

# ACCOUNTING SOFTWARE PACKAGE : TALLY

# 5

## Learning Objectives

After studying this chapter you will be able to use Tally Accounting Software for:

- *Creating Book of Accounts.*
- *Print Profit and Loss Account*
- *Print Balance Sheet as on date*
- *Prepare Bank Reconciliation statement as on date*
- *Print MIS Reports on Accounting*

## Introduction

We have discussed various aspects of computerisation of Accounting in earlier previous chapters. Here, we will discuss one of the general two accounting software packages, which are often used in the business applications. They are Tally 9.0 by Tally Solution Pvt. Ltd. and EX Next Generation by Tata Consultancy Services. The aim of this chapter is not to teach an accounting package, but to focus on how the features of accounting software are implemented in each of these packages.

The Tally Accounting package has different modules related to Accounting Systems in the package. It also describe as to how various phases of accounting cycle can be incorporated in the flow. It also co-relates the manual phases of accounting cycle with each of these modules and describes how different reports can be generated at the end of each of these modules.

### Features of accounting software

Tally is an accounts and inventory management software which has many other features too. With the latest version of this software Tally 9 you can-

1. do all basic accounting functions,
2. manage your stores,
3. do the job costing,
4. manage payroll,

5. get many MIS (Management information reports which are useful for day-today functions,
6. file your tax returns like prepare balance sheet, profit and loss statement, VAT forms, TDS returns, Service tax returns, e-TDS filing, Excise forms, FBT reports and forms,
7. maintain budgets, scenarios,
8. calculate interest on pending amount,
9. manage data over different locations and synchronize it and many more other features.

## 5.1 STEPS IN INSTALLATION OF C.A.S

For installation of computerised accounting system the following steps are required:

1. Insert CD in the system ;
2. After inserting CD select the option in following steps ;
  - a. Select any (C: or E: or D: ) from My Computer icon on the desktop. Double click on install.exe
  - OR
  - b. Select start > run > type the file name E:\install.exe
3. After the above process the default directories of application , data and Configuration opens in a window. In case, the user wants to change the default directories then it can be changed by providing the desired drive and file name/directory name for example : D:\software name, instead of C :\accounting software (default name)
4. Click on install and installation process begins, accounting software displays the Message of successful installation, then this CD can be removed.

## 5.2 USE OF ACCOUNTING SOFTWARE

Tally is a widely used accounting software which can be used for book keeping purposes by any size of organisation. In the accounting software Tally user can create any independent set of accounts to be maintained

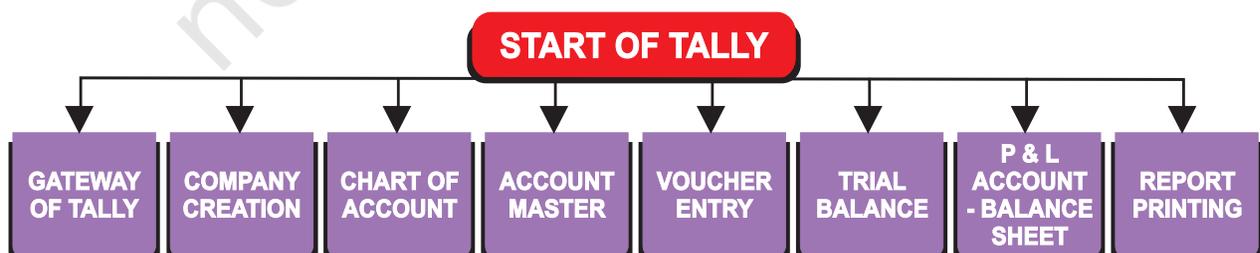


Figure 5.1 : Tally Software

by a company, partnership firm, individual or even a Branch account. To work with Tally first you will start with Gateway of Tally as it is the control centre of the software. Here under, now we explain various components of Gateway of Tally.

### 5.2.1 GATEWAY OF TALLY

Gateway of Tally is the control centre of Tally. Following are the components of gateway (Figure 5.2).

- **Product Info:** Software name & version (eg: Tally 9.0)
- **Horizontal Button Bar:** It contain two sets of Button with hot key.
  - Report management: Print, e-mail etc.
  - Language: To set up language for display.
- **Current status:** It means current date, current period, selected company etc.
- **Tally Menu:** At right part of the Gateway screen of Tally menu shows the list of options. We can select an item to initiate a task.
- **Vertical Button Bar:** The button bar shows several buttons with function key/hot key to provide quick and direct access to various options and tasks.

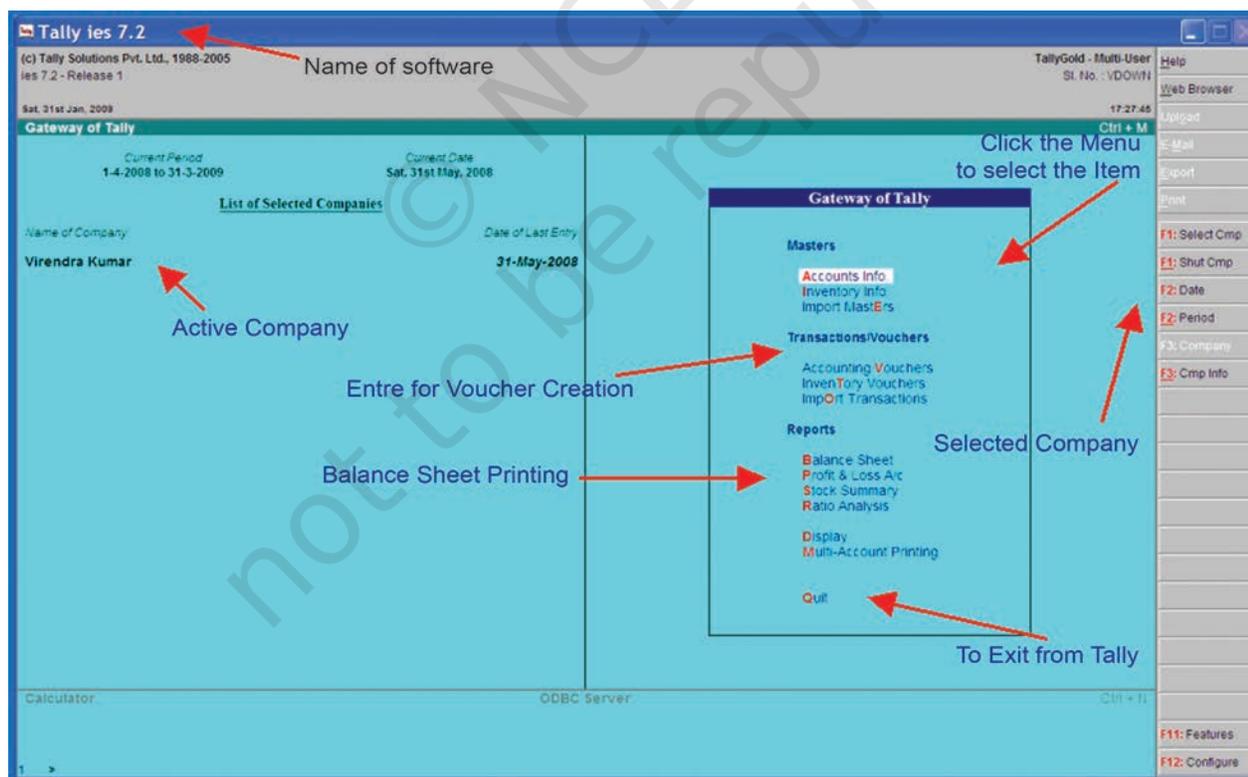


Figure 5.2 : Gateway of Tally

- **Tally Calculator/Command Line:** While working with Tally, if we press Ctrl+N Calculator is activated to make arithmetical calculations. The same can also be pasted in any numerical field.
- **Current Screen Bar:** At the bottom, you get the Current Screen bar showing the following details about the current screen being display.

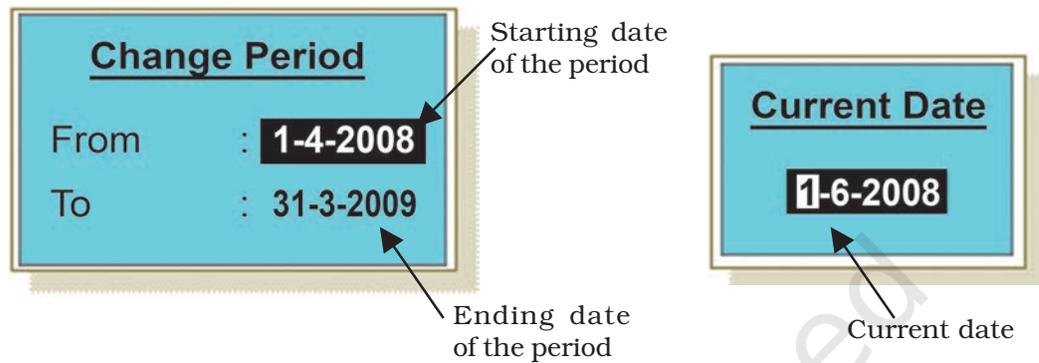


Figure 5.3: Periods and date Entries

- **Current Period:** In the current period user enters the starting date of the financial year and closing date of the financial year. The Figure 5.3 shows how user enters starting opening and closing date of accounting period.
- **Current Date:** Current date is date of your last working. It is also known as voucher date. In the Figure 5.3, on the left side of Gateway you can get the following information about Current Period, Date, Active Company and Selected Company (Figure 5.4).



Figure 5.4 : Active and Selected Companies

- **Active Company:** When you have selected multiple companies, the last selected company becomes the active company.
- **Selected Companies:** In selected companies Tally displays the list of all selected companies along with the date of last voucher entered.

### 5.2.2 COMPANY CREATION

In order to create a Company by using Gateway of Tally, initiate the following steps:

- Click on the <Select Cmp>
- You get Company info and click on <Select company>
- If you click on <Shut Cmp> option, then you click on <Create Company>

To create a Company profile in Tally, click Create Company at Company info menu (Figure 5.5) to get Company Creation screen (Figure 5.6).

In the Company Creation screen (Figure 5.6) the user should fill the necessary information:

- **COMPANY NAME:** Enter the Name of the Company at Name field. This name is displayed at all company selection lists and internal documents.
- **COMPANY MAILING ADDRESS:** Enter the Name of the Company at Name field (same as Company Name) which is printed in all External documents.

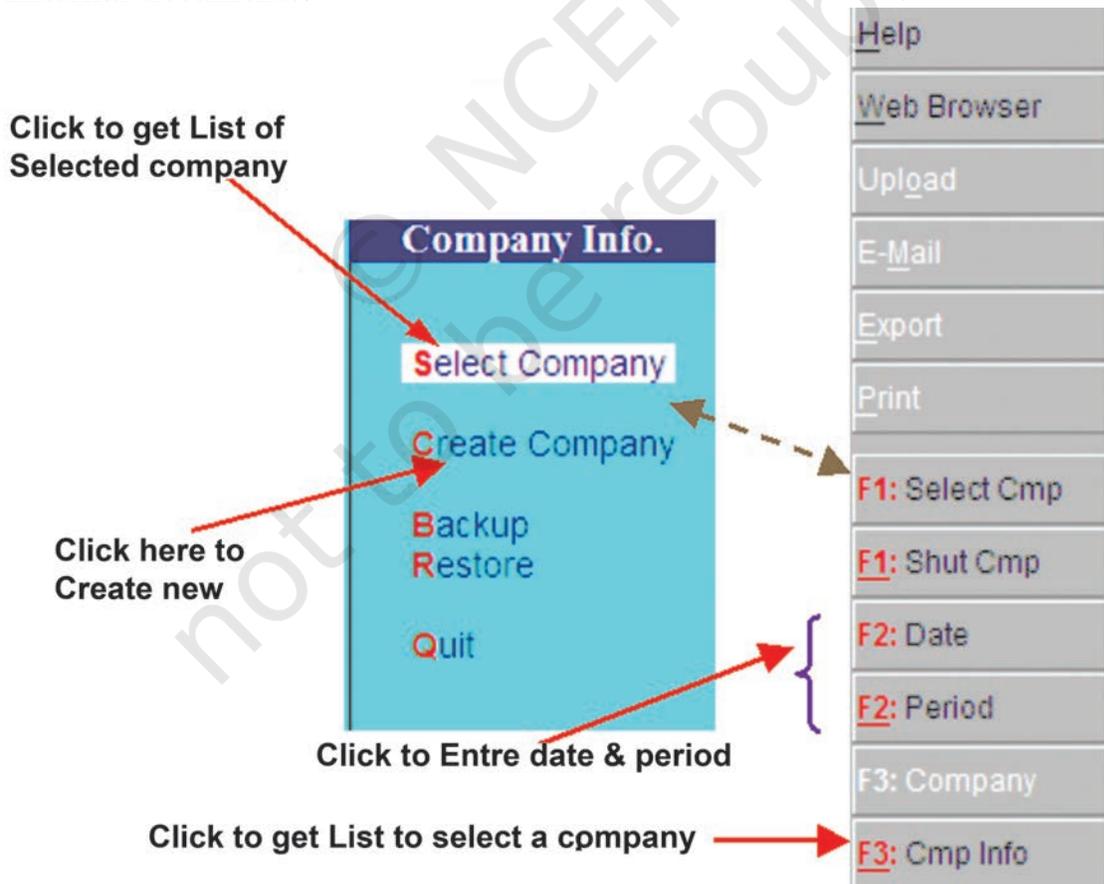


Figure 5.5: Company Creation

Name	: Virendra Kumar	← Name of the Company
Mailing Name	: Virendra Kumar	
Address	: 382, Noor Nagar Sihan, Ghaziabad	← Company Mailing Address
State	: <input type="checkbox"/> Not Applicable	
PIN Code	:	
E-Mail Address	:	
Use Indian VAT	? No	
Local Sales Tax Number	:	
Inter-state Sales Tax Number	:	
Income-Tax Number	: ADNPK9316M	← Income tax no
Currency Symbol	: RS	
Maintain	: Accounts with Inventory	
Financial Year from	: 1-4-2006	} ← Financial Year dates
Books beginning from	: 1-4-2006	
Use Security Control	: No	
<u>Base Currency Information</u>		
Base Currency Symbol	: RS	
Formal Name	: VIRENDRA	
Number of Decimal Places	: 2	
Is Symbol SUFFI <del>E</del> D to Amounts?	: No	Show Amounts in Millions ? No
Symbol for Decimal Portion	: paise	Put a SPACE between Amounts and Symbol ? Yes

Figure 5.6: Screens for Company Creation

- **COMPANY ADDRESS:** Enter the Complete mailing address line by line which is mentioned in internal and external document of the company.
- **I.T. NUMBER:** Enter the Income Tax number allotted by Income Tax Department.
- **ACCOUNTING MODULE:** To maintain Financial Accounts only, at Maintain field, Select *Accounts Only*.
- **FINANCIAL YEAR:** At the Financial year field; entered the Beginning and closing date of the financial year.
- **SAVING THE COMPANY PROFILE:** Finally, Tally ask for your confirmation to save the Company Profile. Tally Save the Company Profile in data bank.

## SELECTION OF ACTIVE COMPANY AND START FROM GATEWAY OF TALLY

The last selected company (Figure 5.2) becomes the Active Company and such company is shown in the bold letter of Gateway screen and we start creation chart of Accounts. (Figure 5.7)

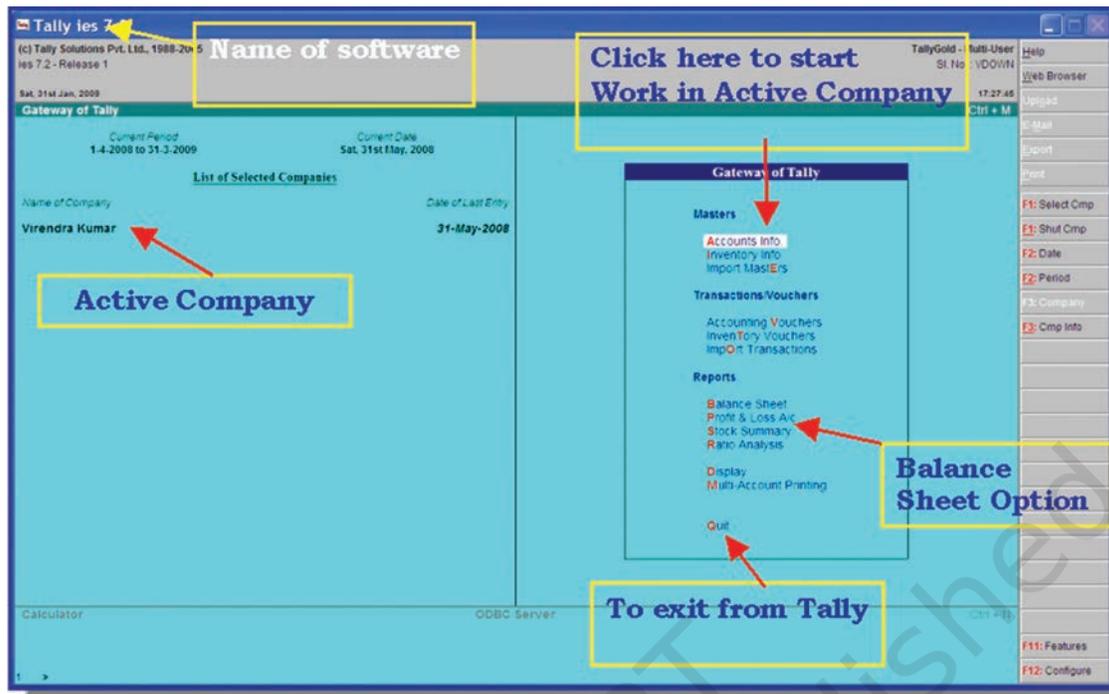


Figure 5.7: Selections for Data Entry Options for Active Company

### 5.2.3 CHART OF ACCOUNTS

Chart of Accounts is the segmentation of Liabilities and Assets of Balance Sheet and Income & Expenses of Profit and Loss Account. In the accounting software such chart of accounts is classified into two categories, such as Ledger Accounts, Accounts Group.

- **Ledger Account:** Ledger Accounts represents the assorted, summarised and balanced transactions of similar nature. For example, the ledger account Conveyance represents the set of transaction related to conveyance expenses and their summarised net figure. All Accounting transactions are linked to Ledger account.
- **Account Group:** Account Group is a convenient method of organising the Ledger Accounts into a tree-structured hierarchical view for better the understanding and interpretation.

#### 5.2.3.1 Hierarchy of Account Head

In the accounting system accounts is the segmentation of liabilities and assets of balance sheet and income and expenses of profit & loss account. It represents the hierarchical arrangement of account groups and ledger accounts.

#### 5.2.3.2 Group of Account

Group of account is a method of organising the large number of ledger accounts into sequential arrangement for recording and summarisation of accounting data.

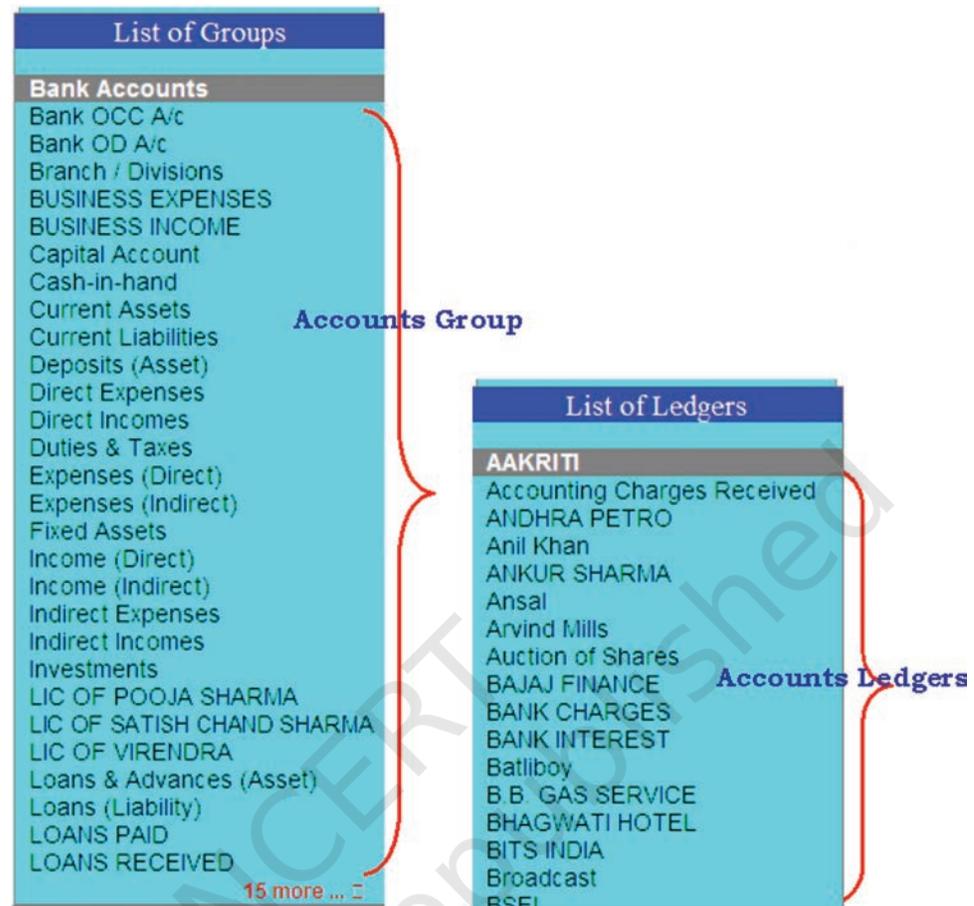


Figure 5.8 : Groups and Ledger

In accounting software the pre-defined groups and these existing groups cannot be altered. In the account groups there are 28 pre-defined groups, out of these groups 15 are primary groups and 13 are sub-groups.

- **Primary Group:** It is a basic grouping of the set of sub-groups into major account heads according to their listing in balance-sheet and profit and loss account.
- **Sub-Group:** A sub-group is a set of accounts opened in the ledger of recording of related transactions. For example, to record a refund of loan accounting to Rs. 1,000 to Ansal first click on <Loan Liabilities> and the <list of ledger> will appear . Here we click on <Ansal> to open this account for recording.

### 5.2.3.3 Account Group of Balance Sheet

- **ACCOUNTS GROUP OF LIABILITIES**
  - **Capital:** Ledger Account for Owner's Capital may be placed under the capital group, for example, Partners capital account, Equity share capital, Preference share capital.

- **Reserves and Surplus:** It is a sub-group of capital account. All reserves are placed under Capital group, for example, General Reserve, Capital Reserve, etc.
- **ACCOUNT GROUP – LOANS (LIABILITIES)** – It contains following sub-groups:
  - **Bank Overdraft:** In computerized accounting system, Current Bank Account, Bank Overdraft, and Cash Credit is sub-group of Loan (Liabilities) because Bank Overdraft and Cash Credit operation on day-to-day basis should be placed under this group.
  - **Secured Loans:** Secured Loan's are fully secured loan against security like (mortgage, hypothecation, pledge, etc ) should be placed under this group .
  - **Unsecured Loans:** Such loan's are without any security: Example of such loans are: Loan from outside parties, Directors, Friends and Relatives, etc.
- **ACCOUNTS GROUP – (CURRENT LIABILITIES)**
  - **Duties and Taxes:** Under this head all duties and taxes that you collect or pay through sales service and purchase transactions.
  - **Provisions:** In this head all provisions made for meeting the future liabilities such as provision for tax , proposed dividends (like Bad Debts, etc ).
  - **Sundry Creditors:** Sundry Creditors are all trade creditors/ suppliers and creditors for expenses. For example, if you purchase, on credit basis then create one ledger account for sundry creditors.
  - **Other Current Liabilities:** Place all other current liability account like employees contribution for Employees State Insurance/Provident Fund/Tax Deducted at Source (TDS), etc.
- **ACCOUNT GROUP OF ASSETS:**
  - **ACCOUNTS GROUP (FIXED ASSETS)**
    - ♦ **Fixed assets:** Fixed assets directly related with immovable properties like Patent, Trade Right, W.I.P, Goodwill, Building, Plant, Equipment, Furniture, etc
- **ACCOUNTS GROUP (INVESTMENT)**
  - **Investment:** Investment ledger account relates to the investment in Share Bonds, Govt. Securities and Investments in other company
- **ACCOUNTS GROUP (CURRENT ASSETS):** Those assets which consumed in operations are known as current assets. Examples of current assets are Stock on hand, Deposits, Loan and Advances, Sundry Debtors, Bank Account, Cash in hand.

- **Stock on Hand:** Such ledger accounts show Raw Material, Work-in-Progress and Finished goods.
  - **Loans and Advances:** Such loans and advances are of non-trading nature, for example, Advance against Salary, Loan to employee, Advance for Fixed Assets.
  - **Sundry Debtors:** Sundry Debtors are directly related to the parties to whom goods has been sold on credit.
  - **Bank Account:** It includes bank deposits made by the company such as balance of current and saving account, fixed deposits security deposits, rental deposits, etc.
  - **Cash in Hand:** Cash Ledger account directly relates with cash transactions, Cash in transit, petty cash, and cash at bank.
  - **Miscellaneous Expenditure:** For limited company, preliminary, pre-operative and similar expenses (to the extent not written-off to the profit and loss account placed here. Also the accumulated loss as of the company and negative balance of profit & loss account is also placed in this category.
- **PROFIT AND LOSS ACCOUNT**
    - **Sales Account:** For different sales accounts, the segregation is based on tax slabs or type of sales. This also becomes a simple mechanism for preparation of tax returns. For example, Sales account is classified as following such-groups: domestic sales, export sales, You may even open sales returns account under the group domestic sales to view net sales after returns (or the returns may be directly recorded through journal against the specific sales account).
    - **Purchase Account:** This is similar to sales accounts, except for the purpose of the transaction.
    - **Direct Income [Income Direct]** All trade income accounts fall under sales accounts. You may wish to use this group for accounts like servicing contract charges that follow after the sales of equipment.
    - **Indirect Income [Income Indirect]** These are the miscellaneous non-sale income accounts, e.g., rent received and interest received.
    - **Direct Expenses [Expenses Direct]** These accounts determine the Gross Profit of the company.
    - **Indirect Expenses [Expenses Indirect]** - These include all other administrative, selling or non-direct expenses.
    - Tally automatically opens the profit and loss account which is a reserved primary account. You may use this account to record adjustment entries through journal vouchers.e.g., transfer of profit or loss to capital or reserve account.

### 5.2.4 ACCOUNT MASTER

- ACCOUNTS GROUP CREATIONS**

Select Accounts info at Tally Main Menu (Figure 5.9) to get <Accounts info Menu>, which contains options for all Accounts Masters.

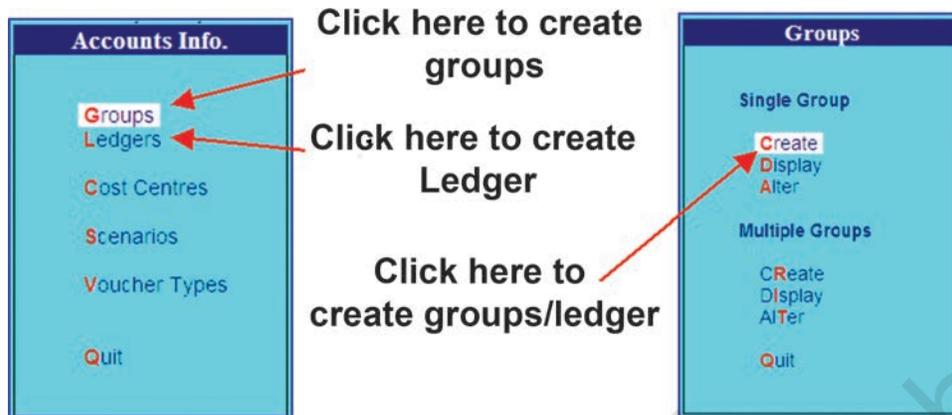


Figure 5.9 Account Groups

After selecting **Create** option under Single Group to reach to the Account **Group creation screen**. Now enter as shown in Figure 5.10,

- **Account Group Name:** At name field, enter unique Account Group Name.
- **Parent Group Name:** At under field, select the Parent Group from list of Group.

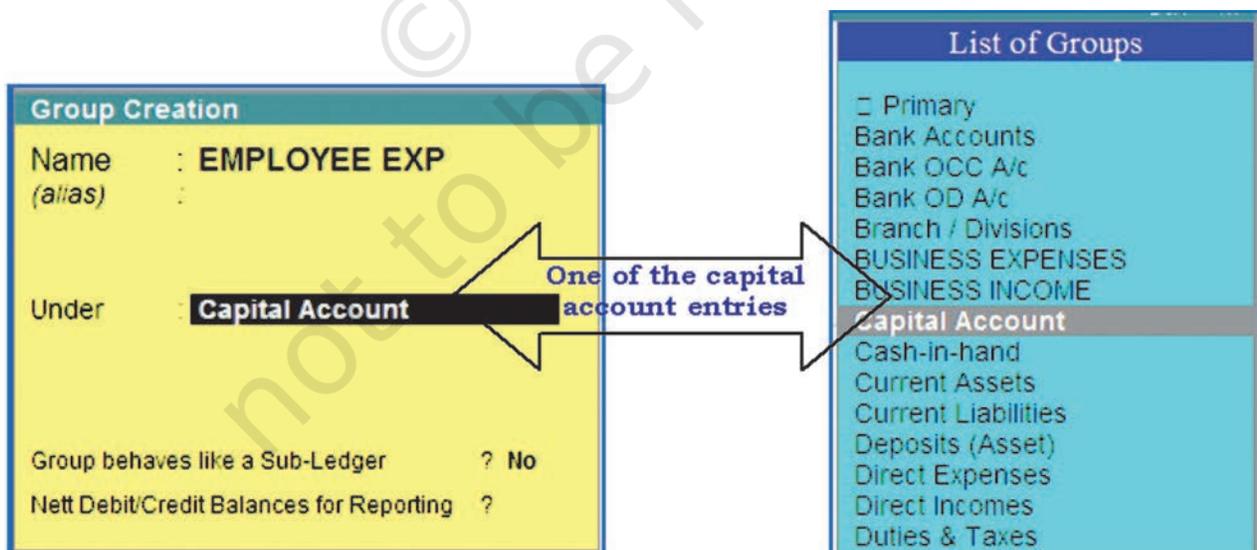


Figure 5.10 : Account Group

- **ACCOUNTS LEDGER CREATION:** Tally automatically creates two ledgers, one Cash and another Profit and Loss Accounts. You have to create all other Ledger Accounts (Figure 5.11).
  - **Account Ledger Name:** - Enter a unique Name of the ledger
  - at Under **field** select the parent Group of the ledger from list of **Group**.
  - In the Opening Balance field enter the opening balance at the Books Beginning from Date .

The screenshot shows the 'Ledger Creation' window in Tally. The main form has the following fields:

- Name: Ajay Kumar (alias)
- Under: Sundry Debtors
- Cost centres are applicable: No
- Inventory values are affected: No
- Opening Balance (on 1-Apr-2006)
- Mailing & Related Details: Name: Ajay Kumar, Address, State, PIN Code, Income Tax No., Sales Tax No.

On the right, there is a 'List of Groups' dropdown menu with the following items:

- 11 more
- Direct Expenses
- Direct Incomes
- Duties & Taxes
- Expenses (Direct)
- Expenses (Indirect)
- Fixed Assets
- Income (Direct)
- Income (Indirect)
- Indirect Expenses
- Indirect Incomes
- Investments
- LIC OF POOJA SHARMA
- LIC OF SATISH CHAND SHARMA
- LIC OF VIRENDRA
- Loans & Advances (Asset)
- Loans (Liability)
- LOANS PAID
- LOANS RECEIVED
- Misc. Expenses (ASSET)
- PAYMENTS/EXPENSES
- Provisions
- Purchase Accounts
- RECEIPTS: INCOMES
- Reserves & Surplus
- Retained Earnings
- Sales Accounts
- Secured Loans
- SHARES

At the top right, there is a 'Total Op. Bal.' section showing 5,24,859.50 Dr and 5,24,859.50 Cr. A red arrow points from the 'Sundry Debtors' field to the 'List of Groups' dropdown.

Figure 5.11 : Account Ledger

Figure 5.12 displays the user Account Group and Ledger after creation. The next step is the Creation of necessary ledgers. via creation of vouchers.

### 5.2.5 VOUCHER ENTRY

After creation of accounts the user enters accounting voucher entry in the books of accounts. In the computerized accounting system, the transactions are recorded through a voucher entry. Normally, a transaction is supported by a document that may be a supplier's bill, pay-in-slip, pay register entry of cheque book, etc. Thus, basically voucher contains details of a transaction. In accounting software, Voucher creation displays its own screen which is self-explanatory. The vouchers are three types —:

- **Memo Voucher:** Memo voucher is a non accounting voucher. It does not affect accounts of the user. These entries are stated/recorded in a separate register, but not as a part of ledger.

- **Post Dated voucher:** Some accounting software allows the user to enter the voucher for future transactions which are usually similar as the previous once.
- **User defined Voucher:** In accounting software there are 23 pre-defined vouchers. It allows the user to define or create new accounting or inventory vouchers as per the requirement. In the voucher entry, entry can be classified into three basic categories.
- **Opening Entry:** In order to begin the new financial year, balances of accounts of the previous year are brought forward. For this opening entry in the journal is recorded. It is to record the opening balance of various accounts that are being transferred from the books of the previous year to the books of the new financial year. All those accounts which shows the assets of a business are debited and all the accounts showing amounts owed by the business (liabilities) are credited. If capital amount is not given, it can be easily ascertained by deducting liabilities from assets (capital = assets – other liabilities) and Capital account is also credited. The entry would be :

Cash account	Dr
Cash at Bank account	Dr
Sundry Debtors account	Dr
Stock account	Dr
Furniture account	Dr
Office Equipment account	Dr
To Sundry Creditors account	
To Capital account	

- **Closing Entry:** The closing entries for completing the profit and loss account are :

1. Debit Profit and Loss account.  
Credit the various Expenses account appearing in the Trail Balance.
2. Debit account showing incomes or gains  
Credit the profit and loss account

This will close the profit and loss account. Entries required to make the trading account and profit and loss account are known as closing entries because their effect is to close the books of account for the year concerned.

- **Adjusting Entry:** The Adjusting entry is recorded to relate the figures to the trading period. Suppose, premises have been sublet on March 31, and three months' rent, has been received in advance amounting to Rs. 9000. While preparing accounts up to 31<sup>st</sup> March, one should take into account only one month's rent for preparing the profit and loss account (accounting period concept); the rest two month's rent, already received is for the next year and will be credited to profit and loss account next year. The adjusting entry will be :

<b>Rent Account</b>	<b>Dr.</b>
<b>To Advance Rent Account</b>	

Rent Received in advance Account is a 'Liability' and is shown in the balance sheet.

**Method of Voucher Numbering:** This is, perhaps, one reason for your opting for a new voucher type. For this purpose, the following methods are available;

- **Manual**

This method will allow you to number vouchers yourself. However it does not check for sequence of the numbers and permits you to specify anything you wish in the voucher number field. However, you may choose to prevent entry of duplicate numbers. If you do, enable the next field 'Prevent Duplicates' — options Prevention of Duplicates is possible if you enable the option at the time of creation. You may enable it later (by alteration) only if there are no transactions of this voucher type.

- **Automatic**

This method is both; *flexible* and *exhaustive*. Automatic system instructs Tally to number the vouchers of this type incrementing automatically.

**Starting number**

Give the number for the first voucher. Usually it is 1. You can set it to any number you want. Tally will auto-increment from this number for subsequent vouchers. However, the numbering of vouchers also depends on other variables supplied by you, which follow hereafter.

In the voucher entry, Tally create certain rules to trap mistakes. These rules are validated during voucher entry and any violation is trapped immediately. Tally divides a voucher in three basic categories,

- **Contra Voucher:** Contra voucher is used for Fund Transfer between Cash and Bank account only. For example, Rs 5,000 Cash withdrawn from Bank of India .

Cash A/C	Dr	5,000.00
To Bank of India		5,000.00
(Cash withdrawn from bank )		

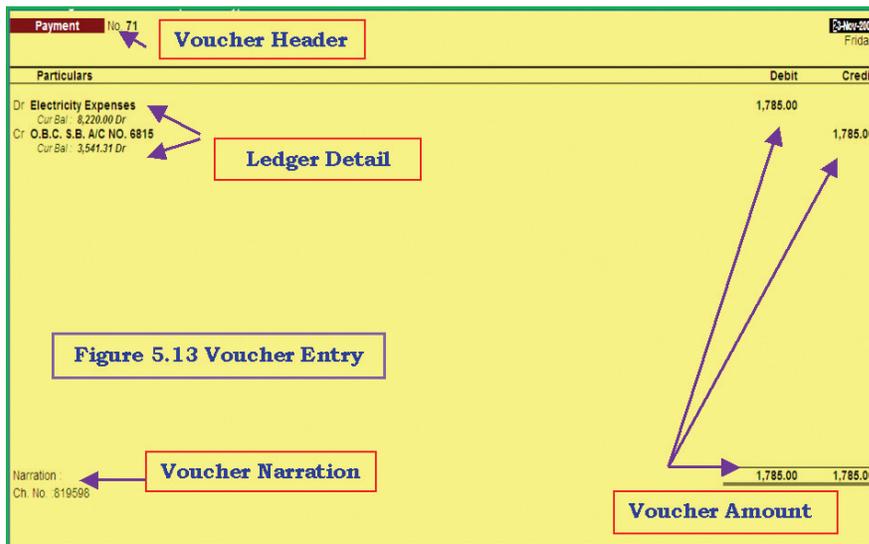


Figure 5.12 Voucher Entry

- **Receipts Voucher** :- All Inflow of money is recorded through Receipt Voucher. Such receipts may be towards any Income such as receipts from debtors, loan/advance taken or refund of loan/advance for example: Rama and Co. to whom goods were sold earlier on Credit, paid against Bill No 54 for Rs 4,500 Cash Discount is Rs 500.

Cash A/C	Dr.	4,500.00
Cash Discount A/C	Dr.	500.00
To Rama & Co.	Cr.	5,000.00

(Cash Payment Received against Bill no 54)

- **Payment Voucher:** All Outflow of money is recorded through Payment Voucher. Such payment may be towards any purchase, Expenses, due to creditors, loan/advances, etc. For example: - Salary paid to A.K Gupta through Bank.

Salary A/C	Dr	15,000.00
To Bank	Cr	15,000.00

(Salary Paid to Mr A.K Gupta through Bank)

- **Journal Voucher:** Journal is an Adjustment voucher, normally used for non cash transaction like adjustment between the Ledgers. For example :-

Deprecation A/C	Dr	5,000.00
To Machinery		5,000.00

(Being Deprecation charged on Machinery)

**Display:** Some top level reports like Balance Sheet, Profit and Loss Account etc may be available at main menu, while other reports are available through Display option at main menu .

### 5.2.6 TRIAL BALANCE

This report shows the trial balance of a Primary Group.

Select *Display > Trial Balance*.

In Primary Group trial balance (Figure 5.13), **Click F1:** obtain detail trial balance and trial balance shows the closing balance of accounts group/Ledger. After all voucher entry have been done, it can be seen how every amount that is placed on the debit side of an account has a corresponding entry on the credit side of some other account. This is the technical aspect of the principle of double system. This being the case, that the total of the debit balances hold agree with the total of all the credit balances. In fact all businesses periodically tabulate the debit and credit balances separately in a statement to find out whether the total of debit balances agree with the total of credit balances or not. Such a statement is known as the trial balance.

### 5.2.7 BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The Profit and Loss account is constructed by simply posting all items of income and expense from the journal entry. The current year's profit is determined by balancing the accounts and carried forward to the appropriation section of the profit and loss account. All balances remaining in any ledger account after the profit and loss account is drawn up are listed in the balance sheet .Generally the assets and liabilities are stated in decreasing order of permanence.

All expenses (direct or indirect) are related to profit and loss account and revenues and incomes are credited to it. If an expense has been incurred but not yet paid for, is a liability for the unpaid amount and must be created before the account can be said to show a true picture.

Trial Balance		Virendra Kumar		Ctrl + M
Particulars	Virendra Kumar			
	1-Apr-2007 to 28-Dec-2007			
	Closing Balance			
	Debit	Credit		
Capital Account		5,40,747.32		
Current Liabilities	77,592.54	239.00		
Fixed Assets	3,751.00			
Investments	51,658.00			
Current Assets	3,60,188.03	45,735.00		
BUSINESS EXPENSES	2,775.75			
BUSINESS INCOME		52,938.00		
LIC OF POOJA SHARMA	63,487.00			
LIC OF SATISH CHAND SHARMA	14,504.00			
LIC OF VIRENDRA	1,25,067.00			
LOANS RECEIVED	22,400.00	24,250.00		
PAYMENTS/EXPENSES	59,471.00			
RECEIPTS/INCOMES		1,16,985.00		
<b>Grand Total</b>	<b>7,80,894.32</b>	<b>7,80,894.32</b>		

Figure 5.13 : Trial Balance

**BALANCE SHEET OF M/S XYZ LTD AS ON 31-03-2009**

Balance Sheet		Virendra Kumar		Ctrl + M
Liabilities		Virendra Kumar as at 26-Dec-2007	Assets	Virendra Kumar as at 26-Dec-2007
Capital Account	5,40,747.32	Current Liabilities		77,353.54
Loans (Liability)		Fixed Assets		3,751.00
LOANS RECEIVED	1,850.00	Investments		51,858.00
Profit & Loss A/c	1,07,676.25	Current Assets		3,14,453.03
Opening Balance		LIC OF POOJA SHARMA		63,487.00
Current Period	1,07,676.25	LIC OF SATISH CHAND SHARMA		14,504.00
		LIC OF VIRENDRA		1,25,067.00
		LOANS PAID		
Total	6,50,273.57	Total		6,50,273.57

Figure 5.14 : Balance Sheet

Description	Amount	Description	Amount
<b>Share Capital</b>		<b>Fixed assets</b>	
Authorised Capital		Goodwill	
Paid up Capital		Land and Building	
Reserve and Surplus		Plant and Machinery	
Capital Reserve		Furniture and Fixture	
Other Surplus		Investment	
Secured Loans		Govt securities	
Debentures		Share Bond and Debenture	
Loans from Bank		Current Assets	
Other Loans		Loan and Advances	
Unsecured Loans		Sundry Debtors	
Fixed Deposits		Cash and Bank	
Advances from Bank		Stock in Trade	
Other Loans		Accrued Interest	
Current Liabilities		Loan and Advances	
Sundry Creditors		Bill of Exchange	
Advances from Bank		Miscellaneous Expenditure	

Provision for Tax		Commission on Underwriting	
Provision for P. dividend		Discount on Share	
Other Provision		Development Expenditure	
		Profit and Loss Account (loss)	
<b>Total Liabilities</b>		<b>Total Assets</b>	

### 5.2.8 DISPLAY OF REPORT

Once all the transactions are entered, you can generate different statements like trial balance, balance sheet and profit and loss account. There are no intermediate steps of entering subsidiary books and ledgers. Thus the process of accounting becomes quite easy and simple. At the same time speed also improves and consistency is maintained. Also no redundant data is stored at multiple places. Also the respective register such as purchase register, sales register, journal proper are automatically maintained on the basis of data entered in the form of vouchers. These registered can be viewed by

- *Selecting Gateway of Tally > Report >Display>Accounts Books >Sales register.*
- *Selecting Gateway of Tally > Report >Display>Trial Balance.*
- *Selecting Gateway of Tally > Report >Display>Cash flow.*
- *Pressing Alt + P or selecting print option for button bar*

### 5.2.9 A SMALL PROJECT WITH BANK RECONCILIATION STATEMENT (BRS)

The following are the steps to construct BRS in Tally:

- Bring up the monthly summary of any Bank Book. (You can do this from the Balance Sheet, Trial Balance, or Display/Account Books/Bank Books, and selecting a Bank).
- Bring your cursor to the first month (typically April), and press Enter. This brings up the Vouchers for the month of April. Since this is a Bank Account, an 'additional' button F5: Reconcile will be visible on the right, Press F5.
- The display now becomes an 'Edit' screen in 'Reconciliation' mode. The primary components are: A column for the 'Bankers Date'.
- The 'Reconciliation' at the bottom of the screen,
- Balance as per Company Books
- Amounts not reflected in Banks
- Balance as per Bank

Gateway of Tally>Display>Accounts Books>Cash and Bank Book>Bank Account>Ledger>Press F5

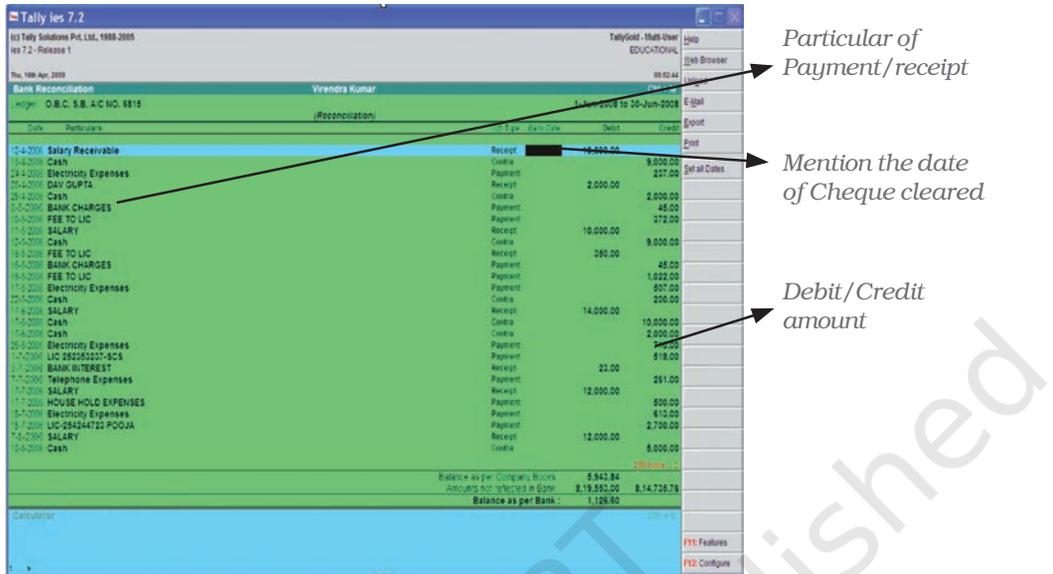


Figure 4.15 : Bank Reconciliation Statement

The Balance as per Company Books reflects your Balance as on the last date (in our example case, April 31).

The amount not reflected in bank is the debit and credit sums of all those vouchers whose Bank Date in either BLANK, or GREATER that April 30 (i.e. these vouchers have not yet been reflected in the bank Statement).

The Balance as per bank is the Net Balance.

You will find, as you mark of the individual vouchers by setting the 'Bank Date', that the Reconciliation at the bottom of screen keeps reflecting those changes instantly.

Upon completion, press+A (or press Enter as many times as necessary to skip over the unmarked vouchers), and accepted the screen. The next time you reconcile, you will be presented only with those vouchers with remain unrecognised. Thus, the task keeps becoming simpler.

### 5.3 NEED AND SECURITY FEATURE OF THE SYSTEM

Every accounting software provides data security; safety and confidentially; so every software provides of data security in three ways:

- **Password security**
- **Data Audit**
- **Data Vault**

**Password Security** Password is widely accepted security control to access the data. Only the authorised person can access the data. Any user who does not know the password cannot retrieve information from the system. It ensures data integrity. It uses a binary encoding format of storage and offers access to the database.

**Data Audit:** Audit feature of accounting software provides the user with administrator right in order to keep track of unauthorised access to the database. It audit for the correctness of entries. Once entries are audited with alternations, if any the software displays all entries along with the name of the auditor user and date and time of alteration.

**Data Vault:** Software provides additional security for the inputted data and this feature is referred as data vault. Data vault ensures that original information is presented and is not tampered. Data vault password cannot be broken. Some software uses data encryption method.

#### Function Key Combination

Windows	Functionality	Availability
F1	To select a company	At all masters menu screen
	To select the Accounts Button and Inventory buttons	At the Accounting/Inventory Voucher creation and alteration screen
F2	To change the menu period	At almost all screens in TALLY
F3	To select the company	At almost all screens in TALLY
F4	To select the Contra voucher	At Accounting/Inventory Voucher creation and alteration screen
F5	To select the Payment voucher	At Accounting/Inventory Voucher creation and alteration screen
F6	To select the Receipt voucher	At Accounting/Inventory Voucher creation and alteration screen
F7	To select the Journal voucher	At Accounting/Inventory Voucher creation and alteration screen
F8	To select the Sales voucher	At Accounting/Inventory Voucher creation and alteration screen
<u>F8</u> (CTRL+F8)	To select the Credit Note voucher	At Accounting/Inventory Voucher creation and alteration screen
<u>F9</u>	To select the Purchase voucher	At Accounting/Inventory Voucher creation and alteration screen
<u>F9</u> (CTRL+F9)	To select the Debit Note voucher	At Accounting/Inventory Voucher creation and alteration screen

<b>F10</b>	To select the Reversing Journal	At Accounting/Inventory Voucher voucher creation and alteration screen
<b>F10</b>	To select the Memorandum voucher	At Accounting/Inventory Voucher creation and alteration screen
<b>F11</b>	To select the Functions and Features screen	At almost all screens in TALLY
<b>F12</b>	To select the Configure screen	At almost all screens in TALLY

### Special Key Combination

Windows	Functionality	Availability
<b>ALT + 2</b>	To Duplicate a voucher.	At List of Vouchers – creates a voucher similar to the one where you positioned the cursor and used this key combination.
<b>ALT + A</b>	To Add a voucher.	At List of Vouchers – adds a voucher after the one where you positioned the cursor and used this key combination.
<b>ALT + C</b>	To create a master at a voucher screen (if it has not been already assigned a different function, as in reports like Balance Sheet, where it adds a new column to the report).	At voucher entry and alteration screens, at a field where you have to select a master from a list. If the necessary account has not been created already, use this key combination to create the master without quitting from the voucher screen.
<b>ALT + D</b>	To delete a voucher. To delete a master. (if it has not been already assigned a different function, as explained above).	At Voucher and Master (Single) alteration screens. Masters can be deleted subject to conditions, as explained in the manual.
<b>ALT + E</b>	To export the report in ASCII, SDF, HTML OR XML format.	At all reports screens in TALLY.
<b>ALT + I</b>	To insert a voucher.	At List of Vouchers – inserts a voucher before the one where you positioned the cursor and used this key combination.
<b>ALT + O</b>	To upload the report at your website.	At all reports screens in TALLY.
<b>ALT + M</b>	To Email the report.	At all reports screens in TALLY.
<b>ALT + P</b>	To print the report.	At all reports screens in TALLY.
<b>ALT + R</b>	To remove a line in a report.	At all reports screens in TALLY.
<b>ALT + S</b>	To bring back a line you removed	At all reports screens in TALLY. using ALT + R.
<b>ALT+ V</b>	From Invoice screen to bring Stock Journal screen.	At Invoice screen/Quantity Field/ Press Alt + V to select the Stock Journal.

Windows	Functionality	Availability
ALT + W	To view the Tally Web browser.	At all reports screens in TALLY.
ALT + X	To cancel a voucher in Day Book/ List of Vouchers.	At all voucher screens in TALLY.
ALT + R	To Register Tally.	At Licensing Menu in TALLY.
CTRL + A	To accept a form – wherever you use this key combination, that screen or report gets accepted as it is.	At almost all screens in TALLY, except where a specific detail has to be given before accepting.
CTRL + B	To select the Budget.	At Groups/Ledgers/Cost Centres/ Budgets/Scenarios/Voucher Types/ Currencies (Accounts Info) creation and alteration screen.
CTRL + C	To select the Cost Centre.	At Groups/Ledgers/Cost Centres/ Budgets/Scenarios/Voucher Types/ Currencies (Accounts Info) creation and alteration screen.
	To select the Cost Category.	At Stock Groups/ Stock Categories/ Stock Items/ Reorder Levels/ Godowns/ Voucher Types / Units of Measure (Inventory Info) creation/alteration screen.
CTRL+ E	To select the Currency.	At Groups/Ledgers/Cost Centres/ Budgets/Scenarios/Voucher Types/ Currencies (Accounts Info) creation and alteration screen.
CTRL + G	To select the Group.	At Groups/Ledgers/Cost Centres/ Budgets/Scenarios/Voucher Types/ Currencies (Accounts Info) creation and alteration screen.
CTRL + I	To select the Stock Items.	At Stock Group/ Stock Categories/ Stock Items/ Reorder Levels/ Godowns/ Voucher Types / Units of Measure (Inventory Info) creation/alteration screen.
CTRL + L	To select the Ledger.	At Groups/Ledgers/Cost Centres/ Budgets/Scenarios/Voucher Types/ Currencies (Accounts Info) creation and alteration screen.
CTRL + O	To select the Godowns.	At Stock Group/ Stock Categories/ Stock Items/ Reorder Levels/ Godowns/ Voucher Types / Units of Measure (Inventory Info) creation/alteration screen.

Windows	Functionality	Availability
CTRL + Q	To abandon a form – wherever you use this key combination, it quits that screen without making any changes to it.	At almost all screens in TALLY.
CTRL+Alt+R	Rewrite data for a Company.	From Gateway of Tally screen.
CTRL + S	Allows you to alter Stock Item master.	At Stock Voucher Report and Godown Voucher Report.
CTRL + U	To select the Units.	At Stock Groups/Stock Categories/ Stock Items/Reorder Levels/Godowns/ Voucher Types/Units of Measure (Inventory Info) creation/alteration screen.
Ctrl + V	To select the Voucher Types.	At Groups/Ledgers/Cost Centres/ Budgets/Scenarios/Voucher Types/ Currencies (Accounts Info) creation and alteration screen. Special Function Key Combination

### Special Key Combination

Windows	Functionality	Availability
ALT + F1	To close a company. To explode a line into its details. To view detailed report.	At all the menu screen. At almost all report screen. At almost all screens in TALLY.
ALT+ F2	To change the system period.	At almost all screens in TALLY.
ALT + F3	To select the company info menu. At Gateway of Tally screen.	To create/alter/shut a Company.
ALT + F4	To select the Purchase Order Voucher Type.	At Accounting/Inventory Voucher creation and alteration screen.
ALT + F5	To select the Sales Order Voucher Type.  To view monthly and quarterly report.	At Accounting/Inventory Voucher creation and alteration screen.  At almost all report screens in TALLY.
ALT + F6	To select the Rejection Out Voucher Type.  To change the Sales Order Voucher Type.	At Accounting/Inventory Voucher creation and alteration screen.
ALT + F7	To select the Stock Journal Voucher Type To accept all the Audit lists	At Accounting/Inventory Voucher creation and alteration screen. At TallyAudit Listing screen
ALT+ F8	To select the Delivery Note Voucher Type. To view the Columnar report.	At Accounting/Inventory Voucher creation and alteration screen. At Ledger Voucher screen.

Windows	Functionality	Availability
ALT + F9	To select the Receipt Note Voucher Type.	At Accounting/Inventory Voucher creation and alteration screen.
ALT + F10	To select the Physical Stock Voucher Type.	At Accounting/Inventory Voucher creation and alteration screen.
ALT + F12	To filter the information based on monetary value.	At almost all report screens.
CTRL+ ALT+F12	Advanced Config.	At Gateway of Tally.

*Key Combination used for navigation*

Windows	Functionality	Availability
PgUp	Display previous voucher during voucher entry/alter.	At voucher entry and alteration screens.
PgDn	Display next voucher during voucher entry/alter.	At voucher entry and alteration screens.
ENTER	To accept anything you type into a field. To accept a voucher or master. To get a report with further details of an item in a report.	You have to use this key at most areas in TALLY. At the receivables report – press Enter at a pending bill to get transactions relating to this bill (e.g., original sale bill, receipts and payments against this bill, etc.).
ESC	To remove what you typed into a field. To come out of a screen. To indicate you do not want to accept a voucher or master.	At almost all screens in TALLY.
SHIFT + ENTER  SHIFT + ENTER	Collapse next level details.  To explode a line into its details.	At Voucher Register screen and Trial Balance report.  In almost all Reports: At a Group/ Stock Group/Cost Category/Godown/ Stock Category – displays Sub Groups and Ledgers/Stock Items/Cost Centres/ Secondary Godowns/Secondary Stock Categories. At a Voucher – displays its entries and narration. At a Stock Item-displays its godowns and batch details. At Voucher Register screen – displays the next level details. At Trial Balance report - displays the next level details.
CTRL + ENTER	To alter a master while making an entry or viewing a report.	At voucher entry and alteration screens At all reports.

## Summary

- In computerised accounting system, accounting transactions are journalised by two methods (1) manually (2) computerised. In the present computerized accounting system are more and more effective in comparison of manual system of accounting. There are different type of accounting softwares in market but Tally 9.0 is more effective accounting software. Tally 9.0 software have a different features these are :
  - i) **Gateway** - Gateway is the starting of Tally. In other words we can say that gateway is the gate to enter in Tally.
  - ii) **Company creation** - Before inputing accounting transactions, first we create a company through company creation.
  - iii) **Chat of accounts** - Chart of accounts is the segmentation of Liabilities and Assets of Balance Sheet and preparation of Profit and Loss account.
  - iv) **Account master** - Account master basically used for account group and ledger .
  - v) **Voucher entry** - After creation of account user inputs accounting voucher entry in the book of accounts. In computerised accounting system all entries are inputed through a voucher entry.
  - vi) **Trial Balance** - Trial balance is the statement of different closing balances of ledger.
  - vii) **Balance Sheet** - The balance sheet is constructed by simply posting all items of liabilities and assets for the finalisation of journal entry.
- **Report printing** - Report printing is the last step of accounting process.
- Accounting software can be used to successfully maintain the financial transactions of any organisation. Besides data maintenance, these prove to be very efficient when we have to generate accounting reports, which are crucial for decision making in an organisation. These software packages have many more features, which can be explored and used depending on the type of transaction details you require.

**EXERCISE****Q. 1. MULTIPLE CHOICE QUESTIONS**

- A. To create group which menu is used?
- Gateway of Tally > master >accounts info > create
  - Gateway of Tally > master >accounts info > alter
  - Gateway of Tally > master >accounts info > display
  - Gateway of Tally > master >accounts info > edit
- B. To create ledger which menu is used ?
- Gateway of Tally > master >accounts info >ledger > create
  - Gateway of Tally > master >accounts info > ledger >alter
  - Gateway of Tally > master >accounts info > ledger >display
  - Gateway of Tally > master >accounts info > ledger>edit
- C. Which short cut is used to shift "company information menu" form gateway of Tally?
- Alt + F3
  - Alt + Escape
  - Shift + F3
  - Shift + F1
- D. In which group will you record the expense of light bill of Factory?
- Direct income
  - Direct Expense
  - Indirect income
  - Indirect Expense
- E. While recording the voucher entry if it is necessary to create a new ledger for that which commands is used in Tally?
- Ctrl + C
  - Ctrl + G
  - Alt + C
  - Alt + G
- F. While creating ledger if you want to create new group which key is pressed?
- Ctrl + C
  - Ctrl + G

- c. Alt + C
  - d. Alt + G
- G. .... works as a platform to work with Tally
- a. Gateway of Tally
  - b. Outway of Tally
  - c. Company information
  - d. All the above
- H. How many characters are used to create company's short name?
- a. 2
  - b. 4
  - c. 3
  - d. 5

### Q. 2. ANSWER THE FOLLOWING QUESTIONS

1. How do you begin using Tally accounting software?
2. What menu option is available on the gateway of Tally screen?
3. What is the use of Button bar in Tally accounting package?
4. What are the contents of Balance Sheet in Tally?
5. What do you mean by Account Info?
6. Explain the process of Company Creation?
7. "Report generating is not a easy task" Is this statement true or false Explain?
8. Describe the various contents of Profit and Loss Account?
9. Describe the process of creating a Group company and how would you Display and Alter a Group account?
10. Describe Tally 9.0 and what are the new features of 9.0, and explain the various items of the Tally screen?

### Q. 3. SKILL REVIEW

1. From the following transactions of Ashirwad Ltd, post the voucher entries in the respective ledger accounts, prepare a trial balance and balance sheet.
  - i. Started a business with cash Rs 40,000
  - ii. Goods of Rs 10,000/- were purchased at 10% trade discount
  - iii. Goods of Rs 5,000/- were sold with a profit of 40% to Arjun
  - iv. Commission received Rs 500
  - v. Cash deposited Rs 7,000 in a bank

- vi. Return of goods Rs 1,500
- vii. Salary paid Rs 2,500
- viii. Wages paid Rs 350

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**ANSWERS**

1. a      2. a      3. a      4. d      5. c      6. b  
7. a      8. b

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