# UNIT 10

### COMPUTERISED ACCOUNTING SYSTEM-TALLY

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- 10.1 Introduction
- 10.2. Applications of Computerised Acounting System (CAS)
- 10.3 Automated accounting system
- 10.4 Designing the accounting reports
- 10.5. Data exchange with other information system
- 10.6. Application of computerised accounting system – Tally with GST package
- 10.7. Practical application of accounting software Tally.ERP 9

#### Points to recall

The following points are to be recalled before learning computerised accounting system-Tally:

- ♦ Fundamental principles of accounting
- ♦ Double entry system
- ♦ Basic rules of accounting
- Computerised Accounting System (CAS)
- ♦ Journalising
- Subsidiary books
- ♦ Ledger posting
- ♦ Final accounts

#### Learning objectives

#### To enable the students to

- Understand the automated accounting system
- Apply Tally.ERP 9 in maintaining books of accounts and generating reports

#### Key terms to know

- ♦ Gateway of Tally
- ♦ Accounting groups
- ♦ Accounting features
- ♦ Receipt voucher
- Payment voucher
- ♦ Contra voucher
- ♦ Purchase voucher
- $\diamond$  Sales voucher
- ♦ Journal voucher

#### **10.1 Introduction**

Student activity 10.1

Interview an accountant of a big organisation to know, how far automated accounting system is beneficial for maintaining accounting records.

Computerised accounting system refers to the system of maintaining accounts using computers. It involves the processing of accounting transactions through the use of computer in order to maintain and produce accounting records and reports. Computerised accounting system takes accounting transactions as inputs that are processed through accounting software to generate various reports.

#### 10.2. Applications of Computerised Acounting System (CAS)

The applications of CAS are as follows:

- 1. Maintaining accounting records: In CAS, accounting records can be maintained easily and efficiently for long time period. It does not require a large amount of physical space. It facilitates fast and accurate retrieval of data and information.
- 2. Inventory management: CAS facilitates efficient management of inventory. Fast moving, slow moving and obsolete inventory can be identified. Updated information about availability of inventory, level of inventory, etc., can be obtained instantly.
- **3. Pay roll preparation:** Pay roll involves the calculation of amount due to an employee. Pay of an employee may be calculated based on hours/days worked or units produced. CAS records the attendance of employees, computes the amount of salary, makes deductions such as provident fund, income tax, etc.
- 4. Report generation: CAS helps to generate various routine and special purpose reports.
- 5. Data import/export: Accounting data and information can be imported from or exported to other users within the organisation as well as outside the organisation.
- **6.** Taxation: CAS helps to compute various taxes and to deduct these and deposit the same to the Government account.

#### 10.3 Automated accounting system

Automated accounting is an approach to maintain up-to-date accounting records with the aid of accounting software. Under manual accounting system entries are made in different books of accounts while accounting software packages allow manual entry in one field or one place. From that field or place, the software automatically relates the transaction to all other relevant records within the software package.

#### 10.4 Designing the accounting reports

Accounting report is a compilation of accounting information that are derived from the accounting records of a business concern. Accounting reports may be classified as routine reports and special purpose reports.

Routine accounting reports include

- (a) Day books / Journal
- (b) Ledger
- (c) Trial balance
- (d) Income statement
- (e) Balance sheet
- (f) Cash flow statement

Special purpose report is a report other than the routine accounting reports which is prepared according to the requirements of the user.

Following are the steps involved in designing accounting reports:

- 1. Define the objective of generating report
- 2. Specify the structure of the report
- 3. Creating database queries to interact with the database to retrieve, modify, add or delete data from the records.

#### 10.5. Data exchange with other information system

A Management Information System (MIS) is a system that provides information for decision making at all levels of management. It includes manufacturing information system, marketing information system, human resource information system and accounting information system. Accounting Information System (AIS) collects financial data, processes them and provides information to the various users. To provide information AIS requires data from other information system that is manufacturing, marketing and human resources. Similarly, other information systems require data from AIS in order to provide information. Thus, data exchange among the information systems is inevitable. For example, to compute amount of wages to be paid, AIS requires data from manufacturing information system and human resource information system.

## 10.6. Application of computerised accounting system – Tally with GST package

Tally is one of the most widely used financial accounting softwares. It is used by various types of trade and industries. It is a comprehensive business accounting and inventory management software that provides various facilities like multi-lingual operations, online functions, legally supported reports, etc.

In 2009, Tally Solutions introduced the software Tally.ERP 9. The software offers comprehensive business management solution. It maintains all books of accounts. Different types of vouchers such as vouchers for receipt, payment, sales, purchases, etc., can be used for recording transactions. It follows the principle of double entry system of book keeping. In 2017, it was updated to comply with the Indian Goods and Services Tax (GST) requirements.

#### 10.7. Practical application of accounting software - Tally.ERP 9

#### Practical on application of accounting software - Tally

#### 1. Starting Tally

Tally can be started in either of the ways as given below:

Click on Start > All Programs > Tally.ERP 9 > Tally.ERP 9 icon

(or)

Click on Tally.ERP 9 icon (shortcut) on the desktop

A newly installed Tally, if opened, will appear as in figure 10.1.

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#### Figure 10.1 Newly installed Tally screen

When Tally is started, choose the mode of operation as per the options listed on the screen. If license is available, choose 'Activate Your License'. Otherwise choose 'Work in Education Mode'.



Tally.ERP 9 can be used without a licence. But, for the date of the transactions only 1, 2 and 31 can be recorded.

For practice, 'Work in Education Mode' is chosen. After the selection, the first screen appears as in figure 10.2.

#### 2. Creation of a company

It is essential to enter the particulars of the company for which accounts are to be maintained in Tally. In order to create a company, the following steps are to be followed:

Company Info > Create Company

After selection of Create Company from first screen in Tally, the Company Creation screen will appear as in figure 10.3.

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						Company Info.			
						Select Company			
						Login as Remote Us	ser		
						Create Company			
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#### Figure 10.2 First screen in Tally

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#### **Figure 10.3 Creation of company**

Tally asks for name, address, books and financial year details, security control, base currency information, etc. Now, provide all particulars of the company as required in Tally. After completing all entries, choose 'Yes' to accept data and create company.

#### **Tutorial note**

For practice purpose, enter only the name and keep all other fields as they are. Following the above procedure, multiple companies can be created.

#### 3. Gateway of Tally

Tally screen appears as in figure 10.4 given below, after creation of a company and whenever Tally is started. This screen is called Gateway of Tally. It shows the company selected under List of Selected Companies on the left pane.

Gateway of Tally is shown on the right pane which contains menu options such as Transactions and Reports. The shortcut key for each menu option is a letter from the option's name, which will be highlighted in red.

Vertical button bar is placed on the extreme right of the screen which contains buttons such as F1 and F2 for quick interaction with Tally.ERP 9.

Bottom horizontal information panel displays details of product, version, licence, configuration and calculator.



The Gateway of Tally screen will appear as below:

Figure 10.4 Gateway of Tally

#### 4. Closing Tally

The following are the two ways for closing Tally:

Press Esc Key > Press Enter or Y or Click on Yes

(or) Press Ctrl + Q

#### 5. Select a company

If multiple companies are created, to choose a particular company, after opening Tally, click F1 (Select Cmp) on the vertical button bar. Tally.ERP 9 displays the Select Company screen, with a list of companies that are already created. Select the company for which accounting has to be done.

#### 6. Company features

After creation of a company, it is necessary to set up Tally.ERP 9's features. The features in Tally.ERP 9 are set of capabilities, provided as options, that enable maintainenance of financial records as per the requirements of the users. Click F11:Features, on the vertical button bar to go to Company Features menu. It contains Accounting Features, Inventory Features, etc. The Company Features screen will appear as shown in figure 10.5.

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	1-4-2018 to 31-3-2019		Sunday, 1 Apr,	2018						E6: Add-Ons
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Figure 10.5 Company Features screen

#### 7. Accounting Features

The General Accounting Features include 'Maintain accounts only', 'Integrate accounts and inventory' and use Income and Expenses A/c instead of Profit and Loss A/c. The other Accounting Features include Invoicing, Banking Features, etc.

For practice purpose, only the accounting aspects are considered and inventory features are not considered.

Select Accounting Features from the Company Features menu. Under General Accounting Features, set 'Yes' to 'Maintain accounts only' option. Leave all other features to default values and accept 'Yes'.

The Accounting Features screen will appear as shown in figure 10.6. (see the next page)

#### 8. Statutory and Taxation features

Statutory and Taxation features include Goods and Services Tax (GST), Value Added Tax (VAT) and Tax Deducted at Source (TDS). To enable Goods and Services Tax, set 'Yes' to 'Enable Goods and Services Tax' option. For practice purpose set to default value of 'No'.

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				Account	ting Features					
	General				Invoicing					
	Maintain acco	unts only		7 Yes	Enable invoicin	9		7 Yes		
	Integrate acco	unts and inventory		? No	Record purc	nases in invoice mode		7 Yes		
	Use Income a	nd Expenses A/c ins	tead of Profit and Loss A/o	: 7 No	Record cred	it notes in invoice modi	e	7 NO 7 NO		
	Enable multi-o	urrency		7 Yes	Record debi	t notes in invoice mode	•	7 No		
	Outstanding	Management			Budgets and	Scenario Manageme	nt			
	Maintain bill-w	ise details		7 No	Maintain budge	ts and controls		7 No		
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Figure 10.6 Accounting Features screen

#### 9. Creating Accounting Groups

In Tally, a Group is a collection of ledgers of the same nature. There are predefined groups of accounts which are widely used in accounts of many organisations. These predefined groups comply with the basic accounting principles of classifying various account heads into Assets, Liabilities, Income and Expense as shown below:

	List of Groups		List of Groups
1	Bank Accounts	18	Indirect Expenses
2	Bank OCC A/c	19	Indirect Incomes
3	Bank OD A/c	20	Investments
4	Branch / Divisions	21	Loans & Advances (Asset)
5	Capital Account	22	Loans (Liability)
6	Cash-in-Hand	23	Misc.Expenses (ASSET)
7	Current Assets	24	Provisions
8	Current Liabilities	25	Purchase Accounts
9	Deposits (Assets)	26	Reserves & Surplus
10	Direct Expenses	27	Retained Earnings
11	Direct Incomes	28	Sales Accounts
12	Duties & Taxes	29	Secured Loans
13	Expenses (Direct)	30	Stock-in-Hand
14	Expenses (Indirect)	31	Sundry Creditors
15	Fixed Assets	32	Sundry Debtors
16	Income (Direct)	33	Suspense A/c
17	Income (Indirect)	34	Unsecured Loans

Groups are categorised as Primary Groups and Sub-Groups. Primary group includes Capital Account, Current Liabilities, Fixed Assets, Current Assets, etc. Sub-Group includes Reserves & Surplus, Sundry Creditors, Sundry Debtors, etc.

To view predefined groups,

Gateway of Tally > Masters > Accounts Info > Groups > Single Group > Display After selection, Tally screen will appear as in Figure 10.7.

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Figure 10.7 List of Groups

If any additional group is required, it can be created as follows: Gateway of Tally > Masters > Accounts Info > Groups > Single Group > Create

#### 10. Ledger Accounts

In Tally, to record transactions, the transactions are to be identified with the related ledger accounts. Tally has two predefined ledgers, Cash and Profit & Loss A/c. The user has to create various other ledgers based on their requirements.

#### To create ledger:

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Create

After selection, Tally screen will appear as in Figure 10.8.

While creating a ledger, name and the Group under which the ledger account is to be classified should be provided. Leave all other features to default values and accept 'Yes'.

#### 11. Modification of group and ledger

Alteration or deletion of group and ledger is possible. While details of user-defined group/ ledger can be fully altered, only name can be altered for predefined group/ledger. Predefined group/ledger cannot be deleted. However, user-defined group/ledger can be deleted.

**To delete a ledger:** Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Alter > Select the Ledger to be deleted > Alt D > Yes

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Figure 10.8 Creation of Ledger

#### 12. Vouchers

Voucher is a document which contains details of transactions. Transactions are to be recorded through voucher entries. Tally has a set of predefined vouchers such as Purchase, Sales, Payment, Receipt and Contra.

To view the list of voucher types:

Gateway of Tally > Masters > Accounts Info > Voucher Types > Display As per the requirements of users, additional voucher type can be created. Following are some of the major accounting vouchers used in an organisation:

- i) Receipt Voucher
- ii) Payment Voucher
- iii) Contra Voucher
- iv) Purchase Voucher
- v) Sales Voucher
- vi) Journal Voucher

#### (i) Receipt Voucher

All transactions related to receipt either in cash or through bank are recorded using receipt voucher. In this voucher, cash or bank account is debited and other ledger account is credited. To record receipt:

Gateway of Tally > Transactions > Accounting Vouchers > F6:Receipt

#### (ii) Payment Voucher

All transactions related to payments either in cash or through bank are recorded using payment voucher. In this voucher, cash or bank account is credited and other ledger account is debited. To record payment:

Gateway of Tally > Transactions > Accounting Vouchers > F5:Payment

#### (iii) Contra Voucher

A transaction involving both cash account and bank account is recorded using contra voucher. The transaction may be for deposit of cash into bank account or withdrawal of cash from bank account.

To record contra:

Gateway of Tally > Transactions > Accounting Vouchers > F4:Contra

#### (iv) Purchase Voucher

Purchase vouchers are used for recording both cash and credit purchases of goods.

To record purchases:

Gateway of Tally > Transactions > Accounting Vouchers > F9:Purchase

#### (v) Sales Voucher

Sales vouchers are used for recording both cash and credit sales of goods. To record sales:

Gateway of Tally > Transactions > Accounting Vouchers > F8:Sales

#### (vi) Journal Voucher

Journal vouchers are used for recording transactions involving other than cash, bank, purchases and sales such as depreciation, provision for bad debts.

To record journal:

Gateway of Tally > Transactions > Accounting Vouchers > F7:Journal

To record transactions using voucher, Accounting Voucher Creation has to be used. Accounting Voucher Creation contains Name and Number of the voucher, Date of voucher, Particulars, Debit and Credit and Narration.

#### Practical problem 1

Record the following transactions in Tally.

- 1. Robert commenced a transport business with a capital of  $\gtrless$  1,00,000
- 2. An account was opened with State Bank of India and deposited ₹ 30,000
- 3. Purchased furniture by paying cash ₹ 10,000
- 4. Goods purchased on credit from Mohaideen for ₹ 20,000
- 5. Cash sales made for ₹ 8,000
- 6. Goods purchased from Rathinam for ₹ 5,000 and money deposited in CDM
- 7. Goods sold to Rony on credit for ₹ 60,000
- 8. Money withdrawn from bank for office use ₹ 9,000
- 9. Part payment of ₹ 10,000 made to Mohaideen by cheque
- 10. Rony made part payment of ₹ 5,000 by cash
- 11. Salaries paid to staff through ECS ₹ 6,000
- 12. Wages of ₹ 3,000 paid by cash
- 13. Purchased stationery from Pandian Ltd. on credit ₹ 4,000

#### **Solution**

Analysis of transactions, passing journal entries, identification of voucher type and group:

Sl. No.	Particulars		Debit ₹	Credit ₹	Voucher type	Group
1	Cash A/c	Dr.	1,00,000		Receipt	Cash-in-Hand
	To Robert's Capital A/c			1,00,000	Voucher	Capital Account
2	State Bank of India A/c	Dr.	30,000		Contra	Bank Accounts
	To Cash A/c			30,000	Voucher	Cash-in-Hand
3	Furniture A/c	Dr.	10,000		Payment	Fixed Assets
	To Cash A/c			10,000	Voucher	Cash-in-Hand
4	Purchases A/c	Dr.	20,000		Purchase	Purchase Accounts
	To Mohaideen A/c			20,000	Voucher	Sundry Creditors
5	Cash A/c	Dr.	8,000		Sales	Cash-in-Hand
	To Sales A/c			8,000	Voucher	Sales Accounts
6	Purchases A/c	Dr.	5,000		Purchase	Purchase Accounts
	To Cash A/c			5,000	Voucher	Cash-in-Hand
7	Rony A/c	Dr.	60,000		Sales	Sundry Debtors
	To Sales A/c			60,000	Voucher	Sales Accounts
8	Cash A/c	Dr.	9,000		Contra	Cash-in-Hand
	To Bank A/c	_		9,000	Voucher	Bank Accounts
9	Mohaideen A/c	Dr.	10,000		Payment	Sundry Creditors
	To Bank A/c			10,000	Voucher	Bank Accounts
10	Cash A/c	Dr.	5,000		Receipt	Cash-in-Hand
	To Rony A/c			5,000	Voucher	Sundry Debtors
11	Salaries A/c	Dr.	6,000		Payment	Indirect Expenses
	To Bank A/c			6,000	Voucher	Bank Accounts
12	Wages A/c	Dr.	3,000		Payment	Direct Expenses
	To Cash A/c			3,000	Voucher	Cash-in-Hand
13	Stationery A/c	Dr.	4,000		Journal	Indirect Expenses
	To Pandian Ltd. A/c			4,000	Voucher	Sundry Creditors

Following steps are to be followed to enter the transactions in Tally.ERP 9

#### 1. To create company

Company Info > Create Company

Type the Name as Robert and keep all other fields as they are and choose 'Yes' to accept.

Tally.ERP 9		-	-	A Based of	-				
P: Print	E: Export M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	
Company Creati	on							Ctrl + M 🗴	
Directory	C:\Users\Public\Tall	/.ERP9\Data			Books ar	nd Financial Year Det	ails		
Name	Robert		Finance	ial year begins from	1.4-2018				
	Primary Mailing D	etails	20010	beginning noni					
Mailing name	Robert					Security Control			
Address			TallyV	ault password (if any)					
Country	India		Kep (Wami	eat password ing: Forgetting TallvVa	: ault password will ren	nder vour data inaccessi	ible.)		
State	J Not Applicable		Use se	ecurity control	? No				
Pincode			(Enabl	le security to avail TS	S features)				
	Contact Detai	s							
Phone no.									
Fax no.									
E-mail									
VVebsite									
			Base Curre	ency Information					
Base currency s	symbol 7					Number of deci	mal places	- 2	
Formal name	INR					Word represent	ing amount after decin	na	L
Suffix symbol to Add space betw	een amount and symbol ? Yes					No. of decimal	places for amount in w	Accept ?	
Show amount in	millions ? No							Yes or No	
Q: Quit									
				^				Ctrl + N	
Tally MAIN> Gat	teway of Tally> Company Info> Cor	npany Creation				© Tally Solutions Pv	rt Ltd., 1988-2018	Wed, 6 Mar, 2019	10:01:12

Figure 10.9 Creation of Company

#### 2. To maintain accounts only

Gateway of Tally > F11 Accounting Features > General > Maintain accounts only: Yes > Accept Yes

Tally.ERP 9					the Report of					
Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Accounts
Company Operation	ns Alteration								Ctrl + M ×	F2: Inventory
	Contractor of		c	-14						F3: Statutory
	21			Compar	y: Robert				3	E6: Add-Ons
				Accountin	ng Features				3	
				37.	-				2	
	General				Invoicing					
	Maintain acci	ounts only		7 Yes	Enable invoicing			7 Yes		
	Integrate acc	ounts and inventory		? No	Record purch	ases in invoice mode		7 Yes		
	Use Income a	and Expenses A/c ins	stead of Prcfit and Loss A	Vc 7 No	Use debt and c	redit notes		7 No 7 No		
	Enable multi-	currency		7 Yes	Record debit	notes in invoice mode	28	7 No	1	
	Outstanding	Management			Budgets and S	cenario Managemer	nt			
	Maintain bill-v	vise details		7 Yes	Maintain budget	s and controls		7 No		
	For non-tra	iding accounts also		7 No	Use reversing jo	urnals and optional voi	uchers	7 No		
	Activate inter	est calculation		7 No 7 No	Dealine Frate					
		and a second			Enable cheque	printing		7 Vor		
	Cost/Profit C	entres Managemen	<u>11</u>		Set/alter transa	rtion types		7 No	( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )	
	Maintain payl	011		7 NO	Set/alter bankin	a features		7 No	(	
	Use cost o	entre for job costing		? No	Set/alter post-d:	ated transaction featur	es	7 No	5	
	Maintain n	ore than one payroll	or cost category	7 No	Other Feeture				7	
	Show oper	ing balance for reven	ue items in reports	7 No	Enable zero valu	t and transactions		2 No.		
	10				Maintain multipl	e mailing details for co	moany and ledgers	7 No		
					Set/alter com	pany mailing details		7 No		
					Enable company	y logo		7 No		
					Mark changed v	ouchers		7 No		
								A	3	
								Accept ?	1	
			F1: Accounts	F2: Inventory	F3: Statutory	F6: Add-Ons		Yes or No		
	2								10	
: Quit	Accept					· · · · · · · · · · · · · · · · · · ·				
					^			19	Ctrl + N	
lly MAIN> Gate	vay of Tally> Cor	npany Features> Cor	mpany Operations Alteration	on			C Tally Solutions P	rt Ltd., 1988-2018	Wed, 6 Mar, 2019	10:26:08

**Figure 10.10 Accounting Features** 

#### 3. To create ledger accounts

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Create

Tally.ERP 9				_	ALC: NUMBER OF	6				
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Select Cmp
Gateway of T	ally								Ctrl + M	F1: Shut Cmp
	Current Period		Current Da	'e						
	1-4-2018 to 31-3-2019		Sunday, 1 Apr	, 2018						F2: Date
	I	List of Selected Co	ompanies							F2: Period
Name of Con	mpany			Date of Last Entry						
Robert			No	/ouchers Entered			Gateway of Tally Accounts Info			F3: Company
Deineb				4 4 2040			Ledgers			F3: Cmp Info
Robert			٨	lo Vouchers Entered						51.0
							Single Ledger			F4: Connect
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POWE		(LOCOL)				CONC MOIVER	0000			F11: Features
Ta	lly.ERP 9							1>		F12: Configure
Tally MAIN>	Gateway of Tally> Accou	unts Info> Ledgers	5				© Tally Solutions Pv	t Ltd., 1988-2018	Wed, 6 Mar, 2019	10:06:59

Figure 10.11 Creation of Ledger

(i) To create Robert's Capital A/c Name: Robert's Capital A/c Under: Capital Account Accept: Yes:

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Figure 10.12 Creation of Capital A/c

#### (ii) To create State Bank of India A/c Name: State Bank of India A/c Under: Bank Accounts

Accept: Yes



Figure 10.13 Creation of State Bank of India A/c

(iii) To create Furniture A/c Name: Furniture A/c Under: Fixed Assets Accept: Yes



Figure 10.14 Creation of Furniture A/c

# Construction Exception Exception</t

#### (iv) To create Purchases A/c Name: Purchases A/c Under: Purchase Accept: Yes

(v) To create Mohaideen A/c

Name: Mohaideen A/c Under: Sundry Creditors Accept: Yes



Figure 10.15 Creation of Purchases A/c

(vi) To create Sales A/c Name: Sales A/c Under: Sales Accounts Accept: Yes





Figure 10.17 Creation of Sales A/c

(vii) To create Rony A/c Name: Rony A/c Under: Sundry Debtors Accept: Yes



#### Figure 10.18 Creation of Rony A/c

 Carl Ling 10 / 2
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 Carl Ling ()
 Carl L

(viii) To create Salaries A/c Name: Salaries A/c Under: Indirect Expenses Accept: Yes

(ix) To create Wages A/c Name: Wages A/c Under: Direct Expenses Accept: Yes





Figure 10.20 Creation of Wages A/c

Control of the second of the s

Figure 10.21 Creation of Stationery A/c

(x) To create Stationery A/c Name: Stationery A/c Under: Indirect Expenses Accept: Yes (xi) To create Pandian Ltd. A/c Name: Pandian Ltd. A/c Under:Sundry Creditors Accept: Yes



Figure 10.22 Creation of Pandian Ltd. A/c

#### 4. To enter transactions through vouchers

Gateway of Tally > Transactions > Accounting Vouchers

#### (1) Robert commenced a transport business with a capital of $\gtrless$ 1,00,000

F6: Receipt voucher Account: Cash Particulars: Robert's Capital A/c (Choose from List of Ledger Accounts) Enter the amount of capital: ₹ 1,00,000 Narration: Capital introduced Accept Yes.



Figure 10.23 Creation of Receipt voucher

#### (2) An account was opened with State Bank of India and deposited ₹ 30,000

F4: Contra voucher Account: State Bank of India Particulars: Cash Amount: ₹ 30,000 Narration: Opened bank account in SBI Accept Yes



Figure 10.24 Creation of Contra voucher

#### (3) Purchased furniture by paying cash ₹ 10,000

F5: Payment voucher Account: Cash Particulars: Furniture A/c Amount: ₹ 10,000 Narration: Furniture bought by cash Accept Yes



Figure 10.25 Creation of Payment voucher

#### (4) Goods purchased on credit from Mohaideen for $\gtrless$ 20,000

F9: Purchase voucher Party A/c name: Mohaideen A/c Particulars: Purchases A/c Amount: ₹ 20,000 Narration: Goods purchased on credit from Mohaideen Accept Yes



Figure 10.26 Creation of Purchase voucher

#### (5) Cash sales made for $\gtrless$ 8,000

F8: Sales voucher Account: Cash Particulars: Sales A/c Amount: ₹ 8,000 Narration: Cash sales made Accept Yes



Figure 10.27 Creation of Sales voucher

#### (6) Goods purchased from Rathinam for ₹ 5,000 and money deposited in CDM

F9: Purchase voucher Account: Cash Particulars: Purchases A/c Amount: ₹ 5,000 Narration: Cash purchases made Accept Yes



Figure 10.28 Creation of Purchase voucher

#### (7) Goods sold to Rony on credit for ₹ 60,000

F8: Sales voucher Party A/c name: Rony A/c Particulars: Sales A/c Amount: ₹ 60,000 Narration: Goods sold on credit to Rony Accept Yes

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Figure 10.29 Creation of Sales voucher

#### (8) Money withdrawn from bank for office use ₹ 9,000

F4: Contra voucher Account: Cash Particulars: State Bank of India A/c Amount: ₹ 9,000 Narration: Cash withdrawn from bank Accept Yes



Figure 10.30 Creation of Contra voucher

#### (9) Part payment of ₹ 10,000 made to Mohaideen by cheque

F5: Payment voucher Account: State Bank of India Particulars: Mohaideen A/c Amount: ₹ 10,000 Narration: Payment made to Mohaideen by cheque Accept Yes

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Figure 10.31 Creation of Payment voucher

#### (10) Rony made part payment of ₹ 5,000 by cash

F6: Receipt voucher Account: Cash Particulars: Rony A/c Amount: ₹ 5,000 Narration: Cash received from Rony Accept Yes.

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Figure 10.32 Creation of Receipt voucher

#### (11) Salaries paid to staff through ECS ₹ 6,000

F5: Payment voucher Account: State Bank of India Particulars: Salaries A/c Amount: ₹ 6,000 Narration: Salaries paid through ECS Accept Yes

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Prese .									Accept ?	
									Yes or No	

Figure 10.33 Creation of Payment voucher

#### (12) Wages of ₹ 3,000 paid by cash

F5: Payment voucher
Account: Cash
Particulars: Wages A/c
Amount: ₹ 3,000
Narration: Wages paid by cash
Accept Yes



Figure 10.34 Creation of Payment voucher

#### (13) Purchased stationery from Pandian Ltd. on credit ₹ 4,000

F7: Journal voucher Particulars: Stationery Amount: ₹ 4,000 To Pandian Ltd. Amount: ₹ 4,000 Narration: Stationery bought on credit from Pandian Ltd. Accept Yes

Taby SRP 9	1000			_	A Real					018
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#### 5. To view reports

#### (i) To view Trial Balance

Figure 10.35 Creation of Journal voucher

Gateway of Tally > Reports > Display > Trial Balance > AltF1 (detailed)

Tally.EKP 9										
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Condensed
Trial Balance					Robert				Ctrl + M	F2: Period
Particu	lare							For	Robert	F3: Company
rarticu	1413							Closir	ng Balance	F4: Group
								Debit	Credit	F5: Ledger-wise
										F6: Manthly
Capital Accou	int Val A A								1,00,000.00	F7: Vouchers
Current Liabil	itios								14 000 00	
Sundry Credit	tors								14,000.00	
Fixed Assets								10,000.	00	
Furniture A/c								10,000.	00	
Current Assets	S							1,34,000.	00	
Cash-in-Hand	i							74,000.	00	
Bank Account	nts							5,000.	00	
Sales Account	ts								68,000.00	C: Now Column
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#### (ii) To view Profit and Loss Account

F10: A/c Reports > Profit & Loss A/c > AltF1 (detailed)

Gateway of Tally > Reports > Profit & Loss A/c > AltF1 (detailed)

Tally.ERP 9						-				
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Figure 10.37 Profit and Loss Account

#### (iii) To view Balance Sheet

F10: A/c Reports > Balance Sheet > AltF1 (detailed) (or)

Gateway of Tally > Reports > Balance Sheet > AltF1 (detailed)

Tally.ERP 9										
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Condensed
Balance Shee	et .			Rol	bert				Ctrl + M X	F2: Period
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Capital Acco	ount		4.00.00	1,00,000.00	Fixed Assets			10.000	10,000.00	
Robert's C	apital A/C		1,00,00	0.00	Furniture A/C			10,000	<u>1.00</u>	
Current Liah	ility)			14 000 00	Sundry Debtors			55.000	1,34,000.00	
Sundry Cr	reditors		14.00	0.00	Cash-in-Hand			74,000	0.00	
Profit & Loss	A/c			30,000.00	Bank Accounts			5,000	0.00	
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										F11: Features
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Q: Quit					R	Remove Line U: I	Restore Line U: Restor	re All Space: Sele	ct	F12: Range
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Tally MAIN>	Gateway of Tally> Dis	play Menu> Trial Balar	nce> Profit & Loss A/c -	-> Balance Sheet			C Tally Solutions Pvt	: Ltd., 1988-2018	Wed, 6 Mar, 2019	11:28:33

Figure 10.38 Balance Sheet

#### (iv) To view Ratio Analysis

F10: A/c Reports > Ratio Analysis

(or)

Gateway of Tally > Reports > Ratio Analysis



Figure 10.39 Ratio Analysis

#### (v) To view Day Book

F10: A/c Reports > Day Book > AltF1 (detailed)

(or)

Gateway of Tally > Reports > Display> Day Book > AltF1 (detailed)

Tally.ERP	9				-	-				
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Langua	ge K: Keyboard	K: Control Centre	H: Support Centre	I: Help	F1: Condensed
Day Book					Robert				Ctrl + M 🗶	F2: Date
Day Book									For 1-Apr-2018	F2: Period
Date	Particulars					Vch Type	Vch No.	Deb	it Credit	F3: Company
								Amour	t Amount	F4: Change Voucher
1-4-2018 (	Cash					Contra	1		30,000.00	F5: Columnar
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1-4-2018 9	State Bank of India A Cash	/c 9.00	00 00 Dr			Contra	2		9,000.00	F7: Show Profit
1-4-2018 F	Furniture A/c					Payment	1	10,000.0	0	
(	Cash	10,00	00.00 Cr							
1-4-2018	Mohaideen A/c State Bank of India A	/c 10.00	00.00 Cr			Payment	2	10,000.0	0	
1-4-2018 5	Salaries A/c	10,00	0.00 01			Payment	3	6.000.0	0	
:	State Bank of India A	/c 6,00	00.00 Cr							
1-4-2018 V	Nages A/c	2.00	0.00 Cr			Payment	4	3,000.0	0	
1-4-2018 F	Robert's Capital A/c	3,00	0.00 CI			Receipt	1		1.00.000.00	
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1-4-2018 0	Cash					Sales	1	8,000.0	0	
1 4 2018	Sales A/c	8,00	JU.UU Cr			Salor	2	60.000.0	0	T: Post-Dated Rep
1-4-2010	Sales A/c	60,00	00.00 Cr			Jales	2	00,000.0		F8: Related Reports
1-4-2018 M	Mohaideen A/c					Purchase	1		20,000.00	F9: Inventory Reports
F	Purchases A/c	20,00	00.00 Dr						5 000 00	F10: A/c Reports
1-4-2018 C	Lash Purchases A/c	5.00	00.00 Dr			Purchase	2		5,000.00	F11: Features
										F12: Configure
O: Ouit	Enters Alter	Di Dalata Vi Ca	anal 2 Du	uplicate A: Add Vo	under hinset Vo	usher Di Demove Line Uti I	Jantara Line III: Destar	All Engage Calact	Conner Calent All	F12: Range
g. call	Linter: Alter	D. Delete X: Ca		All Add Vo	incher in Insent Vo	oucher R. Reinove Line 0:1	Restore Line 10: Restor	e Aur jopace: Select	Ctrl + N	F12: Value
Tally MAIN	-> Gateway of Tally> P	rofit & Loss A/c> Balanc	ce Sheet> Day Bo	ook			C Tally Solutions Pvt	Ltd., 1988-2018	Sun, 10 Mar, 2019	08:40:20

Figure 10.40 Day Book

#### Practical problem 2

The following balance sheet has been prepared from the books of Bright on 1-4-2018.

Liabilities	₹	Assets	₹
Capital	2,26,000	Machinery	1,00,000
Sundry creditors:		Furniture	10,000
Ramesh A/c	24,000	Stock	20,000
		Sundry debtors	
		Shankar	50,000
		Cash in hand	15,000
		Cash at bank	55,000
	2,50,000		2,50,000

During the year the following transactions took place:

- (a) Wages paid by cash ₹ 2,000
- (b) Rent paid by cheque ₹ 5,000
- (c) Cash purchases made for ₹ 3,000
- (d) Good purchased on credit from Senthamarai ₹ 15,000
- (e) Goods sold on credit to Pushparaj ₹ 25,000
- (f) Payment made to Senthamarai by cheque ₹ 5,000
- (g) Cash received from Shankar ₹ 30,000
- (h) Cash sales made for ₹ 6,000
- (i) Depreciate machinery at 10%
- (j) Closing stock on 31.03.2019 ₹ 15,000

You are required to prepare trading and profit and loss account for the year ended 31-03-2019 and a balance sheet as on that date using Tally.

#### **Solution**

Following steps are to be followed to enter the transactions in Tally.ERP 9

#### 1. To create company

Company Info > Create Company

Type the Name as Bright and keep all other fields as they are and choose 'Yes' to accept.

#### 2. To maintain accounts only

Gateway of Tally > F11 Accounting Features > General > Maintain accounts only: Yes > Accept Yes

#### 3. To create ledger accounts with opening balances

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Create

Creation of	Name	Under	Opening balance	Accept
Bright's Capital A/c	Bright's Capital A/c	Capital Account	2,26,000	Yes
Ramesh A/c (Sundry creditors)	Ramesh A/c	Sundry Creditors	24,000	Yes
Machinery A/c	Machinery A/c	Fixed Assets	1,00,000	Yes
Furniture A/c	Furniture A/c	Fixed Assets	10,000	Yes
Opening stock	Opening stock	Stock-in-Hand	20,000	Yes
Shankar A/c (Sundry debtors)	Shankar A/c	Sundry Debtors	50,000	Yes
Cash in hand	Cash	Cash-in-Hand	15,000	Yes
Cash at bank	Bank	Bank Accounts	55,000	Yes

Tally.ERP 9				and the second second					
P: Print E: E	кроrt <u>M</u> : E-Mail	O: Upload	<u>S</u> : TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F3: Company
Ledger Creation Name : Bright's (alias) :	apital A/c			Bright		2,26,000.00 Cr Difference 2,26,000.00 Cr		Ctrl + M 🛛	F3: New Company
Under Currency of ledger	: Capital / : ₹	Account	Name Address	<u>Mailing Details</u> : Bright's Capital A/c :					
			Country State Provide bank details	: India : <sup>J</sup> Not Applicable ? No	Pinco	de :			
			PAN/IT No.	Tax Registration De	<u>etails</u>				
									E: Details B: Set Chq Books
									G: Groups
									L: Ledgers
									E: Currency
						Accept ?			¥: Voucher Types
	Opening Ba	alance ( on 1-Apr-20	D18) :	2,26,000.00 Cr		Yes or No			
Q: Quit A: Acc	pt <u>D</u> : Delete							ci Lum	F11: Features F12: Configure
Tally MAIN> Gateway of	ally> Accounts Info> Le	edgers> Ledger Creatio	n	^		© Tally Solutions P	vt Ltd., 1988-2018	Ctrl + N Wed, 6 Mar, 2019	17:40:26

Figure 10.41 Creation of Bright's Capital A/c

#### Note

Cash account need not be created as it is a default ledger. Only the opening balance has to be recorded by altering the cash account.

To record the opening balance of cash:

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Alter



To delete or alter a transaction:

Gateway of Tally > Reports > Display > Day Book > (Choose the voucher to be deleted or altered) Delete or make changes and Accept > Yes

Tally.ERP 9			-	_	Tay Manual	and a				
P: Print	E: Export	M: E-Mail	O: Upload	<u>S</u> : TallyShop	G: Language	K: Keybo	oard K: Control Cent	re H: Support Centre	H: Help	F3: Company
Ledger Alter Name (alias)	ation : Cash :				Bright		Total Opening Balance 2,50,000.00 Dr 2,50,000.00 Cr		Ctrl + M	F10: Edit Sort
Under Currency of I	ledger	: Cash-in-Hand (Current Asset : ₹	s)	Name Address	<u>Mailing C</u>	letails				
				Provide bank details PAN/IT No.	? No <u>Tax Registrati</u>	on Details		ic.		
										L: Details B: Set Chq Books S: Set Chq Printing G: Groups
		Opening Balance	( on 1-Apr-201	8) :	15,000.00 E	)1	Accept ? Yes or No			L: Ledgers E: Currency V: Voucher Types
Q: Quit	A: Accept	D: Delete			^				Ctrl + N	F12: Configure
Tally MAIN>	Gateway of Tally> A	counts Info> Ledgers	-> Ledger Alteratio	n			© Tally Solution	s Pvt Ltd., 1988-2018	Wed, 6 Mar, 2019	18:09:54

Figure 10.42 Recording of opening balance of cash

After creating the ledgers and recording the opening balances of ledger accounts the balance sheet of Bright is shown as in the following figure:

Tally.ER	P 9									
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Condensed
Balance S	heet			Bri	ght				Ctrl + M	F2: Period
Linki	lister		_	Bright					Bright	F3: Company
LIADI	lities		a	s at 1-Apr-2016	Assets			as	at 1-Apr-2018	F7: Valuation
										S: Schedule VI
Capital A	ccount		2.26.0	2,26,000.00	Fixed Assets			10.00	1,10,000.00	
	s Gapital A/C ability)		2,20,0	00.00	Machinery A/c			1.00.000	).00 ).00	
Current I	iabilities			24.000.00	Current Assets				1,40,000.00	
Sundry	Creditors		24,0	00.00	Closing Stock			20,000	0.00	
Profit & L	oss A/c				Sundry Debtors Cash-in-Hand			50,000	).00 D.00	
Openin	ig Balance t Deriod				Bank Accounts			55,000	0.00	
Guiren	i renou									
										C: New Column
										A: Alter Column
										D: Delete Column
										N: Auto Column
										E9: Inventory Reports
										F10: A/c Reports
										F11: Features
										E12: Configure
Total				2,50,000.00	Total				2,50,000.00	F12: Range
Q: Quit					<u>R</u> :	Remove Line	Restore Line U: Resto	re All Space: Sele	ct	E12: Value
Tally MAINI	> Gateway of Tall	Palance Sheet		1	<b>`</b>		@ Tally Solutions D	+ 1+4 1099 2019	Ctrl + N	17:45:40
I any MAIN	> Galeway of Tally>	balance sneet					S rany solutions PV	t Ltu., 1900-2016	wed, o widt, 2019	17:43:45

Figure 10.43 Balance sheet

#### 4. To create ledger accounts for transactions

Creation of	Name	Under	Accept
Wages A/c	Wages A/c	Direct Expenses	Yes
Rent A/c	Rent A/c	Indirect Expenses	Yes
Purchases A/c	Purchases A/c	Purchases Accounts	Yes
Senthamarai A/c	Senthamarai A/c	Sundry Creditors	Yes
Sales A/c	Sales A/c	Sales Accounts	Yes
Pushparaj A/c	Pushparaj A/c	Sundry Debtors	Yes
Depreciation A/c	Depreciation A/c	Indirect Expenses	Yes

#### 5. To enter transactions through vouchers

Gateway of Tally > Transactions > Accounting Vouchers

#### Example: Wages of ₹ 2,000 paid by cash

F5: Payment voucher Account: Cash Particulars: Wages A/c Amount: ₹ 2,000 Narration: Wages paid by cash Accept Yes

In the similar way, record the other transactions. Use Payment Voucher for rent paid and payment to Senthamarai.

Use Purchase Voucher for credit purchases from Senthamarai and cash purchases.

Use Sales Voucher for credit sales to Pushparaj and cash sales.

Use Receipt Voucher for cash received from Shankar.

Use Journal Voucher for depreciation.

#### To record closing stock

Since maintain accounts only is set to 'Yes' and integrate accounts and inventory is set to 'No' under accounting features, stock has to be recorded manually. Hence, the closing stock has to be recorded by altering the stock account and while entering the date of closing stock, the date of opening stock has to be entered. The following procedure is to be followed:

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Alter > Stock > Closing balance > Date (opening date) > Amount > Accept Yes

	, g				-					
P: Print	E: Export	M: E-Mail	O: Upload	: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F3: Company
Ledger Al	teration		Total Opening Relance	Br	ight				Ctrl + M	F3: New Company
Name (alias)	Stock		Total Opening Dalance							F10: Edit Sort
()			2,50,000.00 Dr	8						
			2,50,000.00 Cr							
Under	Stock in Hand			are of Last Entry						
Under	(Current Assets)			chers Entered						
Opening	Balance (on 1-Apr-20	18) :	20.000.00 Dr							
0										
Closing B	alance 1-Apr-20	16 : 15,000.00 Dr								
										L - Dataila
										D: Details
										D: Set Chiq Books
										5: Set Ond Printing
										C) Crowno
			2							E: Currency
			Account 2							V: Voucher Types
			Accept							- voucher rypes
			Yes or No							E11: Features
Q: Quit	Accept	<u>)</u> : Delete								E12: Configure
Tally MAIN	> Gateway of Tally> Acc	ounts Info> Ledoer	s> Ledger Alteration		<u> </u>		C Tally Solutions Put	1988-2018	Ctrl + N Wed 6 Mar 2019	18·01·03
	and a start of the	couger					S rany solutions ren			

Figure 10.44 Recording closing stock

#### 6. To view reports

#### (i) To view Profit and Loss Account

F10: A/c Reports > Profit & Loss A/c > AltF1 (detailed)

(or)

Gateway of Tally > Reports > Profit & Loss A/c > AltF1 (detailed)

Tally.ERP 9										
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Condensed
Profit & Loss	A/c			Bri	ght				Ctrl + M	F2: Period
				Bright					Bright	E3: Company
Particu	lars			For 1-Apr-2018	Particular	S		Fo	r 1-Apr-2018	F7: Valuation
										Pr: Valuation
Opening Sto	ck			20,000.00	Sales Accounts				31,000.00	Schedule VI
Stock			20	),000.00	Sales A/c			31,000	0.00	
Direct Exper	ises			2,000.00	Closing Stock			15.000	15,000.00	
Vvages A/	<i>C</i>		2	22.000.00	Stock				0.000	
Depreciati	ion		10	0.000.00	Nett Loss				9,000.00	
Purchases	s A/c		18	,000.00						
Rent A/c			5	<u>5,000.00</u>						
										C: New Column
										A: Alter Column
										D: Delete Column
										N: Auto Column
										F9: Inventory Reports
										F10: A/c Reports
										F11: Features
										F12: Configure
Total				55,000.00	Total				55,000.00	F12: Range
Q: Quit					<u>F</u>	Remove Line U:	Restore Line U: Resto	re All Space: Sele	ct	F12: Value
	Cotomou of Tally	unce Sheet - > Trial Pala	unco > Drofit & Locs A	le .	<b>`</b>		C Tally Solutions De	+1+4 1099 2019	Ctrl + N Wed 6 Mar 2010	19.22.16
I dily MAIN>	Gateway of Tally> Dala	ince Sneet> Tridi Dala	nice> Front & Loss A	/L			S rany solutions PV	1 210., 1500-2016	weu, o widi, 2019	10.23.10

Figure 10.45 Profit and Loss Account

#### (ii) To view Balance Sheet

F10: A/c Reports > Balance Sheet > AltF1 (detailed)

(or)

Gateway of Tally > Reports > Balance Sheet > AltF1 (detailed)

Tally.ERP 9					The Manual In-					
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Condensed
Balance Sheet				Br	ight				Ctrl + M ×	F2: Period
Liabiliti	es			Bright as at 1-Apr-2018	Assets			as a	Bright t 1-Apr-2018	F3: Company
										F7: Valuation
Capital Accou	inf	_	_	2.26.000.00	Fixed Assets				1.00.000.00	S: Schedule VI
Bright's Cap	oital A/c		2,26,	000.00	Furniture			10,000	.00	
Loans (Liabili	ty)				Machinery A/c			90,000	1 51 000 00	
Current Liabil Sundry Cree	ities ditors		34	34,000.00 000.00	Closing Stock			15,000	.00	
					Sundry Debtors			45,000	.00	
					Bank Accounts			45,000	.00	
					Profit & Loss A/c				9,000.00	
					Opening Balance Current Period	e		9 000	00	
										C: New Column
										A: Alter Column
										D: Delete Column
										E9: Inventory Reports
										F10: A/c Reports
										F11: Features
					<b>T</b> = 4 = 1					F12: Configure
Total	1			2,60,000.00	Iotal	Demons Line Lt	Destars Line U.C. 1		2,60,000.00	F12: Range
						: Remove Line U:	Restore Line U: Resto	Space: Selec	Ctrl + N	F12: Value
Tally MAIN> G	ateway of Tally> Bal	ance Sheet> Trial Bala	nce> Profit & Loss A/	> Balance Sheet			C Tally Solutions Pv	t Ltd., 1988-2018	Wed, 6 Mar, 2019	18:23:48

Figure 10.46 Balance Sheet



Student activity

Debate: Computerised Accounting System Vs Manual Accounting System

#### Points to remember

- Automated accounting system is an approach to maintain up-to-date accounting records with the aid of accounting software.
- Gateway of tally is the opening screen of tally. It is shown on the right pane which contains menu options such as transactions and reports.
- ✤ Accounting group is a collection of ledger accounts of same nature.
- ✤ Tally has two predefined ledgers, Cash and Profit & Loss A/c.
- Different types of vouchers such as receipt, payment, sales, purchases, etc. can be used for recording transactions in Tally.
- Deposit of cash into bank account and withdrawal of cash from bank account are recorded in contra voucher.
- Journal vouchers are used for recording transactions such as depreciation, provision for bad debts, rectification entries, etc.

#### **Self-examination questions**

#### I Multiple choice questions

#### Choose the correct answer

<b>1.</b> Accounting report prepared	according to t	he requirements o	f the user is
(a) Routine accounting rep	port	(b) Special pu	irpose report

(c) Trial balance (d) Balance sheet

**2.** Function key F11 is used for

- (a) Company Features (b) Accounting vouchers
- (c) Company Configuration (d) None of these

#### 3. Which submenu displays groups, ledgers and voucher types in Tally?

- (a) Inventory vouchers (b) Accounting vouchers
- (c) Company Info (d) Account Info
- **4.** What are the predefined Ledger(s) in Tally?
  - (i) Cash (ii) Profit & Loss A/c (iii) Capital A/c

(a) Only (i) (b) Only (ii) (c) Both (i) and (ii) (d) Both (ii) and (iii)

- 5. Contra voucher is used for
  - (a) Master entry (b) Withdrawal of cash from bank for office use
  - (c) Reports (d) Credit purchase of assets
- 6. Which is not the default group in Tally?
  - (a) Suspense account (b) Outstanding expense (c) Sales account (d) Investments

7. Salary account comes under which of the following head?

(a) Direct Incomes (b) Direct Expenses (c) Indirect Incomes (d) Indirect Expenses

8. ₹ 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded

(a) Contra Voucher(b) Receipt Voucher(c) Payment Voucher(d) Sales Voucher9. In which voucher type credit purchase of furniture is recorded in Tally

- (a) Receipt voucher(b) Journal voucher(c) Purchase voucher(d) Payment voucher10. Which of the following options is used to view Trial Balance from Gateway of Tally?
  - (a) Gateway of Tally -> Reports -> Trial Balance
  - (b) Gateway of Tally -> Trial Balance
  - (c) Gateway of Tally -> Reports -> Display -> Trial Balance
  - (d) None of these

#### Answers

1(b)	2 (a)	3 (d)	4 (c)	5 (b)	6 (b)	7 (d)	8 (a)	9 (b)	10 (c)
------	-------	-------	-------	-------	-------	-------	-------	-------	--------

#### **II** Very short answer questions

- 1. What is automated accounting system?
- 2. What are accounting reports?
- 3. State any five accounting reports.
- 4. What is Accounting Information System (AIS)?
- 5. What is a group in Tally.ERP 9?

#### **III Short answer questions**

- 1. Write a brief note on accounting vouchers.
- 2. What are the pre-defined ledgers available in Tally.ERP 9?
- 3. Mention the commonly used voucher types in Tally.ERP 9.
- 4. Explain how to view profit and loss statement in Tally.ERP 9.
- 5. Explain any five applications of computerised accounting system.

#### **IV Exercises**

1. Record the following transactions in Tally.

- (a) Devi commenced a business with a capital of ₹ 4,00,000
- (b) An account was opened with Indian Bank and deposited ₹ 60,000
- (c) Purchased furniture by paying cash ₹ 15,000
- (d) Goods purchased on credit from Sumathy for ₹ 50,000
- (e) Cash sales made for  $\gtrless$  10,000
- (f) Goods purchased from Raja for ₹ 5,000 and paid by cheque
- (g) Goods sold to Arun on credit for ₹70,000

- (h) Money withdrawn from bank for office use ₹ 25,000
- (i) Part payment of ₹ 30,000 made to Sumathy by cheque
- (j) Arun made part payment of ₹ 10,000 by cash
- (k) Salaries paid to staff through ECS ₹ 36,000
- (l) Carriage on purchases of ₹ 6,000 paid by cash
- (m) Purchased computer from Muthu Ltd. on credit ₹ 44,000

Liabilities	₹	Assets	₹
Capital	1,60,000	Buildings	40,000
Sundry creditors:		Furniture	20,000
Maya A/c	20,000	Stock	10,000
		Sundry debtors	
		Peter	20,000
		Cash in hand	30,000
		Cash at bank	60,000
	1,80,000		1,80,000

2. The following balance sheet has been prepared from the books of Pearl on 1-4-2018.

During the year the following transactions took place.

- (a) Wages paid by cash ₹ 4,000
- (b) Salaries paid by cheque ₹ 10,000
- (c) Cash purchases made for ₹4,000
- (d) Good purchased on credit from Yazhini ₹ 30,000
- (e) Goods sold on credit to Jothi ₹ 40,000
- (f) Payment made to Yazhini through NEFT ₹ 6,000
- (g) Cash received from Peter ₹ 10,000
- (h) Cash sales made for ₹ 4,000
- (i) Depreciate buildings at 20%
- (j) Closing stock on 31.03.2019₹9,000

You are required to prepare trading and profit and loss account for the year ended 31-03-2019 and a balance sheet as on that date using Tally.

Venkat has been running a large departmental store for more than 20 years. The CASE STUDY customers are happy with the quality and service. As a result, he opened few more departmental stores in different areas. He has now more than 50 employees

working in his stores. He has been maintaining all the records manually. As the business expanded, Venkat found it difficult to manage the business efficiently. His daughter Latha, who has recently completed her Master of Commerce, wanted to help her father in his business. She identified the following issues:

- Some of the inventories are missing, but there is no evidence for that.
- Payments to the suppliers were delayed, though the cash flow was not a problem. •
- Some of the products were over supplied in all the stores.
- In the recently opened branches, some highly demanded products were out of stock.
- There has been no control over the expenditure.

Latha thinks, if this situation continues, the business may lose its reputation and may even incur loss. To overcome these issues, she strongly feels the need for computerised accounting system. Do you think, these issues can be solved easily with the help of CAS? If you think so, justify your view.

#### To explore further

Is Tally the only Accounting software available? Explore and find out few more Accounting software applications

#### Reference

Q

Official Guide to Financial Accounting using Tally.ERP 9, Tally Education Private Limited, **BPB** Publications, Bengaluru