

Computerized Accounting with Tally(Al Jamia)

INTRODUCTION TO ACCOUNTING

Accounting is the recording of business transaction for getting final results i.e.. Profit or loss.

Definition

American Institute of Certified Public Accountants (AICPA) which defines accounting as “the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events, which are, in part at least, of a financial character and interpreting the results thereof”.

Features of accounting

- Monetary transaction
- Historical nature
- Legal requirements
- External use
- Disclosure of financial status
- Interim reports

Important accounting terms

Transactions: transaction means the exchange of money or money's worth from one account to another account Events like purchase and sale of goods, receipt and payment of cash for services or on personal accounts, loss or profit in dealings etc., are the transactions”.

Debtor: A person who owes money to the firm mostly on account of credit sales of goods is called a debtor. For example, when goods are sold to a person on credit that person pays the price in future, he is called a debtor.

Creditor: A person to whom money is owing by the firm is called creditor. For example, Madan is a creditor of the firm when goods are purchased on credit from him.

Capital: It means the amount which the proprietor has invested in the firm or can claim from the firm. It is also known as owner's equity or net worth. Owner's equity means owner's claim against the assets.

It will always be equal to assets less liabilities, say:

Capital = Assets - Liabilities.

Liability: It means the amount which the firm owes to outsiders that is, excepting the proprietors.

Proprietor: The person who makes the investment and bears all the risks connected with the business is known as proprietor.

Account: It is a statement of the various dealings which occur between a customer and the firm.

Drawings: It is the amount of money or the value of goods which the proprietor takes for his domestic or personal use. It is usually subtracted from capital.

Revenue: It means the amount which, as a result of operations, is added to the capital. It is defined as the inflow of assets which result in an increase in the owner's equity. It includes all incomes like sales receipts, interest, commission, brokerage etc.,

Expense: The terms 'expense' refers to the amount incurred in the process of earning revenue. If the benefit of an expenditure is limited to one year, it is treated as an expense such as payment of salaries and rent.

Purchases: Buying of goods by the trader for selling them to his customers is known as purchases. Purchases can be of two types. Cash purchases and credit purchases.

Sales: When the goods purchased are sold out, it is known as sales. Here, the possession and the ownership right over the goods are transferred to the buyer.

Stock: The goods purchased are for selling, if the goods are not sold out fully, a part of the total goods purchased is kept with the trader until it is sold out, it is said to be a stock. If there is stock at the end of the accounting year, it is said to be a closing stock. This closing stock at the year-end will be the opening stock for the subsequent year.

Asset: Any physical thing or right owned that has a money value is an asset. In other words, an asset is that expenditure which results in acquiring of some property or benefits of a lasting nature.

Goods: It is a general term used for the

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articles in which the business deals; that is, only those articles which are bought for resale for profit are known as Goods.

Trial balance: Trial balance is a statement of debit and credit balances extracted from all accounts in the ledger accounts for testing the arithmetical accuracy.

Final accounts: Final accounts are the accounts prepared at the final stage to judge the financial position of the business. The final account consist of trading profit & loss account and balance sheet.

Trading account: Trading account is prepared to show the result of buying and selling of goods during an accounting period. The result of trading may gross profit or gross loss.

Profit & loss account: The trading account show only gross result. It does not show final profit or loss. Hence it is necessary to prepare profit & loss account after preparing trading account. It is prepared to know the net profit or net loss of the business for an accounting period.

Balance sheet: To know the financial position of business, accountant prepare a separate statement known as balance sheet. It contain two sides that is asset side and liability side.

Business: it includes any activity undertaken for the purpose of earning profit.

Financial statements : financial statements are final result of accounting work done during the accounting period. It include 1) trading a/c 2) profit & loss a/c 3) balance sheet

Accounting equation

Assets = liabilities + capital

Capital = assets – liabilities

Liabilities = assets – capital

Classification or types of accounts

- **Real accounts-** these are the accounts or properties of business. Eg- cash account
- **Personal account-** these are the account relating to persons with whom

- business deals. Personal accounts maybe of the following three types

Natural person's personal account- accounts human being

Artificial person's account- accounts of artificial person created by law eg- company a/c, bank a/c

Representative person's account- indirectly representing a person. Eg- prepaid expenses

- **Nominal accounts-** accounts relating to income, expenses etc

Rules of accounting

English approach- this approach is based on types accounts are recorded. They are as follows.

Real accounts-

Debit what comes in

Credit what goes out

Personal account

Debit the receiver

Credit the giver

Nominal account-

Debit all expenses

Credit all incomes

Branches of accounting:

Financial accounting

Cost accounting

Management accounting

Manual accounting: it involves keeping various ledgers and files which typically include a cash book, sales and purchase day book and petty cash book etc. it implies that employees perform the whole accounting works manually on a periodic basis.

Advantages of manual accounting:

- Correction of errors
- Data corruption
- Duplicate copies of data
- Cost effective

Computerized accounting system: it is an accounting system that processes the financial transactions and events as per GAAP principles to produce reports as per users requirements. Modern computerized accounting is based on database which define

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by a set of computer programmes that manages organizes data effectively and stored data by the application programmes.

Basic requirements of database oriented application

Front end interface : it is an interactive link between the user and database-oriented software through which the user communicates to the back end database.

Back end data base : it is the data storage system that is hidden from the user to the requirements of the user to the extent the user is authorized to access.

Data processing : it is a sequence of actions that are taken to transform the data into decision useful information.

Reporting system:

Comparison b/w manual & computerized accounting

Basis	Manual accounting	Computerized accounting
Identifying	Based on GAAP principles	Based on GAAP principles
Recording	Through books of accounts	Stored in well designed database
Classification	with the help of journal, classify the accounts in the ledger accounts	Processing is done by the computer application
Summarizing	Trial balance is used	Automatic summarization
Adjusting entries	Adjusting entries are to be made manually	Done with help of journal vouchers
Financial statements	Manually prepared	Automatically done by the database
Closing the books	Make preparation for the next acc period	Store opening balance of accounts in database

Advantages of computerized accounting system

- Speed
- Accuracy
- Reliability
- Up to date information
- Real time user interface
- Automated document production
- Scalability
- Legibility
- Efficiency
- Quality reports
- Storage & retrieval
- motivation & employees interest
- limitations of computerized accounting system
- cost of training
- staff opposition
- disruption
- system failure
- inability to check unanticipated errors
- breaches of security
- ill effects on health

accounting packages:

1)ready to use: it is suited to small business firms where the volume of transactions is very low. This is because the cost of installation is very low. It is easier to learn

2) customized : it is used to meet special requirements of customers. These are used by large & medium business firms. The available software is not suitable for their organization & they install additional requirements.

3)tailored : this requires specialized training to the users. They mainly adopted by the large business firms.

ACCOUNTING WITH TALLY

Tally : tally is complete accounting software developed by Tally solutions pvt. Ltd. With the help of tally, we can create accounts, prepare vouchers, keep inventory information and produce various type of reports.

Features of Tally

- Simplicity
- Speed

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- Power
- Flexibility
- No codes
- Real time
- Online help

Starting Tally

We can start tally accounting software by double clicking up on the tally icon.

Components of tally screen

1. **Title area** :top area contains version number, release details, product type , tally serial number etc.
2. **Gateway of tally or main area:** the left hand side provides information of current period, current date and list of companies.
The right hand side area displays the company information menu
 - Select a company
 - Create a company
 - Back up
 - Restore
3. **Calculator area**
4. **Button bar** : relevant buttons for the current work are available in this area.

Hot keys : hot keys are the text that are capitalized and are red in colour on all the menu screen. Typing any of the hot keys in the company info screen will either take we to the particular screen or it may display the sub-menu within that option.

Buttons in tally

- Help – Alt + H
- Web browser – Alt +W
- F1 – select company
- Alt F1 – shut a company
- Ctrl +N – calculator
- Ctrl +M – Gateway of Tally
- F11 – features
- F12 - configure

Company creation : it is necessary to maintain company data for operating accounts under tally. The following information is to be entered in company creation screen.

- Name
- Mailing name & address
- State
- Pin Code
- E-mail address
- Income Tax number
- Maintain: accounts only or accounts with inventory
- Financial year from
- Book beginning from
- Tally vault password
- Use security control
- Use tally audit features
- Base currency information

Working with a company:

A company can selected in two ways

1. Automatically by Tally
2. Using the **select company option**

Gateway of tally(GOT) : it is the menu that appears on selection of the company.

Components or information shown in GOT

- **Masters**
 - Accounts info
 - Inventory info
- **Transactions**
 - Accounting vouchers
 - Inventory vouchers
- **Imports of data**
- **Reports**
 - Balance sheet
 - Profit & loss account
 - Stock summary
 - Ratio analysis
- **Display**
- **Multi accounting printing**
- **Quit**

Shut a company : by pressing Alt +F1

Alter a company : GOT – Alt + F3 --- alter

Delete a company : GOT --- Alt +F3 --- Alt + D

Quitting Tally : Press (esc) or Ctrl + A

F11 features : we can change the company operation alteration. It includes

- Accounting features
- Inventory features
- Statutory & Taxation

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F12 configuration : we can configure General, Numerical Symbols, Accounts/inventory information, voucher entries, invoice/ orders entry, printing & other features.

ACCOUNTING GROUP & LEDGERS

Accounting information menu: account information menu is available in the gateway of tally as shown below.

- **Account info**
 - Groups
 - Ledgers
 - Vouchers types
- **Inventory info**
- **Import masters**

Classification of account- heads or chart of accounts

Tally follows the “single Ledger” concept of accounting, which is the modern way of managing accounts. Tally offers 28 predefined widely used groups. Out of these, 15 groups are primary groups and 13 sub-groups. Among 15 predefined groups 9 groups are balance sheet items and the remaining 6 groups are profit & loss items.

Groups: the single ledger concept followed in tally avoids the use of sub ledgers and corresponding control accounts in general ledger. Traditionally, grouping of accounts is a post- accounting activity that is done only when reports are needed. At the highest level of grouping, accounts are classified into capital or revenue- more specifically into assets, liabilities, income and expenditure.

Sub groups : groups have a hierarchical structure. At the top we have primary groups. These are the main assets, liabilities, income or expenditure groups of accounts that determine the entire accounting and their presentation. The reserved primary and sub groups are given below.

Primary groups of capital nature :

1. **Capital account:**
 - Capital
 - Reserves & surplus

2. Current Assets:

- Bank accounts
- Cash in hand
- Deposits
- Loans & advances
- Stock in hand
- Sundry debtors

3. Current liabilities

- Duties & taxes
- Provisions
- Sundry creditors

4. Fixed assets

5. Investments

6. Loans (liability)

- Bank OD accounts
- Secured loans
- Unsecured loans

7. Suspense account

8. Miscellaneous expenses (assets)

9. Branch/ Divisions

Primary groups of revenue nature

10. Sales account
11. Purchases account
12. Direct income (income direct)
13. Indirect income (income indirect)
14. Direct expenses (expenses direct)
15. Indirect expenses (expenses indirect)

Creating a group

We can create single groups & multiple groups

Creation of single group

GOT --- accounts info ---- group --- single group --- create

Group creation menu displays

- Name
- Alias
- Under

Display a single group

GOT --- accounts info ---- group --- single group --- display

Alter a single group

GOT --- accounts info ---- group --- single group --- alter

Delete a single group

GOT --- accounts info ---- group --- single group --- alter ---Alt + D

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Creation of multiple group

Tally also provides the facility of creating multiple group at the same time,

To create multiple group

GOT --- accounts info ---- group --- multiple group --- create

Display a multiple group

GOT --- accounts info ---- group --- multiple group --- display

Alter a multiple group

GOT --- accounts info ---- group --- multiple group --- alter

Delete a multiple group

GOT --- accounts info ---- group --- multiple group --- alter ---Alt + D

Ledger

A group of account is known as ledger or it is a book which contains the collection of accounts. Tally provides the facility to create ledger. By default two ledger accounts are already created namely, cash and profit & loss account. We must create all other account heads.

Like groups we can also create single & multiple ledgers in Tally

Creating single ledger

GOT --- accounts info ---- ledger --- single ledger --- create

ledger creation menu displays

- Name
- Group
- Opening balance
- Maintain balances bill by bill
- Inventory values affected?

Display a single ledger

GOT --- accounts info ---- ledgers --- single ledger --- display

Alter a single ledger

GOT --- accounts info ---- ledgers --- single ledger --- alter

Delete a single ledger

GOT --- accounts info ---- ledgers --- single ledger --- alter ---Alt + D

Creating a multiple ledger

GOT --- accounts info ---- ledger --- multiple ledger --- create

Display a multiple ledger

GOT --- accounts info ---- ledgers --- multiple ledger --- display

Alter a multiple ledger

GOT --- accounts info ---- ledgers --- multiple ledger --- alter

Delete a multiple ledger

GOT --- accounts info ---- ledgers --- multiple ledger --- alter ---Alt + D

Accounting vouchers

Voucher : voucher is the basic recording document. To input any data into Tally, we must use a voucher.

Voucher entry : inputting data through the voucher entry mode may be called crating a voucher or voucher entry.

Vouchers can be entered in 2 main units

- Accounting vouchers
- Inventory vouchers

Types of accounting vouchers:

• **Contra voucher (F4)** : it is used to record the movement of cash from cash account to bank & vice versa. Cash deposit in bank and withdrawal transactions are recorded through contra voucher.

Contra entry - single mode : to create contra voucher under single mode

GOT --- Voucher entry --- press F4 button

Contra entry double mode : in double entry mode, we can select multiple debit & credit ledgers. To do so, on the contra voucher screen, click F12 and set the option "use single entry mode for payment/receipt/contra" to NO.

GOT --- accounting vouchers --- F4

• **Payment voucher (F5)** : this voucher is used to record all cash payments. When payment is made, the payment account is debited and cash or bank account is credited.

Payment - single mode : to create payment voucher under single mode

GOT --- Voucher entry --- press F5 button

Payment, double mode : in double entry mode, we can select multiple debit & credit ledgers. To do so, on the payment voucher screen, click F12 and set the option "use

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single entry mode for
payment/receipt/contra” to NO.

GOT --- accounting vouchers --- F5

- **Receipt voucher (F6)** : this voucher is used to record all cash receipts. At the time of receipt, the cash or bank account is debited and receipt account is credited.

Receipt - single mode : to create receipt voucher under single mode

GOT --- Voucher entry --- press F6 button

Receipt, double mode : in double entry mode, we can select multiple debit & credit ledgers. To do so, on the payment voucher screen, click F12 and set the option “use single entry mode for payment/receipt/contra” to NO.

GOT --- accounting vouchers --- F6

- **Journal voucher (F7)** : journal vouchers are used in instances where the company wants to adjust the debit and credit amounts without involving the cash or bank accounts. Hence they are referred as adjusting entries. Purchase return, sales return, depreciation etc are entered through journal voucher.

(a) **journal voucher** : this voucher is used to make adjustment between two accounts. Internal adjustment like depreciation is recorded through this voucher,

(b) **Credit note voucher** : it is used to record sales return

(c) **Debit note voucher** : it is used to record purchase return

GOT --- accounting vouchers --- F7

- **Sales voucher (F8)** : a sales voucher is used to record all types of sales. That is cash sales and credit sales except fixed assets are recorded.

GOT --- accounting vouchers --- F8

- **Purchase voucher (F9)** : it is used to record all types purchases such as cash & credit purchases except fixed assets purchases.

GOT --- accounting vouchers --- F9

Display a voucher

GOT --- Display --- Day book --- Alt + F1

Alter a voucher

GOT --- Display --- Day book --- select voucher --- alter

Delete a voucher

GOT --- Display --- Day book --- select voucher --- Alt + D

Insert a voucher

GOT --- Display --- Day book --- select voucher entry position in between other vouchers & press Alt + I

Vouchers entry screen displays:

- Type of voucher
- Voucher number
- Reference
- Date of vouchers
- Particulars- To/By or Dr/ Cr
- Ledger name & amount
- Narration

Additional buttons :

- F2 : change Date
- F3 : change company

Use To/By instead of Dr/Cr:

F12 --- Use To/By instead of Dr/Cr --- yes

Advantages of double entry mode :

- We can select any number of ledgers to be debited & credited in the voucher.
- We can view on screen whether a ledger has been debited or credited- thereby enabling we to cross verify

Payment/ receipt as contra : we can use payment and receipt voucher for contra entry by doing F12 --- use Payment/ receipt as contra --- yes

Warn on negative cash balance : to warn negative cash balances in tally do the following

F12---warn on negative cash balance ---yes

Sales voucher as an invoice

When a sales transaction take place, a document, detailing the transaction such as item name, tax etc. has to be given to the buyer as a proof of purchase by him. This document is called invoice. The practice of issuing an invoice is available in Tally.

Tally displays the sales invoice screen. The invoice mode is default.

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There are two types of invoices, namely
Item invoices – we can select items for invoicing

Account invoices – we can select ledgers for invoicing

Unconventional vouchers in Tally

- **Memo Voucher** : this is a non accounting voucher and the entries in this voucher will not affect our accounts. Tally does not post these entries to ledgers but stores in separate memorandum register. We can alter and convert a memo voucher into a regular voucher at any time.

Memorandum register : It is a register which contains all the transaction entered through memo voucher

To view a report of all memo vouchers (memorandum register) – display--- exception report --- memorandum vouchers - --select any month

Uses of memo vouchers

- Making suspense payments
- Vouchers not verified at the time of entry

- Items given on approval

- **Optional vouchers** : this is another non accounting voucher. It differs from memo voucher that here, we mark an existing voucher, as optional or press Ctrl + L. this button toggles with regular. By marking optional the voucher does not get posted anywhere but remains in the optional register.

Optional voucher register – It is a register which contains all the transaction entered through optional vouchers. to view optional vouchers go to –

Display --- exception reports --- optional vouchers

Reversing journals : reversing journals are special journals that are automatically reversed after a specified date. They exist only till that date and are effective only when called for in reports like balance sheet.

Reversing journal register : It is a register which contains all the transaction entered

through reversing journals. to view the entries made in reversing journal go to –
Display --- exception reports --- reversing journal

Post-dated vouchers : while entering vouchers, we can post date them, and tally will not update the ledgers until the specified date. It can be used for to record future transactions.

Post-dated voucher register – It is a register which contains all the transaction entered through post-dated vouchers. to view go to

Display --- exception reports --- Post-dated voucher

Voucher classes

Voucher class helps us to automate accounting allocations during invoice entry. It is a table for predefining the entries that we wish to automate.

INVENTORY MANAGEMENT

To **get inventory information** in Tally do the following

GOT- Inventory Info

Inventory info contains stock groups, stock items, stock category, voucher type, unit of measures, godown etc.

Stock group : stock item can be grouped together as stock group based on some common similarities. Grouping would help us easy allocation and reporting of stock items in statements.

We can create stock group in Tally as single & multiple

Creation of single stock group

GOT --- Inventory info --- stock groups --- single create

display a single stock group

GOT --- Inventory info --- stock groups --- single Display

alteration of single stock group

GOT --- Inventory info --- stock groups--- alter

deletion of single stock group

GOT --- Inventory info --- stock groups --- single --- alter --- Alt + D

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Single stock group creation screen displays

- Name
- Under
- Can quantities of items be ADDED?

Creation of multiple stock group

GOT --- Inventory info --- stock groups --- multiple create

display a multiple stock group

GOT --- Inventory info --- stock groups --- multiple Display

alteration of multiple stock group

GOT --- Inventory info --- stock groups --- multiple --- alter

deletion of multiple stock group

GOT --- Inventory info --- stock groups --- multiple --- alter --- Alt + D

Stock categories : the stock categories are similar to cost categories. This option will come up in the menu only if we have opted for stock categories in F11 Features.

Creation of single/multiple stock category

GOT --- Inventory info --- stock categories --- single/multiple create

display a single/multiple stock category

GOT --- Inventory info --- stock categories --- single/multiple Display

alteration of single/multiple stock category

GOT --- Inventory info --- stock groups --- single/multiple --- alter

deletion of single/multiple stock category

GOT --- Inventory info --- stock groups --- single/multiple --- alter --- Alt + D

Stock items : like ledgers, stock items are the primary inventory unit. We will use stock items for recording their receipts & issues. This is the lowest level of information about inventory. It is necessary to create stock item for each different items to be maintained in the store. In fact we can create a stock ledger account for each item and tally calls this account "stock item"

Creation of single stock item

GOT --- Inventory info --- stock item --- single create

display a single stock item

GOT --- Inventory info --- stock item --- single Display

alteration of single stock item

GOT --- Inventory info --- stock item --- single --- alter

deletion of single stock item

GOT --- Inventory info --- stock item --- single --- alter --- Alt + D

Single Stock item creation **window** displays the following

- Name
- Alias
- Under
- Units
- Rate of VAT
- Opening balance

Creation of multiple stock item

GOT --- Inventory info --- stock item --- multiple create

display a multiple stock item

GOT --- Inventory info --- stock item --- multiple Display

alteration of multiple stock item

GOT --- Inventory info --- stock item --- multiple --- alter

deletion of multiple stock item

GOT --- Inventory info --- stock item --- multiple --- alter --- Alt + D

Multiple Stock item creation **window** displays the following

- Under group
- S No.
- Name of the item
- Under
- Opening balance

Additional fields in the stock creation

- Part No.
- Alias
- Category
- Alternative units
- Set standard rates? ? (Y/N)
- Use BoM? ? (Y/N)
- **Costing method**
 - Average cost price
 - FIFO

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- Last purchase Cost
- LIFO annual
- LIFO Perpetual
- Standard cost price
- Ignore difference due to physical counting? (Y/N)
- Ignore negative balances? (Y/N)
- Treat all sales as new manufacture? (Y/N)
- Treat all purchases as consumed? (Y/N)
- Treat all rejections inward as scrap? (Y/N)
- Opening balance

Reorder levels

Reorder level is that quantity in hand for a stock item, reaching which, we should order for new supplies. The importance of reorder level arises from the fact that there must have sufficient stocks to execute customers' orders and at the same time to avoid unnecessary high stocks.

Specifying reorder level in Tally

GOT---Inventory Info --- Reorder levels

Select the group items for which to specify reorder levels

Reorder level specifying **window** displays the following

- Level/quantity
- Or consumption of last
- Whichever is higher/ lower
- Rounding method

Obtain reorder status & quantities to order

GOT---Display---Statement of Inventory---reorder Status

Reorder status **windows** shows the following

- Name of the stock item
- Stock in hand
- Purchase order pending
- Sales orders due
- Shortfall
- Minimum reorder quantity
- Order to be placed

Alter reorder level & minimum quantities

GOT---Inventory Info---reorder levels

Location/Godowns

Location or godown is a place where stock items are stored. We may want to distinguish between stock held on sit and at the warehouse and this can be done by creating two separate stock locations. Tally permits any number of locations that can be grouped and sub grouped to match the structure we need.

Create a single location

GOT---inventory info --- Godowns---single godown---create

Godown creation **window** involves

- Name
- Alias
- Under
- Allow storage of material

Create multiple godown

GOT---inventory info---Godowns---multiple godown---create

Displaying godown or location

GOT---inventory info---Godowns---single/multiple godown---display

Altering godown

GOT---inventory info---Godowns---single/multiple godown---alter

Deleting godown

GOT---inventory info---Godowns---single/multiple godown---alter---Alt+D

Unit of measures

It is necessary to create units of measures for stock items. The quantity of items in the stock is expressed in units of measures. These can be simple units such as numbers, meters etc.

Creation of unit of measure

GOT---Inventory info---unit of measures---create

Types of unit of measurement

- **Simple unit** : if we wish to give unit symbol that are single and not a combination of other units, select simple.
- **Compound unit** : a compound unit is a relation between two simple units. Before we create compound unit, ensure that two simple units have been

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previously created.

Unit creation **window** displays

- Symbol
- Formal name
- No. of decimal places

Displaying/altering unit of measures

GOT---Inventory info---unit of measures---display/alter

Deleting unit of measures

GOT---Inventory info---unit of measures---alter---Alt + D

Price lists

Price lists are useful for orders & invoices. An up to date price list helps in speed up the sales process. Tally creating quantity based pricing with complex discount structure. We can have one or more price lists. More than one price list is required when we have different price levels for different purposes.

Price levels: customers can be assigned to specific price lists, is called price levels in Tally. So that only the relevant price is used during entry of orders & invoices. Before we begin to create price lists, we should decide whether we want to different price levels. Different price levels such as wholesale customers, retail customers etc can be created as price levels.

Enable & create price lists

Ensure that the company has been set up for accounts with inventory.

F11 features- allow invoicing - yes.

The option for price list will not be available without invoicing.

Tab down to-

Set/modify other company features -yes

Use multiple price levels for invoicing.- yes

Creation of price list

GOT---inventory info---price list---create

Price list creation **window** displays

- Under group
- Price level
- Application from- date
- Sl No
- Name of item
- Quantities (from & less than)

- Rate & discount (if any)
- Previous price list rate & discount
- Cost price

Inventory vouchers (pure inventory vouchers)

Inventory vouchers are very similar to accounting vouchers. These vouchers are used as means of entering inventory transactions. This type of voucher, record the receipt and issue stock, transfer of stock between locations and physical stock adjustment.

- Receipt note voucher
- Rejection in voucher
- Delivery note voucher
- Rejection out voucher
- Stock journal voucher
- Physical stock voucher

We have to activate tracking numbers in F11 features, in order to activate the goods in receipt note & goods out delivery note vouchers.

Receipt note voucher : this voucher is used to record the receipt of goods from suppliers. In this vouchers we have to enter order details, suppliers details, godowns, rate, qty etc.

Rejections in voucher : it is used to record the goods receipt by way of sales return(return by customers)

Delivery note voucher : this voucher is used to record goods delivered to a customer. Reference, ledger account, customers name & address, item, rate, qty etc are recorder in this voucher.

Rejection out voucher : this is used to record the goods that are rejected & returned to a supplier(purchase return).

Stock journal voucher : a stock journal is used to transfer material or stock from one location to another location.

Stock journal voucher **shows**

- Common information(ref, date, voucher no.etc)
- Source (consumption)
- Destination (production)

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- Additional cost details

Physical stock voucher : this voucher record actual stock which is found on physical verification or counting. There may some difference between the actual stock and the computed figure.

Buttons for inventory vouchers

- Receipt note voucher – F9
- Rejection in voucher –F9
- Delivery note voucher –F8
- Rejection out voucher- F8
- Stock journal voucher- F7
- Physical stock voucher – F10

How to **enter** pure inventory vouchers (procedure)

1. GOT-Voucher entry
2. Change the date if necessary
3. Select voucher type from the button bar like receipt note etc
4. Type the required fields
5. Press enter

Inventory voucher **window** displays

- Type of voucher
- Voucher number
- Reference number
- Date of voucher
- Ledger account
- Suppliers or customers name & address
- Name of the item
- Tracking number
 - New number
 - Not applicable
- Pending tracking number
- Order details
- Location
- Batch number
- Mfg. date
- Expires on
- Quantity
- Rate
- Per
- Amount
- End list
- Narration

INTEGRATION OF ACCOUNTING WITH TALLY

Bill wise details

Bill wise details are available only for party accounts such as sundry debtors & creditors etc. It is available only by activating bill wise details in the F11 features.

We give bill details during voucher entry itself. This is the advantage of immediate reconciliation of bills/ invoices with payment/ receipts. Our outstanding position is correct and available at all times.

The following **details** are to be entered in the bill wise details section

1. Type of bill reference

- **Advance** : this is relevant where we receive or pay money in advance
- **New reference** : we select this for new transactions
- **Against advance** : this option is used when we want to adjust against a previous reference.
- **On account** : it is used when we unable to mark a payment or receipt against pending reference.

2. Name

3. Due date or credit days

4. Amount

5. Dr/Cr

Invoicing

Invoicing or sales invoicing is not very different from sales voucher entry. In fact, we use the same voucher but select “as invoice”. The main advantage of using the invoice format for sales invoice entry is that it enables automatic calculation of duties & taxes.

Purchase invoices are recorded through normal purchase entry & does not have the provision of being converted into an invoice format.

Before proceed with the invoicing, ensure that we have activated invoicing entry capability in F11 features.

Computerized Accounting with Tally(Al Jamia)

Procedures for purpose of invoice preparation

1. In F12 – show inventory details – yes
2. In F11 – allow invoicing – yes
3. If we want separate column for discounts in invoices say yes
4. In accounts info –ledgers, ledgers of the type purchases & sales accounts have inventory values are affected –yes
5. If we want tax accounts like VAT or sales tax to use automatic calculation, ensure % of calculation is entered.

Invoice format for sales invoicing (voucher) **window** displays

- Sales voucher number
- Date
- Reference
- Party's a/c name
- Party's other details
- Delivery note no.
- Dispatch details
- Order details
- Buyers' details
- Inventory allocation
- Accounting details

Printing invoices & vouchers

Alt + P

View invoice as voucher & vice versa

Ctrl + V

Cost centres

The facility of cost centres allows an additional dimension to a transaction. A transaction can be allocated to a cost centre and as a result it is possible to extract all transaction relating to the cost centre.

Hence a cost centre can be said to be any unit of an organization to which transactions can be allocated. When only costs or expenses are allocated to these units, they are referred to as cost centres.

When we allocate income to the units, they become **profit centres**

Examples for cost centres

Department of an organization such as finance, marketing etc.

Product of a company such as soa, shampoo etc.

Cost centre can be created in tally as single or multiple.

Creation of single cost centre

GOT---Accounts info---Cost centres---
create(single)

Cost centre creation **screen** appears

- Category
- Name
- Alias
- Under

Alter a single cost centre

GOT---Accounts info---Cost centres---
alter(single)

Deleting a single cost centre

GOT---Accounts info---Cost centres---
alter(single)---Alt + D

Create a multiple cost centres

GOT---Accounts info---Cost centres---
create(multiple)

Alter a multiple cost centre

GOT---Accounts info---Cost centres---
alter(multiple)

Deleting a multiple cost centre

GOT---Accounts info---Cost centres---
alter(multiple)---Alt + D

Cost categories

Cost categories have been useful for organizations requiring allocation of resources to parallel sets of cost centres. If we are not using cost categories, there would be only one set of cost centres. By using cost centre, we may allocate, in parallel, a transaction to more than one set of cost centres.

Cost categories can be created in tally as single or multiple.

Creation of single cost category

GOT---Accounts info---Cost category ---single
create

Cost category creation **screen** appears

- Name
- Alias
- Allocate revenue items (Y/N)
- Allocate non-revenue items (Y/N)

Computerized Accounting with Tally(Al Jamia)

Alter a single cost category

GOT---Accounts info---Cost category ---
alter(single)

Deleting a single cost category

GOT---Accounts info---Cost category ---
alter(single)---Alt + D

Create a multiple cost category

GOT---Accounts info---Cost category ---
create(multiple)

Alter a multiple cost category

GOT---Accounts info---Cost category ---
alter(multiple)

Deleting a multiple cost category

GOT---Accounts info---Cost category ---
alter(multiple)---Alt + D

Budgets

Budget is a statement containing the expected result for a particular period. It is a type plan, specifically quantitative plan. Budget figures are used to compare with actual figures and to display variances.

Tally provides us the facility to create multiple budgets. Budgets can be prepared for specific purposes. For eg ; for the bank, for the head office etc.

Enabling budgets in Tally :

F11 --- accounts features ---- maintain budgets & controls ---yes

Creation of budgets in tally

GOT---Accounts info---budgets---create

Then the following **screen** appears

- Name
- Under
- Period of budget
- Se/alter budgets of

We can set budget for

- Budget for group
- Budget for ledgers
- Budget for cost centres

Budget for group

When we select budget for group the following information will displays on the window

- Account name
- Cost centre
- **Type of budgets** : there are two types

- On net transactions : use when transaction amount are to be monitored and not the balances.
- On closing balances : used to monitor the balance of the accounts and not too keen on the transactions.

Alter a budget

If we wish to alter a budget, say yes to “set/alter budgets for group”. The default is no. the same sub screen pops up for alteration. Alter necessary fields and accept.

GOT---accounts info---budget---alter

Delete a budget

GOT---accounts info---budget---alter---Alt + D

Budget variance

The trial balance and group summaries carry an additional “budget variance” button (Alt + B)which is active if budgets are active and at least one budget exist. Budget variance show the variance of actual from the budgeted figures.

Interest calculations

Tally allows us to obtain reports on interest calculated by tally based on the instruction we furnish. Interest figures are typically desired in the following situations.

- On outstanding balance amount
- On outstanding bills/ invoices/ transactions

Enabling interest calculation in Tally

GOT---F11--- Activate interest calculations ?---set it to yes

Use advanced parameters?---set to No

Interest can be calculated in simple mode and transaction by transaction

Interest calculation procedures(simple mode)

- Alter a ledger which we want to calculate interest
- Tab down to the option activate interest calculations?
- Set it to yes
- Now we have to set interest parameters(details)
 - Rate

Computerized Accounting with Tally(Al Jamia)

- Style
 - ✓ 30-day month
 - ✓ 365-day year
 - ✓ Calendar month
 - ✓ Calendar year

- Accept the screen

Interest calculated report

GOT---Display---statement of accounts---
interest calculation---ledger

Interest calculation transaction by transaction

Transaction by transaction or bill by bill
interest calculation is permitted for party
accounts like sundry debtors & creditors.

Procedures of calculation

- Alter a customer account
- Set yes to activate interest calculation
- The interest parameters have three lines to answer
 - Rate
 - Calculate interest transaction by transaction- set yes
 - Over-ride parameters for each transaction- set it to No

If set No, we are not allowed to change
interest parameters in voucher entry.

Report on interest calculated on outstanding transaction/bills

GOT---display---Statement of books---interest
calculation---ledger---select customer

Purchase & sales order

We can prepare purchase order and sales
order by using tally.

Purchase order

Purchase order may be produced, printed and
sent to suppliers. Goods received are
connected with the purchase orders and
invoices. Outstanding orders should be
monitored.

Activate purchase order in Tally

GOT---F11---allow purchase order processing
---yes

Creation of purchase order

GOT---voucher entry---F9---select purchase
order

Purchase order **contains** the following

information

- Party a/c name
- Order No
- Name of the item
- Due on
- Location
- Quantity, rate and amount
- Additional cost details
- Next item
- Expense/tax
- Narration

Alter a purchase order

GOT---Display---Day book or inventory books
---purchase order book

Delete a purchase order

GOT---Display---Day book or inventory books
---purchase order book---Alt + D

Sales orders

It is very similar to purchase orders. Its
details will also depend on configuration
settings. Therefore we have to set
configuration & voucher types.

Activate sales order in tally

GOT---F11---allow sales order processing ---
yes

Creation of sales orders

GOT---voucher entry---F8:sales---select sales
order

sales order **contains** the following
information

- Party a/c name
- Order No
- Name of the item
- Due on
- Location
- Quantity, rate and amount
- Additional cost details
- Next item
- Expense/tax
- Narration

Alter a sales order

GOT---Display---Day book or inventory books
---sales order book

Delete a sales order

GOT---Display---Day book or inventory books
---sales order book---Alt + D

Computerized Accounting with Tally(Al Jamia)

Reconciliation of bank accounts

Reconciliation is the process of reconciling the two accounts. Reconciling the company's bank accounts with the banker's statement is a fundamental and regular task of accounting. In tally there are two objectives of reconciliation of bank accounts. First it help us to "check back" the correctness of the reconciliation. This has been done, by marking the bank date against the voucher. Second we should able to recover the reconciliation as of any date.

Bank reconciliation procedure in Tally.

- Bring up the monthly summary of any bank book.
- Bring the cursor into the first month
- Press F5 to visible the reconciliation
- The display now becomes an 'edit' screen in 'reconciliation' mode. The primary components are: a column for the bankers date.
 - Reconciliation button at the bottom showing
Balance as per company books
Amount not reflected in bank
Balance as per bank.

Bill of material (BoM)

A bill of material contains a list of material and components needed for a particular work order. In other words, it is a list of component items required to undertake production.

Enable BoM facility in Tally

GOT---F12 configuration---allow components list details---yes

A BoM should available while manufacturing an item. Hence, we want to enable manufacturing entries. This is done through a stock journal. We can be done this by editing a stock journal as manufacturing journal or creating new manufacturing journal under sock journal.

Creation of manufacturing journal in tally

GOT---accounts info---voucher type---create
Following **information** is entered in a manufacturing journal

- Name

- Type of voucher
- Abbr. (abbreviation)
- Method of voucher numbering
- Use as manufacturing journal – yes

Creation of BoM

We can create BoM for any stock item. BoM can specify when a stock is created. Let us create a new stock item and specify its BoM
GOT---inventory info ---stock items ---create
At the bottom of stock creation window shows an information as 'set components(BoM), set it to yes. When a pop up list will comes, It **contains**

- Unit if manufacture
- Item(set components), location(godown) and quantity.

Inventory ageing analysis

It is one of the important stock or inventory management tool. A firm want to ensure good working capital management. To ensure this, stock management has to make an important role.

Inventory ageing analysis means ageing the stock or inventory in hand to reduce the over stocking and under stocking. It help us to bring optimum stock level in the organization.

To view age analysis in Tally

GOT—Display---inventory books --- ageing analysis

Ageing analysis report produce a default ageing period of less than 45 days, 45 to 90 days, 90 to 180 days and 180 days above. We can change the setting by using F6.

INTRODUCTION TO VAT

VAT

VAT introduced in the year 2005(april 1). Vat is one of the indirect tax. VAT is tax which is charged on the increase in value of goods at each stage of production and circulation. VAT is charged on goods only not on services. It is collected by state Govt.

Input tax (VAT) : this is the tax paid on purchases

Output tax : this tax is charged on sales.

Computerized Accounting with Tally(Al Jamia)

Input credit : the amount of input tax is permitted to be set off against output tax.

Composite VAT : dealers with annual gross turnover not exceeding a certain prescribed limit can opt for a composition scheme whereby they will pay tax as a small % of their gross turnover. In this case input credit is not allowed. Now the current composition vat is 1%.

VAT rates

- 0 % for essential commodities
- 1 % on bullion and precious stones
- 5 % on industrial input & capital goods items
- 14.5% on all other items.

Enabling VAT in tally

GOT---Accounts info--- F11 ---statutory & taxation --- enable Value Added Tax (VAT) --- set it to Yes.

VAT classifications

- Input VAT @ 1%
- Input VAT @ 5 %
- Input VAT @ 14.5%
- Output VAT @ 1%
- Output VAT @ 5%
- Output VAT @14.5%
- Purchases exempt
- Sales exempt
- Purchases- capital goods
- Purchases from unregistered dealers.

Ledger masters

The VAT classification will be displayed as drop down list in the ledger masters. The following are the VAT ledgers.

1. Sales a/c
2. Purchases a/c
3. Duties & taxes a/c
4. Direct expenses/ Income

Ledger creation for VAT

1. Purchase ledger for VAT

GOT---acc info---ledger---create

- Enter the name of the ledger. Eg : purchases @ 5 %
- Select under purchases a/c

- Set 'inventory values are affected' to yes
- Set the option used in VAT returns to Yes

- Select the required VAT class.
- Accept

2. Supplier ledger

GOT---acc info---ledger---create

- Enter the name of the ledger. Eg : TK traders
- Select under sundry creditors a/c
- Set 'inventory values are affected' to No
- Enter the mailing name
- Enter PAN and TIN number
- Accept

3. Sales ledger

GOT---acc info---ledger---create

- Enter the name of the ledger. Eg : sales @ 5 %
- Select under sales a/c
- Set 'inventory values are affected' to yes
- Set the option used in VAT returns to Yes
- Select the required VAT class.
- Accept

4. Input VAT ledger

GOT---acc info---ledger---create

- Enter the name of the ledger. Eg : input VAT @ 5%
- Select under duties & taxes a/c
- Select VAT from the pop up list provided
- % for calculation – 5%
- Method of calculation – on VAT rate
- Accept

5. output VAT ledger

GOT---acc info---ledger---create

- Enter the name of the ledger. Eg : output VAT @ 5%
- Select under duties & taxes a/c
- Select VAT from the pop up list provided
- % for calculation – 5%
- Method of calculation – on VAT rate

Computerized Accounting with Tally(Al Jamia)

- Accept

VAT vouchers

- Purchase
- Sales
- Debit Note
- Credit Note
- Journals

Payment of VAT in Tally

Payment of VAT in tally is done with the help journal voucher.

VAT report: to obtain VAT report go to:

GOT---Display---statutory reports---VAT reports.

Assessable value : it is the value of the transactions made with the respective VAT classification.

VAT return: VAT return is displayed in the Govt. prescribed format. To obtain the VAT return go to:

GOT---Display---statutory reports---VAT reports---VAT return

VAT computation report

GOT---Display---statutory reports---VAT reports---VAT computation

CST, SERVICE TAX & CENTRAL EXICE

Central Sales Tax(CST) :

sales Tax in India can be divided into 2 . central sales Tax and Local sales tax. Local sales tax is now renamed as VAT. VAT in India is collected by the state Govt. but central sales tax is levied to central Govt. it is an indirect tax.

CST is a tax which is charged on interstate sales of commodities. It is the responsibility of seller to pay the central sales tax to central Govt.

Inter-state sales : According to CST act, a sale become interstate when, 1) the sale occurred the movement of goods from one state to another or 2)the sale is affected by a transfer of documents of title to the goods during their movement of goods from one state to another.

Goods that are sold within a state, but while transporting through another state is not a interstate sale.

CST transaction form : dealers have to issue certain declaration(authorization) in prescribed forms to buyers/sellers

- Form C
- Form D
- Form E1
- Form E2
- Form F
- Form H
- Form I

Form D is to be issued by Govt. organization departments making purchases.

Rate of CST

- To registered dealers – 2 % or VAT rate applicable to concerned commodity in the selling state.
- To un registered dealer – on VAT rate which are applicable in selling state
- To Govt. Department - on VAT rate which are applicable in selling state
- If under the local sales tax law, sale or purchase is exempt from CST, the CST is nil.

Activation in tally

GOT---F11 features --- statutory & taxation --- enable CST---yes

Ledgers related with CST

Create the following ledgers to record the CST transactions

- 1) CST sales ledger
- 2) CST purchase ledger
- 3) CST supplier ledger
- 4) CST customer ledger
- 5) CST (under duties & taxes)

CST reports :

GOT---Display ---statutory reports --- CST --- form receivables/from issuable

Form receivable : it contains the forms received from various customers showing the date of transaction, CST sales ledger used, gross amount, form type, etc.

From issuable : it contains the forms issued to suppliers regarding the purchases, showing the date of transaction, CST purchase ledger used, gross amount, form type, etc

CST sales Register : the CST sales register

Computerized Accounting with Tally(Al Jamia)

provides complete details of all the sales made in a particular tax period. This register captures the invoice-wise sales, CST Regn. No., stock items invoiced, invoice value, assessable value etc.

To view the CST sales register

GOT---Display ---statutory reports --- CST --- CST register---CST sales

CST purchases Register : the CST purchases register provides complete details of all the purchases made in a particular tax period. This register captures the invoice-wise purchases, CST Regn. No., stock items invoiced, invoice value, assessable value etc.

To view the CST sales register

GOT---Display ---statutory reports --- CST --- CST register---CST purchases

Service Tax

Service tax is a tax levied on the transaction of certain specified services by the central Govt. under the finance Act, 1944. It is an indirect tax which means that normally the service provider pays the tax and recover the amount from the recipient of taxable service.

Taxable service : in case the service provided by a person falls within the scope of the taxable service and if such is not fully exempted, the service tax is payable on the value of the taxable service received subject to the eligible statements, if any.

Rate of service tax : current rate is 12.36%(including cess)

Exemption from service tax : in some cases central Govt. can grant exemption from service tax under section 93 of finance Act, 1944. It may

Partial or total service tax

Conditional or unconditional

Following are the exemption

- Small service providers(turnover less than 10 lakhs)
- Export services
- Service to UN agencies
- Service provided within Special Economic Zone(SEZ)
- Service provided by RBI

- Service provide to foreign diplomatic mission

- Goods supplied while provided services

Abatement or specific exemption:

abatement is a deduction allowed by the Govt. on the value to be considered for service tax. It is also known as specific exemption. It is mainly given on the services which are not directly identified the value service cost from the value of material.

Adjusting credit : while you pay service tax on the sale of service that comes under service tax category, you can adjust service tax credit on purchase of services. This is called adjusting credit against service tax. Service tax (sales) that is adjustable against service tax credit (purchases) is also called availing input credit.

Enable service Tax : go to GOT---F11 features---statutory & taxation---enable service Tax---yes

Company service tax details **screen** in tally displays

- Service tax Regn. No.
- Date of registration
- Assessee code
- Type of organization eg :partnership firm
- Major service category name eg : advertising
- Credit adjustment
- Division (division code & name)
- Range (code & name)
- Commissionerate (code & name)
- Accept the service tax details screen
- PAN number
- Accept the screen to save

Basic service tax transactions

- Purchases of services
- Payment to service providers
- Sale of services
- Receipt from service receiver
- Adjusting of input service tax credit towards tax payable
- Payment of service tax

Purchase of services: in connection with

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purchase of services the following ledgers have to be created

- Purchase ledger
- Supplier ledger
- Service tax ledger

Then record the purchase of service in purchase voucher

sale of services: in connection with sale of services the following ledgers have to be created

- sales ledger
- customer ledger
- Service tax ledger

Then record the purchase of service in sales voucher

Service tax report : to get service tax report go to;

GOT---display---statutory reports---service tax reports

Service tax report contains

- **TR6 challan** : this report is to select a range of TR6 payment vouchers to be printed in one challan to file to the Govt. it can be viewed

GOT---display---statutory reports---service tax reports---TR6 Challan

- **Input credit form** : it shows the details of service tax input credit available with the company for a specified date. To view

GOT---display---statutory reports---service tax reports---input credit form

- **Service tax payable** : it shows the service tax payable to the Govt. to view

GOT---display---statutory reports---service tax reports---service tax payable

- **ST3 report** : it is a statutory report. It displays the ST3 form in the Govt. prescribed format that is used to file half yearly service tax return to the

commissioner of service tax. To view

GOT---display---statutory reports---service tax reports---ST3 report

- **ST3A report** : it is also a statutory report. It displays the ST3A form in the Govt. prescribed format that is used to file quarterly or half yearly service tax return to

the commissioner of service tax. To view

Central excise

Excise tax is more commonly known as excise duty and is one of the most well-known forms of tax in India. It is the biggest single source in India.

Any manufacturer of excisable products is liable to pay this tax and is levied to central Govt. the excise tax is required to be paid before the goods leave the factory.

Rates of excise duty : current excise duty in India is 12.36% (including cess)

Types of excise taxes

- Basic excise duty
- Additional excise duty
- Special excise duty

Enabling excise duty in Tally

GOT---accounts info---F11 features--- statutory & taxation---enable excise duty--- yes

ACCOUNTING & INVENTORY REPORTS

Display facility of tally is very useful to present information that has been so far entered through different vouchers.

Reports in tally displays

- Balance sheet
- Profit & loss account
- Stock summary
- Ratio analysis
- Display

Balance sheet(preparation)

The balance sheet gives the financial position of the business on a given date. It shows the lists of assets & liabilities. The balance sheet in tally is updated instantly with every transaction voucher that is entered and saved. No special processing is required to produce a balance sheet. To view balance sheet go to; GOT---balance sheet

Configuration related with balance sheet

The following configuration is available in F12; configure related with balance sheet

- Show vertical balance sheet?
- Profit or loss, both as liability

Computerized Accounting with Tally(Al Jamia)

- Show percentage?
- Show working capital figures
- Method of showing the balance sheet

Balance sheet can be **viewed in two forms:**

- Horizontal form
- Vertical form

Profit & loss account

The profit & loss account shows the operational results of the business for a given period. It shows the lists of expenses & incomes. The profit & loss account in tally is updated instantly with every transaction voucher that is entered and saved. No special processing is required to produce a profit & loss account. To view P&L a/c go to;

GOT---Profit & loss account

Income/exp statement instead of P&L a/c

In the case of non-trading concern like clubs and charitable organization, we need an income & expenditure account instead of P&L a/c. for this activate "Income/expense statement instead of P&L a/c" in F11 features.

Stock summary :

stock summary is a statement that shows stock in hand on a particular date. The statement is updated with every transaction so that it provides current stock position at any time. To view go to:

GOT---stock summary

Ratio analysis

The ratio analysis statement is a single sheet performance report for a selected period. It gives important values & key performance indicators for the company. It is one report that top mgt need to look at to know the company's financial health.

The ratio analysis screen is divided into two parts : principal group & principal ratios

Principal group:

- Working capital
- Cash in hand & bank balance
- Sundry debtors
- Sundry creditors
- Sales & purchase a/c
- Stock in hand

- Net profit

Principal ratios

- Working capital turnover ratio :sales/working capital
- Inventory turnover ratio : sales/closing stock
- Current ratio : CA/CL
- Quick ratio: liquid asset/ CL
- Debt equity ratio :debt/ equity
- Gross profit % : GP/Sales X 100
- N/P ratio : N/P/ sales x 100
- Operating cost % ; as % on sales a/c
- Return on investment(ROI)
- Return on working capital
- Receivable turnover in days

Display menu

Display menu shows

- Trial balance
- Accounts book
- Statement of accounts
- Service tax reports
- Inventory books
- Statement of inventory
- Cash/fund flow
- Day book
- List of accounting
- Statutory masters
- Exception reports

Trial balance : it is the list of account or ledger balances of the company sorted according to groups to check the arithmetical accuracy of ledger posting.

GOT---Display---trial balance

Account book :account books consists,

- **Cash /bank book** : it show the cash or bank accounts with their balances. So it is very helpful to show the cash & bank balances.

To view go to:

GOT---Display---account book---cash/ bank book(s)

- **Ledger** : it shows the list of all ledger created with their values & balances.

GOT---Display---account book---ledger

- **Group summary** : it show the details of group created in tally

Computerized Accounting with Tally(Al Jamia)

GOT---Display---account summary book---group

- **Group vouchers** : shows the vouchers entered.

GOT---Display---account vouchers book---group

- **Sales register(sales day book)** : it shows sales vouchers entered.

GOT---Display---account book---sales register

- **purchase register(purchase day book)** : it shows purchase vouchers entered.

GOT---Display---account register book---purchase

- **journal register**: it shows journal voucher details, debit note & credit note

GOT---Display---account register book---journal

Statement of accounts : statement of accounts contains:

- **outstanding** : such outstanding payable, receivable and their ledger & groups

GOT---Display---statement of accounts---outstanding

- **interest calculation**: it shows the interest calculation details such as interest receivable, payable and their group & ledgers.

GOT---Display---statement of accounts---interest calculation

- **statistics** : shows the statistics of types of vouchers & types of accounts

GOT---Display---statement of accounts---statistics

- **cost centre reports** : it contains

category summary

cost centre break up: ledger accounts used in vouchers & allocated to the cost centre.

Ledger break up : enable us to analyse the distribution of a ledger account amongst different cost centres.

Group break up : enable us to analyse the distribution of a group account amongst different cost centres.

Inventory books : it contains

- stock items
- group summary
- sales order book
- purchase order book
- stock transfer
- physical stock register
- movement analysis
- ageing analysis

to view inventory books

GOT---display---inventory books

Statement of inventory

It contains

- stock query
- cost estimation
- purchase order summary
- sales order summary
- reorder status
- purchase bill pending
- sales bill pending

to view go to

GOT---Display---statement of inventory

Cash/fund flow

Cash flow : cash flow statement is a statement that shows the inflow and outflow of cash. It shows the movement of cash including those with the bank in and out of the business

GOT---display---cash/fund flow---cash flow

Fund flow : cash flow statement is a statement that shows the inflow and outflow of fund or working capital. Working capital is the difference between current assets & current liabilities.

GOT---display---cash/fund flow---fund flow

List of accounts :

shows the chart of accounts which contains

- list of groups
- list of cost categories
- list of cost centres
- list of budgets
- list of locations
- list of stock groups
- list of stock items
- list of currencies
- list of units

Computerized Accounting with Tally(Al Jamia)

- list of voucher types

exception reports :

exception report contains:

- **negative stock** : this is a list of all stock items that have a negative balance at the end of period.

GOT---display---exception report---negative stock

- **negative ledgers** : this is a list of ledgers that have opposite balance at the end of period

GOT---display---exception report---negative ledgers

- **overdue receivables**: list of all invoices that over due on the current date.

GOT---display---exception report---overdue receivables

- **overdue payments**: list of all purchase bills that over due on the current period

GOT---display---exception report--- overdue payments

- list of memorandum vouchers : list of memorandum voucher entered

GOT---display---exception report--- memorandum vouchers

- **list of reversing journal** :

GOT---display---exception report--- reversing journal

- **list of optional vouchers**

GOT---display---exception report---optional vouchers

- **post dated vouchers** :

GOT---display---exception report--- post-dated vouchers

Printing reports

Reports and documents can be printed in tally in two ways:

- **using the print button**: by using print button on the right hand side, one can print the required document in tally
- **multi account printing** : the tally provide the facility for printing one account at a time, all account, or all accounts in a selected group.

TECHNOLOGICAL ADVANTAGES OF TALLY

- **data reliability** : tally is powerful and will not affected even if there is a power failure or if the machine shut down while functioning and hence there will be no data loss.
- **Data security**: tally use data integrity checks that ensures no external change to the data can pass through tally. It is also uses a binary encoding format of storage to prevent tricky grouping of information.
- **Tally audit** : tally provides a capability to audit for the correctness of the entire made by authorized users and alters them if needed.
- **Tally vault** : tally offers a data encryption option called tally vault. The tally vault password given cannot be broken by any means. Tally follows DES(data encryption standard) encryption method.
- **User defined security levels**: tally offers high levels of security. The user can defined multiple level of security as per his requirements and every authorized user in the company can have individual password with rights to use specific features only.
- **Simple & speedy installation**: tally has a simple menu driven installation procedure.
- **Unlimited multi-user support** : a multi-user version(Gold) of tally can be installed on a network having any number computers working with different OS.
- **Internal backup and restore** : tally has an in built user friendly backup & restore option. The user can take a backup in the local hard disk or in any external media.
- **Removal of data into separate company** : tally offers a feature of splitting company data. Once the books

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of accounts are completed for previous financial years and if the user wishes, he could split the company data into multiple companies as per users requirements.

- **Multi-directory for company management** : the user can create multiple directories where he can store data.
- **Import/export of data** : tally allows user to import data from other software as well as export from tally to other software. Allow import and export in ASCII, SDF and XML formats.
- **Graphical analysis of data**: tally also provides graphical(Bar diagram)analysis of data. User can do a graphical reports like sales register, ledgers, fund flow etc.
- **Web enabled** : tally is now web enabled. It helps to reduce the paper works of users.
- **Ability to publish reports & documents on the internet** : tally offers a facility to upload reports on the web site. So a company can publish their report directly through tally in the websites.
- **Direct internet access** : user can access internet when using tally.
- **Print preview** : tally offers a facility of print preview before printing. User can check the format, size, borders, numbers etc. before printing.

Security control

Tally has a very powerful security system. It is customizable also. We can set up different levels for security control and users can be placed these levels. Tally has two security types already set up.

One is owner & the other is data entry. Owner has full access and rights to all parts of tally, except tally audit and company alteration screen which are reserved for the administrator alone. Data entry has restricted rights.

GOT---create company ---security control

Tally audit

Tally audit provides the capability to the administrator/ auditor to track changes in the accounts following his previous review. Changes of two areas are important- changes in transaction or vouchers and changes in ledger masters.

How to view tally audit lists?

GOT—display---statement of accounts---tally audit

Display voucher audit

GOT—display---statement of accounts---tally audit--- vouchers

Three buttons are relevant to the audit list

- F7 : accept one
- Alt F7 : accept all
- F12 : configure

Tally vault

tally offers a data encryption option called tally vault. The tally vault password given cannot be broken by any means. Tally follows DES(data encryption standard) encryption method. The security of data, financial or otherwise, has always been a matter of concern. Most businesses depend on the confidentiality of information. Tally vault is an enhanced security system which allows for encryption of the company data with the most secure method of encryption being used.

How to use tally vault(procedures)

- A. Load the desired company and using Alt + F3 proceed to the company information screen.
- B. Go to change tally vault. We will be required to select the company name once again. Give the new tally vault password & confirm it.
- C. Once you encrypt the data, the result is that the company name no longer becomes visible to anyone.
- D. Select the company and tally will prompt you for the tally vault password
- E. By the above procedure, we can ensure that data is kept confidential and is

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available only to administrator.

Backup

Tally has a flexible backup mechanism where in you can take up a backup of the data from virtually any storage medium into any other storage medium.

Procedures to take a backup

- 1) Start tally
- 2) Company information screen loaded
- 3) Select menu "backup".(if GOT loads-use Alt + F3 to get option backup)
- 4) To change either the source or the destination path that, to where we want to backup.
- 5) The backup file is stored as TBK500.001

Restore

Restore literally means 'to bring back'. Similar to backing up of data, tally allows restoring of data from any storage medium into any other storage medium.

Procedure of restore data in tally

- 1) Start tally
- 2) Company information screen loaded
- 3) Select menu "restore".(if GOT loads-use Alt + F3 to get option restore)
- 4) Select source & destination paths
- 5) The source field has to have the appropriate path from which we intend to bring back the previous data.
- 6) Select as required and restore accordingly

Split financial year

Tally offers a feature of splitting company data. Once the books of accounts are completed for previous financial years and if the user wishes, he could split the company data into multiple companies as per user requirements.

Procedure for split company data

- 1) Select company
- 2) Tally recommends the split-off date based on the data existing
- 3) Split occurs in sets of two periods

- 4) On confirming the activity, two new companies will be created.

Importing

Tally offers a special feature of importing data from other software.

Procedure

GOT---select import masters-import

Export of data

Tally also provides the facility of exporting data to other software. It is mainly for summaries and statement reports like trial balance, stock summary etc.

Export master data

GOT---Display---list of accounts---click on print---click on export

Tally ODBC

Tally uses ODBC to connect other programmes and exchange data dynamically.

Outward connectivity : it is possible to pick up data from tally directly into other programmes like MS excel or Word without any programming

Procedure:

- Start tally(ensure ODBC server is visible in GOT)
- Start MS word—select tools---select mail merge
- Press the data source button
- Get data---create data source
- Click on MS query
- Select tally ODBC

e- capabilities

Tally has extensive internet capabilities. E-Mail, Web Publishing and data interchange over the internet are all easily achieved from within tally.

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Study well....

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