Indirect Expenses	73,30,923.75	Gross Profit b/f	2,17,81,930.40
Net Profit	1,55,01,006.65	Indirect Incomes	10,50,000.00
Total	2,28,31,930.40	Total	2,28,31,930.40

Q: Quit | R: Remove Line | Space: Select | Ctrl + N

Clink on **S: Schedule VI** button of press **Alt+S** to view Schedule VI Profit & Loss A/c

The **Schedule VI Profit & Loss A/c** is displayed as shown

Schedule-VI Profit and Loss A/c — ABC COMPANY (19-20) — Ctrl + M

Statement of Profit and Loss for the year ended 31-Mar-2020 — In (Rupees)

Particulars	Note No.	ABC Company 19-20 1-Apr-2019 to 31-Mar-2020	ABC Company 18-19 1-Apr-2018 to 31-Mar-2019
I Revenue from Operations		[illegible]	[illegible]
II Other Income		10,60,000.00	730.00
III TOTAL REVENUE (I + II)		4,44,08,166.28	4,33,82,560.00
IV EXPENSES			
Cost of Materials Consumed			
Purchases of Stock-in-Trade		2,74,43,682.50	2,73,92,897.50
Changes in Inventories		(59,12,446.62)	6,20,574.91
Employee Benefit Expenses		25,64,991.00	25,63,991.00
Finance Costs			
Depreciation and Amortization Expenses			
Other Expenses		48,09,132.75	34,94,275.06
TOTAL EXPENSES		2,89,05,159.63	3,40,71,739.27
V Profit before Exceptional and Extraordinary Items and Tax (III - IV)		1,55,01,006.65	93,10,829.73
VI Exceptional Items			
VII Profit before Extraordinary Items and Tax		1,55,01,006.65	93,10,829.73
VIII Extraordinary Items			
IX Profit Before Tax		1,55,01,006.65	93,10,829.73
X Tax Expenses			
Current Tax			
Deferred Tax			
XI Profit/(Loss) for the period from Continuing Operations (IX-X)		1,55,01,006.65	93,10,829.73
XII Profit/(Loss) from Discontinuing Operations			
XIII Tax Expense of discontinuing Operations			

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11) Trial Balance :

A Trial Balance is a summary of all ledger balances to check whether the figures are correct and balanced. Considering that the journal entries are error-free and posted correctly to the general ledger, the total of all debit balances should equal the total of all the credit balances.

In Tally.ERP 9, the matching of the Trial Balance is a foregone conclusion since all voucher entries are in Debit - Credit format and must balance at the entry point.

To view the Trial Balance

Go to **Gateway of Tally > Display >Trial Balance**

Trial Balance	ABC Company	Ctrl + M X
Particulars	ABC Company 1-Apr-2019 to 31-Mar-2020 Closing Balance	
	Debit	Credit
Capital Account		24,00,000.00
Loans (Liability)		12,00,000.00
Current Liabilities	5,45,257.50	2,38,27,223.75
Fixed Assets	2,09,009.00	
Current Assets	4,08,56,757.00	
Branch/Divisions		8,600.00
Sales Accounts		3,90,55,008.75
Purchase Accounts	2,47,70,497.50	
Direct Expenses	2,62,587.50	
Indirect Expenses	69,475.00	
Profit & Loss A/c		2,26,300.00
Unadjusted Forex Gain/Loss	12,558.00	
Grand Total	6,67,17,132.50	6,67,17,132.50

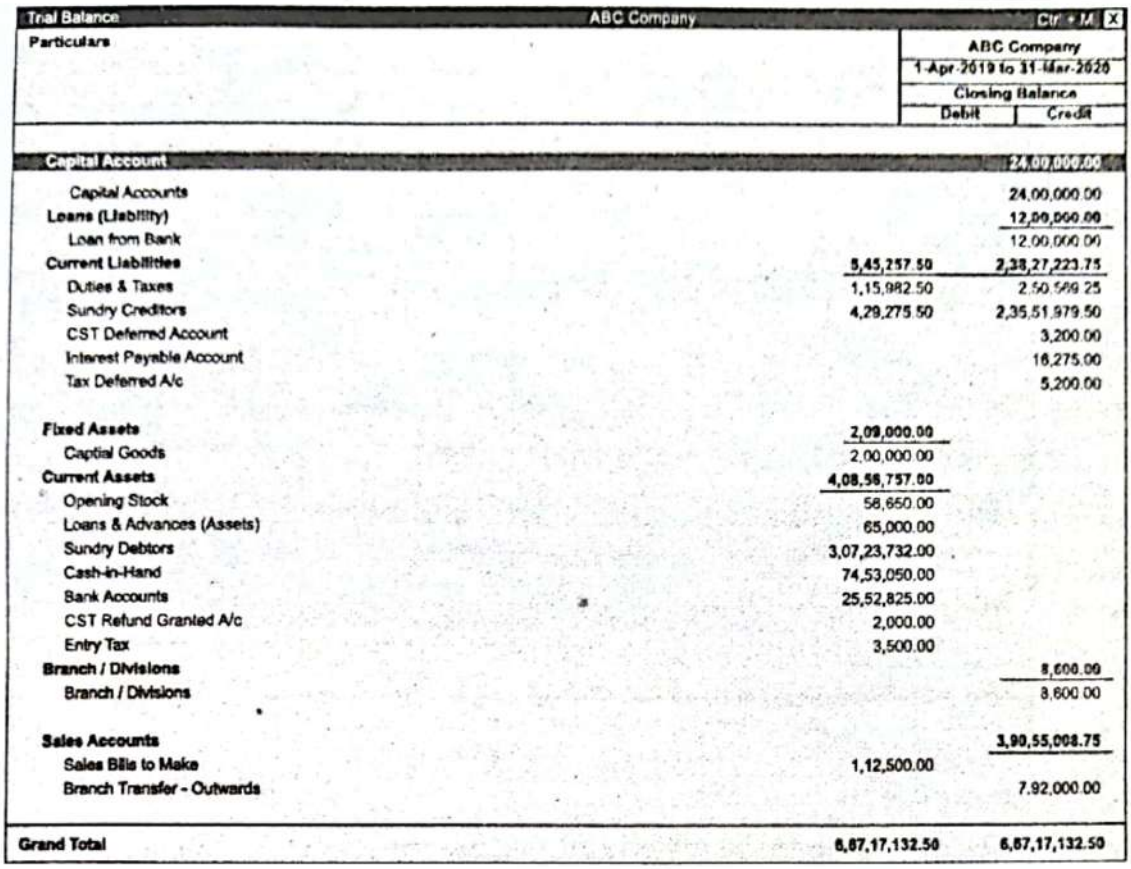
Note : As per accounting principles, the Trial Balance does not list Closing Stock.

Tally.ERP 9 shows group wise Trial Balance. Next level detail for a group can be exploded by pressing **Shift+Enter.** Details of all groups can also be obtained through configuration, except for groups behaving like sub-ledgers.

Select **F1: Detailed** to break down the grouped information or simply drill down a Group for further detail.

The screen is displayed as shown.

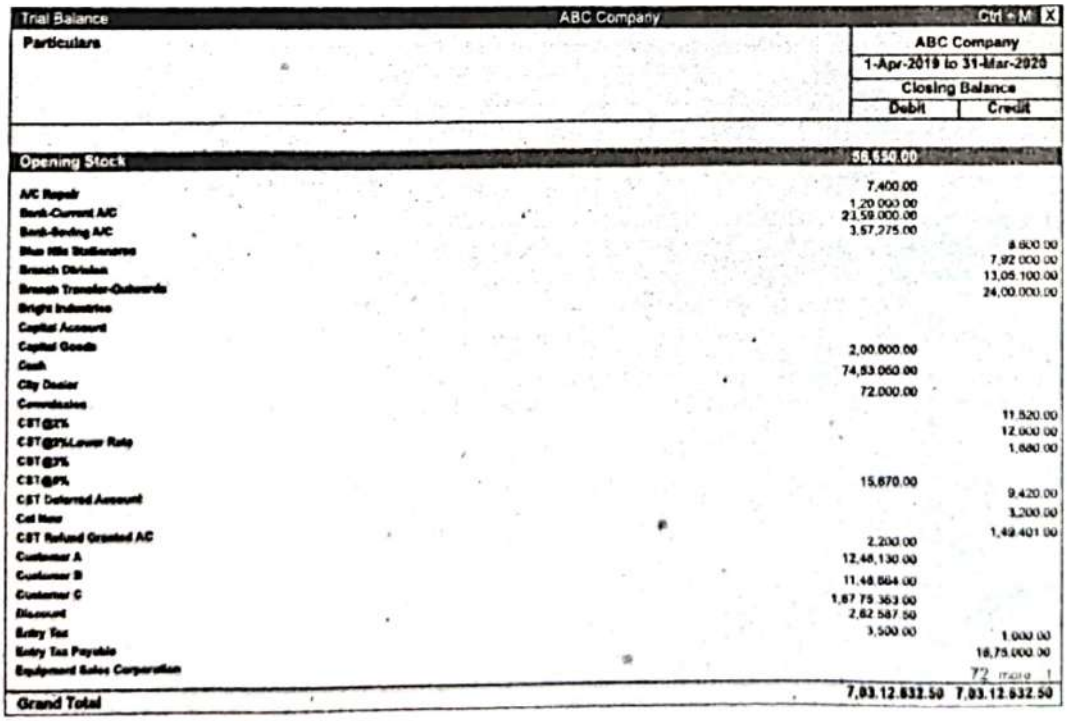
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Trial Balance — ABC Company — Ctrl + M

Particulars	ABC Company 1-Apr-2019 to 31-Mar-2020 Closing Balance Debit	Credit
Capital Account		24,00,000.00
Capital Accounts		24,00,000.00
Loans (Liability)		12,00,000.00
Loan from Bank		12,00,000.00
Current Liabilities	5,45,257.50	2,38,27,223.75
Duties & Taxes	1,15,982.50	2,50,599.25
Sundry Creditors	4,29,275.50	2,35,51,979.50
CST Deferred Account		3,200.00
Interest Payable Account		16,275.00
Tax Deferred A/c		5,200.00
Fixed Assets	2,00,000.00	
Captial Goods	2,00,000.00	
Current Assets	4,08,56,757.00	
Opening Stock	56,650.00	
Loans & Advances (Assets)	65,000.00	
Sundry Debtors	3,07,23,732.00	
Cash-in-Hand	74,53,050.00	
Bank Accounts	25,52,825.00	
CST Refund Granted A/c	2,000.00	
Entry Tax	3,500.00	
Branch / Divisions		8,600.00
Branch / Divisions		8,600.00
Sales Accounts		3,90,55,008.75
Sales Bills to Make	1,12,500.00	
Branch Transfer - Outwards		7,92,000.00
Grand Total	6,87,17,132.50	6,87,17,132.50

Select **F5: Led-wise** to list all ledgers and their closing balances. The screen is displayed as shown.



Trial Balance — ABC Company — Ctrl + M

Particulars	ABC Company 1-Apr-2019 to 31-Mar-2020 Closing Balance Debit	Credit
Opening Stock	56,650.00	
A/C Repair	7,400.00	
Bank-Current A/C	1,20,000.00	
Bank-Saving A/C	21,59,000.00	
Blue Hills Stationaries	3,57,275.00	8,600.00
Branch Division		7,92,000.00
Branch Transfer-Outwards		13,05,100.00
Bright Industries		24,00,000.00
Capital Account		
Capital Goods	2,00,000.00	
Cash	74,53,050.00	
City Dealer	72,000.00	
Commission		11,520.00
CST@2%		12,000.00
CST@2%Lower Rate		1,680.00
CST@3%		
CST@5%	15,670.00	
CST Deferred Account		9,420.00
Cst Near		3,200.00
CST Refund Granted A/C	2,200.00	1,49,401.00
Customer A	12,48,130.00	
Customer B	11,48,864.00	
Customer C	1,87,75,363.00	
Discount	2,62,587.50	
Entry Tax	3,500.00	1,000.00
Entry Tax Payable		16,75,000.00
Equipment Sales Corporation		72 more 1
Grand Total	7,03,12,832.50	7,03,12,832.50

Select **New Column** to bring up the closing balances for another date. The screen is displayed as shown.

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Trial Balance — ABC Company — Ctrl + M

Particulars	ABC Company 1-Apr-2019 to 31-Mar-2020 Closing Balance Debit	Credit	ABC Company 1-Apr-2019 to 31-Mar-2020 Closing Balance Debit	Credit
Opening Stock	64,150.00		64,150.00	
A/C Repair	7,400.00		3,900.00	
Loan from Bank	1,20,000.00		1,20,000.00	
Bank-Current A/c	23,59,000.00		23,59,000.00	
Bank-Saving A/c	3,57,275.00		3,57,275.00	
Blue Nile Stationeries		8,600.00		8,600.00
Branch/Division		7,92,000.00		7,92,000.00
Branch Transfer - Outwards		13,05,100.00		13,05,100.00
Bright Industries		24,00,000.00		24,00,000.00
Capital Account	2,00,000.00		2,00,000.00	
Capital Goods	14,53,050.00		11,76,800.00	
Cash	72,000.00		72,000.00	
City Dealer		11,520.00		11,520.00
Commission		12,800.00		12,800.00
CST @ 2%		1,880.00		1,880.00
CST @ 2% Lower Rate	15,870.00		15,870.00	
CST @ 3%		9,420.00		9,420.00
CST @ 5%		3,200.00		3,200.00
CST Deferred Account		1,49,401.00		1,49,401.00
CST New	2,000		2,000	
CST Refund Granted A/c	12,46,130.00		12,46,130.00	
Customer A	11,48,864.00		11,48,684.00	
Customer B	1,87,75,363.00		84,45,363.00	
Customer C	2,62,587.50		40,450.00	
Discount	3,500.00		3,500.00	
Entry Tax		1,000.00		1,000.00
Entry Tax Payable		16,75,000.00		16,75,000.00
Equipment Sales Corporation				
Grand Total	7,03,12,632.50	7,03,12,632.50	3,83,88,245.00	3,83,88,245.00

12) Balance Sheet :

A Balance Sheet is a financial statement that reports a firm's financial position at a specific time. The term balance sheet implies that a report shows the balance between two figures. It shows a balance between the assets and liabilities of a firm and the owner's funds. The fundamental accounting equation applicable is therefore, Assets = Liabilities + Owner's Equity.

To view the Balance Sheet :

Go to **Gateway of Tally > Balance Sheet**

Balance Sheet — ABC COMPANY (19-20) — Ctrl + M

Particulars	ABC Company 19-20 as at 31-Mar-2020		Particulars	ABC Company 19-20 as at 31-Mar-2020
Capital Account		93,02,053.91	Fixed Assets	43,62,177.80
Loans (Liability)		81,99,754.03	Investments	6,80,642.79
Current Liabilities		1,04,77,860.09	Current Assets	3,79,51,183.99
Profit & Loss A/c		1,53,93,506.65	Misc. Expenses(ASSET)	50,000.00
Opening Balance			Diff. in Opening Balances	5,50,000.00
Current period	1,55,01,006.65			
Less Transferred	1,07,500.00			
Total		4,35,73,984.58	Total	4,35,73,984.58

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Press **F12: Configuration** and set the required parameters to display the Balance Sheet according to your preferences.

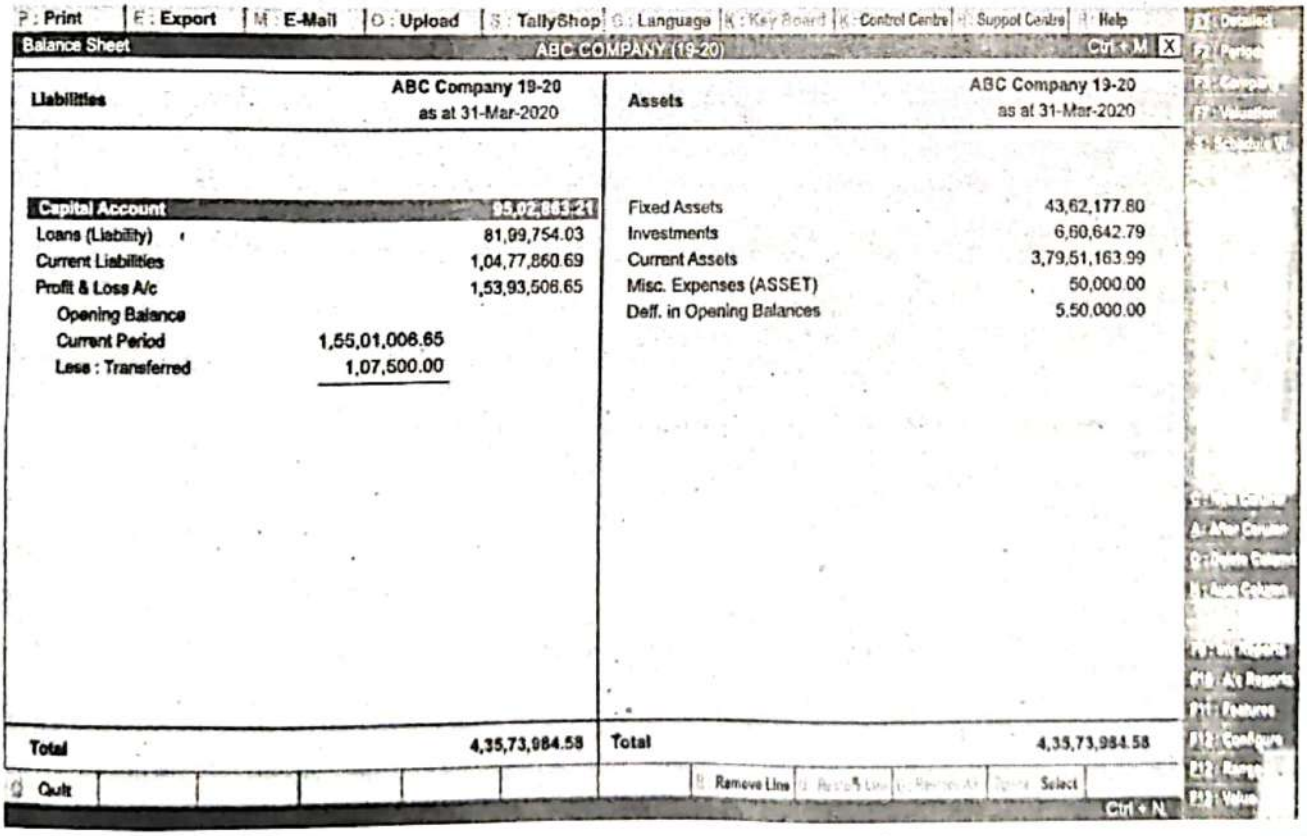
Note: Balance Sheet gets updated instantly with every transaction voucher that is entered and saved. You can view additional information or toggle to another report using the options available in the Button Bar.

Some of the Button Bar options are

- Select **F1:Detailed/Condensed** to explode the summarized information.
- Change the date of the Balance Sheet using **F2: Period.**
- View different effect of different Stock Valuations on the Balance Sheet.
- Add up new columns to
- Display the Balance Sheet for a different date to compare with current one
- Display the Balance Sheet of Another Company when more than One Company is opened
- Display the Balance Sheet in a different currency
- Display the Budget figures and analyze the variances

Schedule VI Balance Sheet :

A new button **S: Schedule VI** has been provided in Balance Sheet screen to view Schedule VI Balance Sheet.



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Clink on **S: Schedule VI** button of press **Alt+S** to view Schedule VI Balance Sheet

The **Schedule VI Balance Sheet** is displayed as shown:

Schedule-VI Balance Sheet — **ABC COMPANY (19-20)** — Ctrl + M

Balance Sheet as at 31-Mar-2020 — **In (Rupees)**

Particulars	Note No.	ABC Company 19-20 as at 31-Mar-2020		ABC Company 18-19 as at 31-Mar-2020	
I EQUITY AND LIABILITIES					
1 [illegible]			2,48,06,369.86		2,26,84,547.15
a) Share Capital		54,90,000.00		54,90,000.00	
b) Reserve and Surplus		1,94,06,369.86		1,71,94,547.15	
c) Money Received Against Share Warrants					
2 Share Application money pending allotment					
3 Non-Current Liabilities					
a) Long-Term Borrowings					
b) Deferred Tax Liabilities (Net)					
c) Other Long-Term Liabilities					
d) Long-Term Provisions					
4 Current Liabilities					
a) Short-Term Borrowings			1,38,64,018.87		1,42,13,908.58
b) Trade Payables		61,21,583.97		61,28,256.84	
c) Other Current Liabilities		75,23,997.34		74,71,021.34	
d) Short-Term Provisions		2,18,437.58		6,14,630.38	
Ungrouped Equity and Liabilities					
Unadjusted Forex Gain or Loss			48,13,595.85		43,93,431.03
Total					8,637.50
II. ASSETS			4,35,73,984.58		4,13,03,524.24
1 Non-Current Assets					
a) Fixed Assets			44,12,177.80		49,67,377.80
b) Tangible Assets		43,62,177.80		49,17,377.80	
c) Intangible Assets		43,62,177.80		49,17,377.80	
d) Capital Work-in-Progress					

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Objective Type Questions

Q. I. State the following statement are true or false :

1) Evolution of clerical systems was the final phase.
2) Computerised accounting system is independent of management accounting.
3) The computerised accounting system spreads across the various branches of accounting and integrates them to help decision - makers make holistic choices.
4) Computerised Accounting is an economical and time saving.
5) Off-the-shelf packages are more expensive than custom-built-packages.
6) Computerised Accounting saves labour and tedium involved in routine book keeping and accounting activities.
7) A computer is an electric device.
8) A computer is an electronic machine which operates on given instructions and processes the input data, to convert it into some output-information.
9) The computer is a faithful, never tiring but a foolish servant.
10) Consistency refers to the ability of computers to perform a variety of tasks, simple as well as complex.
11) Computer is the most utilitarian, versatile and complex creation of modern civilisation.
12) The idea of computers was first conceived by Charles P. Babbage in 1833.
13) The memory is a storage unit, capable of storing large amount of information in computer, which is easily accessible when required.
14) Software, refers to the physical devices of a computer system.
15) The software and hardware of a computer must work together to produce a useful input.
16) Programmers are the people who write up the programmes to implement the data processing system design.
17) A modern computer is a fast moving calculating machine.
18) A computer sometime is also termed as 'electronic brain'.
19) For a modern commercial office, computer has become an important office automation tool.
20) Non-cash vouchers reflect transactions in which money is immediately paid or received.

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21) The total of all debits in a voucher transaction must be equal to the total of credits.

22) A contra voucher is used for fund transfer between Cash and Bank Accounts only.

23) All sales in cash or credit should be entered through sales voucher.

24) Generally opening entries transactions should be entered through journal voucher.

25) Software is a set of programmes that cause the computer to perform the desired work.

26) Inputs are the reports generated for decision-making.

27) Inputs represent data from source documents viz. sales receipts purchase orders, bank deposit slip etc.

28) Spread sheets is a software package designed to create, update and revise mathematical models, charts, reports, graphs or diagrams in any form.

29) The computerised accounting system spreads across the various branches of accounting and integrates them to help decision-makers to make holistic choices.

30) A corruption of data may shut down the whole system and destroy the complete data base which can lead to panic.

31) In Computerised Accounting Environment the processing of financial information will be done by one or more computers.

32) In spread sheet accounting software double entry is automatically completed.

Ans. : (1. False, **2.** False, **3.** True, **4.** True, **5.** False, **6.** True, **7.** False, **8.** True, **9.** True, **10.** False, **11.** True, **12.** True, **13.** True, **14.** False, **15.** False, **16.** True, **17.** False, **18.** True **19.** True, **20.** False, **21.** True, **22.** True, **23.** True, **24.** True, **25.** True, **26.** False, **27.** True, **28.** True, **29.** True, **30.** True, **31.** True, **32.** False)

Q. II. Fill in the blanks :

1) The _____ cannot make a decision itself like human beings.

2) _____ requires a neat, clean and controlled temperature to work efficiently.

3) The most popular system of recording of accounting transactions is _____

4) The computerised accounting uses the concept of _____.

5) Accounting _____ is used to implement a computerized accounting.

6) In a manual accounting system, transactions recorded in the books of _____.

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7) The generation of ledger accounts is not a necessary condition for making _____ in a computerised accounting system.

8) The computerised accounting system is capable of handling _____ of transactions.

9) The _____ accounting system is capable of offering quick and quality reporting.

10) Computerised accounting system offers _____ facility to store transaction data.

11) Computerised accounting system is _____ to the manual accounting system.

12) The computerised accounting is one of the _____ oriented applications

13) The amount of time a computer takes in accomplishing a task or complete an operation is termed as _____ of computer.

14) The degree of exactness with which computations are made and operations are performed is referred to as _____.

15) The ability with which the computers remain functional to serve the user is termed as _____.

16) Repeating the same results without any variations irrespective of the number of times the programme is run known as _____.

17) The ability of computers to perform a variety of tasks, simple as well complex, is known as _____.

18) Centralised control over access to accounting data ensures better _____ of data.

19) _____ Accounting System saves a lot of monotonous labour.

20) Computer is as _____ the input and instructions are.

21) A computer has no _____ of its own.

22) People interacting with the computers are called _____ of the computer system.

23) Connectivity is acknowledged as a _____ element of the computer system.

24) If the inaccurate data is not fed into the computer, the resultant output will always be _____.

25) Control unit works as a _____ of the computer.

26) Manual Accounting increases unnecessary _____ of work.

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27) Computer is a cent percent _____ machine.

28) In _____ no manual efforts are required for journalising, ledger posting, balancing and preparation of trial balance.

29) A _____ is the documentary evidence for a business transaction.

30) An _____ is a document received from outside agency regarding a business transaction.

31) An _____ is a document which is created by the business itself and signed by the payee.

32) Cash vouchers involve receipt or payment of _____.

33) As per the rule of equity, decrease in liability must be _____.

34) Computerised Accounting requires transaction data to be entered into _____.

35) A voucher is a record of transactions following the rules of _____.

36) Cash deposited into Bank and Cash withdrawn from Bank, transactions should be entered in _____ voucher.

37) All inflow of money either through cash or bank is to be recorded in _____ voucher.

38) All purchases in cash or credit should be entered in _____ voucher.

39) Integrated computerised Accounting System = Accounting (+) _____.

40) The database system can be defined as an _____ collection of information.

41) In computerised accounting environment, the _____ of financial information will be done by one or more computers.

42) A coded accounting system is more convenient where there are numerous _____.

43) Spread sheet softwares are used as an accounting _____ as it is simple to use and easy to understand.

44) Now a days, pre-packaged accounting softwares are available at very cheap prices, hence relatively they are _____.

45) A _____ accounting software is developed on the basis of specific requirements of the business organisation.

46) If the size of business operation is small or medium, it is better to operate for a _____ accounting software.

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47) _____ accoounting is an economical & time saving device.

Ans. : (**1.** computer, **2.** Computer, **3.** manual, **4.** databases, **5.** software, **6.** original entry, **7.** trial balance, 8. large number, **9.** computerised, **10.** online, **11.** Superior, **12.** database, **13.** speed, **14.** accuracy, **15.** reliability, **16.** consistency, **17.** versatility, **18.** security, **19.** compurterised, **20.** accurate, **21.** intelligence, **22.** live-ware, **23.** sixth, **24.** accurate, **25.** brain, **26.** duplication, **27.** accurate, 28. computerised accounting system, **29.** voucher, **30.** external voucher, **31.** internal voucher, **32.** money, **33.** debited, **34.** accounting package, **35.** equality, **36.** contra, **37.** receipt, **38.** purchase, **39.** computerisation, **40.** organised, **41.** processing, **42.** account heads, **43.** tool, **44.** inexpensive, **45.** customised, **46.** prepackaged, **47.** Computerised)

Long Answers Questions

Q. 1. What do you mean by a Computerised Accounting System?
Q. 2. What is the significance of a Computerised Accounting System?
Q. 3. State the salient features of a computerised Accounting.
Q. 4. Why are codes preferred in a Computerised Accounting ?
Q. 5. How is grouping done in the Computer ?
Q. 6. Which point should be done in the computer?
Q. 7. Explain the term 'maintaining the Hierarchy of Ledgers'.
Q. 8. How will you select a customised accounting software vendor?
Q. 9. Why are codes preferred in computerised accounting?
Q. 10. Write short notes on :

a) Grouping of Accounts.
b) Spread Sheet Package.
c) ERP
d) Outsourcing of Accounting Function Package
e) Generating Accounting Report.

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