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CENTRE FOR DISTANCE AND ONLINE EDUCATION

B. Com. Part-II

Semester-III

**Computerized Accounting
Paper-I**

(In accordance with National Education Policy 2020)

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Preface

In the modern business environment, the use of technology in accounting has become indispensable. Recognizing this need, this book on Computerized Accounting – Part I (B. Com., Semester III, SEC A/E/F-III) is prepared to provide a clear understanding of computerized accounting systems and practical skills using the latest version of Tally software.

This book, which is written strictly as per the syllabus introduced from June 2025, aims to bridge the gap between theory and practice. The first unit introduces students to the concept of computerized accounting, its advantages, and how it differs from traditional manual accounting. It also familiarizes learners with different accounting software available in the market. Special focus has been given to Tally, covering its features, navigation through the Gateway of Tally, company creation, and other essential functionalities.

The second unit of the book is entirely practical, enabling students to gain hands-on experience in accounting operations. It covers creating account groups and ledgers, making various types of voucher entries, and generating financial statements such as the Trial Balance, Profit & Loss Account, and Balance Sheet.

Both the topics are explained in a step-by-step manner to make learning easy and effective.

This book is designed in such a way that it will support self-paced learning. It aims to build students' confidence in managing computerized accounting on their own and serves as a practical guide as well as a reference for those planning a career in computerized accounting.

I hope this book will be a valuable resource for learners and educators alike, and will contribute to enhancing practical accounting skills and technological proficiency among students.

I am grateful to Hon. Vice-Chancellor, Hon. Pro-Vice-Chancellor, Dean, Registrar and Director, Centre for Distance and Online Education. I am thankful to Deputy Registrar and other officers and concerned staff of the centre.

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B. Com Part-II

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Each Unit begins with the section 'Objectives' -

Objectives are directive and indicative of :

1. What has been presented in the Unit and
2. What is expected from you
3. What you are expected to know pertaining to the specific Unit once you have completed working on the Unit.

The self check exercises with possible answers will help you to understand the Unit in the right perspective. Go through the possible answer only after you write your answers. These exercises are not to be submitted to us for evaluation. These are provided to you as Study Tools to help keep you in the right track as you study the Unit.

Unit 1
Introduction to Computerized Accounting System

Structure of Unit

- 1.0 Objectives
- 1.1 Introduction
- 1.2. Presentation of Subject Matter
 - 1.2.1. Concept of Computerized Accounting
 - 1.2.2 Need of Computerized Accounting
 - 1.2.3. Advantages of Computer Accounting
 - 1.2.4. Comparison of Manual Accounting and Computerized Accounting
 - 1.2.5. Accounting Software
 - 1.2.5.1 Need or Importance of Accounting Software
 - 1.2.5.2 Different Accounting Software
 - 1.2.6. Introduction to Tally Software
 - 1.2.6.1 Features of Tally
 - 1.2.6.2 Gateway of Tally
 - 1.2.6.3 Company Creation
 - 1.2.6.4 Company features
- 1.3. Summary
- 1.4. Terms to Remember
- 1.5. Answers to Check your progress
- 1.6. Exercise
- 1.7. Reference for further study

1.0 Objectives:

After studying you will understand-

1. Concept, Need and Advantages of Computerized Accounting
2. Comparison between Manual Accounting & Computerized Accounting
3. Accounting Software-Tally, different accounting software and features of tally
4. Gateway of tally, Company creation and company features

1.1. Introduction

Accounting is the language of business. It may be 'Manual' or 'Computerized'. This means either 'Man; or 'Machine'. But in the corporate world, there is a need of 'Man with Machine which increases efficiency, knowledge and skills in accounting. Today, an electronic device such as computer has made a drastic change in the business world. The man has physically and mentally limitations. Due to this, Manual accounting system is replaced to Electronic based Accounting System, which is termed as Computer Accounting System. It is very easy to apply the computer accounting system due to the varied characteristics and benefits in the business. The innovations in accounting packages or software's like Tally ERP, Tally Prime etc, helps in preparation of accounting records like day record, vouchers, financial statements to know the financial position of any business and various reports. It also analyses the accounting data with ratio, cash flow and funds flow techniques. Nowadays it helps in GST accounting.

1.2. Presentation of Subject Matter

1.2.1 Concept of Computerized Accounting

The Transaction Processing System (TPS) is the first and prime stage in computerized accounting. The main object of TPS is to record, process, validate and store transactions of the business for further process.

TPS involves the following steps in processing a transaction:

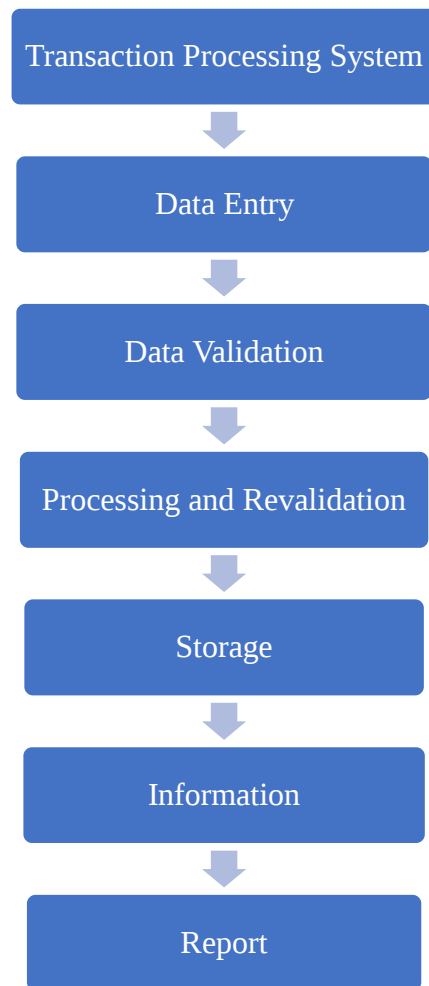


Figure 1.2.1- Transaction processing system

A Computer Accounting System is the modernization of manual accounting with an electronic device.

Computerized Accounting System is an accounting information system so as to process the financial data transactions and events as per Generally Accepted Accounting Principles (GAAP) to generate reports as per the need of users.

The Computerized Accounting has two basic important essentials:

1. Accounting framework:

The set of accounting principles, coding and grouping of accounts or structure is a pre-condition of accounting framework.

2. Operating procedure:

Though it is a database-oriented application, it operates the system for storing and processing the data.

Computerized Accounting refers to the accounting system that uses three accounting software's viz. ready –to-use, customized and/or tailored to maintain a record of financial transactions and generate financial statements for analysis with a specific tool or technique.

1.2.2 Need of Computerized Accounting

The following are the basic requirements for computerized accounting system:

1. **Accounting framework:** Such software consists of grouping, coding and principles of accounting.
2. **Operating procedures:** Well-defined operating procedures that are blended suitably with operating environment of the organization.
3. **Data processing:** A sequence of actions is undertaken for transforming data into information useful for making decisions.
4. **Reporting system:** It is a set of objects for constituting reports.
5. **Front-end interface:** This acts as an interactive link between user and database-oriented software. Through this interface, user communicates with the back-end database.
6. **Back-end database:** It is a data storage system that responds to the requirements of the user to the extent that the user is authorized to access.

1.2.3. Advantages of Computer Accounting

As compared to the manual accounting system, computer accounting system provides the benefits of speed and accuracy in work. The following are the main advantages of computer accounting system:

1. Save in time and increase efficiency:

Due to high speed, computer performs a task of accounting very fast. As a result, it saves time and increase an efficiency of business.

2. **High storage Capacity:** The computer has a high storage capacity of accounting data. it can be stored in hard disk, compact disc, digital video disc, DVD or magnetic tape. Therefore, there is no need to maintain various books.

Storage device	Data Capacity
Hard Disc	100 GB
Compact Disc	700 Megabytes
DVD	4700 Mb or 4.7GB

3. Numerous Transactions:

The Speed and accuracy are the prime feature of computer accounting system. Due to this, the system has a large capacity to do the numerous transactions.

4. Less Paper Work:

There is a need of maintaining various books or registers e.g journals, ledgers, subsidiary books to keep the record of business. But computer accounting system has a large capacity of storage the accounting data; hence it reduces and saves the paper work.

5. Accuracy/correctness:

Computer accounting software tally helps in maintaining accuracy in accounting. Once the voucher entry is correctly recorded, it prepares the other statements of accounts with accuracy.

6. Reduce Accounting Errors:

The accounting software are ready and updated on the basis of accounting principles and process. It is very well computerized. It does the financial, cost and tax/ GST accounting of any business properly. As a result, it helps in reduction of accounting errors.

7. Reliable and Secured:

The computer accounting system provides reliable data and high security to data and information. It maintains secrecy in the business.

8. Reduce Cost:

In multinational companies or large-scale organizations, there is a need of more manpower for data entry of vouchers or accounting work. But due to computer accounting system, it is possible to reduce the excess cost on work.

9. Multiple users:

In multinational Companies or large-scale business organizations, many users can use the accounting information and data at the same time. e.g authorities in Banks, institutions, sales/purchase managers in companies etc. can access the accounting information whenever they required.

10. Quick information and reporting:

Due to computer accounting system, it is very easy to access data and information as per the need of business quickly. A user/ businessman can get quick information about day record of transactions, financial statements, management reports for decision making etc.

1.2.4. Comparison of Manual Accounting and Computerized Accounting

Sr. No	Points	Manual Accounting	Computerized Accounting
1	Identification of transaction/accounts	It is the basic function of Manual accounting is to understand the transaction and identify the accounts involved in it. It helps the user to apply the principles of accounting.	As manual accounting system, computer accounting system has also the same function.
2	Recording Data	In manual accounting, Journal is the prime book of original entry of accounting transaction. The data is recorded in Journal Book.	An user has to enter the data with the help of vouchers into a database system. The computer captures/records the data using input device.
3.	Classification of accounts	The recorded entry in journal, further classify into subsidiary ledgers.	The stored data can be converted and processed by device and generates the necessary reports in the form of ledgers.
4.	Data Processing/Summarizing	It summarizes journal, ledger accounts and balances of each account	The data is processed and update the balances of ledger accounts and prepares the report of trial

		is to be taken gross trial balance and prepared final net trial balance.	balance.
5.	Adjusting Entries	Adjusting entries are to be made to rectify the errors of principle, commission, omission etc. due to lack of knowledge of accountant.	The principle errors may be made by the accountant due to his sufficient knowledge of accounting. These errors can be only rectified in computerized accounting.
6.	Financial statements and Management reports	On the basis of trial balance, financial statements, required management reports are to be prepared.	Computer program operations provide reports of financial statements and specialized MIS reports.
7	Closing of books	On the basis of closing balances of accounts and by making reverse journal entries, an accountant does the preparation for the next accounting period.	There is no need of accountant to do this all. The database system of computer accounting provides closing and opening balances on certain dates of accounting period.
8	Audit Trail	It is easy to find out a source of document of journalizing and ledger postings for audit trail.	It is difficult due to data storage and hidden manipulated arithmetic data.
9	Cost of Reports	The cost of preparation management reports than financial statements is quite high.	It provides management reports in the form of ratios, funds flow /cash flow statement, budges to make a decision at low cost.

Check Your Progress –1

Fill in the Blanks:

1. The ----- is the first and prime stage in computerized accounting.
2. The computer accounting system provides ----- data
3. Computer accounting software ----- helps in maintaining accuracy in accounting.
4. The ----- and ----- is the prime feature of computer accounting system.
5. ----- is a database oriented application; it operates the system for storing and processing the data.

1.2.5 Accounting Software

Accounting software has become an essential tool for businesses to manage finances, automate tasks, and ensure compliance with tax regulations. The accounting software is the emerging need of every business.

Accounting Software is the set of accounting programmes that consists of accounting calculations. The software provides the instructions gradually to the computer to do the work efficiently. It converts the Raw accounting data i.e. unprocessed data into processed facts. There are various accounting software's which are easily available in the market. but in India, mostly Tally and Tatas E-x are used very effectively. The business organizations have different options of software/packages such as Electronic spread-sheet, pre-packaged accounting software, ERP package, FACT wings, Munimaji, Chequemate etc. There are three types of accounting software which is mainly based on types of computer software i.e. System software and Application software. As TPS the computer accounting activity is also follow to record, process, validate and store transactions of the business for getting final report. With the consideration of this view the accounting package/software is classified into three types-

1. Ready to use
2. Customized
3. Tailored

1. Ready to use:

This accounting software is used by very small and traditional units of business. As the size of business, the transactions are also low. The business is generally carried out by a single person. Therefore, Ready to use software is suitable to the business as the low price also. The owner or accountant of the business can easily learn and adopt the software. The accountant or the owner of the business should be aware about the secrecy, security and misappropriations as it is less safe.

2. Customized:

Generally Customized software's are used by the large and medium size business organizations. It facilitates to link with other information system. As per the need, feasibility and specifications of the organizations, the customized accounting software is to be developed. In case of the designing process and testing if the organization is satisfied, it can be implemented in the business. The cost of installation is high as its features like number of users, secrecy, security etc. if the training is provided to the employees, the cost of training may be high.

3. Tailored

The Tailored accounting software is installed in large business organizations. The number of users is more and geographically scattered at various locations. Therefore, there is a need of special training to the user of this software. As the installation cost is relatively high, it provides high security and secrecy. It fulfills the specific needs of the users.

1.2.5.1 Need or Importance of Accounting Software:

The accounting software is needed or important for businesses due to following reasons:

1. **Accuracy:** Automated calculations reduce human error.
2. **Efficiency:** Saves time by automating repetitive tasks.
3. **Compliance:** Most software is designed to comply with India's complex tax regulations, including GST.
4. **Scalability:** Grows along with your company as it expands.

1.2.5.2 Different Accountancy Software :

The following are the top 10 different accounting software options dominating the Indian market in 2025:

1. Tally Prime

- Tally has been a pioneer in the Indian accounting software market. Tally Prime is an upgraded version of the popular Tally ERP, offering powerful features for GST-compliant invoicing, inventory management, and financial reporting. It is user-friendly so it is preferred by many businesses in India. This is mainly used by Small and Medium-sized enterprises (SMEs), traders, and manufacturers. It has the key features as :
- GST-ready
- Real-time updates for financial data
- Multi-user support
- Easy to use and customizable
- Inventory and payroll management

2. Zoho Books

Zoho Books is a cloud-based accounting software that helps businesses manage their finances, track expenses, and file taxes. It's perfect for Indian businesses looking for an affordable and scalable solution. This is used by Freelancers, small businesses, and entrepreneurs and become popular due to its other tools and affordable cost.

Key Features:

- GST invoicing
- Automated workflows
- Financial reports and dashboards
- Integration with Zoho CRM and other apps
- Mobile app for on-the-go access

3. Quick Books India

QuickBooks is one of the most popular accounting software solutions globally, and its Indian version caters specifically to the needs of Indian businesses, including GST compliance and tax filing. It is used by Small to medium businesses, freelancers due to its robust features and customer support make it a solid choice for businesses looking for scalability and reliability.

Key Features:

- GST and TDS support
- Expense tracking and budgeting
- Payroll management
- Customizable invoicing

4. Busy Accounting Software

Busy is a versatile accounting software especially popular among small- and medium-sized businesses in India. It offers a user-friendly interface and comprehensive financial management features. It is used by SMEs, retail businesses. The main focus of this software is on GST compliance and inventory management makes it ideal for businesses in the retail sector.

Key Features:

- GST billing and filing
- Inventory management
- Multi-location business support
- Banking and reconciliation features

5. Marg ERP 9+

Marg ERP 9+ is known for its all-in-one solution that combines accounting, inventory management, and GST compliance. It is designed for Indian businesses looking for simplicity and efficiency. Its comprehensive features and focus on GST make it a trusted choice among Indian businesses. It is used by Retailers, wholesalers and distributors also.

Key Features:

- GST return filing
- Inventory and stock management
- Multi-user access
- In-depth financial reporting

6. Clear Tax

Clear Tax is one of the top choices for businesses focused primarily on tax filing and GST compliance. It offers accounting features but is best known for making tax

filing easier. Clear Tax simplifies the tax filing process for Indian businesses, making it a go-to tool for compliance. This is used by Small businesses and freelancers focused on tax filing.

Key Features:

- GST return filing
- Income tax filing
- Financial statement generation
- E-filing support

7. Fresh Books

Fresh Books is an international accounting software that has gained popularity in India due to its simple interface and powerful invoicing features, making it a great option for service-based businesses. Its ease of use and focus on invoicing make it perfect for service-based professionals. The main target audience are Freelancers and service providers.

Key Features:

- Time tracking and invoicing
- Expense management
- Customizable reports
- Integration with payment gateways

8. Sage Business Cloud Accounting

Sage offers cloud-based accounting software with a global presence. It's growing in popularity in India due to its comprehensive financial management features.

Key Features:

- Automated invoicing and payments
- Multi-currency support
- Mobile app access
- Advanced Reporting

Pricing: ₹3,500 per month (for the Business Plan)

Target Audience: SMEs, startups.

Why It's Popular: Sage's international reputation and feature set make it appealing for businesses expanding globally.

9. Xero

Xero is a cloud-based accounting software that has earned a reputation for being easy to use and feature-rich, making it a top choice for Indian startups and SMEs. This is useful to Startups and small businesses. Its focus on user experience and mobile functionality appeals to companies looking for flexibility

Key Features:

- Bank reconciliation
- Expense tracking
- Invoice generation
- Multi-currency functionality

10. Vyapar

Vyapar is a locally developed accounting software that has gained significant popularity in India, especially among small businesses and sole proprietors, due to its simple yet powerful features. Vyapar's simple interface and affordable pricing have made it a favourite among small businesses across India. Generally it is used by Small businesses and retailers.

Key Features:

- GST invoicing
- Stock and inventory management
- Mobile app for ease of use
- Billing and payment management

Comparison Table: Best Accounting Software in India

Software Name	Key Features	Pricing (Approx)	Best For	GST Complianc
Tally Prime	GST, Inventory, Financial	₹18,000/year	SMEs, Traders	Yes

Software Name	Key Features	Pricing (Approx)	Best For	GST Compliance
Zoho Books	Invoicing, Tax Filing, Reports	₹1,200/month	Freelancers, Small	Yes
QuickBooks India	Expense Tracking,	₹5,000/month	SMBs, Startups	Yes
Busy Accounting	GST, Inventory Management,	₹6,000/year	SMEs, Retail Businesses	Yes
Marg ERP 9+	GST, Inventory, Financial	₹10,000/year	Retailers, Wholesalers	Yes
ClearTax	Tax Filing, GST, Financial	₹2,000 - ₹7,000/year	Small Businesses,	Yes
FreshBooks	Invoicing, Time Tracking,	₹2,000/month	Service Providers	Yes
Sage Business Cloud	Invoicing, Multi-Currency,	₹3,500/month	SMEs, Startups	Yes
Xero	Bank Reconciliation,	₹2,000/month	Startups, Small Businesses	Yes
Vyapar	GST, Invoicing, Stock	₹1,500/year	Small Businesses,	Yes

Source: <https://www.suvit.io/post/most-used-accounting-software-india>

1.2.6. Introduction to Tally Software

Tally Solutions Pvt. Ltd is an Indian Multinational Co, having its head quarter in Bangalore, Karnataka was founded in 1988 by Shyam Sundar Goenka and his son Bharat Goenka. Today there are more than 1 million customers using tally software.

The business transactions are changing fast in the world. The need of speedy work in time at low cost is the requirement of every business organization. Tally is the most popular, powerful and accepted accounting software for identifying, recording, classifying, summarizing the business transactions. It helps in analyzing with

management tools and techniques for making top level decisions. Tally provides quick results to the management.

Tally provides complete solution to the problems of inventory management, invoicing, purchase order discounting, stock valuation etc.

The following are the improved software of Tally from 1980s:

Different Versions of Tally:

Version	Establish	Functions
Tally 3.0	1990	Basic Accounting for small business organizations'
Tally 3.12	1991	basics of accounting
Tally 4:	1992	DOS based accounting
Tally 4.5	1994	Financial accounting, classification, reports
Tally 5	1996	inventory module's structure invoicing and integrating accounting and inventory records.
Tally 5.4	1996	capacity of importing of data, able to convert earlier data formats into the current data format.
Tally 6.3	2001	an extension of enterprise systems
Tally 7.2	2005	an integrated enterprise system, provides various types of taxes such as TDS, VAT & TCS along with Service Tax modules
Tally 8.1	2006	Multi languages, supports 10 languages.
Tally 9	2006	supports 13 languages, including foreign ones and also
Tally ERP	2009	Complete business solution
Tally ERP	2015	Taxation and compliance feature
Tally ERP	2017	updated GST compliance software
Tally Prime	9 th Nov, 2020	Successor to Tally ERP 9, enhancing productivity for MSMEs and Entrepreneurs. Replace tally ERP9

1.2.6.1 Features of Tally

Following are the most important characteristics or features of Tally:

1. Tally provides simple and lucid accounting language of business.

2. A user enables to do business accounting with tally very easily.
3. It is user friendly software which provides simple/easy accounting knowledge and skill to the beginners in computer accounting.
4. Tally provides codeless accounting system, therefore there is no need of recalling the codes.
5. Tally is a complete business solution, provides options for interest and tax calculation, Inventory, Bank Reconciliation Statement etc.
6. Tally Presents quick results/output such as financial statement, ratios, funds flow and cash flow statements as per the requirements.
7. It provides periodic or monthly data for budgeting process.
8. In case of Inventory, Tally has options of only accounting, only inventory or accounting with inventory.
9. Tally is business-oriented software make easy accounting. it is used by industry, trade and commerce to reduce the burden of work.
10. Tally is flexible and customized software.
11. It facilitates a high back up and restoring capacity.
12. Tally is used worldwide business (foreign exchange) transactions; it maintains and provides multiple currency options.
13. A user can do the multitask of various business organizations at the same time/simultaneously.
14. Tally facilitates operating system such as Windows, OS/2, Apple Macintosh etc.
15. In case of data tampering, Tally provides high security against it.
16. Due to Tally accounting, management can understand the financial position quickly to take future action.
17. Tally helps in decision making through analysis of accounting data with ratios, cash flow funds flow and budgeting techniques.
18. Tally has also remote access and commands over data security, tally.net and server etc.
19. Tally provides distinct features of current accounting system and Goods and Service Tax (GST).

Check Your Progress –2

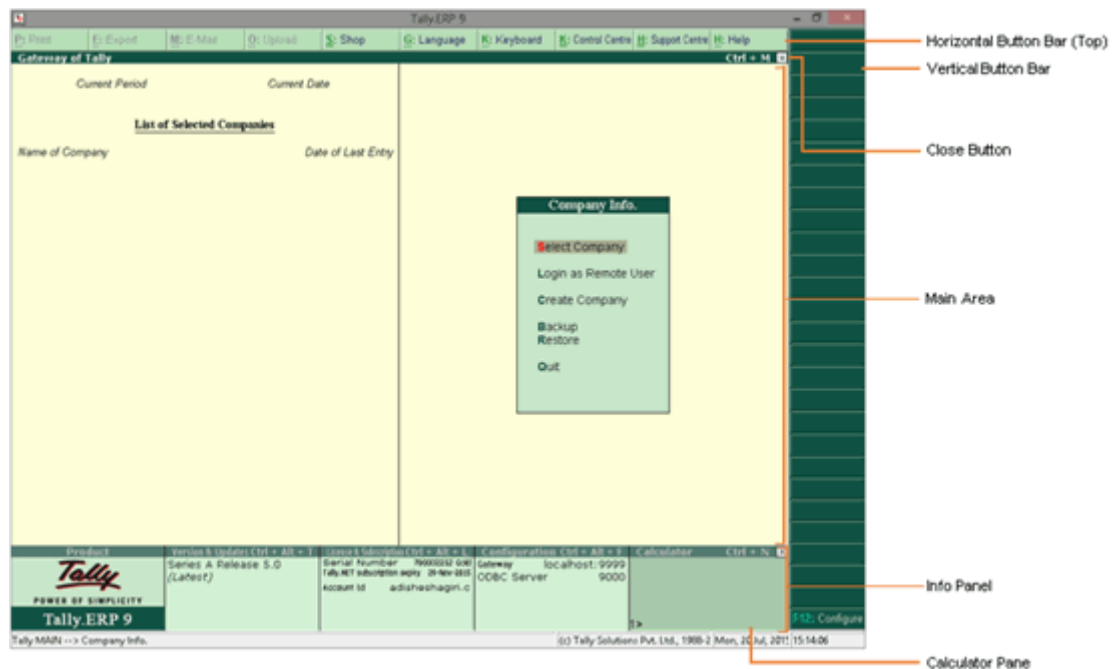
Fill in the blanks:

1. ----- is the set of accounting programmes that consists of accounting calculations.
2. Tally Solutions Pvt. Ltd is an----- Multinational Company.
3. ----- is an integrated enterprise system, provides various types of taxes such as TDS, VAT & TCS along with Service Tax modules.
4. -----accounting software is used by very small and traditional units of business.
5. The -----accounting software is installed in large business organizations.

1.2.6.2 Gateway of Tally

Gateway of Tally ERP 9/ Prime:

The first step to get started in Tally. ERP 9 is to create a company. After installation, the application opens to the screen shown below:



This screen is the Gateway of Tally. The various components of Gateway of Tally are described in the table below:

Button Bar

Top button bar options:

Buttons	Shortcut Key	Functionality
Print	Alt + P	Navigate to Print menu
Export	Alt + E	These buttons are disabled in the Gateway of Tally screen.
E-Mail	Alt + M	
Upload	Alt + O	
Language	Alt + G	To change the language
Keyboard	Alt + K	To change the keyboard language
Control Centre	Ctrl + K	Login to Control Centre
Support Centre	Ctrl + H	To post queries, if any, relating to the product.

Right-side button bar options:

Buttons	Shortcut Key	Functionality
Select Cmp	F1	To select a company
Shut Cmp	Alt + F1	To shut or close the company
Date	F2	To change the current date
Period	Alt + F2	To change the period
Company	F3	To select a different company which is already loaded. (If a company is loaded, this button is disabled)

Company Info	Alt + F3	To access the Company Info. menu
Connect	F4	To connect companies to Tally.NET Server
Disconnect	Alt + F4	To disconnect companies from Tally.NET Server
Features	F11	To access the Company Features menu for a company
Configure	F12	To access configuration settings

Hot Keys

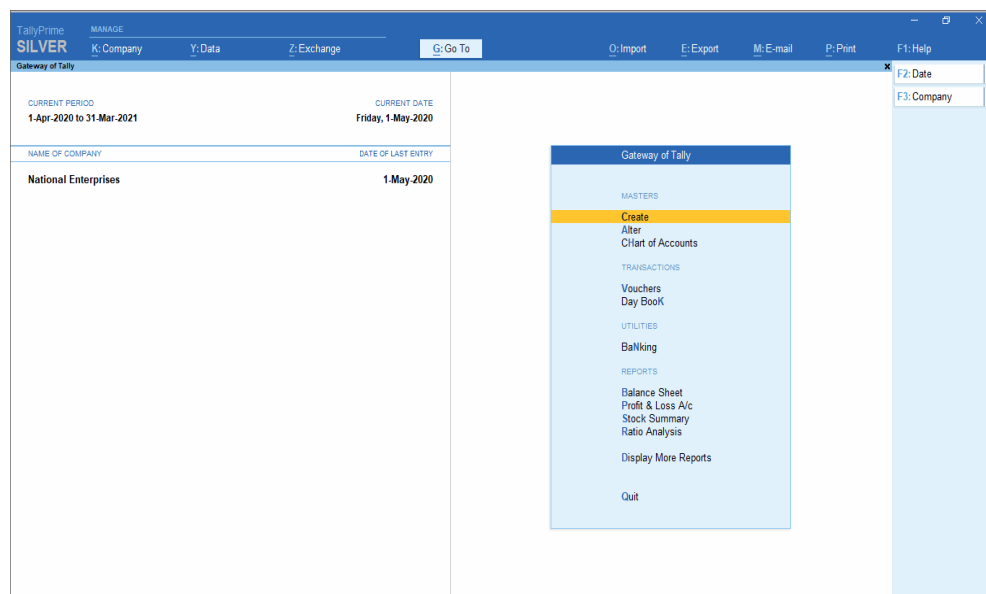
Hot keys are capitalized, and appear in red colour on selection. These keys can be used for easy navigation from one screen to another.

1.2.6.3 Company Creation

Create a company

1. On launching Tally Prime, select Create Company.

- If the user already has one company open and would like to create another company, press **Alt+K** (Company) > **Create**.



2. Provide the Company details.

- a. Enter the **Name**, **Mailing name**, and **Address**.
- b. By default, company data will be saved in the location specified under **Company Data Path**, which is the same as the folder where Tally Prime is installed. For more information, on configuring data path, refer to manage the user should Company Data.
- c. Enter the **State**, **Country**, and other contact details. A sample image is shown below. These details can be printed on users invoices, if needed.

Company Creation	
Company Data Path	: C:\Users\Public\TallyPrime\Data
Company Name	: National Enterprise'
Mailing Name	: National Enterprise'
Address	: #27, 80 Ft, Industrial Area Koramangala Bangalore
Financial year beginning from	: 1-4-2020
Books beginning from	: 1-4-2020
Security	
Set TallyVault Password to encrypt Company Data	: No
Control User Access to Company Data	: No
State	: Karnataka
Country	: India
Pincode	: 560037
Telephone	: 080-25363663
Mobile	: 9864664666
Fax	:
E-mail	: nationalenterprise@hotmail.com
Website	: www.nationalenterprise.com
Base Currency symbol	: ₹
Formal name	: INR
Accept ?	
Yes or No	

- d. Accept the screen. As always, the user can press **Ctrl+A** to save the details and create the company. The user can set up the remaining company details (steps 3 and 4 below) anytime later.

3. Set up financial year details and security options.

- a. **Financial year beginning from:** Tally Prime pre-fills this field based on the date settings of users computer and the Country selected in the **Company Creation** screen.
- b. **Books beginning from:** By default, Tally Prime fills this field with the **Financial year beginning from** date. The user can update this, as needed.
- c. **Enable Edit Log:** This is optional, available from Tally Prime Release 2.1 onwards. The user can enable **Set Edit Log applicability** under **F12** and enable Edit Log for the Company. This will help him/ her to view Edit Log

for the future activities that he/she will perform in masters and transactions.

Furthermore, Company-level activities such as enabling or disabling the Edit Log feature, data migration, or data split that affect the Edit Log report of masters and transactions will be recorded in the Edit Log report under Company.

- d. **Security:** This is optional. The user can enable security features such as Tally Vault and User controls for his/ her company anytime later.

If he/ she do not see the Security option, press **F12 (Configure)** > set the following options to **Yes**:

- **Use Tally Vault Password to encrypt Company Data**
- **Use User Access Control.**

4. **Specify the Base Currency Information.** The user can set up the base currency depending on the currency used in his/ her business to record transactions.

To view all the options related to base currency, press **F12 (Configure)** > set **Provide Additional Base Currency details** to **Yes**.

- If users business includes transactions in multiple currencies, refer to the Multi-currency topic.

5. Accept the **Company Creation** screen. As always, The user can press **Ctrl+A** to save.

Saving the company takes his/ her to the **Company Features** screen, which displays that the company is created successfully.

Company created successfully. (Enable the features as per your business needs.)	
Company: National Enterprises	
Show more features : No	
Accounting	Taxation
Maintain Accounts : Yes	Enable Goods and Services Tax (GST) : Yes
Enable Bill-wise entry : Yes	Enable Tax Deducted at Source (TDS) : Yes
Inventory	
Maintain Inventory : Yes	
Integrate Accounts with Inventory : Yes	

Load company

Once the user has created a company, he/ she can load the company in one of the following ways:

Select company

- Open Tally Prime > **Alt+F3** (Select Company) > and select the company from the **List of Companies**.
- If the user has created more than one company, he/ she can browse to the data path and select the required company to open.

National Enterprises		
Select Company		
List of Companies		
Data Path/Name	Number	Period
Create Company Select Remote Company Specify Path Select from Drive		
D:\TallyPrime\Data		
◆ Up		
◆ ***** ◆	(10000)	
National Enterprises	(10002)	1-Apr-2020 to 31-Mar-2021
Sri Vinayaka Traders	(10017)	1-Apr-2017 to 31-Mar-2021
Data creation	Folder	

Load company on startup

If the user wish to load one or more companies by default, whenever he/ she open Tally Prime, the user can configure the same.

1. Open the **Startup Settings** screen: Press **F1** (Help) > **Settings** > **Startup**.
2. Set the option **Load companies on startup** to **Yes**, and press **Enter** on **Companies to load**.

National Enterprises	
Startup Settings	
List of Configurations	
Show More	
Load companies on startup	Yes
Companies to load	< 1 selected >
Start application in full screen	Yes
Login	
Enable auto-login for companies	No

3. In the **List of Companies to Load on Startup** screen, select one or more companies, based on his/ her need.
4. Select **End of List**, after the user has selected the companies to be loaded on startup.

The companies that the select user here will be loaded by default next time the user can open Tally Prime.

Update Company Details or Alter Company

If the user want to change his/ her company address, phone number, or any other contact information or update some information, follow the procedure:

Press **Alt+K** (Company) > **Alter**.

1. In the **Company Alteration** screen, make the necessary changes.

Company Alteration		National Enterprises	
Company Name	: National Enterprises	Financial year beginning from	: 1-Apr-20
Mailing Name	: National Enterprises	Books beginning from	: 1-Apr-20
Address	: #27, 80 Ft Road, Industrial Area, Koramangala 6th Block, Bangalore	Security	
		To set/alter TallyVault, press Alt+K (Company) & select TallyVault.	
		Control User Access to Company Data	: No
State	: Karnataka		
Country	: India		
Pincode	: 560068		
Telephone	: 080-22282982		
Mobile	: 9929229828		
Fax	: 080-33330003		
E-mail	:		
Website	: www.nationalenterprises.co.in		
Base Currency symbol	: ₹		
Formal name	: INR		

2. Accept the screen. As always, one can press **Ctrl+A** to save.

If the user do not need the company anymore, he/ she can delete the company as well.

1. Press **Alt+K** (Company) > **Alter**.
2. In the **Company Alteration** screen, press **Alt+D**. The company will be deleted permanently.

If the user want to access the business transactions recorded in the company at a later time, he/ she can take a backup of the company before he/ she delete it. Note that once the user deletes the company, he/ she cannot retrieve it, and therefore keeping a back up of the company data is recommended.

1.2.6.4 Company features

Once the user create a company in Tally Prime, he/ she can set up the necessary features, either now or anytime later, based on his/ her business needs. It is necessary to record some of the basic minimum key feature to record the business transactions.

Set the **Show more features** option to **Yes**.

Set the **Show all features** option to **Yes**.

Features	Description
Accounting	
Maintain Accounts	This option is set to Yes, by default. Setting it to No will disable accounting-related options for their company.
Enable Bill-wise entry	Enable this option to display the option Maintain balances bill-by-bill created under sundry debtors and creditors. When the user enters details of sales and purchases with the bill-wise option activated, Tally Prime prompts them to identify the invoice with an appropriate reference number. The reference number can then be used to allocate payments to the correct invoice to maintain an accurate account of outstanding. Bill-wise details for non-trading accounts are useful when one needs to track either an installment to be paid or a loan amount to be received over a certain period.
Enable Cost Centres	Set Show more features to Yes to view this option. Used for maintaining and allocating expenses to cost centres.
Enable Interest Calculation	Set Show more features to Yes to view this option. Enable this option to calculate interest automatically based on the interest rate and the style of calculation specified. This is useful when interest rates change from time to time.
Inventory	
Maintain Inventory	This option is set to Yes by default. This allows them to maintain their stock or inventory. Setting this to No will disable Inventory-related features for their company.
Integrate Accounts with Inventory	Set Show more features to Yes. Maintain their stock or inventory along with their books of accounts. Stock records may contain errors caused by wrong allocation to items. This feature enables finalization of financial books

	without waiting for the reconciliation of stocks. The user can drill down from the Balance Sheet to view the Stock Register.
Enable multiple Price Levels	Set Show more features to Yes. Create multiple price levels for their stock items.
Enable Batches	Set Show more features to Yes. Maintain batch information pertaining to Stock Items. Setting this option to Yes displays the Maintain in Batches field in the Stock Item Creation screen.
Maintain Expiry Date for Batches	Set Show more features to Yes. Set expiry dates for the batches. This displays the Use Expiry Dates field in the Stock Item Creation screen.
Enable Job Order Processing	Set Show all features to Yes. Create Job Work Out or Job Work In orders.
Enable Cost Tracking	Set Show all features to Yes. Analyse and track the cost of an item in transactions.
Use Discount column in invoices	Set Show more features to Yes.
Use separate Actual and Billed Quantity columns in invoices	Set Show more features to Yes. Specify quantities that are different from those delivered/received when invoicing.
Taxation	
Enable Goods and Services Tax (GST)	If business is under the GST regime, set this option to Yes and specify the GST Details for company.

Enable Tax Deducted at Source (TDS)	If business considers TDS payments, set this option to Yes and specify the TDS deductor details along with the applicable Rates and Exemptions.
Enable Tax Collected at Source (TCS)	Set Show more features to Yes . If business considers TCS payments, set this option to Yes and specify the TCS collector details along with the applicable Rates and Exemptions.
Enable Value Added Tax (VAT)	Set Show all features to Yes . If business is under the VAT regime, set this option to Yes and specify the VAT Details for company.
Enable Excise	Set Show all features to Yes . Allow considering excise-related details during voucher entry.
Enable Service Tax	Set Show all features to Yes . If the user pay service tax as part of their business transaction, set this option to Yes and specify the service tax details and set the preferences for their company.
Online Access	
Enable Browser Access for Reports	Set Show more features to Yes . Once company is connected to Tally.NET server, access the key business report from the browser in any device using his/ her Tally.NET credentials.
Enable Tally.NET Services for Remote Access & Synchronisation	Set Show more features to Yes . Use features like Remote Access and Synchronisation.
Payroll	
Maintain Payroll	Set Show all features to Yes . Maintain payroll information in Tally Prime for the selected company.

Enable Payroll Statutory	Set Show all features to Yes . Maintain payroll-related statutory information.
Others	
Enable multiple addresses	Set Show more features to Yes . Add multiple addresses for company, as per their business needs.
Mark modified vouchers	Set Show more features to Yes . For audit purposes, view all vouchers that are altered after creation.

After creation of the company, in the Gateway of Tally screen, under Name of Company, the company name will appear in bold.

The user can create Multiple companies in Tally Prime and manage their business transactions in each company separately. One can use the Group Company feature in Tally Prime. Also, they will get a consolidated statements multiple businesses to submit summarised reports for auditing purpose.

1.3 Summary:

Today, an electronic device such as computer has made a drastic change in the business world. The man has physical and mental limitations. Due to this, Manual accounting system is replaced to Electronic based Accounting System, which is termed as Computer Accounting System. The Transaction Processing System (TPS) is the first and prime stage in computerized accounting. The main object of TPS is to record, process, validate and store transactions of the business for further process. The Computerized Accounting has two basic important essentials- **Accounting framework and Operating procedure**. A Computerised Accounting System is an accounting information system so as to process the financial data transactions and events as per Generally Accepted Accounting Principles (GAAP) to generate reports as per the need of users. Computerised accounting is distinct to Manual accounting. It has multiple advantages.

Accounting Software is the set of accounting programmes that consists of accounting calculations. It converts the Raw accounting data i.e. unprocessed data into processed facts. There are various accounting software's which are easily available in the market. but in India, mostly Tally and Tatas E-x are used very

effectively. The business organizations have different options of softwares/packages such as Electronic spread-sheet, pre-packaged accounting software, ERP package, FACT wings, Munimaji, Chequemate etc. Tally has updated version as Tally Prime. Tally provides distinct features of company creation in respect of ERP 9 and Prime which helps in computerized accounting.

1.4. Terms to Remember:

1. **Accounting Software:** A set of accounting programmes
2. **Manual Accounting:** Traditional Methods of Accounting.
3. **Tally ERP 9:** Tally is main product and Enterprise Resource Planning is a Software.

1.5. Answers to Check your progress:

1. **Section-1 :** 1 Transaction Processing System 2 reliable 3 tally 4. Speed, accuracy 5. **Operating procedure**
2. **Section 2-** 1. Accounting Software 2. Indian 3. Tally 7.2 4. Ready to use 5. Tailored

1.6. Exercise

1) Long questions:

1. Define Computerized Accounting. Distinguish between Computerized Accounting and Manual Accounting.
2. Explain Various advantages of Computerized accounting.
3. Define the term Tally. Explain various important features of Tally.
4. Explain the process of company creation.
5. Explain company features in detail.

2) Short Questions:

1. State the meaning and need of Computerized Accounting. Explain its need.
2. Explain the types of Accounting software.
3. What is Tally software? State different versions of tally accounting software.
4. Explain how to select company in brief.

3) Write Short Note on:

1. Essentials of Computerized Accounting
2. Types of Accounting Software
3. Manual Accounting V/S Computerized Accounting
4. Features of Tally
5. Company Creation
6. Company selection

1.7 Reference for further study

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Unit-2

Accounting Practical with Latest Version of Tally (Accounts Only)

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2.0 Objectives:

This unit teaches you:

1. Theoretical aspects of Tally software
2. Creation of company and entering accounting transactions on Tally
3. Generation of Accounting Reports using Tally

2.1 Introduction

Modern age is the age of computers. Speed is the watchword of the present world. The job that requires a number of persons to work for several hours or days to complete can be done by a computer within few minutes and that too with sharp accuracy. *Computer is a programmable electronic device that can store, retrieve and process data. It is a machine that can be programmed to accept data (input), process it into useful information (output) and store it in its memory or secondary device for later use.* The processing of input to output is directed by the programme instructions (called software) but performed by the physical parts of computer (called hardware). Speed, accuracy, diligence, versatility and storage capacity are the main features of computers. As a result they are being used in every walk of our life.

In industrial and business organisations computers are playing an important role. With the help of computers each and every business transaction can be recorded. Computers can maintain the accounting record of an organisation with speed and accuracy. Once the business transactions are recorded correctly with the computer on the basis of bills and vouchers by using a proper accounting software (like Tally) the computer can on its own generate, display and print the various kinds of bills, vouchers, statements of accounts, daybook summaries, cash and bank summary, petty cash book, trial balance, final accounts, reports, funds flow and cash flow statement, purchase and sales registers, reminder letters to debtors for overdue balances, stock ledger, pay roll and what not. This helps the management to take important business decisions and carry out the compliances of business towards the government and tax authorities, banks, debtors, creditors etc. Computers can hold the data in their memories and can reproduce, whenever required and in a format needed. Computers help in pay roll accounting, inventory control, costing and budgetary control, filing of tax returns etc.

The functions of computers can be stated in brief as under :-

- (1) They store and read the information entered into them,
- (2) Then can perform the arithmetical, accounting and scientific operations of all types on the information.
- (3) They can analyze and interpret the result of processing done on the information entered.
- (4) They can reproduce, display and print the information in any format whenever needed.

2.2 Presentation of Subject Matter

2.2.1 Introduction to Tally :

Tally is the most popular and widely used computerised accounting software package. It provides financial accounting and inventory management system. It is a package with vast application with lots of features aimed for a large section of users of various trade and industry, each having its own kind of requirements. The tally accounting has been refined from time to time hence number of versions of tally have come from time to time such as Tally 4.5, Tally 5.4, Tally 7.1, Tally 8.1, Tally 9.4 and so on.

2.2.1.1 Technological Advantages of Tally :

Tally has achieved great success account of its unique features and technological advantages as under :

- (1) **A leading accounting Package :** The first version of Tally was released in **1988** and since then it has undergone continuous development. Today it is recognized as one of the leading accounting packages across the world. Tally's market share in computerised accounting is more than 90%.
- (2) **Simple Installation :** Tally is very simple to install. It gets installed instantly without any problem on any operating system.
- (3) **Codeless System :** Normally accounting packages use numeric coding system. But Tally is a codeless accounting package. You have freedom to allocate meaningful names in simple English to your data items in the system.

- (4) **Complete Business Solution** : Tally provides a comprehensive solution to the accounting and inventory needs of business. By using Tally you can maintain a complete set of accounts and inventory record for any kind of business. You can also extract various kind of information and reports such as Trial Balance, Final Accounts, Cash Flow and Funds Flow statements, Accounting Ratios etc.
- (5) **Accounting with and without inventory** : While working on Tally you can decide which part of the system to use; Only accounting or accounting with inventory. If accounting with inventory is used whether it should be integrated or not. In *accounting with inventory* simultaneously while doing financial accounting the stock record is indirectly maintained. When accounting entry for purchase or sale of goods is passed you have to fill the details of items of goods purchased and sold, as a result of which the stock of those items is up-dated automatically.
- (6) **Receivables and Payable** : Tally helps you to obtain the various reports on Receivables and Payables in different formats. *Ageing analysis* of Receivables and Payables as per your specification can also be obtained. For example, you can obtain a report on district-wise debtors whose amounts are due or overdue for *8 days and above* or *15 days and above* or *one month and above* etc. You may also print reminders to such debtors requesting them to pay such due or overdue bills. The text of reminder may be prepared in your own fashion.
- (7) **Multi-location stock control** : Tally has a facility to maintain single location as well as multi-location stocks of the firm. Some business houses having many godowns may use multi-location stock option.
- (8) **Multiple units of measurement** : Tally allows you to use multiple units of measure for each item. For example, if you are a wholesale dealer in sarees but occasionally you sell some sarees in retail, you may use *dozen sarees* as unit of measurement of sarees for regular wholesale transactions and *number of sarees* as a unit for retail transactions.
- (9) **Unlimited firms** : By using Tally accounting package you can maintain the accounts of any number of firms at the same time. You can even compare or consolidate the financial statements of the firms whose accounts you have maintained. To get consolidated report of a group of companies you may create a Group company of several constituent companies.

- (10) Multiple Names :** Tally allows you to assign multiple names to stock items or account heads. An item may be identified by Name, Code, Part number, Catalogue number or any other unique identifier.
- (11) Multiple Currency accounting :** Tally allows the use of multiple currencies while recording business transactions. It does the automatic conversion to base currency as per prevailing exchange rates. This helps the importers, exporters as well as multinationals.
- (12) Interest Calculation :** Tally provides flexible and wide range of interest computation methods and options.
- (13) Printing :** Tally does the online printing of quotations, orders, invoices, vouchers, cheques etc.
- (14) Single Mode Voucher Entry :** Tally allows the recording of business transactions by a person without the knowledge of accounting principles, debits and credits. You may use *Single Mode Voucher Entry Screen* and enter the voucher details and Tally gives all the double effects of the transaction on its own and generates the financial statements and reports needed by your business.
- (15) Versatility :** Tally is suitable for a wide range of organisations from small grocery stores to large multinational corporations.
- (16) User-defined Security levels :** Tally offers high levels of security. The user can define multiple levels of security according to his requirements. Every authorized user in the company can have individual passwords with rights to use specific features only. The user with the administrator level password will have full access and can set controls for other users.
- (17) Tally Audit :** The Tally audit features provides the user with administrative rights, a capacity to check the correctness of the entries made by the authorized users and alter these entries, if necessary. Once the entries are audited, Tally displays the altered entries, if any, along with the name of the user who has altered the entry and the date and time of alteration.
- (18) No needs of closing accounts :** Tally directly prepares final accounts from regular business vouchers . Once the accounting voucher entries are made you can directly view the final accounts and get print outs. There is no need to pass year-

end closing entries for the preparation of final accounts as in case of manual accounting.

- (19) Income and Expenditure Account :** Voluntary and Non-Profit Organisations can prepare Income and Expenditure Statement instead of Profit & Loss Account with the help of Tally.
- (20) Columnar day books :** Apart from regular day book reports, Tally can on its own create columnar Day books like Petty Cash Book, Sales Register, Purchase Register, Employee Pay Register etc. in a very compact form.
- (21) Cost Centres and Cost Categories :** Like account groups you may even create cost centres for various levels of cost analysis of accounting data.
- (22) Interest & Calculations :** Tally provides various options and methods for interest calculation on specified transactions.
- (23) Bank Reconciliation :** Tally provides you a facility to track unclear cheques and get your bank accounts reconciled with cash book.
- (24) Import / Export of Data :** Any transactions can be exported to and imported from other software after suitable alteration of the current structures.
- (25) Graphical Analysis of data :** Tally has a facility to make graphical presentation of accounting data you can generate graphical analysis reports of sales register, purchase register, stock register, cash flow, funds flow etc. This helps in reporting to
- (26) GST and TDS :** The recent versions of Tally prepare all the reports required by the government agencies in respect of Goods and Service Tax and Income Tax Deducted at Source. It prints all the certificates, challans and returns under these Acts.

2.2.1.2 Accounts organisation :

To work on Tally you should install Tally package on your computer. Then you may begin as under :-

- (i) Click on Start > Programs > Tally > Tally 9 or
- (ii) Double click on the Tally 9 icon. (if it is on desktop)

Tally Screen : Tally screen has 3 areas, namely,

(a) **Work area** : Where you can work on menus, Masters, Reports etc.

(b) **Calculator** : to make necessary calculations, and

(c) **Buttons** : To perform various functions and easy navigation. These buttons provide quick access to options. Many buttons have under secured or underlined character (e.g. New Column) indicating that you have to press such character simultaneously with <Alt> key. Some buttons have a character double underlined (e.g. As Voucher) indicating that you have to press the character along with <control> key

Work Area	B U T T O N S
Calculator	

Common buttons on every screen are :

F11 : Features : This button is used to change the accounting features and inventory features of the company (or firm) you are currently working with. These changes are company specific. It means they do not affect the features of other companies which you work with the software.

F12 : Configure : This button enables us to select the style of reporting from the various options. It is used to configure settings for various applications available in Tally.

2.2.2 Getting Functional with Tally ERP.9

After successful installation of Tally.ERP 9 on your computer we have to make use of Tally Software to do the accounting assignments. The initial procedure to activate the Tally is referred to as Getting Functional with Tally ERP.9. It can be done in any of the following two ways:

1. After starting the computer, move the cursor to START button on the screen and click on it. (**Click** means press and release the left button of a mouse). Then move the cursor on *All Programs* to display all the programs installed in your computer. Take the cursor on Tally. ERP9 and click it and the Tally ERP9 will get selected then press enter key on your keyboard for once to get functional or after taking cursor on Tally. ERP symbol double click left button to get functional.

Note: Hence forth (Symbol > will be used to mean *Select and Press Enter Key on your computer*)

2. In case Tally. ERP 9 short cut is saved on your desktop the Tally short cut Icon will be appearing on your computer or laptop. In that case simply select and double click the icon to get functional with tally.

In short: to get functional with tally *Click on start button > All Programs > Tally. ERP 9 or Double Click Tally. ERP 9 icon on your desktop.*

When you start Tally ERP 9 first of all the welcome screen “Tally – Power of Simplicity” will be displayed on your screen and within few seconds the following screen will appear on your screen.

2.2.2.1 Mouse / Key Board Conventions:

While working with Tally the following mouse and key board conventions should be understood by you.

Action	Meaning
Click	Press the left button of the mouse
Double Click	Press and release the left button of the mouse twice without moving the position of the pointer.
Select	Bring the cursor on desired option and click the left button of the mouse (Denoted by symbol >).
(Key board) Fn	Press the function key (Key on the letter shown in the capital).
Fn (Capital) Letter	Press Alt. + Function key combination
Function button with Single underline	
Fn (Capital) Letter	Press Ctrl + Function key combination
Function button with Double underline	

2.2.2.2 Switching between Screen Areas:

When Tally ERP.9 is installed and opened “ Gateway of Tally” is the first screen is displayed. To switch between the main screen, calculator area, and information area of the screen the following combinations of the keys on the keyboard can be used.

To use Calculator	Press: Ctrl + N
To return to the main screen	Press: Ctrl + M
To move to configuration information screen	Press: Ctrl + Alt + F
To open screen showing Product Version Features	Press: Ctrl + Alt + T
To move to License and Service Details	Press: Ctrl + Alt + L
To select a company	Press : F1 or Right Click F1 button
To alter date	Press: F2 or Right Click F1 button
To move to previous screen	Press: Esc
To move to next screen	Press: Enter

2.2.2.3 Quitting Tally ERP.9:

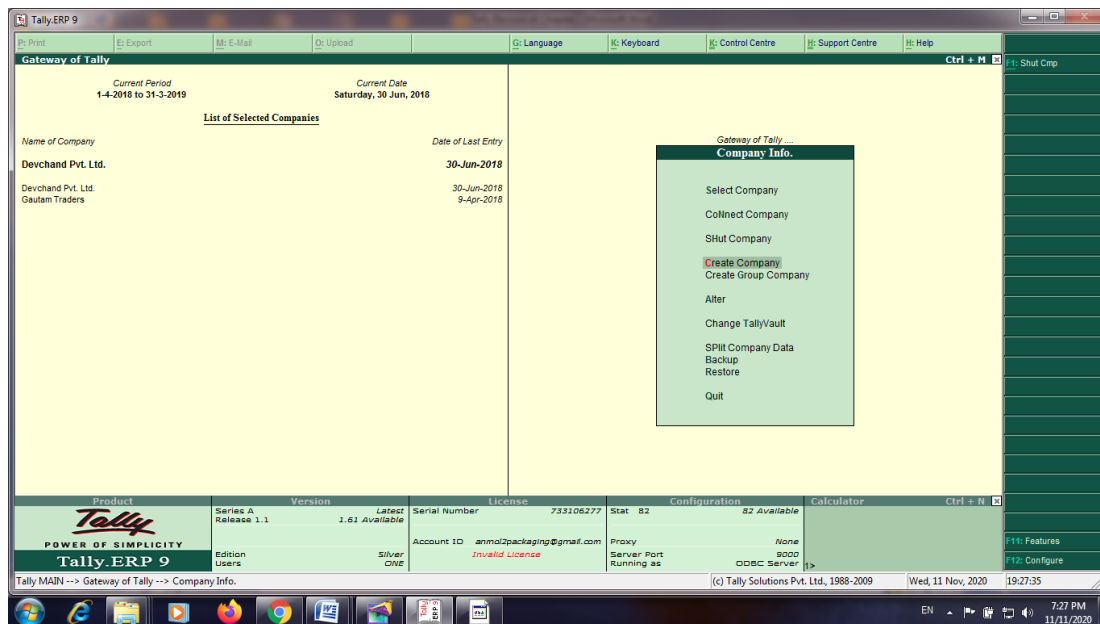
You can quit or exit from any program (Screen and Function) by pressing Quit option given at the end of all functions or press esc key on key board till the message ‘Quit’ Yes or No appears on the screen. Then press Y key or Enter key on your key Ctrl + Q.

2.2.3 Setting up of Company in Tally ERP.9

While using Tally the term company is used to refer to an organization whose accounts are to be maintained under Tally. Such an organization may be a Limited Company, a Private Limited Company, a Partnership firm, a Proprietary concern, a Cooperative Society or any other kind of organization. To maintain the accounts such an organization under a specific name is called setting up a company in Tally ERP. Such an organization or entity whose accounts are maintained under tally is called Accounting Unit.

2.2.3.1 Gate way to Tally: (Main Menu):

After downloading the Tally software or after opening the Tally software any time for accounting work the following opening screen appears which is called GATEWAY to Tally or Main Menu. The screen looks as under:



In the above screen it is seen that accounts of two firms Devchand Pvt. Ltd. and Gautam Traders are already existing with Tally of which Devchand Private Ltd. is in active mode. You can continue your accounting work with this company or select any of the firms from the existing list by pressing select company button. And commence its accounting work by selecting the other company in the given list.

2.2.3.2 How to Create a New Company ? (Company Creation)

If you want to maintain your company's accounts in Tally, first of all you have to create the company or firm whose accounts are to be maintained by you in tally.

To create a new firm whose accounts are to be maintained you have to follow following steps.

Go to Gateway of Tally > Company Info > Create Company

Important Note: Hereafter we shall be using the symbol > to denote **Select & Press Enter Key**

Then the company creation screen appears as shown below in which you have to fill firm's details such as name, address, sales tax number, Income tax number, VAT Number, E-mail Address, Accounting year, Currency etc.

Company Creation

Directory : E:\Tally ERP9

Name : [REDACTED]

Mailing Name : [REDACTED]

Address : [REDACTED]

Currency Symbol : Rs.

Mainman : Accounts with Inventory

Financial Year from : 1-4-2018

Books beginning from : 1-4-2018

Statutory compliance for : India

State : J Not Applicable

PIN Code : [REDACTED]

Telephone No. : [REDACTED]

E-Mail : [REDACTED]

Disallow opening in Educational mode : ? No

TallyVault Password (if any) : [REDACTED]

Repeat Password : [REDACTED]

(WARNING: forgetting your TallyVault password will render your data unusable!)

Use Security Control : ? No

(Enable Security to avail Tally.NET Features)

Base Currency Information

Base Currency Symbol : Rs.

Formal Name : Indian Rupees

Number of Decimal Places : 2

Is Symbol SUFFIXED to Amounts : ? No

Symbol for Decimal Portion : paise

Show Amounts in Millions : ? No

Put a SPACE between Amount and Symbol : ? Yes

Decimal Places for Printing Amounts in Words : 2

Product : Tally ERP 9

Version : Series A Release 1.1

License : 733106277

Configuration : Stat S2, S2 Available

Calculator : Ctrl + N

Tally MAIN --> Gateway of Tally --> Company Info --> Company Creation

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Wed, 11 Nov, 2020 19:18:30

- i) **Directory** : It asks you for the path where you intend to create your company. The default data directory is C:\TALLY\DATA
- ii) **Name** : Type the name of the company. This name will be displayed in the language in which the company is being created.
- iii) **Mailing Name & Address** : Type the full address of your company. This will appear on all the reports.
- iv) **Statutory Compliance for** : The countries are selected from the given list of countries. The statutory features and Base Currency Symbol are enabled in accordance with the country selected.
- v) **State** : Select the state from the drop down list of Indian state.
- vi) **PIN Code** : Type the Postal Index Number.
- vii) **Telephone Number** : Type office Telephone No.
- viii) **E-mail Address** : Type the E-mail address of the company.
- ix) **Currency Symbol** : type Rs. For India.

- x) **Maintain** ': A window with two options pops up. These are :
- a) *Accounts only* ': Where businesses do not deal with Inventory e.g. Professional.
 - b) *Accounts with Inventory* ' It maintains both Financial accounts as well as Inventory.
- Select the appropriate option as per your requirement.
- xi) **Financial Year From** ': Type the starting date of the financial year. Tally considers 12 months from the given date e.g. 01/04/2020
- xii) **Books Beginning From** ': The date from actual transactions started but this date should be later than the starting date of Financial Year.
- xiii) **Tally Vault Password (if any)** ': If you wish to maintain company data in encrypted form.
- xiv) **Use security Control** ': This feature of Tally sets up authority levels that decides the right of the user for data manipulation.
- xv) **Use Tally Audit features** ': If set to 'yes' the changes in transactions or ledger masters can be tracked.
- xvi) **Base Currency Information** ':
- a) Base currency symbol ': Rs.
 - b) Formal name ': Indian Rupees
 - c) Number of Decimal Places ': 2
 - d) Show Amounts in Millions? ': No

Step 2: Press Enter and accept the screen. Now the company gets created which can be loaded from the Company Info. Menu as and when desired.

2.2.3.3 Select a Company

On creation and selection of a company, Gateway appears which is the **Main Menu** of the software from where various accounting activities begin. For selecting the company whose accounts are to be maintained from the gate way you can follow the following route.

Go to Gateway of Tally > Company Info > Select Company

From the list of companies displayed you may select your company by using arrow keys on the key board.

2.2.3.4 Altering / Modifying Existing Company ’:

You can modify, at any time, any information given whilst creating the company by Alt + F3 ‘ Enter.

In case you want to alter the information of the existing company you have to follow the following route:

Go to Gateway of Tally > Company Info > Alter Company

From the list of companies displayed you may select your company by using arrow keys on the key board. The information of the company will be displayed in alter mode. By using enter keys to move ahead to the next fields and back spaces to revert to the earlier fields you may reach the field where you want and make necessary changes in the information therein.

A company can be DELETED only in the alter mode by pressing Alt + D.

2.2.3.5 Shutting a Company ’: It means unloading it. If you are in the main menu called Gate of Tally, you can see that there is F1 : *Shut Cmp* button on vertical button bar on the right hand side. If you select this button and click it with the mouse which will help you to leave the screen of the company you are working with. Alternatively you may Press [Alt + F1] on your key board to shut the working of the current company.

2.2.4 Creating Accounting Masters in Tally ERP.9

2.2.4.1 Chart of Accounts

A chart of Accounts in Tally.ERP9 refers to a list of accounts displaying the all the transactions of an organization using Tally for accounting. Such a chart includes the Groups and Ledgers created and used for the accounting of an organization. To view such chart of Groups and Accounts following route is followed:

To view groups: *Gateway > Accounts Info > Groups > Display*

To view ledgers: *Gateway > Accounts Info > Legers > Display*

In Tally Accounting Package, the data can be divided into two types, namely,

(a) Masters and (b) Transactions.

(a) Masters : The master information means the information which will be stored only once but will be used frequently by the computer. This information is more

of a static nature and changes in this are not required to be done so frequently. Masters include :

(i) Groups, (ii) Ledger Accounts, and (iii) Customer Master.

(i) Groups : Groups are the masters which do the function of holding the various sub groups (or ledger accounts) together. In Tally, at the time of creation of a Ledger Account, you have to place such ledger under appropriate Account Group. Such Account Groups help you to make proper and meaningful classification of Ledger Accounts so as to get the ultimate Accounting Reports in properly classified manner.

Tally provides you the facility to organise Accounts Ledgers and Groups in a versatile manner. Any number of ledgers can be placed under a sub group and any number of sub groups can be placed under a group. Following example shows the hierarchial structure of Account Groups and Ledger.

Group	Expenditure Account
Sub-Group	Employee Expenses
Sub-Group	-Salaries and Wages
Sub-Group	Salaries
Ledger Account	<i>Managerial Salaries</i>
Ledger Account	<i>Technical Staff Salaries</i>
Sub-Group	Wages
Ledger Account	<i>Permanent Workers Wages</i>
Ledger Account	<i>Temporary Workers Wages</i>
Sub-Group	- Bonus
Ledger Account	<i>Statutory Bonus</i>
Ledger Account	<i>Ex-gratia Bonus</i>
Sub-Group	- Incentive
Ledger Account	<i>Production Incentive</i>
Ledger Account	<i>Attendance Incentive</i>
Sub-Group	Administrative Expenses

Sub-Group	- Rent
Ledger Account	<i>Office Rent</i>
Ledger Account	<i>Factory Rent</i>
Ledger Account	<i>Godown Rent</i>

Thus you should plan the arrangement of Groups, Subgroups and Ledger Accounts and establish the link at the time of Group creation and Ledger Creation in order to maintain proper link among them. This helps you to obtain organised reports with control totals. In the above example while you get the total of Expenditure Account, you also get break up into Employee Expenses and Administrative Expenses, again split employee expenditure into Salaries and Wages, Bonus and Incentives. Further total of salaries as well as wages are instantly available along with next level breakup into Permanent workers and Temporary workers wages. Thus proper grouping of accounts help in preparation of Detail as well as Consolidated Accounting Statements and Reports.

2.2.4.2 Ledger Accounts : Ledger account do the function of holding the transaction of a similar nature together. All financial entries are made using ledger account heads. All the expenses on managerial salaries will be shown in the ledger account named, “Managerial Salaries”. Similarly All the expenses pertaining to office rent will be shown in the ledger account named “Office Rent Account”.

2.2.4.3 Customer Master : Customer master keeps the record of the following information pertaining to the customers.

***Full Name * Postal Address * Sales Tax Registration No * VAT No * Income Tax Permanent Account Number (PAN) * Credit Period to be allowed * Credit rating * Maximum credit to be allowed.**

2.2.4.4 Pre-defined Groups of Accounts

Tally automatically provides a set of **28** predefined groups under which ledgers can be classified. These are :

- * Primary Group - 15
- * Sub-Groups - 13

Out of the 15 predefined primary groups :

* **9** - Primary groups appear in Balance Sheet. These are capital in nature.

* **6** - Primary groups appear in Profit & Loss A/c. These are revenue in nature.

All the 13 Subgroups are classified under the **nine** primary groups that are capital in nature and they appear in the Balance Sheet.

Tally also has two predefined ledgers that are most essential for any kind of business. They are

(1) Cash A/c.

(2) Profit & Loss A/c.

These predefined groups and ledgers for each company already existing in Tally are called *Reserved Groups*. They cannot be deleted or altered except the name. These Reserve Groups are normally sufficient for most of the organisations. However, if the user needs some additional groups to meet the special needs of his organisation he is free to create any number of additional groups. He can create primary group or subgroup. The Reserve Primary Groups and Subgroups are as under :

2.2.5 Groups-

Groups are the masters which do the function of holding the various sub groups (or ledger accounts) together. In Tally, at the time of creation of a Ledger Account, you have to place such ledger under appropriate Account Group. Such Account Groups help you to make proper and meaningful classification of Ledger Accounts so as to get the ultimate Accounting Reports in properly classified manner.

2.2.5.1 Creating Single Group:

For creating a single group you have to follow the following procedure:

Gateway > Accounts Info.> Groups > Single Group Create

Then a group creation window will appear in which you have to fill up the name of group and fill up the other necessary details

4.2.5.2 Creating Multiple Group ;

For creating many groups simultaneously you have to follow the following procedure:

Gateway > Accounts Info.> Groups > Multiple Group > Create

Then a multiple group creation window will appear in which you have to select names of pre existing groups under which your multiple groups will appear. For example you may a group of debtors within the state and debtors outside the state under the group Sundry Debtors.

2.2.5.3 Displaying Group:

For displaying a group you have to follow the following procedure:

Gateway > Accounts Info.> Groups > Single Group Display

Then a list of pre-existing groups will be displayed on your screen.

2.2.5.4 Altering Group:

For altering a group you have to follow the following procedure:

Gateway > Accounts Info.> Groups > Single Group Alter

Then a list groups will be displayed on your screen from which you have to select the group which you want to alter and enter. The group data window will appear on your screen in which you may carry on the necessary alterations.

2.2.6 Ledgers

Ledger account do the function of holding the transaction of a similar nature together. All financial entries are made using ledger account heads. All the expenses on managerial salaries will be shown in the ledger account named, “Managerial Salaries”. Similarly all the expenses pertaining to office rent will be shown in the ledger account named “Office Rent Account”.

2.2.6.1 Creating Single Ledger:

For creating a single ledger you have to follow the following procedure:

Gateway > Accounts Info.> Ledgers > Single Ledger - Create

Then a ledger creation window will appear in which you have to fill up the name of ledger and specify the group under which the new ledger should appear and fill up the other necessary details. For example if you want to create the ledger of a customer its group will be sundry debtors then you have to fill up his address, GST no etc in the field reserved.

2.2.6.2 Creating Multiple Ledger

For creating many ledgers simultaneously you have to follow the following procedure:

Gateway > Accounts Info.> Ledgers > Multiple Ledgers - Create

Then a multiple ledger creation window will appear in which you have to select names of pre existing groups under which your multiple ledgers will appear. For example you may a ledgers of many customers under the group of Sundry Debtors or you may create ledgers of several expenses under the group indirect expenses.

2.2.6.3 Displaying Ledger:

For displaying a ledger you have to follow the following procedure:

Gateway > Accounts Info.> Ledgers > Single Ledger Display

Then a list of pre-existing ledgers will be displayed on your screen.

2.2.6.4 Altering Ledger:

For altering a group you have to follow the following procedure:

Gateway > Accounts Info.> Ledgers > Single Ledgers Alter

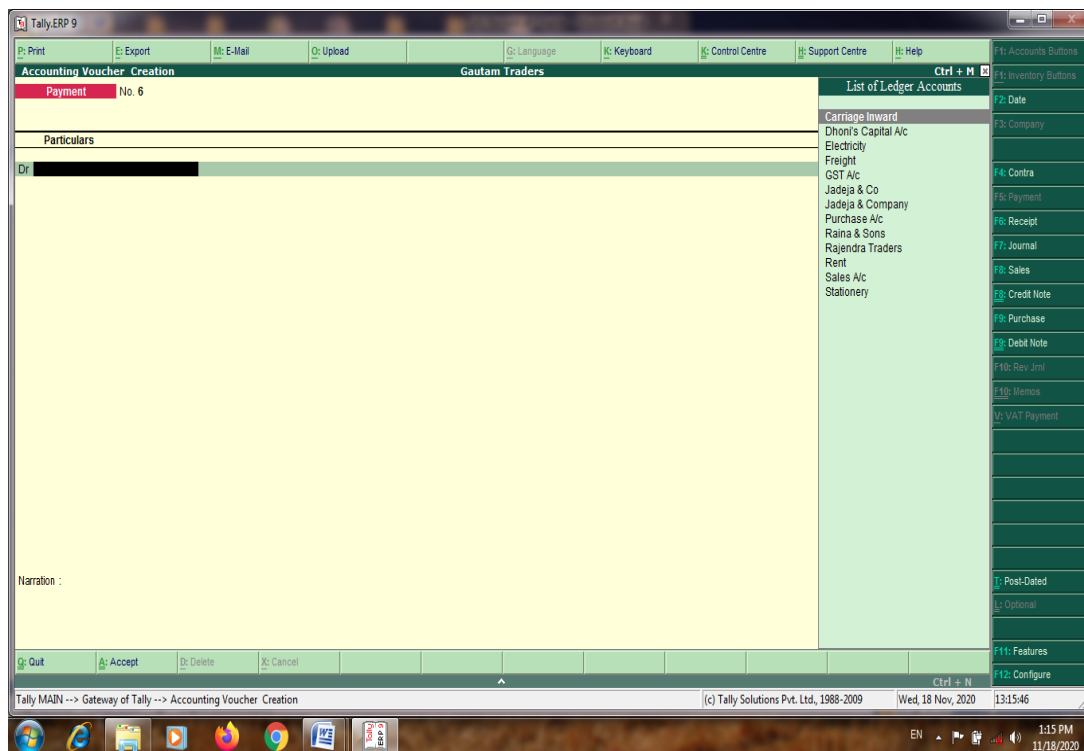
Then a list Ledgers will be displayed on your screen from which you have to select the ledger which you want to alter and enter. The ledger data window will appear on your screen in which you may carry on the necessary alterations.

2.2.7 Voucher Entry in Tally ERP.9s

Day to day transactions are entered in Tally through making proper accounting vouchers in the formats provided by the tally. To make an entry in the desired voucher following steps should be followed:

Gateway to Tally > Accounting Vouchers

Then you will come across the following screen:



Then you have to take the cursor to the kind of voucher you want to make from the dark green color vertical list on the extreme right hand or you have to press proper key such as F4 for Contra voucher, F5 for Payment Voucher, F6 for Receipt Voucher and so on. The concerned voucher will appear on the screen in which you have to enter transaction details as explained in the following pages.

2.2.7.1 Accounting Vouchers-

Voucher is a document containing the details of a transaction. For every transaction you have to make a voucher. The voucher entry option at the Gateway enables you to make day-to-day entries.

Tally already contain a set of standard vouchers essential for any business. They are :

2.2.7.2 Contra Voucher (F4)

Contra entry is a transaction indicating transfer of funds from :

- * Cash account to Bank account.
- * Bank account to Cash account.

* One Bank account to another Bank account.

* Cash given to or received back from Petty Cash.

To create contra voucher the following route is followed :

Gateway to Tally > Accounting Voucher > F4 : Contra

It displays contra voucher wherein you have to enter voucher details such as Voucher No, Date; Ledger Accounts, Ledger Amount, Narration etc. The entries in contra voucher follow the following rule :

Particulars	Debit	Credit
<i>Cr. Source of Funds</i>		<i>(Amount)</i>
<i>Dr. Destination of Funds</i>		<i>(Amount)</i>
(Narration)		

The sample of Contra Voucher for Cash deposit of Rs. 5,25,000 in Bank of India will be as under :

Accounting Voucher Creation	ABC & Co.	Ctrl + M
Contra No 3		3 Apr,2018
Particulars	Debit	Credit
Cr. Cash		5,25,000
<u>Cur. Bal. 65,000</u>		
Dr. Bank of India A/c No. 62580654	5,25,000	
<u>Cur. Bal. 5,25,000</u>		
	<u>5,25,000</u>	<u>5,25,000</u>
Narration :		
Deposited Cash into Bank of India Current Account.		
		Accept ?
		Yes or No

Note : The above entry will be reversed for the Cash withdrawals from bank.

2.2.7.3 Payment Voucher (F5)

Payment Voucher : Transactions involving payment of money by cash, cheque, bank transfer etc. are entered in payment voucher. To make a payment voucher the following route is followed

Gateway to Tally > Accounting Vouchers > F5 : Payment

It displays payment voucher wherein you have to enter payment details such as voucher Number, Date ; Ledger Account, Ledger Amount, Narration etc. The entry follows this rule :

Particulars	Debit	Credit
<i>Dr. Ledger Account (paid to)</i>		<i>(Amount)</i>
<i>Cr. Cash</i>	<i>/</i>	<i>Bank</i>
<i>Account</i>		<i>(Amount)</i>
<i>(Narration)</i>		

The sample to payment voucher for the payment of commission amounting to Rs. 10,000 is as under :

Accounting Voucher creation	ABC & Co.	Control + M
Payment No 1		2 April, 2018
Particulars	Debit	Credit
Dr. Commission A/c.	1,00,000	
Cr. Cash A/c.		1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>
Narration : Received capital from the partners in cash to start the business.		
		Accept ? Yes or No

2.2.7.4 Receipt Voucher (F6)

Receipt Voucher : Transactions involving receipts of money by cash, cheque, bank transfer etc. are entered in receipt voucher. To enter receipts voucher the following route is followed :

Go to Gateway of Tally > Accounting Vouchers > F 6 :Receipts

This displays receipt voucher wherein you have to enter receipt details such as voucher number, date, ledger account, ledger amount, narration etc.

The entry follows this rule :

Particulars	Credit	Debit
Cr. Ledger A/c (from which cash received)	(Amount)	
Dr. Cash/Bank Account		(Amount)
(Narration)		

The sample of receipt voucher for the receipt of capital from owners of business is as under:

Accounting Voucher creation		ABC & Co.	Control + M
Receipt No 1			1April, 2018
Particulars	Debit	Credit	
Cr. Ashok's Capital A/c.		3,00,000	
Cr. Babulal's Capital A/c.		2,00,000	
Cr. Chandrakant's Capital A/c.		1,00,000	
Dr. Cash	6,00,000		
	<u>6,00,000</u>	<u>6,00,000</u>	
Narration :			
Received capital from the partners in cash to start the business.			

Accept ?

Yes or No

2.2.7.5 Journal Voucher (F7)

Journal is used for non cash transactions involving adjustment between the ledger accounts. Journal Voucher is adjustment voucher. The adjustment can be between the two parties (if you are not using debit note or credit note) or between any other account. The examples of transactions where journal voucher may be used are :

- (a) Charging of depreciation on fixed assets.
- (b) Transfer of an expenditure to Profit & Loss account.
- (c) Purchase of a stationary on credit from a party.
- (d) Rectification entry for the wrong posting.

Normally Cash a bank transactions are not entered in journal voucher. To create journal voucher the following route is followed :

Gateway to Tally > Accounting Vouchers > F7 : Journal.

It displays journal voucher wherein you may enter voucher details such as Voucher No., Date, Ledger Accounts, Amount, Narration etc. The first entry must be Debit. Later accounts may be either Debit or Credit.

The sample of journal voucher for depreciation on Building and Machinery amounting to Rs. 25,000 and Rs. 15,000 respectively will be as shown ahead :

Accounting Voucher Creation ABC & Co.		Ctrl + M	
Journal No 1		5 Apr. 2018	
Particulars		Debit	Credit
Dr. Depreciation		40,000	
Cr. Building			25,000
Cr. Machinery			15,000
		40,000	40,000
Narration : Depreciation charged on machinery and Building for the year.			
		Accept ?	
		Yes or No	

2.2.7.6 Purchase (F9)

All purchase transactions (including cash purchase) are entered in purchase voucher. To make a purchase voucher the following route is followed :

Gateway to Tally > Accounting Vouchers > F9 Function key (or click F9 : Purchase Button)

The entry follows following rule :

Particulars	Debit	Credit
Cr. Name of Vender		(Amount)
Dr. Purchase Account	(Amount)	

(Narration)

In a purchase voucher, first entry should always be a credit involving any Creditor (or Debtor or Branch / Division) or Cash / Bank and Second entry should be a debit to a ledger placed under Purchase Account group. Rest of the accounts may be any Revenue account (except sales) or any account under the Group current Liabilities (other than Sundry Creditors). This you can include Duties & Taxes from third entry onwards.

A sample Purchase Voucher for the Purchase of goods worth Rs. 25,000 from Rajaram Bros. Sholapur is shown below.

Accounting Voucher Creation	ABC & Co	Ctrl + M
Purchase No 1		6 Apr. 2018 Sunday
Particulars	Debit	Cre
dit		
Cr. Rajaram Bros.		25,000
Sholapur		
00		
Dr. Purchase Account	25,000	
	25,000	25,000
00		

Narration :

Purchased goods worth Rs. 25,000 vide bill no 105 from Rajaram Bros.,
Sholapur.

Accept ? Yes or No

2.2.7.7 Sales (F8)

All sales transactions (including cash sales) are entered in Sales Voucher. Cash sales entry in Sales Voucher would automatically appear both in Sales Register and in Cash (or Bank) book. To create sales voucher at Gateway to Tally main menu select Accounting vouchers creation screen and press F8 Function key (or click F8 : Sales button). This provides you sales voucher entry screen.

In sales voucher entry screen you can make simple sale entry as follows :

Particulars	Debit	Credit
<i>Dr. Name of the Buyer</i>	<i>(Amount)</i>	
<i>Cr. Sales Account</i>		<i>(Amount)</i>
(Narration)		

You can also enter Sales Voucher involving several billing terms as under :

Particulars	Debit	Credit
<i>Dr. Name of the Buyer</i>	<i>(Total Bill Amt.)</i>	
<i>Cr. Sales Account</i>		<i>(Net Sales Amt)</i>
<i>Cr. Duty / Tax</i>		<i>(Tax Amt.)</i>
<i>Cr. Packing Charges</i>		<i>(Expenses Amt.)</i>
<i>Dr. Discount</i>	<i>(Disc. Amt.)</i>	

Entry Rules : The first entry must be a debit involving any Debtor (or creditor or Branch or Division) / Cash / Bank Account and second should be a credit to ledger placed under Sales Account group. Rest of the accounts may be any Revenue Account (except purchase) or any account under the group current Liabilities (other than sundry creditors). Thus you can include Duties and Taxes from 3rd entry onwards.

A sample of Sales Voucher for a Sale of Rs. 52,000 (including VAT of Rs. 2,000) to M/s. Bholaram & Co. is as given ahead :

Accounting Voucher Creation	ABC & Co	Ctrl + M
Sales No 1		5 Apr. 2018 Saturday
Particulars	Debit	Credit
Dr. Bholaram & Co, Pune	52,000	
Cr. Sales Account		50,000
Cr. VAT		2,000
	<u>52,000</u>	<u>52,000</u>
Narration : Sales of goods to Bholaram & Co vide invoice no 1		
		Accept ? Yes or No

2.2.7.8 Debit Note (Ctrl + F9)

A Debit Note is entered to give a debit to Party Account. Generally a debit note is issued when the goods purchased are returned to the vendor (Purchase Return) or to charge a customer extra for rate difference. The buyer raises a debit note in respect of a credit note issued by the vendor for rebate, discount etc.

The entry for a debit note is as under :

Particulars	Debit	Credit
Dr. Party Account (Supplier)	(Amount)	
Cr. Purchase Return (Purchase)		(Amount)

(Narration)

A route to create debit note is :

At Gateway select *Accounting Vouchers* to get accounting voucher creation screen. Press *Ctrl + F9* Function key (or click *F9 : Debit Note* button) to get Debit Note entry screen.

While making debit note the first entry must be a Debit involving any party (Debtor/Creditor/Branch/Division) or Cash or Bank Account.

A sample of Debit Note for discount on purchase offered by the supplier is as under:

Accounting Voucher Creation	ABC & Co	Ctrl + M
Debit Note No 3		2 April 2018
Ref		
Wednesday		
Particulars	Debit	Credit
Dr. Raj & Company	500.00	
Cr. Discount on Purchase		500.00
	<u>500.00</u>	<u>500.00</u>
Narration :		
Debit Note issued in respect of		Accept ?
discount receivable from Raj & Co.		Yes or No

2.2.7.9 Credit Note (Ctrl + F8)

A Credit Note is entered to give a credit to party Account. Generally credit note is issued when a buyer returns some goods that are sold to him (i.e. Sales Return) or when we grant him credit due to rate difference or discount or rebate in his favor. A credit note entry may be made as under :

Particulars	Debit	Credit
Cr. Party Account (Customer)		(Amount)

Dr. Sales Returns (Sales) / Discount (Amount)

The route to make credit note is as follows.

Gateway to Tally > Accounting Voucher > Ctrl + F8 key

(or click F8 : credit Note button) to get credit note entry screen.

While making credit note the first entry must be a credit involving any party (Debtor or Creditor or Branch or Division) or bank or cash A/c.

A sample of Credit note is as under:

Accounting Voucher Creation		ABC & Co	Ctrl + M
Credit Note No 1		1 April 2018	
Ref		Tuesday	
Particulars		Debit	Credit
Cr. B.D.Sales Corporation			700.00
Dr. Sales		700.00	
Narration		700.00	700.00
Credit note issued towards rate		Accept?	
Difference in Bill No 12584		Yes or No.	

2.2.8 Financial Statements-

After preparing the necessary groups, ledgers and preparing all the voucher entries related to the transactions of the enterprise tally automatically keeps ready all the financial statements on its own. These financial statements can be viewed any time through a short procedure explained below.

2.2.8.1 Drill Down and Trace back: To view any report on screen , select the report from the respective menu. From any on-screen report, press enter at any record to drill down step-by-step, level-by-level to view the intermediary reports and vouchers constituting the Report. At the lowest level, you get voucher in Alteration mode where you may carry out Insertions/ Alteration / Deletion/ Cancellation of voucher. Press Esc key to trace back to the higher level report in the same path through which you drilled down.

To view the detailed or consolidated version click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.8.2 Balance Sheet:

To view the Balance Sheet the following route is to be followed:

Gateway of Tally > Reports: Balance Sheet >

The balance Sheet will be displayed on the screen. To view the detailed or consolidated Balance Sheet click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions of Balance Sheet. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.8.3 Profit & Loss A/c.

To view the Profit & Loss A/c the following route is to be followed:

Gateway of Tally > Reports: Profit & Loss A/c.>

The Profit & Loss A/c will be displayed on the screen. To view the detailed or consolidated Profit & Loss A/c click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions of Profit and Loss A/c. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.8.4 Trial Balance:

To view the Trial Balance the following route is to be followed:

Gateway of Tally > Reports: Display > Trial Balance >

The Trial Balance will be displayed on the screen. To view the detailed or consolidated Trial Balance click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions of Profit and Loss A/c. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.9 Accounting Books and Registers-

After preparing the necessary groups, ledgers and preparing all the voucher entries related to the transactions of the enterprise tally automatically keeps ready all the accounting books and registers on its own. These accounting books and registers can be viewed any time through a short procedure explained below:

2.2.9.1 Cash Book:

To view the Cash Book the following route is to be followed:

Gateway of Tally > Reports: Display > Day Book > Account Books > Cash / Bank Books

To view the detailed or consolidated version click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.9.2 Purchase Register

To view the Purchase Register the following route is to be followed:

Gateway of Tally > Reports: Display > Day Book > Account Books > Purchase Register

To view the detailed or consolidated version click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.9.3 Sales Register:

To view the Sales Register the following route is to be followed:

Gateway of Tally > Reports: Display > Day Book > Account Books > Sales Register

To view the detailed or consolidated version click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.9.4 Journal Register:

To view the Journal Register the following route is to be followed:

Gateway of Tally > Reports: Display > Day Book > Account Books > Journal Register

To view the detailed or consolidated version click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.9.5 Debit Note:

A Debit Note is entered to give a debit to Party Account. Generally a debit note is issued when the goods purchased are returned to the vendor (Purchase Return) or to charge a customer extra for rate difference. The buyer raises a debit note in respect of a credit note issued by the vendor for rebate, discount etc.

The entry for a debit note is as under :

Particulars	Debit	Credit
<i>Dr. Party Account (Supplier)</i>	<i>(Amount)</i>	
<i>Cr. Purchase Return (Purchase)</i>		<i>(Amount)</i>
<i>(Narration)</i>		

A route to create debit note is :

At Gateway select *Accounting Vouchers* to get accounting voucher creation screen. Press *Crtl + F9* Function key (or click F9 : Debit Note button) to get Debit Note entry screen.

While making debit note the first entry must be a Debit involving any party (Debtor/Creditor/Branch/Division) or Cash or Bank Account.

A sample of Debit Note for discount on purchase offered by the supplier is as under :

Accounting Voucher Creation	ABC & Co	Crtl + M
Debit Note No 3		2 April 2018
Ref		
Wednesday		
Particulars	Debit	Credit
Dr. Raj & Company	500.00	
Cr. Discount on Purchase		500.00
	500.00	500.00
Narration :		
Debit Note issued in respect of		Accept ? Yes or No
discount receivable from Raj & Co.		

2.2.9.6 Credit Note:

A Credit Note is entered to give a credit to party Account. Generally credit note is issued when a buyer returns some goods that are sold to him (i.e. Sales Return) or when we grant him credit due to rate difference or discount or rebate in his favor. A credit note entry may be made as under :

Particulars	Debit	Credit
Cr. Party Account (Customer)		(Amount)
Dr. Sales Returns (Sales) / Discount	(Amount)	

The route to make credit note is as follows.

Gateway to Tally > Accounting Voucher > Ctrl + F8 key

(or click F8 : credit Note button) to get credit note entry screen.

While making credit note the first entry must be a credit involving any party (Debtor or Creditor or Branch or Division) or bank or cash A/c.

A sample of Credit note is as under:

Accounting Voucher Creation		ABC & Co	Ctrl + M
Credit Note No 1			1 April 2018
Ref			Tuesday
Particulars	Debit	Credit	
Cr. B.D.Sales Corporation		700.00	
Dr. Sales	700.00		
Narration		700.00	700.00
Credit note issued towards rate Difference in Bill No 12584		Accept? Yes or No.	

2.2.9.7 Day Book

To view the Day Book the following route is to be followed:

Gateway of Tally > Reports: Display > Day Book >

To view the detailed or consolidated version click at **F1: Detailed** key on the extreme right on screen. And toggle the key for consolidated and detailed versions. Alternatively, you may press Alt + F1 to achieve the same result.

2.2.10 Special Function Keys

A) FUNCTION KEY

Sl.	No. Key	Functionality	Availability
1	F2	To change the date	At almost all screens in Tally.
2	F4	To select the contra voucher.	At accounting voucher creation and alteration screens.
		To view the list of groups	At the trial balance, cash/bank summary, group summary and group vouchers screens.
		To view the list of ledgers.	At the ledger voucher screen.
		To change voucher type.	At the journal register and daybook screens.
3	F5	To select the payment voucher.	At accounting voucher creation and alteration screens.
		To switch between grouped and ledger-wise display.	At the trial balance, cash/bank summary and group summary screens.
4	F6	To select the receipt voucher	At accounting voucher creation and alteration screens.
5	F7	To select the journal voucher.	At accounting creation and alteration screens.
		To view the monthly summary	At the ledger voucher screen.
		To switch between group summary and group vouchers.	At the group summary and group voucher screens.
6	F10	Navigate between accounting reports.	At the reports screens, Trial Balance, account books and daybook screens.
7	F11	To select the features screen.	At almost all screens in Tally.

8	F12	To select the configure screen.	At almost all screens in Tally.
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SPECIAL FUNCTION KEY COMBINATION

Sl.	No. Key	Functionality	Availability
1	Alt+F1	To close a company.	At all menu screens.
		To view a detailed report.	At almost all report screens.
		To explore a line into its details.	At almost all screens.
2	Alt+F2	To change period.	At almost all screens.
3	Alt+F3	To select the company info menu.	At Gateway of Tally screen.
		To create/alter/shut a company.	
4	Alt+C	To create a ledger at a voucher screen.	At accounting voucher and alteration screens, at a field where you have to select a ledger from a list. If the required ledger account has not been created earlier, use this key combination to create the ledger without quitting from the accounting voucher screen.
		To add a new column to reports.	At all the reports, trial balance, cash/bank book (s), group summary and journal register screens.
5	Alt+N	To add multiple columns to a report (Auto column).	At all the reports, trail balance, cash/bank (s), group summary and journal register screens.
6	Alt+P	To print reports.	At all reports screens.
7	Ctrl+Q	To quit a screen -wherever you use this key combination, it quits that screen without making any	At almost all screens.

		changes. It does not ask for confirmation from the user before quitting.	
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KEY COMBINATION USED FOR NAVIGATION

Sl	No. Key	Functionality	Availability
1	Enter	To accept anything you type into a field. To accept voucher or master. To get a report with further of an item in a report	You have to use this key in most areas in Tally.
2	Esc	To remove what typed into a field. To come out of a screen. To indicate that you do not want to accept a voucher or ledger.	At almost all screens.
3	Shift-Enter	To view the next level of details and condense the next level of details.	At the balance sheet, profit and loss account, trial balance, cash/bank book(s), group summary, group vouchers, voucher register, daybook and list of accounts screens.

Check Your Progress

(A) Select the most appropriate answer for each of the following questions :

(1) Source code of software means :

- (a) Hard disk (b) Pen drive
(c) Machine language (d) Original copy of software.

(2) The first version of Tally was released in the year

- (a) 1975 (b) 1988 (c) 1960 (d) 1992

- (3) Tally provides for predefined primary groups of accounts.
 (a) 28 (b) 15 (c) 13 (d) 25
- (4) To change between the main menu area and the calculator area at the bottom of the screen you should press key.
 (a) *Ctrl+M / Ctrl+N* (b) *Ctrl+C*
 (c) *Ctrl+A* (d) *Ctrl+Esc.*
- (5) To quite working on Tally you should press
 (a) *Ctrl+Q* (b) *Ctrl+R* (c) *Ctrl+Esc* (d) *Ctrl+A*
- (6) Function key to modify the various features of a company are :
 (a) *F1* (b) *F11* (c) *F1 + Esc* (d) *F12*
- (7) To make receipt voucher you have to press key at Accounting Vouchers Screen.
 (a) *F1* (b) *F4* (c) *F5* (d) *F6*
- (8) On Tally you can maintain the accounts offirm.
 (a) *One* (b) *Four* (c) *Six* (d) *Unlimited*

(B) Say TRUE or FALSE :

- (1) Tally cannot maintain the accounts of non-trading organisations like educational institute or clubs.
- (2) Tally is users friendly accounting package.
- (3) Tally is an accounting system with coding system.
- (4) Tally allows the use of multiple currencies while recording the business transactions.
- (5) Tally has the provision of making graphical presentation of accounting data.
- (6) Tally does not accept voucher entry unless the account to be debited or credited are already there in the memory.
- (7) While using Tally you need not have to follow special procedure to prepare final accounts after making voucher entries.
- (8) In tally you have to press F4 to change the voucher date.

(C) Fill in the blanks

- (1) is the most popular and widely used accounting package.
- (2) vouchers are prepared to record a transaction indicating transfer of funds from cash to bank or vice versa.
- (3) Tally provides a set of predefined groups under which ledgers can be classified.
- (4) Function key used to prepare sales voucher is
- (5) Function key used to create a payment voucher under Tally is
- (6) Tally has only 2 predefined ledgers for and

2.3 Summary

Tally is the most popular and widely used computerized accounting software package with vast application with lots of features aimed for a large section of users of various trade and industry, each having its own kind of requirements. It is refined from time to time hence many of versions of tally have emerged from time to time. Tally has achieved great success account of its unique features and technological advantages. After successful installation of Tally.ERP 9 on your computer an opening screen appears which is called GATEWAY to Tally or Main Menu. Then first of all you have to create the company or firm whose accounts are to be maintained by you in tally as per the procedure explained in the unit. If you are maintain the accounts of company already enlisted in Tally you have to select the company and commence accounting work. Tally has 28 predefined groups and two ledger accounts namely, Cash A/c and Profit and Loss A/c. You can create new groups, if necessary, and ledger accounts you need by entering Groups Creation mode or Ledger Creation mode through the Company Information option given in the main screen. Once the required groups and ledgers are ready you have to make necessary accounting voucher entries representing the day to day business transactions. On making proper entries Tally makes the necessary ledger entries and prepares the Financial Statements ,Day Books and other business reports on its own which can be displayed on the screen and printed as well. There exists provision for alteration of Company information, ledger details and voucher details through alteration mode. Once the accounting work is over you may shut the company. All the procedures of accounting through tally software are explained elaborately in the chapter. The students can understand and master the Tally Accounting through proper practical training and rigorous practice.

2.4 Terms to Remember

1. **Masters :** The master information means the information which will be stored only once but will be used frequently by the computer. This information is more of a static nature and changes in this are not required to be done so frequently. Masters include :

(i) Groups, (ii) Ledger Accounts, and (iii) Customer Master.

2. **Groups-**

Groups are the masters which do the function of holding the various sub groups (or ledger accounts) together. In Tally, at the time of creation of a Ledger Account, you have to place such ledger under appropriate Account Group. Such Account Groups help you to make proper and meaningful classification of Ledger Accounts so as to get the ultimate Accounting Reports in properly classified manner.

3. **Drill Down and Trace back:** To view any report on screen , select the report from the respective menu. From any on-screen report, press enter at any record to drill down step-by-step, level-by-level to view the intermediary reports and vouchers constituting the Report. At the lowest level, you get voucher in Alteration mode where you may carry out Insertions/ Alteration / Deletion/ Cancellation of voucher. Press Esc key to trace back to the higher level report in the same path through which you drilled down.

2.5 Answers to Check Your Progress

- I. (A) - 1-d, 2-b, 3-b, 4-a, 5-a, 6-b, 7-d, 8-d
(B) TRUE - 2,4,5,6,7 FALSE - 1,3,8
(C) 1- Tally, 2- Contra, 3-28, 4- F8, 5-F5, 6-Cash and Profit & Loss A/c.)

2.6 Exercise

- (1) Explain the problems of Manual Accounting System in comparison to computerised accounting?
- (2) Explain in brief the benefits derived by a business firm by computerising the accounting function.
- (3) Explain the hardware and software aspects to be considered while installing a computerised accounting system for a business.

- (4) What do you mean by *Single User* and *Multi-User Accounting Package* ?
- (5) What is Tally ? Explain the features of Tally accounting for its great success.
- (6) Explain the procedure for creating (i) Receipt vouchers (ii) Payment Vouchers (iii) Journal Vouchers (iv) Sales vouchers and (v) Contra Vouchers.
- (7) Write a note on predefined Accounting groups under Tally.
- (8) How the Reports of various kind are generated under Tally ?
- (9) Write short Notes on :
 - (a) Company creation under Tally.
 - (b) F : 11 Features and F:12 configure under Tally.
 - (c) Memorandum Voucher under Tally
 - (d) Voucher Alteration, Deletion, and Cancellation under Tally
- (10) Enter the following transactions by using Tally Accounting Package.
 - (a) 1.4.2018 Mr. Rajendra Patil started a business by Name Patil & Co by bringing in cash of Rs. 3,00,000.
 - (b) 2.4.2018 Mr. Patil paid Rs. 22,500 in cash to purchase a computer with pre-loaded Tally 9. The computer does not have any disposable value at the end of its useful of four years. All the assets are to be depreciated using straight-line method.
 - (c) 3.4.2018 Mr. Patil opened a Bank account with ICICI Bank, Pune for the firm by depositing cash of Rs. 1,50,000.
 - (d) 4.4.2018 Mr. Patil rented an office space for Rs. 2,500 per month from 1st April by paying a security deposit of Rs. 25,000 by cheque.
 - (e) 5.4.2018 Mr. Patil hire Mr. Ravindra H. as a manager on a monthly salary of Rs. 7,500. He also hired Ms. Dipika Naik as an office assistant on a monthly salary of Rs. 4,500.
 - (f) 10.4.2018 Mr. Patil made an arrangement with Imperial computers so that they will provide all the computer services whenever needed.
 - (g) 15.4.2018 Mr. Patil issued cheques and purchased the following fixed assets.

- (i) A cell phone for office usage for Rs. 6,000 (useful life, 5 years).
- (ii) Furniture for Rs. 20,000 (useful life 8 years)
- (iii) An Air conditioner for Rs. 20,000 (useful life, 6 years)
- (iv) Electrical Fittings for Rs. 15,000 (useful life, 10 years)

All these assets do not have any disposable value at the end of useful life.

- (h) 16.4.2018 Mr. Patil obtained a mobile phone subscription with planet Telecommunications Ltd. by paying a deposit of Rs. 3,000 in cash.
 - (i) 20.4.2018 Mr. Patil purchased stationary worth Rs. 12,500 from Global House on Credit.
 - (j) 21.4.2018 Mr. Patil entered into a contract with Silver services for providing consultancy services at an agreed price of Rs.75,000. He received an advance of Rs. 25,000 by cheque.
 - (k) 25.4.2018 Mr. Patil received an invoice for Rs. 6,000 raised by M/s P.G.Gunde & Sons. for printing office stationary.
 - (l) 27.4.2018 Mr. Patil withdraw Rs. 7,500 cash for personal use.
 - (m) 30.4.2018 Mr. Patil paid Rs. 750 cash towards office maintenance charges for April, 2018.
- (11) (This Problem should be solved by manual accounting and then entered on Tally to understand basic Accounting Concepts before working on Tally Software)**

Rajesh Traders, Nana Peth, Pune is running a business from 1.4.2018 and keeps his books of accounts in Tally with accounts only. Following are the details of transactions during the month of April 2018:

- 1.4.2018 Received capital from proprietor Mr. M.S.Dhoni Rs. 2,50,000 vide ICICI Bank Cheque No. 58974 and cash Rs. 50,000 and issued Receipt no. 001 to him.
- 2.4.2018 Above cheque deposited in Bank of India, Tilak Road, Pune Branch in newly opened Current Account No. 2016256897
- 2.4.2018 Credit purchases from Raina & Co. Pune as per Invoice no. 1259 Rs. 1,00,000 at a trade discount of 20% and GST @ 5% 4,000.

- 3.4.2018 Purchased goods from Jadeja & Co., Mumbai vide their invoice no. 325 for Rs. 74,000 (including GST Rs. 3,500 and freight Rs. 500) and paid Rs. 20,000 vide cheque no. 123001 drawn on Bank of India.
- 3.4.2018 Bought goods from Ashwin & Co. vide cash memo no. 568 for Rs. 36,800 (includes G ST Rs.1,750 and Freight Rs.50)
- 4.4.2018 Purchased stationery from P.G.Gunde & Sons vide cash memo no. 5987 Rs. 1,255
- 5.4.2018 Purchased goods from Rohit Brothers, Mumbai vide their invoice no. 658 for Rs.52,500 (including GST 2,500).
- 5.4.2018 Paid transportation charges on above consignment Rs. 815 vide VRL Transport Goods Consignment Note No. 1458
- 6.4.2018 Purchase a computer and printer from Imperial Systems, Bangalore for Rs.52,500 (including GST 2,500) vide their invoice no 897
- 6.4.2018 Paid freight on above consignment from Bangalore Rs. 500 vide Konduskar Road Lines transport receipt no. 2568
- 7.4.2018 Withdrew from bank for office use Rs. 10,000 vide self cheque no. 123002
- 8.4.2018 Purchase return to Raina & Co goods worth Rs. 8,400 (GST Rs. 400) vide our debit note no. 001 and their credit no 32
- 9.4.2018 Sold goods to Shane Warn & Co Rs. 26,250 (GST Rs. 1250) vide Invoice No. 1001 and to Gale & Co. Rs. 31,500 (GST Rs. 1,500) vide Invoice No. 1002
- 10.4.2018 Paid electricity deposit Rs. 15,000 vide MSEB receipt no. 1245
- 10.4.2018 Sold goods worth Rs. 42,000 (GST 2,000) to Watson Bros. vide cash memo no. 2001 and of Rs. 33,600 (GST Rs. 1,600) to Sammy & Sons vide cash memo no 2002
- 11.4.2018 Deposited in bank Rs. 70,000
- 11.4.2018 Returns from Gale & Co. goods worth Rs. 2,100 (GST Rs. 100) vide our credit no. 1001 and their Dr. Note No. 256.

- 11.4.2018 Paid Rs, 50,000 to Raina & Co vide cheque no. 123003 and Rs. 25,000 to Jadeja & co. vide cheque no. 123004
- 12.4.2018 Received a cheque no. 5689702 of Rs. 26,250 drawn on Syndicate Bank from Shane Worn & Co.in full settlement of their account which was deposited in bank
- 13.4.2018 Received Rs. 20,000 vide cheque no. 3658974 drawn on HDFC Bank from Gale & co. which was deposited into bank on the next day.
- 13.4.2018 Purchased goods worth Rs. 36,750 (GST Rs. 1750) from Raina & Co. vide their invoice no 1345
- 14.4.2018 Paid Rs. 40,000 vide cheque no. 123005 to Imperial Systems Bangalore and received their receipt no. 4578
- 15.4.2018 Withdrew from bank for office expenses vide self cheque no. 123006 Rs. 50,000
- 15.4.2018 made the following payments:
- (1) Education fees of son of Mr. Dhoni Rs.15,000
- (2) Paid rent of the shop Rs. 10,000 for two months up to 31.5.2018
- (3) Advertisement expenses to daily Sakal Rs. 2,500
- (4) Advance against salary to Manager Rs. 5,000
- (5) Fire Insurance annual premium Rs. 2,000 vide cheque no. 123007
- 15.4.2018 Following expenses of the business were outstanding:
- (1) Telephone bills Rs. 300, (2) A stationery bill no. 6231 of P.G Gunde & Sons Rs. 700

Closing Stock of goods was Rs. 1,85,800.

A) Enter these transactions in the proper subsidiary books, post those into the ledger accounts and prepare final accounts. Give effect to the following adjustments in the final accounts.

1. Prepaid Expenses are: fire insurance Rs. 2,000, shop rent Rs. 7,500 & Manager's Salary Rs. 2,500.

2. Staff Salary Outstanding Rs. 3,000.

B) Prepare the following accounting vouchers:

- (1) Receipt No. 1 issued to Mr. M.S.Dhoni on 1.4.2018.
- (2) Invoice no. 1259 received from Raina & Co. Pune on 2.4.2018
- (3) VRL Transport Goods Consignment Note No. 1458 received on 5.4.2018
- (4) Invoice No. 1001 issued to Shane Warn & Co on 9.4.2018

2.7 Reference for Further Study

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2. M.G. Patkar and U.A. Sarkhot Financial Accounting with Tally 9.0 Phadke Prakashan
3. M.G.Patkar Corporate Accounting Sem. III Phadke Prakashan
4. Principles of Management Accounting – Man Mohan & Goyal, publisher Sahitya Bhavan, Agra.
5. Materials Management: An Integrated Approach – Gopalkrishnan & Sundaresan, publisher Prentice-Hall of India, New Delhi.
6. Cost Accounting : Methods and Problems– B. K. Bhar, publisher Acedemic Publishers, 700073, India.
7. Theory & Practice of Computer Accounting Volume II – Rajan B. Chougale, Modern Publications, c/o Modern School of Computers, 645, E, Shahupuri, Kolhapur. 416 001.

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