

Tally Notes

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Saturday, 18 June 2011

Basic Accounting

Basic concept of accounting

Accounting: It is an art of recording, classifying and summarizing in significant manner and in terms of money, transactions and events which are of financial character and interpreting the results thereof.

Business transaction: A business transaction is “The movement of money and money’s worth form one person to another”. Or exchange of values between two parties is also known as “Business Transaction”.

Purchase: A purchase means goods purchased by a businessman from suppliers.

Sales: Sales is goods sold by a businessman to his customers.

Purchase Return or Rejection in or Outward Invoice: Purchase return means the return of the full or a part of goods purchased by the businessman to his suppliers.

Sales Return or Rejection out or Inward Invoice: Sales return means the return of the full or a part of the goods sold by the customer to the businessman.

Assets: Assets are the things and properties possessed by a businessman not for resale but for the use in the business.

Liabilities: All the amounts payable by a business concern to outsiders are called liabilities.

Capital: Capital is the amount invested for starting a business by a person.

Debtors: Debtor is the person who owes amounts to the businessman.

Creditor: Creditor is the person to whom amounts are owed by the businessman.

Debit: The receiving aspect of a transaction is called debit or Dr.

Credit: The giving aspect of a transaction is called credit or Cr.

Drawings: Drawings are the amounts withdrawn (taken back) by the businessman from his business for his personal, private and domestic purpose. Drawings may be made in the form cash, goods and assets of the business.

Receipts: It is a document issued by the receiver of cash to the giver of cash acknowledging the cash received voucher.


Account: Account is a summarized record of all the transactions relating to every person, every thing or property and every type of service.

Ledger: The book of final entry where accounts lie.

Journal entries: A daily record of transaction.

Trail Balance: It is a statement of all the ledger account balances prepared at the end of particular period to verify the accuracy of the entries made in books of accounts.

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Basic

Profit: Excess of credit side over debit side.

Profit and loss account: It is prepared to ascertain actual profit or loss of the business.

Balance Sheet: To ascertain the financial position of the business. It is a statement of assets and liabilities.

Types of accounts

Personal account: Personal accounts are the accounts of persons, firms, concerns and institutions which the businessmen deal.

Principles:
Debit the receiver
Credit the giver

Real Account: These are the accounts of things, materials, assets & properties. It has physical existence which can be seen & touch.
Ex. Cash, Sale, Purchase, Furniture, Investment etc.

Principles:
Debit what comes in
Credit what goes out

Nominal account: Nominal account is the account of services received (expenses and Losses) and services given (income and gain)
Ex. Salary, Rent, Wages, Stationery etc.

Principles:
Debit all expense/losses
Credit all income/ gains

Tally 7.2

Tally is a complete business solution for any kind of Business Enterprise. It is a full fledged accounting software.

Procedure for creating company in Tally

Double click on Tally icon on desktop. **Alt+F3 Company info**-Create company.

Accounts Only: To maintain only the financial accounts of the company. Inventory (stock) management is not involved in it.

Account with Inventory: This is the default option, which allows maintaining both the financial account of the company as well as the inventory of the company.

Select Company: We can choose the company which is already created.
Shortcut key - F1.

Shut Company: It is used to close the company which is opened. Shortcut key - Alt+F1.

Alter: It is used to make alterations in the company creation like name, date, maintain etc.

Quit: Exits from Tally. 1. Click on quit button.
2. Esc, Esc, Esc and enter.
3. Ctrl+Q

Short cut keys

Alt+F3	Company information menu
Enter	To accept information typed into a field. To accept a voucher or master. To get a report with further details of an item in a report.
Esc	To remove what has been typed into a field. To exit a screen. To indicate you do not want to accept a voucher or master.
Ctrl+A	To accept a form wherever you use the key combination the screen or report will be accepted as it is on this screen.
Ctrl+Q	It quits the screen without making any changed to it.

Total P&

105

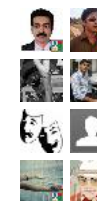
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Alt+C	To create a master at a voucher screen. When working within an amount field presses Alt+C to act as a calculator.
Alt+D	To delete a voucher. To delete a master.
Ctrl+Enter	To alter a master while making an entry or viewing report.
F2	Date
Alt+F2	Change period
Alt+F1	To see detail
F11	Features company
F12	Configuration options are applicable to all the companies in a data directory.
Ctrl+N	Calculator screen.
Ctrl+V	Voucher mode (Cr. Dr) Invoice mode (name of item, rate, quantity, and amount)

Gateway of tally-Accounts info-Group

Bank account	Bank Account
Bank Od account	Branch/division
Capital account	Cash in hand
Current asset	Current liability
Deposit	Direct expenses
Direct income	Indirect expense
Indirect income	Duties and tax
Fixed asset	Investment
Loans and advance	Loan (liability)
Miscellaneous expenses	Provisions
Retained earning	Reserves and surplus
Purchase account	Sales account
Secured loan	Stock in hand
Sundry debtor's	Sundry creditors
Suspense	Unsecured account

Meaning:

Current asset:

It is converted into cash within a year. Ex. Bills receivable

Direct expenses:

These are the expenses which are directly related to manufacturing of goods.

Ex. Wages, factory rent, heating, lighting etc

Indirect expense:

These are the expenses which are indirectly related to manufacturing of goods.

Ex. Salary, rent, stationery, advertisement, printing

Depreciation:

Decrease the value of the asset.

Sundry debtors:

The person who is the receiver or customer

Sundry creditors:

The person who gives or supplier.

Expenses Outstanding or Unpaid expenses or Expenses due:

Expenditure incurred during current year but the amount on which is not yet paid. (Added to the expenditure on the debit side and entered on the liability side.)

Income received in advance or Income received but not earned

Income received during the current year but not earned or a part of which relates to the next year. (Deducted from the concerned income on the credit side and entered on the liability side)

Prepaid advance or Expenses or Prepaid expenses

Expenditure paid during current year but not incurred or a part of which relates to the next year is called expenditure prepaid. (Deducted from the concerned expenditure on the debit side and entered on the assets side)

Income outstanding or income earned but not received or Income accrued

Income outstanding means income earned during the current year but the amount on which is not yet received (added to the concerned income on the credit side and entered on the asset side)

Gateway of Tally-Accounts info-ledger-create

Ledger	Group
Opening stock	Stock in hand
Purchase	Purchase account
Purchase return	Purchase account
Fright charges	Direct expenses
Carriage inwards or Purchases	Direct expenses
Cartage and coolie	Direct expenses
Octroi	Direct expenses
Manufacturing wages	Direct expenses
Coal, gas, water	Direct expenses
Oil and fuel	Direct expenses
Factory rent, insurance, electricity, lighting and heating	Direct expenses
Sales	Sales account
Salary	Indirect expenses
Postage and telegrams	Indirect expenses
Telephone charges	Indirect expenses
Rent paid	Indirect expenses
Rates and taxes	Indirect expenses
Insurance	Indirect expenses
Audit fees	Indirect expenses
Interest on bank loan	Indirect expenses
Interest on loans paid	Indirect expenses
Bank charges	Indirect expenses
Legal charges	Indirect expenses
Printing and stationery	Indirect expenses
General expenses	Indirect expenses
Sundry expenses	Indirect expenses
Discount allowed	Indirect expenses
Carriage outwards or sales	Indirect expenses
Traveling expenses	Indirect expenses
Advertisement	Indirect expenses
Bad debts	Indirect expenses
Repair renewals	Indirect expenses
Motor expenses	Indirect expenses
Depreciation on assets	Indirect expenses
Interest on investment received	Indirect income
Interest on deposit received	Indirect income
Interest on loans received	Indirect income
Commission received	Indirect income
Discount received	Indirect income
Rent received	Indirect income
Dividend received	Indirect income

Bad debts recovered	Indirect income
Profit by sale of assets	Indirect income
Sundry income	Indirect income
Loan from others	Loan Liabilities
Bank loan	Loan Liabilities
Bank overdraft	Bank OD
Bills payable	Current Liabilities
Sundry creditors	Sundry creditors
Mortgage loans	Secured loans
Expense outstanding	Current Liabilities
Income received in advance	Current Liabilities
Other liabilities	Current Liabilities
Capital	Capital account
Drawings	Capital account
Cash in hand	Cash in hand
Cash at bank	Bank account
Fixed deposit at bank	Deposit
Investments	Investments
Bills receivable	Current asset
Sundry debtors	Sundry debtors
Closing stock	Stock in hand
Stock of stationery	Current asset
Loose tools	Fixed asset
Fixtures and fittings	Fixed asset
Furniture	Fixed asset
Motor vehicles	Fixed asset
Plant and machinery	Fixed asset
Land and building	Fixed asset
Leasehold property	Fixed asset
Patents	Fixed asset
Goodwill	Fixed asset
Prepaid expenses	Current asset
Income outstanding	Current asset

Trading account: Buying and selling of goods.

Dr. Receiving aspect Giving aspect Cr.

Direct expenses		Amount	Direct Income	Amount
To	Opening stock	xxx	By Sales	xxx
To	Purchases	xxx	By (-)Sales return	xxx
To	(-)purchase return	xxx	By Closing stock	xxx
To	Freight charges	xxx		
To	Cartage and coolie	xxx		
To	Lorry hire	xxx		
To	Manufacturing expenses	xxx		
To	Wages	xxx		
To	Factory rent, fuel power	xxx		
To	Gross profit (transfer to profit and loss account)	xxx		

To Profit and loss account: Actual profit and loss of the business

Indirect expenses or payments		Amount	Indirect income or receipts	Amount
To	Salary	xxx	By Gross profit	xxx
To	Postage and Telegram	xxx	By Interest on investment received	xxx
To	Telephone charges	xxx	By Interest on deposit received	xxx
To	Rent paid	xxx	By Interest on loans received	xxx
To	Rate and taxes	xxx	By Discount received	xxx
To	Insurance paid	xxx	By Discount received	xxx
To	Interest on bank loan	xxx	By Rent received	xxx

6. Soled goods to Mr Y on credit Rs.3,000
7. Received cash form Mr. Y on account Rs.2,000
8. Paid cash to Mr X Rs. 1,000
9. Received commission Rs. 50
10. Received interest on bank deposit Rs. 100
11. Paid into bank Rs. 1,000
12. Paid for advertisement Rs.500
13. Purchased goods for cash Rs. 800
14. Sold goods for cash Rs. 1,500
15. Paid salary Rs. 500

Gateway of tally-Account info-Ledger-Create

Gateway of tally – Accounting voucher

Sl.No	Key	Voucher	Ledger	Group	Type of account	Principles	Amount
1	F6	Receipt	Cr. Capital	Capital account	Personal	Giver	10,000
			Dr. Cash	Cash in hand	Real	Comes in	10,000
2	F4	Contra	Cr. Cash	Cash in hand	Real	Goes out	15,000
			Dr. Bank	Bank account	Real	Comes in	15,000
3	F5	Payment	Dr. Office furniture	Fixed asset	Real	Comes in	3,000
			Cr. Cash	Cash in hand	Real	Goes out	3,000
4	F8	Sales	Dr. Cash	Cash in hand	Real	Comes in	2,500
			Cr. Sales	Sales account	Real	Goes out	2,500
5	F9	Purchase	Cr. X	Sundry creditor	Personal	Giver	2,000
			Dr. purchase	Purchase account	Real	Comes in	2,000
6	F8	Sales	Dr. Y	Sundry debtors	Personal	Receiver	3,000
			Cr. Sales	Sales account	Real	Goes out	3,000
7	F6	Receipt	Cr. Y			Giver	2,000
			Dr. cash	Cash in hand	Real	Comes in	2,000
8	F5	Payment	Dr. X			Receiver	1,000
			Cr. Cash	Cash in hand	Real	Goes out	1,000
9	F6	Receipt	Cr. commission	Indirect income	Nominal	Credit all income	50
			Dr. cash	Cash in hand	Real	Comes in	50
10	F6	Receipt	Cr. Interest on bank deposit	Indirect income	Nominal	Credit all income	100
			Dr. Bank	Bank account	Real	Comes in	100
11	F4	Contra	Cr. Cash	Cash in hand	Real	Goes out	1,000
			Dr. Bank	Bank account	Real	Comes in	1,000
			Dr. Advertisement	Indirect expenses	Nominal	Debit all expenses	500

12	F5	Payment	Cr. Cash	Cash in hand	Real	Goes out	500
13	F9	Purchase	Cr. Cash	Cash in hand	Real	Goes out	800
			Dr. purchase Cr cash	Purchase account	Real	Comes in	800
14	F8	Sales	Dr. cash	Cash in hand	Real	Comes in	1,500
			Cr. Sales	Sales account	Real	Goes out	1,500
15	F5	Payment	Dr. salary	Indirect expense	Nominal	Debit all expenses	500
			Cr. Cash	Cash in hand	Real	Goes out	500

To view- Gateway of tally-Accounts info-Ledger-Multiple ledger Alter-All items (for ledger)

Gateway of tally-Display-Day book-Alt+F1 (to see detail) (Accounting Voucher)

Inventory information

Alt+F3 Company creation-Maintain-Accounts with inventory

Gateway of Tally-Inventory information-Unit of measure

Gateway of tally -Inventory information-Godown

Gateway of tally-Inventory information-Stock group

Gateway of tally - Inventory information-Stock item

To View

Gateway of tally-Display-Day book-Alt+F2 (change period) Alt+F1 (to see detail)

or

Gateway of tally-Stock summary

1. On 1-4-06 Raman commenced business with cash of Rs. 25,00,000. He further introduced Land and Building costing Rs. 30,000, Plant and Machinery costing Rs. 25,000 and furniture and fixture costing Rs. 36,000.

2. On 2-4-06 Purchased Vehicle and Patents Rs. 20,000 and Rs. 15,000.

3. On 5-4-06 He deposited Rs. 1, 00,000 into Canara Bank.

4. On 6-4-06 Purchased from Cadbury Company

500	5 Stars @ Rs. 5	1000	Cadbury @ Rs. 5
100	Kit kat @ Rs. 4	200	Dairy milk @ Rs. 7

5. On 10-4-06 Purchased from Paras

500	Moov @ Rs. 20
500	D'Clod @ Rs. 12

6. On 13-4-06 Sold to Pankaj

200	Moov @ Rs. 20.50
100	D'Clod @ Rs. 12.25
200	Adhesive tape roll @ Rs. 15.25
100	Band Aid box @ Rs. 25.2
200	Boric Acid powder @ Rs.14

7. On 15-4-06 Sold to Akbar

500	Cadbury @ Rs. 6
200	5 Star @ Rs.5.25
50	Kit Kat @ Rs. 6

8. On 16-4-06 Paid to Cadbury company Rs.

9. On 18-4-06 Received from Pankaj

- 10. On 20-4-06 Paid to Paras Rs.
- 11. On 25-4-06 Received from Akbar Rs.
- 12. On 26-4-06 Purchase from Well Cloth

T-Shirts Lee-25Pc-Rs.200
 Nike-30Pc-Rs.300
 Formal Shirts Pan America-35Pc-400
 Peter England-30Pc-450
 Jeans Pants Tiger-20Pc-500
 Ruff and Tuff-30Pc-350
 Cotton Pants Arrow-40Pc-200
 Ex-Calibar-20Pc-250

- 13. Paid Postage Rs. 500 by cheque
- 14. Received commission Rs. 15,000
- 15. Paid wages Rs. 2,500

Procedure for Inventory Problem

Gateway of Tally-Inventory Info-Unit of Measure-Create-

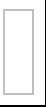
Symbol- Nos. Pcs
 Formal Name-Number Pieces

Gateway of Tally-Inventory Info-Stock Group-Create

Chocolate, Medicines, Cotton Pants, Jeans Pants, Formal Shirts, T-Shirts

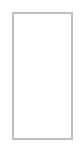
Gateway of Tally-Inventory Info-Stock Item-Create

5 Stars
 Kitkat
 Cadbury
 Dairy milk




Chocolate

Moov
 D'Clod
 Adhesive tape rolls
 Band Aid box
 Boric Acid powder




Medicines




Lee
 Nike

T-Shirts



Pan America
 Peter England

Formal Shirts

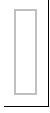


Tiger
 Ruff and Tuff

Jeans Pants

Arrow

Ex-Calibar



Cotton Pants

Journalize the following Transactions using the debit and credit given by the American accounts

1. Commenced business with cash	10,000
2. Deposited into bank	5,000
3. Purchased goods for cash	3,000
4. Sold goods for cash	2,500
5. Purchased goods from A on credit	4,000
6. Sold goods to B on credit	4,500
7. Withdraw from bank	3,000
8. Paid A on account	2,000
9. Received from B on account	2,500
10. Took loan from C	5,000
11. Gave loan to D	4,000
12. Paid salary	1,000
13. Cash withdraw from the business for personal use	200
14. Rent paid to E	1,000

Ledger	Group
Capital	Capital Account
Cash	Cash in hand
Bank	Bank account
Purchase	Purchase account
Sales	Sales account
A	Sundry creditor
B	Sundry debtor
C	Sundry creditor
D	Sundry debtor
Salary	Indirect expenses
Drawings	Capital account
Rent	Indirect expenses

Rakesh and company

1. Started business with cash Rs. 2,000, Bank Rs. 20,000.
2. Issued cheque for goods purchased Rs. 1,000.
3. Bought goods for cash Rs.8,000.

4. Bought furniture from Anil for cash Rs.100.
5. Bought goods from harish Rs. 1,500.
6. Bought goods from chandan on credit Rs. 5,800.
7. Returned damaged goods to Chandan Rs.800.
8. Bought goods from Naveen and paid by cheque immediately Rs.400.
9. Sold goods to Guptha Rs. 1,000.
10. Received a cheque from Guptha Rs.1,000 for goods sold.
11. Paid commission Rs.2,000.
12. Paid wages by cheque Rs.4,000.
13. Draw cheque for personal use Rs.4,000.
14. Draw cash for personal use from bank Rs.3,000.
15. Receive a cheque from Manju Rs.2,800.
16. Borrow loan from Anands Rs.1,000.
17. Paid Anands Loan with interest Rs.1,000.

Ledger	Group
Capital	Capital account
Bank	Bank account
Purchase	Purchase account
Anil	Sundry Creditor
Chandan	Sundry Creditor
Harish	Sundry Creditor
Purchase return	Purchase account
Naveen	Sundry Creditor
Sales	Sales account
Guptha	Sundry debetor
Commission	Indirect expenses
Wages	Direct expenses
Drawings	Capital account
Manju	Sundry Creditor
Anand	Sundry Creditor

Haridas and company

1. Started business with cash Rs.10,000, furniture Rs.4,000 and machinery Rs.5,000.
2. Bought goods from Anil on credit Rs. 4,000 and for cash Rs.5,000.
3. Sold goods to Rajesh on credit Rs.5,000 and for cash Rs.3,000.
4. Bought goods from Arun Subject to trade discount of 2% of Rs.2,000.
5. Sold goods to Ramesh subject to trade discount of 5% of Rs.4,000.
6. Paid salary Rs.1,000, printing Rs.150 and wages rs.100.
7. Received rent Rs.500, commission Rs.400.
8. Received a cheque from Ganesh Rs.1,000.

Ledger	Group
Capital	Capital account
Furniture	Fixed asset
Machinery	Fixed asset
Purchase	Purchase account
Anil	Sundry Creditor
Sales	Sales account
Rajesh	Sundry debtor
Arun	Sundry creditor
Ramesh	Sundry debtor
Salary	Indirect expenses
Printing	Indirect expenses
Wages	Direct expenses
Rent	Indirect expenses
Commission	Indirect expenses
Ganesh	Sundry creditor
Trade discount	Indirect expenses

Memorandum book

Particulars

1. Commenced business with cash Rs. 10,000.
2. Purchased goods for cash Rs.3,000.
3. Opened a bank account with Rs.2,000.
4. Purchased stationary Rs.1,00.
5. Purchased furniture Rs.1,000.
6. Sold goods to A Rs.2,000.
7. Purchased goods from B Rs.2,000.
8. Sold goods for cash Rs.1,000.
9. Paid for postage Rs.20.
10. Took loan from C Rs.1,500.
11. Paid rent Rs.300.
12. Withdraw from bank Rs.800.
13. Received from A on account Rs.500.
14. Paid commission by cheque Rs.200.

Ledger	Group
Capital	Capital account
Purchase	Purchase account

Bank	Bank account
Purchase	Purchase account
Stationary	Indirect expenses
Furniture	Fixed asset
Sales	Sales account
A	Sundry debtor
B	Sundry Creditor
Potage	Indirect expenses
C	Sundry Creditor
Rent	Indirect expenses
Commission	Indirect expenses

Roa and company

Particulars	Rs.
1. Bought goods for cash	2,500
2. Bought office furniture for cash	500
3. Paid for postage	10
4. Purchased goods from Rajkamal	2,000
5. Sold goods for cash	150
6. Bought goods from Rahim	400
7. Sold goods to Suresh	400
8. Sold goods to Nayak	250
9. Purchased goods for cash	400
10. Received cash from Nayak	200
11. Paid cash to Rahim	50
12. Returned goods to Ralkamal	200
13. Suresh returned goods	50
14. Paid salary	150
15. Sold goods for cash	500
16. Rao withdraw for his personal use	800
17. Paid for stationery	100
18. Paid rent	50
19. Received commission	225

Ledger	Group
Capital	Capital account
Purchase	Purchase account
Postage	Indirect expenses
Rajkamal	Sundry Creditor
Sales	Sales account
Rahim	Sundry Creditor
Suresh	Sundry Debtor
Nayak	Sundry Debtor
Purchase returns	Purchase account
Salary	Indirect expenses
Drawings	Capital account
Stationary	Indirect expenses
Rent	Indirect expenses
Commission	Indirect income

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vijay 25 April 2012 02:52

Thanks For Providing us,,
Please send me... Process How can be enter tha data of TDS.
Please provide me an example.
my mail id is vijayrathoro1@gmail.com

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prabha mehra 16 September 2012 00:39

plz send me more information about accounting..

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very nice &very useful thankQ....

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pritam gurung 17 December 2012 00:49

thanks.....
anyway send me more than this.

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Wasla Faizi 24 February 2013 02:27

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Anonymous 5 March 2013 06:09