

**F.Y.B.COM**

**PAPER-5**

**SUB-COMPUTING  
SKILLS**

# Unit 1: Computer Networking

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## 1.0 Objectives

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After completing the study of this unit you will----

- know briefly about Computer Networking
- read about the Network Hardware
- study the Types of Networking
- come to know Uses and Advantages of Internet
- learn about the Distinction between Internet and Intranet
- study the Various Concept of Networking
- learn about the Creation of E-mail Account

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## 1.1 Introduction

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The Internet is what we call a meta-network, that is, a network of networks that spans the globe. It's impossible to give an exact count of the number of networks or users that comprise the Internet, but it is easily in the thousands and millions respectively. The Internet employs a set of standardized protocols which allow for the sharing of resources among different kinds of computers that communicate with each other on the network. These standards, sometimes referred to as the Internet Protocol Suite, are the rules that developers adhere to when creating new functions for the Internet.

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## 1.2 Subject Explanation

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### 1.2.1 Uses of Networking

The Internet is simply a network of hundreds of thousands of computers all over the World, connected in a way that lets other computers access information on them. So if a computer is connected to the Internet, in principle, it can be connected to any other computer on the network. Today, the Internet comprises more than 45000 regional, national and international networks, which connect more than 30 million people in over 200 countries. This includes organizations, schools, universities, companies, governments, groups and individuals. The Internet can be used as a supplement to

traditional instructional methods. To complement a lecture, instructors may ask students to find specified Web sites to gain more in-depth knowledge about a particular topic. An instructor may also ask students to search the Internet for information on services offered in a particular location. In preparation for a class topic such as diversity, students may be asked to search the Internet to learn about different ethnic groups or populations at risk. The Internet may also be used to replace the traditional classroom lecture. A number of courses are being developed in which portions of the course or the entire courseware offered via the Internet. The instructor may place course notes on Web pages, may create a video recording of a live lecture for viewing on the Internet, or use combinations of these ideas.

By the turn of the century, information, including access to the Internet, will be the basis for personal, economic, and political advancement. The popular name for the Internet is the information superhighway. Whether you want to find the latest financial news, browse through library catalogs, exchange information with colleagues, or join in a lively political debate, the Internet is the tool that will take you beyond telephones, faxes, and isolated computers to a burgeoning networked information frontier. The Internet supplements the traditional tools you use to gather information, Data Graphics, News and correspond with other people. Used skillfully, the Internet shrinks the world and brings information, expertise, and knowledge on nearly every subject imaginable straight to your computer.

### 1.2.2 Network Hardware

The geometrical arrangement of computer resources, remote devices and communication facilities is known as network hardware or network structure. A computer network is comprised of nodes and links. A node is the end point of any branch in a computer, a terminal device, workstation or an interconnecting equipment facility. A link is a communication path between two nodes. The terms “circuit” and “channel” are frequently used as synonyms for link. A network structure determines which element in a computer network can communicate with each other. There are three basic network structures Star, Bus and Ring.

**A) Star Network:** The most common structure or topology known as star network is characterized by communication channels emanating from centralized computer system as shown in the following figure.

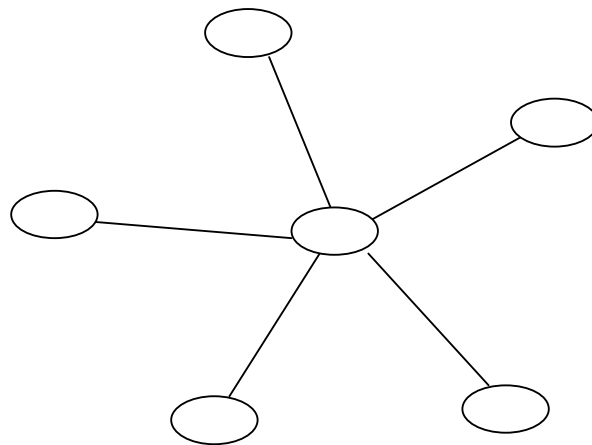


Figure 1.1 : Star Network

That is, processing nodes in a star network interconnect directly with the central system. Each terminal, small computer or large main frame can communicate only with the central site and not with other nodes in the network. If it is desired to transmit information from one node to another, it can be done only by sending the details to the central node, which in turn sends them to the destination. A star network is particularly appropriate for organizations that require a centralized data base or a centralized

processing facility. For example, a star network may be used in banking for centralized record keeping in an online branch office environment.

**B) Bus structure:** This structure is very popular for local area networks. In this structure or topology, a single network cable runs in the building or campus and all nodes are linked along with this communication line with two endpoints called the bus or backbone. Two ends of the cable are terminated with terminators. Bus structure is shown in the figure 1.2.

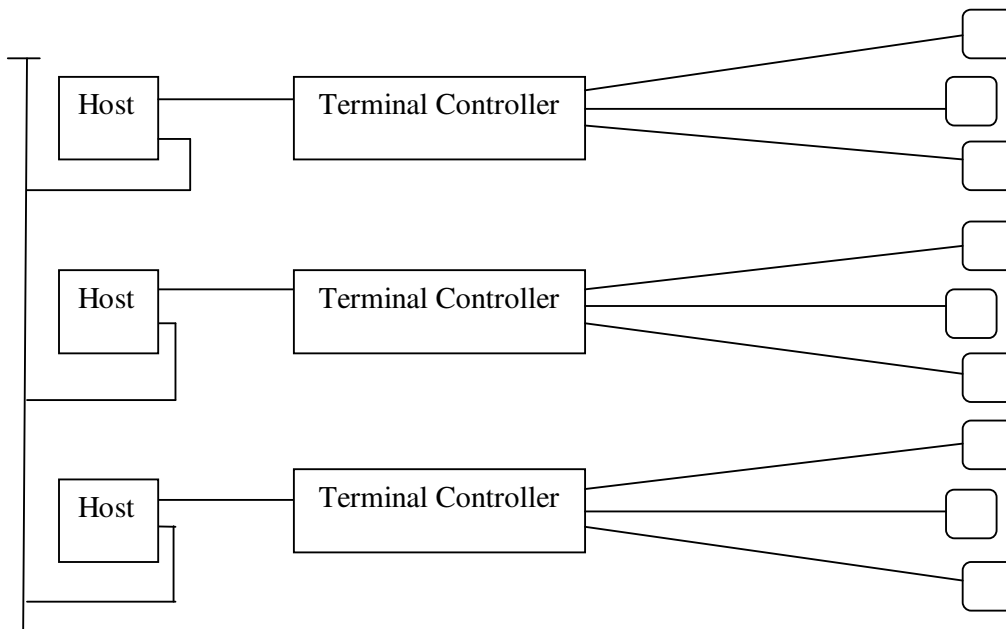


Figure 1.2 : Bus Structure

**C) Ring Network:** This is yet another structure for local area networks. In this topology, the network cable passes from one node to another until all nodes are connected in the form of a loop or ring. There is a direct point link between two neighboring nodes. These links are unidirectional which ensures that transmission by a node traverses the whole ring and comes back to the nodes, which made the transmission.

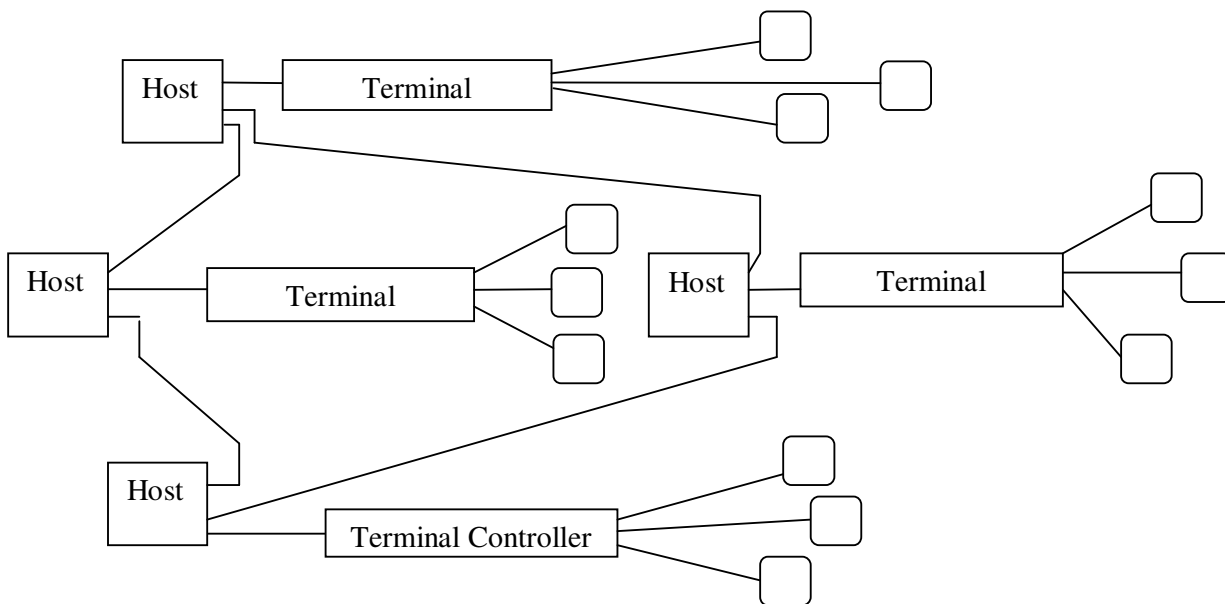


Figure 1.3 : Ring Network

### 1.2.3 Types of Network

**A) Local Area Networks:** A local area network is best defined in terms of the purpose it is meant to serve rather than in terms of how it does it. A local area network is primarily a data transmission system intended to link computers and associated devices within a restricted geographical area; however many suppliers propose to include speech in their systems. The linked computers and related equipments may be anything from full scale mainframe computing systems to small desktop office workstations, terminals, peripherals etc.

The main attributes of present day local area networks can be summarized:-

- Inexpensive transmission media.
- Inexpensive devices (modems, repeaters and transceiver) to interface to the media.
- Easy physical connection of devices to the media.
- High data transmission rates.
- Network data transmissions are independent of the rates used by the attached devices, making it easier for devices of one speed to send information to devices of another speed.
- A high degree of inter-connection between devices.
- Every attached device having the potential to communicate with every other device on the network.
- There is seldom a central controlling processor which polls the attached devices on the network.
- In the majority cases, each attached device hears (but does not process) messages intended for other devices as well as for itself.

#### Components of a LAN

**i. File Server :** A network file server is a computer system used for the purpose of managing the file system, servicing the network printers, handling network communications and other functions. A server may be dedicated in which case all of its processing power is allocated to network functions, or it may be non-dedicated which means that a part of the servers functions may be allocated as a workstation or DOS-based system.

**ii. The network operating system :** It is loaded into the server's hard disk along with the system management tools and user utilities. When the system is restarted, NetWare boots and the server come under its control. At this point, DOS or Windows is no longer valid on the network drive, since it is running the network operating system or NetWare; however most DOS/Windows programs can be run as normal.

**iii. Workstations :** Workstations are attached to the server through the network interface card and the cabling. The dumb terminals used on mainframes and minicomputer systems are not supported on networks because they are not capable of processing on their own. Workstations are normally intelligent systems such as the IBM PC. The workstation can also be a diskless PC, wherein loading of operating system takes place from file server. In short, a PC+ a LAN card= a workstation.

**iv. Network interface card:** Every device connected to a LAN needs a Network interface card (NIC) to plug into the LAN. For example, a PC may have an Ethernet card installed in it to connect to an Ethernet LAN.

**v. Network Cabling:** Once the server, workstations and network interface cards are in place; network cabling is used to connect everything together. The most popular type of network cable is the shielded twisted-pair, co-axial and fiber optic cabling.

#### B) Other Networks

**1. Wide Area Networks:** Wide area networks (WAN) include all the networks, which are involved in transporting information from one geographic location to another. The scale is much greater than in local network. A wide area network will almost always be employed whenever the information in electronic form on cables leaves the site, even if it is only to cross over the street to another building.

**2. Storage Area Networks:** A storage area networks (SAN) is a dedicated, centrally managed, secure information infrastructure, which enables any-to-any interconnection of servers and storage facility.

**3. Metropolitan Area Networks:** A Metropolitan area networks (MAN) is some where between a LAN and a WAN. The terms MAN is sometimes used to refer to networks which connect systems or local area networks within a metropolitan area. MANs are based on fiber optic transmission technology and provide high speed interconnection between sites.

**4. Campus Area Networks:** When number of computers are connect in a campus together then its called as Campus area networks (CAN). In other word the connectivity between two LAN in a same campus means CAN.

**5. Wireless Networks:** Mobile computers, such as notebook computers are the fastest growing segment of the computer industry. Many of the owners of these computers have desktop machines on LANs and WANs back at the office and want to connected to their home base even when away from home or en route. Wireless networks have many uses. A common one is the portable office. Wireless network are of great value to fleets of trucks, taxies, buses and repair-persons for keeping in touch with home.

**C) Global Networking:** Today, network computing goes way beyond LANs and WANs to a global level. The concept of ‘Global Village’ is now indeed a reality. The global networking ideal is the simple, powerful idea of people around the world connecting to the network on which they can share ideas, exchange information and access endless electronic resources.

### 1.2.4 Internet

By the turn of the century, information, including access to the Internet, will be the basis for personal, economic, and political advancement. The popular name for the Internet is the information superhighway. Whether you want to find the latest financial news, browse through library catalogs, exchange information with colleagues, or join in a lively political debate, the Internet is the tool that will take you beyond telephones, faxes, and isolated computers to a burgeoning networked information frontier.

The Internet supplements the traditional tools you use to gather information, Data Graphics, News and correspond with other people. Used skillfully, the Internet shrinks the world and brings information, expertise, and knowledge on nearly every subject imaginable straight to your computer. The Internet links are computer networks all over the world so that users can share resources and communicate with each other. Some computers have direct access to all the facilities on the Internet such as the universities. And other computers, e.g. privately-owned ones, have indirect links through a commercial service provider, who offers some or all of the Internet facilities. In order to be connected to Internet, we must go through service suppliers. Many options are offered with monthly rates. Depending on the option chosen, access time may vary. The Internet is what we call a meta-network, that is, a network of networks that spans the globe. It's impossible to give an exact count of the number of networks or users that comprise the Internet, but it is easily in the thousands and millions respectively. The Internet employs a set of standardized protocols which allow for the sharing of resources among different kinds of computers that communicate with each other on the network. These standards, sometimes referred to as the Internet Protocol Suite, are the rules that developers adhere to when creating new functions for the Internet.

The history of the Internet is closely tied to the U.S. Department of Defense. The military was a leader in the use of computer technology in the 1960s's and saw the need to create a network that could survive a single network computer malfunction. In 1970s, the Advanced Research Project Agency (ARPA) developed a network that has evolved into today's Internet. The network was named ARPANET and had many objectives that are still relevant today.

### What is Internet

The Internet is difficult to define. In some ways, it's like an information services, because it offers e-mail, bulletin boards, and information-retrieval services that can access file directories and

databases around the world. Internet usage can be secure as a company requires. It is important to put in place the appropriate tools and procedures to protect information assets. It is also important, however, not to overreact and incur unnecessary costs and difficulties. In other word the vast collection of inter-connected networks that all use the TCP/IP protocols and that evolved from the ARPANET of the late 60s and early 70s. The Internet now connects more than 1 lac independent networks into a vast global internet.

**Modem:** Modem stand for Modulator /Demodulator. In the simplest form, it is an encoding as well as decoding device used in data transmission. It is a device that converts a digital computer signal into an analog telephone signal and converts an analog telephone signal into a digital computer signal in a data communication system. Modems are used for handling data streams from a peripheral device to the CPU and vice versa through the common carrier network. Modems are required to tele-communicate computer data with ordinary telephone lines because computer data is in digital form but telephone lines are analogue. Modems are built with different ranges of transmission speed.

The speed of modems is measured in Kbps (Kilo bits per second). Today a 112.5 kbps modems is standard and is available from Rs. 1500 to 30000 depending on the features available. Modems in turn are connected to receivers that can actually be any of the several types of devices such a computer, multiplexer etc.

### Uses of Internet

Internet's uses are many and depend on the innovation of the user. The common uses of the internet can be classified into three primary types which are summarized below:-

**1. Communication:** Communication on the internet can be online or offline. When some users connect to a single server or an on-line service at the same time, they can communicate in an "online chat". This can be truly "many to many" as in a room full of people talking to each other on peer to peer basis. Alternatively, the users send e-mail to each other which can be read by the receiver whenever he/she finds the time. This is off-line communication, but "one to one" or "one to many". Similarly, it is possible for users to get together electronically with those sharing common interests in 'usenet' groups. The users post messages to be read and answered by others at their convenience, in turn all of which can be read and replied to by others and so on.

**2. Data Retrieval:** For meaningful data retrieval availability of data that has been compiled from various sources and put together in a usable form is an essential prerequisite. On the internet a large number of databases exist. These have been put together by commercially run data providers as well as individuals or groups with special interest in particular areas. To retrieve such data, any user needs to know the address/s of such Internet servers. Then depending on the depth of information being sought, different databases have to be searched and required information compiled. The work involved is similar to a search process in a large library, except that this Internet library is immense, dynamic, because of regular updating and entirely electronic.

**3. Data Processing:** Data processing is a new opportunity that Internet has made possible. Information that needs to be made available to others can be forwarded to specific addresses, posted in a Usenet site or kept on display in a special site. Internet discourages by social pressure, sending of unsolicited E-mail.

### Advantages of Internet

1. Information on the business and services is placed in an assembled fashion in a common location.
2. We can communicate with our friends online as well as offline.
3. Access to this information is provided at reasonable costs.
4. We can read all reputed newspaper.
5. A mechanism for immediate feedback from consumers or business partners is provided.
6. If we have any products then with the help of internet the advertise or sell of the products is possible immediately e.g. ebay, quikerr
7. The cost of information delivery to internal and external sources is reduced.
8. Employee access to significant amounts of information is increased.

9. We can visit to various website for searching the information which we want.
10. Job opportunities are also open with the help of Internet.
11. We can see new, old movies, listen new release music as well as old song.
12. Internet provides a large some of information.
13. With the help of internet one can download updated notes of the syllabus, for study.
14. An efficient means of updating and disseminating current information to customers and internal staff is provided.
15. Customized information to consumers is delivered.

### 1.2.5 Distinction between Internet and Intranet

Internet is the worldwide interconnection of all smart communication devices that have a valid IP. On the other hand, intranet is a privately owned part of the internet under which only a selected number of IPs are allowed to communicate. Intranet is commonly used in connecting computers of a certain organization to remain connected and don't face any interference from the IPs outside the intranet. Most of intranet accessing modes refer to the website of the organization which can only be accessed by its employees who have a user name and password. However, the website and the servers for this purpose form the essential information technology foundation for the company. Thus, the website enables a network for its employees to connect irrespective of their location and time. The website, though available through the internet methods, is not accessible unless a gateway is provided for data exchange.

Internet is a collection of websites that are fairly connected to each other in every possible manner and readily accept new users to be registered irrespective of the fact that they are employees of that particular organization or not. The information shared on the internet is unbound in terms of location, type of data exchanged. Even though the internet regulatory organizations of various countries have some restrictions on the internet, the potential of internet exploitation is multifold extra than the network limited intranet.

| <b>Internet</b>  | <b>Intranet</b>   |
|--|---|
| 1. Internet is network of Computers which is open for all. | 1. Intranet is network of Computers designed for a specific group of users. |
| 2. Internet itself contains a large number of intranets.   | 2. Intranet can be accessed from Internet but with restrictions.            |
| 3. Unlimited number of users.                              | 3. Limited number of Users.   |
| 4. Visitors traffic is unlimited.                          | 4. Limited visitors traffic.  |
| 5. Contains unlimited source of information.               | 5. Contains only specific group purpose information.                        |
| 6. Collection of various LANs, WANs and MANs.              | 6. Mostly any of LAN or MAN or WAN.   |

### 1.2.6 Networking Concepts

1. WWW: The World Wide Web (also referred to as WWW or W3) is the fastest growing area of the Internet that provides access to large amounts of information located on many different servers. The Web also provides access to many of the services available on the Internet.
2. Browser: A browser is a software application for retrieving, presenting and traversing information resources on the World Wide Web. A web browser can also be defined as an application software or



program designed to enable users to access, retrieve and view documents and other resources on the Internet.

3. Search Engine: Search engine means what we want, just enter it in the space and we get all the information related with that subject matter. Search engine also a website. There are so many search engine e.g. [www.google.co.in](http://www.google.co.in) [www.yahoo.com](http://www.yahoo.com) [www.ask.com](http://www.ask.com) [www.bing.com](http://www.bing.com)

4. Web site: It is a address of that company which operate such website. Websites are accessible for each and everyone. One website contains minimum 3-4 web pages and maximum more than thousands of WebPages. Following are some types of website from which one can easily understand the purpose of the website.

EDU- Educational sites

COM-Commercial sites

GOV-Government sites

NET- Network administrative organizations

MIL-Military sites

ORG -Organizations

5. Web Page: Web pages are created by using hypertext markup language (HTML). HTML lets the creator of a web page specify how text will be displayed and how to link to other web pages, files, and internet services

6. Client Server: The client-server model is an approach to computer network programming developed at Xerox PARC during the 1970s. The model assigns one of two roles to the computers in a network: Client or server. A server is a computer system that selectively shares its resources; a client is a computer or computer program that initiates contact with a server in order to make use of a resource.

7. Broadband: The term broadband refers to the wide bandwidth characteristics of a transmission medium and its ability to transport multiple signals and traffic types simultaneously. The medium can be coax, optical fiber, twisted pair or wireless. In contrast, baseband, describes a communication system in which information is transported across a single channel.

8. ISP: Internet Service Provider- An institution that provides access to the internet in some form usually for money. For example, in India VSNL is the Internet Service Provider.

9. Dialup Service: Dialup internet service is a service that allows connectivity to the internet through a standard telephone line. By connecting the telephone line to the modem in your computer and inserting the other end into the phone jack, and configuring the computer to dial a specific number provided by your internet service provider (ISP) you are able to access the internet on your computer. Dial up internet service is provided through several ISP.

10. Domain Name: A domain name is an identification string that defines a realm of administrative autonomy, authority, or control on the Internet. Domain names are formed by the rules and procedures of the Domain Name System (DNS). Domain names are used in various networking contexts and application-specific naming and addressing purposes. In general, a domain name represents an Internet Protocol (IP) resource, such as a personal computer used to access the Internet, a server computer hosting a web site, or the web site itself or any other service communicated via the Internet.

11. Domain Code: A domain authorization code is a unique 6- to 32-character code assigned to a domain. It is designed to prevent fraudulent or unauthorized transfers. This code is an extra safety feature, similar to a credit card verification code or PIN for your domain, that helps ensure that the customer transferring the domain is indeed the owner of that domain.

12. HTML: The coding language used to create Hypertext documents for use on the World Wide Web. HTML looks a lot like old fashioned typesetting code, where we surround a block of text with codes that indicate how it should appear. Additionally, in HTML one can specify that a block of text, or a

word, is linked to another file on the Internet. HTML files are meant to be viewed using a World Wide Web client Program, such as Netscape Navigator, Internet Explorer or Mosaic.

13. @ (at): It is read as 'at' or 'at the rate' and the meaning of this symbol is 'at an address'. This symbol is mainly used in e-mail address. The symbol is posse between user name and domain name.

14. FTP: File Transfer Protocol- A very common method of moving files between two internet sites. FTP is a special way to login to another Internet site for the purpose of retrieving and/or sending files. There are many Internet sites that have established publically accessible repositories of material that can be obtained using FTP.

15. PPP: Point to Point Protocol- Most well known as a protocol that allows a computer to use a regular telephone line and a modem to make TCP/IP connections and thus be really and truly on the Internet.

16. TCP/IP: Transmission Control Protocol/Internet Protocol- This is the suite of protocols that defines the Internet. Originally designed for the UNIX operating system, TCP/IP software is now available for every major kind of computer operating system. To be truly

17. URL: Uniform Resource Locator- The standard way to give the address of any resource on the Internet that is part of the World Wide Web. A URL looks like this:

<http://www.nmu.ac.in/seminare.html>

18. Chatting: Internet Relay Chat (IRC), the other method for Internet conversation, is less common than talk because someone must set up the Chat before others can join in. Chat sessions allow many users to join in the same free-form conversation, usually centered around a discussion topic. When users see a topic that interests them, they type a command to join and then type another command to choose a nickname. Nicknames allow people in the session to find us on IRC Networks or Channels.

### **1.2.7 Electronic Mail**

Even with the multimedia excitement of the Web, Electronic Mail (email) is the most frequently used application of the Internet. Many people who have access to the Internet at school, home, and work, use the Internet for no other purpose than to send and receive email.

According to International Data Corporation (IDC), on an average day in the year 2000, 5.1 billion emails are sent in the US and 8.2 billion worldwide. By 2005, 11.5 billion emails will be sent each day on average in the US and 26.1 billion worldwide. It's all very easy. We create the message, log onto the Internet, and send it. The message first goes to our Internet Service Provider's mail server, which in turn sends it to the recipient's mail server. On the way our message may go through several servers, each reading the domain name in order to route it to the appropriate server. The message then remains in the recipient's mail server until he requests it by "checking his mail." Each email address we send is made up of certain components that help route it to the proper recipient.

E-mail is an asynchronous form of communication, meaning that the person whom we want to read our message doesn't have to be available at the precise moment we send our message. This is a great convenience for both we and the recipient.

- ❖ send and receive mail messages
- ❖ save our messages in a file
- ❖ print mail messages
- ❖ reply to mail messages
- ❖ attach a file to a mail message.

To use Internet e-mail successfully, we must understand how the names and addresses for computers and people on the Internet are formatted. Mastering this technique is just as important as knowing how to use telephone numbers or postal addresses correctly. Fortunately, after we get the hang of them, Internet addresses are usually no more complex than phone numbers and postal addresses. And, like those methods of identifying a person, an organization, or a geographic location--usually by a telephone number or a street address--Internet addresses have rules and conventions for use. Sample Internet Address: [username@gmail.com](mailto:username@gmail.com)

The Internet address has three parts:

1. a user name [“username” in the example above]
2. an "at" sign (@)
3. the address of the user's mail server [gmail in the example above].

Sometimes it's useful to read an Internet address (like username@gmail.com) or a domain name from right to left because it helps us to determine information about the source of the address.

### **Creating Mail account**

Electronic mail is an increasingly utilized technology which has become the primary means of communication for many organizations and individuals. Electronic mail on the Internet provides quick, cost-effective transfer of messages to other E-mail users worldwide. This is probably one of the fastest and most convenient ways of communicating. The burden of the ever so popular Khakhi uniform clad Postman has been reduced considerably with the availability of the E-mail facility to Indians in most cities.

There are a handful of private E-mail service providers in a few of the metros in India who provide exclusive Email facility. When one takes an Internet connection with any Internet Service Provider he gets an exclusive E-mail address. With each E-mail address the subscriber gets a certain amount of Disk space on the server on which he has been registered. There are various domain name or website which provide free of cost e-mail facility, like gmail, yahoo, rediffmail, AOL, Hotmail, etc. following are the steps to create E-mail Id:-

1. Open the website in Internet Browser e.g. [www.gmail.com](http://www.gmail.com)
2. Click on “create an account”
3. Just fill the all information like name, desired id, date of birth, sex, security question, etc.
4. The mark “I accept the term” and click on “create account”
5. The message displays that “congratulation your account is create”, then click on “show my account”.

### **Activities on e-mail account**

1. Composing message: With the help of the Internet browser, it is possible to compose messages in an attractive way with the help of various fonts. It is also possible to spell-check the message before finagling it.

2. Replying to the mail received: It is possible to reply to any mail received by merely using the “reply” facility available on the Internet Browser. This facility also allows one to send the same reply to all the recipients of the original message. This facility results in saving of a lot of time in terms of remembering addresses, typing the subject matter.

3. Address Book: This is an electronic form of Address Book wherein the following features can be saved: Name, Full name, E-mail Address, Name of organization to which the person belongs, The destination of such person etc.

4. Printing of Message: It is possible to print messages received as well as sent. Thus, if a person wants to keep a hard copy of any message, it would be possible for him to do so.

5. Offline Editing/Composing/Reading: One does not have to be connected to the Internet all the time to be able to read/edit/compose messages. This is a very important feature which many people do not make use of. Ideally, one should log onto the Internet, download all the messages onto one's own hard disk and then disconnect from the Internet. Once the user is offline, he should read all the messages that have been received. Even composing one's own messages, editing the same or replying to messages received.

6. Forwarding of Messages: It is possible to forward any message received from say Mr. A to Mr. S without retyping the message.

7. Transfer of Data Files: An important use of the E-mail is the ability to send/receive data files to/from a client. For example, at the time of consolidation of accounts of a client, the data files containing final accounts of the branches of that client can be obtained via E-mail and after consolidation and finalization, the same can be sent back to the client's branches for closing entries etc. This would result in considerable saving of time, energy and money.

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### 1.3 Questions for Self Learning

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Q.1 What do you mean by Computer Networking?

Q.2 What is Network Hardware?

Q.3 Explain Ring Structure in brief?

Q.4 What are the uses of Internet?

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### 1.4 Summary

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The Internet is simply a network of hundreds of thousands of computers all over the World, connected in a way that lets other computers access information on them. Today, the Internet comprises more than 45000 regional, national and international networks, which connect more than 30 million people in over 200 countries. The geometrical arrangement of computer recourses, remote devices and communication facilities is known as network hardware or network structure. A computer network is comprised of nodes and links. A network structure determines which element in a computer network can communicate with each other. There are three basic network structures Star, Bus and Ring. LAN, WAN, MAN are some types of Networking.

The Internet is difficult to define. In some ways, it's like an information services, because it offers e-mail, bulletin boards, and information-retrieval services that can access file directories and databases around the world. Internet usage can be secure as a company requires. Internets uses are many and depend on the innovation of the user. Further there are various advantages which describe the necessity of internet. Electronic Mail (email) is the most frequently used application of the Internet. Many people who have access to the Internet at school, home, and work, use the Internet for no other purpose than to send and receive email.

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### 1.5 Glossary

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- Network        - Set of Connections, Group, Set-up
- Type            - Kind, Category
- Uses            - Make use of, Utilize

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## **1.7 Exercise**

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- Q.1 What is Internet? Explain the Advantages of Internet?
- Q.2 Explain the different types of Network?
- Q.3 Describe in details the types of Networking?
- Q.5 Explain distinction between Internet and Intranet?
- Q.6 Discuss some Networking Concepts?
- Q.7 What do you mean by email? Explain the procedure of creating email?
- Q.8 What are the advantages of email?

# Unit 2: Introduction to Computerized Accounting

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## 2.0 Objectives

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After completing the study of this unit you will----

- study the Computerized Accounting
- read about the Manual Accounting and Bookkeeping Systems
- know briefly about Readymade and Customized Software
- come to know Advantages and Disadvantages of Accounting Packages
- learn about the Features of Accounting Packages
- understand the difference between Manual and Computerized Accounting

## 2.1 Introduction

---

Accounting has rightly been termed as the language of business. The basic function of a language is to serve as a means of communication. Accounting also serves this function. It communicates the result of business operations to various parties who have some stake in the business, viz., the proprietor, creditors, investors, Government and other agencies. Though the accounting is generally associated with business but it is not only business which makes use of accounting. Persons like housewives, Government and other individuals also make use of accounting. The committee on terminology set up by the American Institute of Certified Public Accountants formulated the following definition of accounting in 1961:-

“Accounting is an art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part atleast of a financial character and interpreting the result thereof”

As per definition, accounting is simply an art of record keeping. Every record keeping system includes suitable transactions and events as well as their summarization of ready reference. Essentially the transactions and events are to be measured in terms of money. The transactions and events must have atleast in part financial characteristics.

Debit and Credit:-

Debit-credit rules stand as follows:-

Increase in assets:- debit.

Decrease in assets:- credit.

Increase in liability:- credit  
Decrease in liability:- debit.  
Increase in capital:- credit.  
Decrease in capital:- debit.  
Expenses:- debit.  
Incomes:- credit.

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## **2.2 Subject Explanation**

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### **2.2.1 Computerized Accounting**

Computerized accounting consists of all processes, computer software and hardware, as well as databases, that a firm uses to record operating activities in real-time. Computerized accounting is important because corporate operating transactions are often substantial, and the accounting staff may not have the ability to record such activities in real-time. They also implement such procedures to ensure that financial statements are accurate and complete.

1. A company may hire a specialist, such as an information systems consultant or a certified public accountant, to help set up computerized accounting systems.
2. A computerized accounting system debits asset accounts and credits liability accounts to increase their balances. A bank may use such a system to record trading transactions.
3. A computerized accounting system debits expense accounts and credits revenue accounts to increase their balances. An insurance company may use this system to record claims and premium transactions.
4. An accountant uses a computerized accounting system to prepare financial statements, such as income statements, balance sheets and statements of cash flows.

### **2.2.2 Readymade and Customized software**

The growth of any organization brings with it increasingly complex data management needs. Some organizations choose to develop custom software in-house to handle their data management needs. Other organizations choose to employ readymade or commercial off-the-shelf software instead. Readymade software offers organizations several key advantages, which makes it an attractive alternative, but can also present severe disadvantages. Readymade accounting software's are those which are developed by for the public and they sell their right to the public issuing license copy to the buyer or trader. E.g. Tally in various version, Inventory Tracking Software, SAP, DacEasy, WinCA etc. while customized software are those developed for students, professors, doctors and teachers by university and colleges etc. e.g. Muneem software was develop by North Maharashtra University for TYB.Com Syllabus.

### **2.2.3 Features of Accounting Packages**

The introduction of computerized accounting systems provides various features such as speed and accuracy of operation, and, perhaps most importantly, the ability to see the real-time state of the company's financial position. A business that has upgraded to a computerized accounting system cannot return to paper based accounting systems. A typical computerized accounting package will offer a number of different facilities.

1. On-screen input and printout of sales invoices.
2. Automatic updating of customer accounts in the sales ledger.
3. Recording of suppliers' invoices.
4. Automatic updating of suppliers' accounts in the purchases ledger.
5. Recording of bank receipts.
6. Making payments to suppliers and for expenses.
7. Automatic updating of the general ledger.
8. Automatic adjustment of stock records.

9. Integration of a business database with the accounting program.
10. Automatic calculation of payroll and associated entries

Computerized accounting programs can provide instant reports for management, for example:

- \* Aged debtors' summary – a summary of customer accounts showing overdue amounts
- \* Trial balance, trading and profit and loss account and balance sheet
- \* Stock valuation
- \* Sales analysis
- \* Budget analysis and variance analysis
- \* GST/VAT returns
- \* Payroll analysis

#### **2.2.4 Advantages of Accounting Packages**

1. Cost Saving:- Readymade software can provide a cost saving advantage. The software company already assumed the costs of the software development. This frees the purchasing organization from the fiscal investment of software development, as well as the lost man-hours involved with custom application development. The man hours not spent on software development instead go toward other organizational goals.
2. Time:- In-house software development takes time. The program must go through a design phase to ensure that all the necessary features and functions make it into the final product before development, let alone implementation, even begins. Installation and implementation of readymade software typically takes a fraction of the time involved with software development, as the software comes ready to install out of the box.
3. Support:- Software companies typically provide several types of support for readymade software. The software provider handles development of security patches and updates to keep the software stable. Depending on the software and the company, software providers will often provide on-site training and technical support during implementation, as well as more limited on and off-site technical support after implementation.
4. Track Record:- One key advantage of readymade software for many companies is the track record. Existing software implemented successfully at other organizations provides a level of assurance about the quality of the software. In some cases, software companies will put potentials customers in touch with existing customers. This allows an organization to ask relevant questions about the functionality of the software from experienced users.
5. Incomplete Functionality:- Some organizations settle for readymade software that only partially meets their needs. They choose packages that may force them to alter their existing processes to accommodate the limits of the software. This often generates losses in efficiency and productivity. In some cases, an additional software purchase becomes necessary to fill the gap, limiting the cost savings of readymade software.
6. Incompatibility:- Incompatibility with existing programs in an organization's system can make readymade software a complete waste of money. Even if a software company claims a given piece of software will work with specific other pieces of software, it often plays out differently in practice. This proves especially problematic when the readymade software conflicts with legacy software that must remain in the system.
7. Obsolescence:- Some software companies phase out updates and support for old versions of software when they develop new versions. The development of new versions of readymade software often forces organizations into a painful choice. The organization must upgrade to the new version or deal with an unsupported, obsolete version of the software.

#### **2.2.5 Disadvantages of Accounting Packages**

Often enough we talk about computerized accounting as the most wonderful thing for businesses. Many people wonder how they got by without it. Using software for accounting has become so common that only a few of us have considered the disadvantages of using computers to perform accounting tasks. However, those disadvantages do exist.



1. Expense:- Accounting systems are expensive not only to purchase, but also to maintain. Software changes and there may be new versions to purchase. Operating systems also change and they can be expensive, especially for a small business. If a computer stops working, then it needs to be fixed, incurring costs and delays in processing accounting information.
2. Training:- When getting a new accounting system, there is always time and energy spent in training. After a system is bought, then about every year new versions are released with changes that may need some extra training getting used to. Some folks are just not "computer people" and takes them lots of time to be able to use a system. Many times pencil and paper are just faster.
3. Dependency:- Computerized accounting is dependent on machines and other software to work properly. Often enough if one thing is wrong with the computer, then there is no access to the software and work cannot be done. Then time and expense are involved in getting all the system and software up and running. But then, maybe the printer stops working. There are many inter-dependent pieces in this puzzle of a computerized accounting and reliance on it 100% of the time is not realistic.

### **2.2.6 Manual Accounting and Bookkeeping Systems**

Manual accounting systems, although less common today are still the primary choice of record keeping for some small businesses. In other cases a manual bookkeeping regime may be maintained in addition to a computerised system, and thus provide an additional layer of internal control mechanism for the business. Manual accounting and bookkeeping systems are the traditional form of maintaining a business's accounts and records. They involve keeping various ledgers and files which typically include a cash book, sales and purchase day books and petty cash sheets. Although the use of basic manual bookkeeping systems requires little knowledge or skill in accounting, they are still the preferred method of accounting for those who have used them in the past.

#### **Advantages of using manual records and books include:**

##### 1. Correcting Errors

Correcting entries might be easier with manual systems as opposed to computerized ones which can leave messy and complicated audit trails for deleted or changed entries. With the traditional books, it is simply a case of erasing the erroneous entry and replacing it with the corrected one.

##### 2. Data Corruption

The risks of corrupted data are much less with manual systems. There have been cases where months and years worth of data have been lost as a result of computerized file corruption. Keeping manual books can avoid this problem, particularly if the records are stored securely in a fire proof environment.

##### 3. Duplicate Copies of Data

Problems with having duplicate copies of the same accounting records are generally avoided with traditional bookkeeping. The ease of transportation and backing up of computerized accounting systems may sometimes confuse the user. This can result in an out of date data set being erroneously judged as being the most recent version and result in incomplete accounting records.

### **2.2.7 Difference between Manual and Computerized Accounting**

Before the advent of fast and cheap computers, accounting traditionally was processed manually with all transactions recorded in columnar papers and kept in voluminous binders. Once computers became popular and software affordable, accounting tasks moved into this medium, where concepts stayed the same but mechanics changed from papers to programs.

Accounting is an important part of every company. Businesses are required to keep books on their credits and debits. So which is best for your business idea - people or software? As many professional accountants and auditors state - accounting is a language of business which is accepted in all developed and developing countries. Every company applies accounting because it is generally accepted that companies have to reveal certain financial and management information to the government and public users and of course because accounting is indispensable tool in business

decision-making process. With the development of information technologies there were developed many computer products (software) that make accounting as easy as ABC for those who uses them. From this point accounting can be divided into two basic categories: those which apply manual accounting and those which prefer computerized accounting systems. This paper is targets the main features of manual and computerized accounting, their benefits and shortcomings, and their comparison

**1.Speed :** The most glaring difference between traditional and computerized accounting is the speed of operations. With an accounting program, data is entered once and it is saved. The program provides management with reports in a speed never dreamed possible in the traditional days. No more waiting days or weeks to know whether your business is making a profit. Using computerized accounting, information can be accessed in a matter of minutes. Once data is available in the system, it can be used in reports, queries and analysis.

**2.Accuracy:** Computerized systems have drastically increased accuracy of calculations when compared to the traditional, manual system, in which columns had to be added up, numbers moved from one page to the next, and trial balance and financial statements manually compiled. If errors occurred, many hours had to be spent trying to find and correct them. With accounting software, this problem is eliminated. In the case of accounting spreadsheets, adding simple formulas still may be needed, but it is an easier and more accurate process. Efficiency goes through the roof when a computerized system is used.

**3.Costs:** The traditional manual accounting system with paper and pencil is cheaper than the computerized version, in which a firm needs a computer, software, printer and other expenses associated with a system. The manual system may work for small businesses up to a certain point, but with the affordable costs of computers and software, many firms are opting for the computerized system. They are easy to use, and finding experienced employees to run the system is not a hurdle.

**4.Backups:** When using a manual system, the risk of losing data is real. If important papers are damaged or destroyed, that work may have to be re-created. Copies of the original work can be made, but that could be expensive and time-consuming. Accounting on a computerized system offers the choice of saving work on a CD, portable or external hard drive, flash drive, or even online. Many firms back up data every night as a precaution. If something happens the next day, the data can be restored from the backup.

**5.Considerations:** Using a computerized accounting system keeps all of the information organized and in one place & the computer hard drive. Finding and accessing information on an accounting software program is much easier than the traditional method. Specific data can be found using system functions. For example, finding information about a vendor on a manual system could take many steps and significant time. The same process in a computerized system most likely would yield the information in a snap, with less confusion and aggravation.

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## 2.3 Questions for Self Learning

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Q.1 What is Computerized Accounting?

Q.2 Explain Readymade Software and Customized Software in brief?

Q.3 What do you mean by Manual Accounting?

Q.4 What are Advantages of Manual Record and Books?

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## 2.4 Summary

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Accounting has rightly been termed as the language of business. The basic function of a language is to serve as a means of communication. Accounting also serves this function. Computerized accounting consists of all processes, computer software and hardware, as well as databases, that a firm uses to record operating activities in real-time. Computerized accounting is important because corporate operating transactions are often substantial, and the accounting staff may not have the ability to record such activities in real-time. The growth of any organization brings with it increasingly complex data

management needs. Some organizations choose to develop custom software in-house to handle their data management needs. Other organizations choose to employ readymade or commercial off-the-shelf software instead. Readymade software offers organizations several key advantages, which makes it an attractive alternative, but can also present severe disadvantages.

The introduction of computerized accounting systems provides various features such as speed and accuracy of operation, and, perhaps most importantly, the ability to see the real-time state of the company's financial position. Manual accounting systems, although less common today are still the primary choice of record keeping for some small businesses. In other cases a manual bookkeeping regime may be maintained in addition to a computerised system, and thus provide an additional layer of internal control mechanism for the business. Manual accounting and bookkeeping systems are the traditional form of maintaining a business's accounts and records. Before the advent of fast and cheap computers, accounting traditionally was processed manually with all transactions recorded in columnar papers and kept in voluminous binders. Once computers became popular and software affordable, accounting tasks moved into this medium, where concepts stayed the same but mechanics changed from papers to programs.

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## 2.5 Glossary

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- Package - Software, Set of Commands, Ready for use
- Features - Skin Texture
- Errors - Mistake, Fault

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## 2.6 Bibliography

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## 2.7 Exercise

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- Q.1 What is Computerized Accounting? Explain the Feature of Accounting Packages?
- Q.2 Describe in details the Advantages of Accounting Packages?
- Q.3 What are the Disadvantages of Accounting Packages?
- Q.4 Explain in details the Manual Accounting and Bookkeeping System?
- Q.5 Describe difference between Manual and Computerized Accounting?

## **Unit 3: Introduction to Tally (Version 9.2)**

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##### **3.2.2 Starting Tally**

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##### **3.2.7 Reserved Account Groups**

##### **3.2.8 Account groups of Balance Sheet**

##### **3.2.9 Account groups of Profit & Loss account**

##### **3.2.10 Account Masters - Groups & Ledgers**

##### **3.2.11 Feeding of Opening Balances**

##### **3.2.12 Feeding of Closing Stock Value**

#### **3.3 Questions for Self Learning**

#### **3.4 Summary**

#### **3.5 Glossary**

#### **3.6 Bibliography**

#### **3.7 Exercise**

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### **3.0 Objectives**

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After completing the study of this unit you will----

- know briefly about Tally Software 9.2
- read about the Features of Tally Software
- study how to create a New Company
- come to know different types of Groups
- learn about the Account Masters
- know about feeding of Opening Balances

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### **3.1 Introduction**

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Tally, the products of Peutronics Pvt. Ltd. is a user-friendly accounting software. It facilitates various kind of accounting solutions in a very simplified format. One can use it intelligently to meet our company's accounting needs by using different aspect of the package. Tally – the flagship product (which started as a simple bookkeeping system, 20 years ago), is today a comprehensive, integrated solution – covering several business aspects of an enterprise. These include Accounting, Finance Management, Receivables/Payables, Inventory Accounting, Inventory Management; BoM based manufacturing inventory, multi-location/multi-currency/multi-unit handling, Budgets and Controls, Cost and Profit Centre's, Job Costing, POS, Group Company consolidations, Statutory Taxes (Excise, VAT, CST, TDS, TCS, FBT, etc), Payroll Accounting, and other major and minor capabilities. It has served as an ERP for small enterprises over the past 12 years.

Packed with many features and other minor up gradations from its earlier version Tally 8.1, Tally solutions has launched it with a bang. Tally's new eye catching site has been revamped for it with an international flavor, as the product is for many countries. Tally 9.2 is one of the acclaimed accounting software with large user base in India & abroad, which is continuously growing. There is good potential of tally professionals even in small towns and the new features VAT, TDS, TCS, Job Costing, Branch Transfer, Service Tax, Payroll etc. are added into 9 versions. Tally 9.2 is vast software, covering lot of areas for various types of industries & loaded with options. So, every organization needs a hardcore tally professional to exploit its full capabilities & functionality to implement tally.

### **About Tally Software**

- Tally Accounting Software is powered by the proprietary technology - C:MuLate (Concurrent Multi-lingual Accelerated Technology Engine).
- It's easy to use, with dynamic features designed to simplify day-to-day business operations.
- Yet it offers comprehensive accounting structure with inventory, statutory processes, data synchronization capabilities.
- It also has the ability to go globally with business transactions sans language or geographical barriers.
- While Tally Software is robust, its user interface makes it easy to learn and straight forward to use.
- Tally Account Software offers a range of inventory options from simple inventory and stock management to advanced including invoicing, purchase orders, discount column in invoicing, flexible units of measure, stock query and multiple stock valuation methods.
- Tally Account Software includes Drill down display, complete bookkeeping options, flexible classification of accounts, general ledger, accounts receivable and payable, bank reconciliation and more operating with speed, flexibility and online help.

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## **3.2 Subject Explanation**

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### **3.2.1 Features of Tally Software**

Concurrent Multi-lingual capability – allows you to expand your business beyond geographical boundaries without worrying about language barriers. You can maintain your accounts in one language, view reports in another language and send invoices to your customers in yet another language, all at the press of a button.

1. Payroll – lets you automate the management of your employee records including visa and employment contract management. This feature also offers automatic calculation of salaries and payslip generation.
2. Job Costing – enables you to generate profitability statements for each project executed, including financial and material resource apportionments, wherever applicable.
3. POS Invoicing – allows faster data entry and printing on 40 column continuous stationery. It also provides barcode support.
4. Flexible Financial Periods – allows you to break away from inflexible accounting years and perform all accounting functions in Tally for time-periods that suit your convenience.
5. Unlimited Companies – allows you to create and maintain up to 99,999 companies, concurrently.
6. Data Synchronization – helps you synchronize and update data across multiple locations. This enables fast and easy exchange of business information, between offices and branches, across various geographies.
7. Consolidation of Companies - enables grouping of companies and provides consolidated reports. Changes done in any constituent or branch company are automatically updated in the grouped information.
8. Unlimited levels of classification – facilitates ledger classification and re-classification as required. It also enables easy viewing and analysis of information; thus helping you make informed decisions.

9. Advanced MIS – helps you compare information in order to understand and analyse performance levels for various periods or divisions. It helps you study and understand the buying patterns of customers, so that you can channel your resources to specific segments, periods or customers. It also helps you analyse cash flow situations.
10. Drill Down Facility – helps you drill down or instantly update from any report – starting from the Balance Sheet down to Vouchers, or vice versa.

### 3.2.2 Starting Tally

There are various options to run or execute Tally program.

1. Double click on Tally icon on Desktop.  
Or
2. Click on start button, select “Run” and then enter “tally 9.2.exe”.  
Or
3. Click on start button, select all program, one list displays, select “Tally 9.2” from the list.

#### **Note:-**

Use the Up or Down arrow keys (↑) or (↓) to navigate through fields.

Use Enter key to select or skip any field or item.

Use the Esc key to return to Gateway of Tally from any Sub-menu.

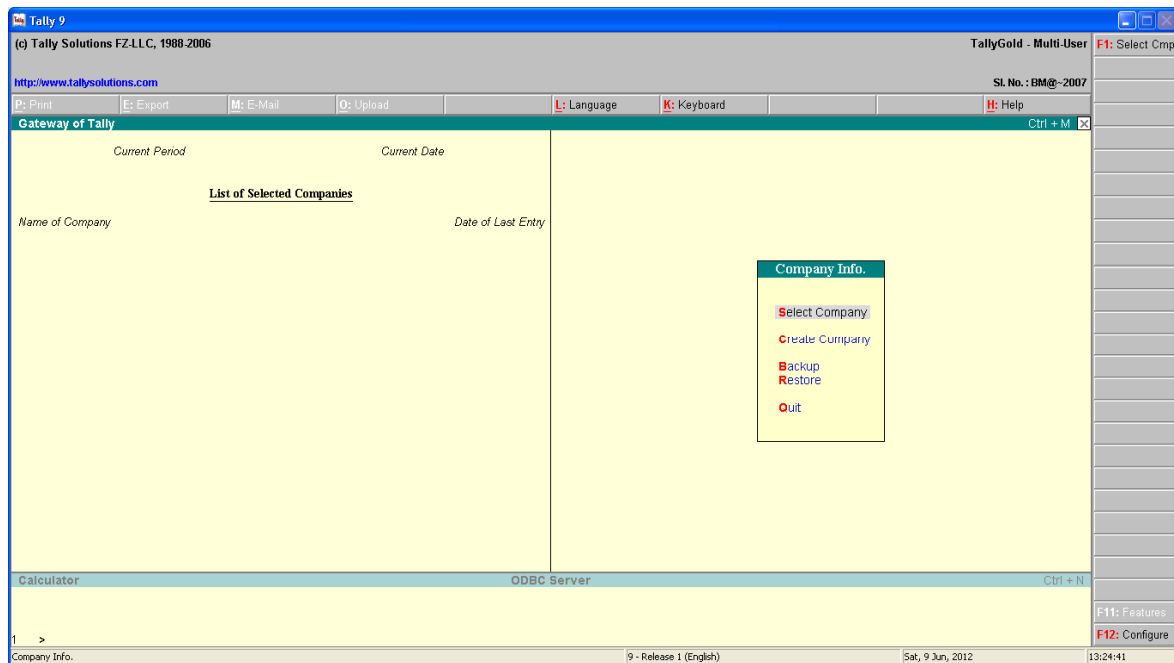


Figure 3.1 : Tally Starting Screen

### 3.2.3 Gateway of Tally

Whenever we click of Tally application the first dialog appears is the “Company Info.” and after selecting a existing company the new screen appear is Gateway of Tally. The Gateway of Tally screen is divided into four parts such as Product Information, Work Area, Button Bar and Calculator.

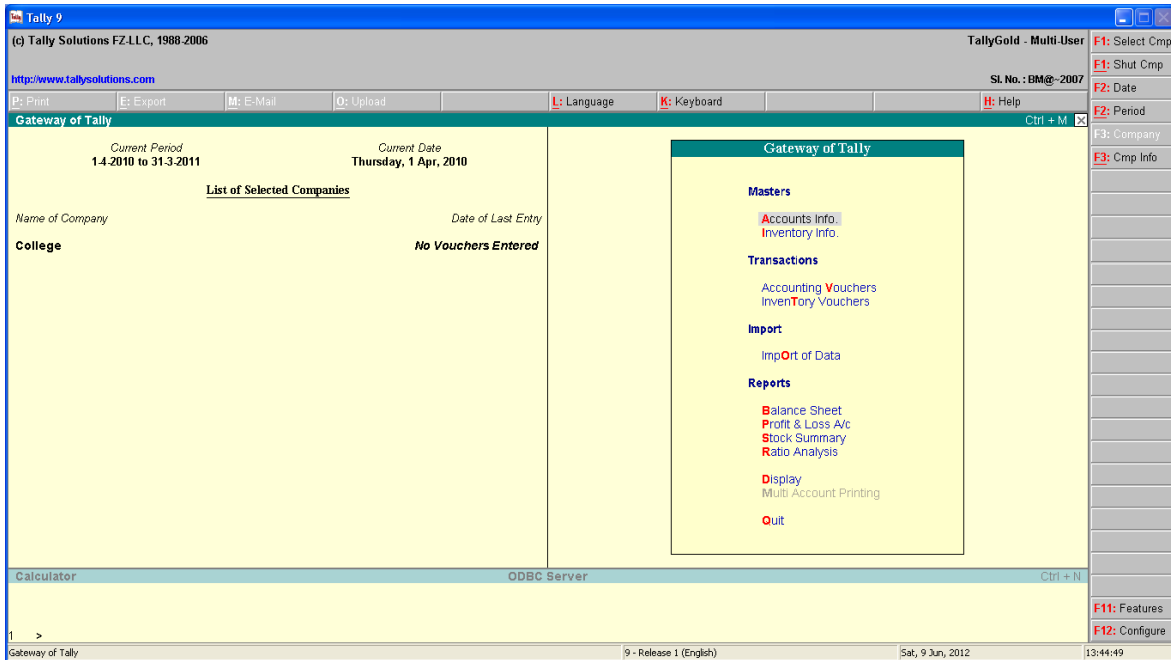


Figure 3.2 : Gateway of Tally

**1. Product information:-** The top bar consists of product information which shows information about developer company, software version, software serial number, single or multiple users, system, day, date and time etc.

**2. Work Area:-** the work area at Gateway of Tally is broadly separate into two sections left and right side. The left hand side consists of current company name, current period, current date, list of selected companies and date of last entry. While on the right hand side displays the menu pop-up from where the instructions to Tally are given.

**3. Button Bar:-** Buttons appearing in the button bar provide quick access to different options. Button Bar is context sensitive, different buttons appears at different screens. The active buttons are shown in solid color, and inactive buttons are shown in gray color.

**4. Calculator:-** When you start Tally, the calculator is remains inactive. While working with Tally at any given movement you can either work at work area or with calculator. To activate the calculator press CTRL+N and for working in work area press CTRL+M keys.

### 3.2.4. Exit from Tally

In Gateway of Tally press CTRL+Q key to Exit from Tally. One can also Exit from Tally by selecting option Quit from the Gateway of Tally Screen and then selecting Yes Option in next Screen.

### 3.2.5 Creating Company

Step: 1. In Gateway of Tally press ALT+F1 key to enter Company Info menu. Under company info, choose the option Create Company and press the Enter key on the keyboard.

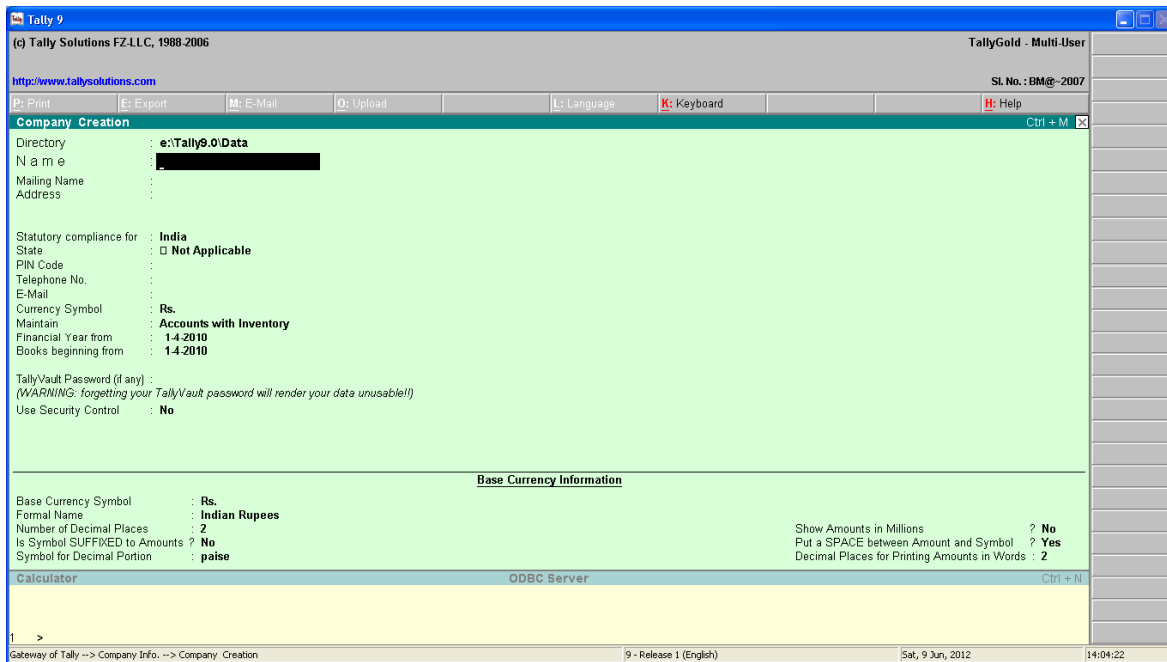


Figure 3.3 : Creating Company

**Step: 2.** In the Company Creation dialogue box enter company details as shown in figure 3.3.

[Press Enter to go to next field]

**Name:-** Enter the name of Company. “Ganesh Co.LTD”

**Mailing Name:-** Enter the mailing name of company. “Ganesh Co.LTD”

**Address:-** Enter the address of company. “MIDC, Jalgaon.

**Statutory Compliance for:-** Put the name of Country. “India”.

**State:-** Enter the name of state e.g. “Maharashtra”

**Pin Code:-** Pincode of the address of the company. “425001”

**Telephone Number:-** Enter the contact number of the company. (0257) 2223456

**Email:-** Write the mail id of Company e.g. ganesh@yahoo.com

**Currency Symbol:-** In our country “Rs” is currency symbol.

**Maintain:-** Here a pop-up window will appear from that list select accounts only option if the business does not deals with any inventory transactions, and select accounts with inventory option for to maintain the financial books as well as inventory details.

**Financial Year From:-** Type the starting date of the financial year.

**Books Beginning From:-** Type the actual date on which the business has been started but this date should be a latter date than the starting date of financial year. This is compulsory information to be given.

**Use Security Control:-** This is a very attractive feature of Tally which sets up authority level that decides the right of the user for data manipulation. Type your name as administrator and give password. The password is case sensitive.

**Step 3: Base Currency Information:-**

The bottom of screen is for currency information because Tally supports multi currency. It has ability to deals with foreign exchange and can convert the reports in the currency desired. The base currency is usually your country’s currency in which you may desire to record the transactions.

**Base Currency Symbol:-** The symbol type here will be used in reports e.g. \$, US Rs. etc.

**Formal Name:-** Enter the full name of currency e.g. Indian Rupees.

**Number of Decimal Pieces:-** This signifies the fractional part of a currency. In India the fractional part is ‘Paise’ so type 2 for an Indian Company.

**Is Symbol SUFFDED to Amounts:-** If company is Indian type NO because we use Rs. symbol as prefix e.g. Rs. 10000.

**Symbol for Decimal Portion:-** It is paise by default.



**Show Amounts in millions:-** Enter Yes if you want the amounts to be in millions.

**Put a SPACE between Amount and Symbol:-** Enter Yes if you want a space between the symbol and the first or last digit in amount. e.g. Rs. 10000.

**Decimal Places for Printing Amounts in Words:-** While printing, the decimal places in amounts in word two, in case of Indian Companies.

Once you fill all the fields press Enter the dialogue-box appears Accept? Yes or No. Press Yes to accepts all the entries and if you press No then here is a chance to edit the information about company.

### Alteration in Company Details

Step 1:- In gateway of Tally press ALT+F1 to get company info menu.

Step 2:- In Company Info select Alter option.

Step 3:- Tally now displays the list of Companies that have already started.

Step 4:- Select the company that you want to alter and press the enter key.

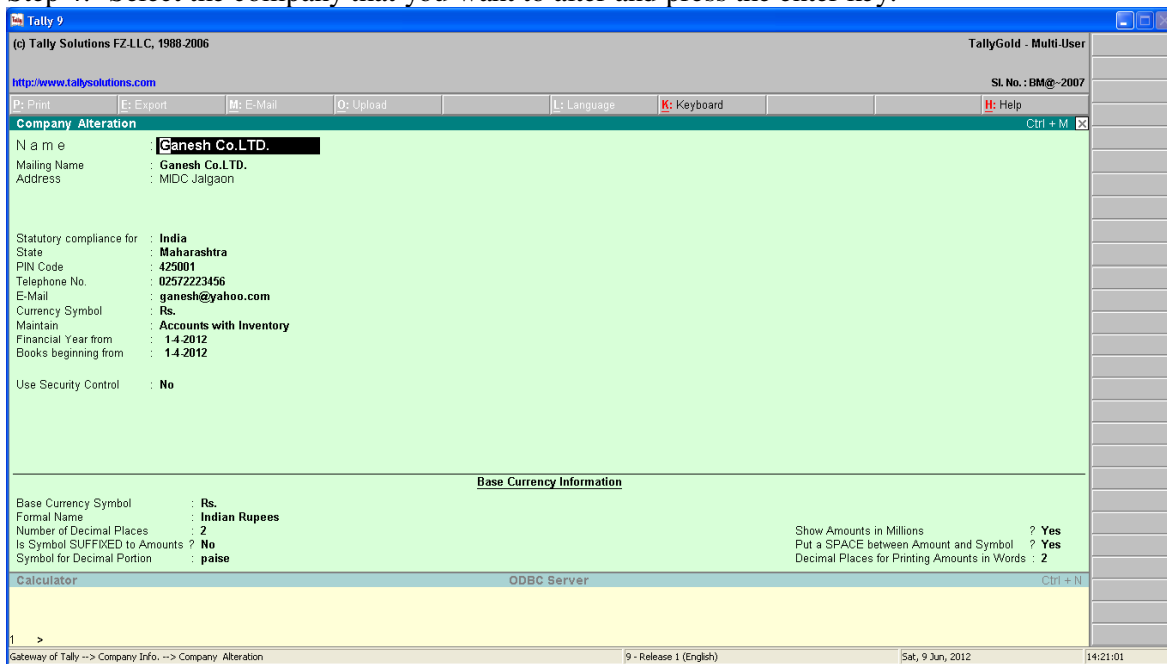


Figure 3.4 : Alteration of Company

Step 5:- Alteration screen displays as shown in figure 3.4.

Step 6:- Once you alter to the fields press Enter the dialogue-box appears Accept? Yes or No. Press Yes to accepts all the entries and if you press No then here is a chance to edit the information about company.

### Deletion of Company

Step 1:- In gateway of Tally press ALT+F1 to get company info menu.

Step 2:- In Company Info select Alter option for deletion of company.

Step 3:- Tally now displays the list of Companies that have already started.

Step 4:- Select the company that you want to alter or delete and press the enter key.

Step 5:- Tally now displays alteration screen you can press ALT+D for Deletion of Company.

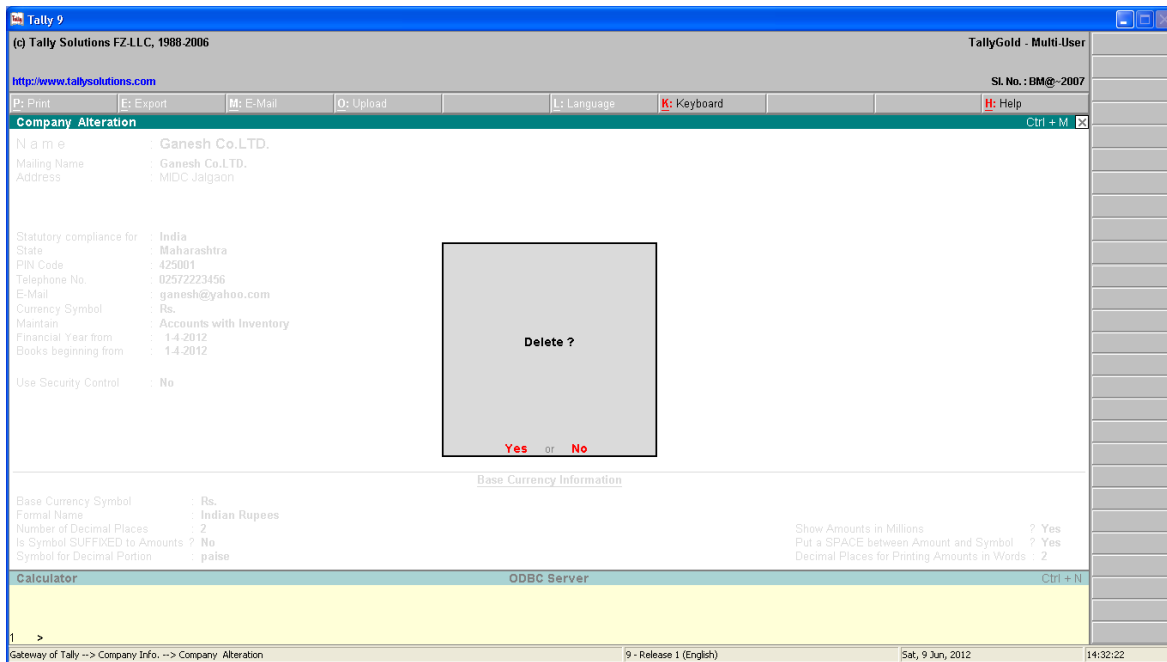


Figure 3.5 : Deletion of Company

### Selecting of Company

- Step 1:- In gateway of Tally press ALT+F1 to get company info menu.
- Step 2:- In Company Info select company and press Enter.
- Step 3:- Tally now displays the list of Companies that have already been created.
- Step 4:- Select the company that you want to work in and press the enter key.

### 3.2.6 Hierarchy of Account groups and ledgers

In Tally you may organize Accounts Ledgers and Groups in hierarchical way. There is no limit on depth of nesting number of Group/sub Groups and number of Ledger Accounts that can be placed under a Group/sub Group. In Tally organized reports with control totals at each level. Only Ledger Accounts are transacted in Vouchers. Account Groups do not participate in any voucher (they are used to organize the Ledger Accounts). You Debit or Credit a Ledger in any Voucher in Tally ERP.

### 3.2.7 Reserved Account Groups

As soon as you create a Company Tally auto creates pre defined Account Groups called Reserved Groups having specific properties and behavior in the system (these Groups cannot be deleted) to maintain consistency and integrity of the accounting system representing Assets Liabilities Income and Expenditure. Of these Tally Reserved Account Groups are top level primary Groups. All the child Groups and Ledgers inherit the specific properties of the parent Reserved Group.

### 3.2.8 Account Group of Balance Sheet

Tally Software has Account groups that appear in Balance Sheet. There are two parts in balance sheet one is liabilities and another is assets. Hence there are different groups of ledger for liabilities and assets side.

#### Account Groups of Liabilities

The Group of Liabilities of Balance Sheet are Shown below:

**1.Capital:** This is a primary Group that contains the Capital and Reserves & Surplus of the Company. Ledger Accounts for Owners Capital may be placed under Capital Account group is Share Capital

Partners Capital Accounts Proprietors Capital Account. Members Capital A/c etc. Separate Ledgers may be created for Equity capital Preference Capital A/c etc in Tally.

**2.Reserves & Surplus:** It's child group to Capital Account. All Reserve Accounts are placed under this group . Common examples are: General Reserve Capital Reserve Investment Allowance Reserve Share Premium Account etc.

**3.Loans (Liabilities):** All loans taken by Company should be placed here. Tally ERP ERP creates reserved sub-groups

**4.Bank OD Accounts:** While Current Bank A/c should be placed under Current Assets Bank Overdraft and Cash/Credit Accounts availed under hypothecation Bill Discounting etc. operated on a day-to-day basis should be placed under this group. Though these bank accounts may be a kind of secured loans to allow transactions in Payment Receipt and Contra Vouchers like normal Bank Accounts. The ledger accounts under this groups participate in the Vouchers in same manner like ledgers placed under Bank Accounts as explained later.

**5.Secured Loans:** Debentures Term Loans secured Loans taken from Banks Financial Institute etc. against security should be placed under this group.

**6.Unsecured Loans:** Loans from outside Parties Directors Friends and Relatives Deposits etc should be placed under this group.

**7.Current Liabilities:** This group normally constitutes a large number of Ledger Account and Sub Groups and is subdivided into sub-groups: Duties & Taxes Provisions and Sundry Creditors .**8.Duties and Taxes:** This sub-group is for all Excise Sales and other Trade Taxes. This head normally constitutes all the Duties & Taxes that you collect or pay through Sales & Purchase transactions whose balance will appear in Balance Sheet . Examples are Sales Tax , Excise Duty, Marketing Fee, Purchase Tax etc.

**9.Provisions:** It is place for all sorts of Provisions . Place similar Provisions as applicable. However Depreciation Provided should go under Fixed Assets .

**10.Sundry Creditors:** Place the ledger accounts of all Trade Creditors / suppliers . If you sell to or purchase from same party create only one ledger account and place under Sundry Debtors or Sundry Creditors Group .

### Account Groups of Assets

The Group of Assets side of Balance Sheet are Shown below:

**1.Fixed Assets:** This constitutes all the Fixed Assets like Immovable Properties Trade Rights etc Work-in-progress etc. Fixed Assets may have several subgroups for each type of assets if you wish to have separate Ledger Accounts for individual Assets. You may keep the figures of Original Cost and Accumulated Depreciation for Fixed Assets separately.

**2.Investments:** Place here all Ledger Accounts related to Investments in Shares Bonds Govt. Securities and Investment in other companies.

**3.Current Assets:** It constitutes Reserved Sub Groups: Stock-in-hand Deposits Loans & Advances Cash-in-hand Bank Accounts Sundry Debtors. You should place individual Ledger Account under the appropriate subgroups and avoid placing any Ledger directly under primary groups Current Assets.

**4.Stock-in-hand:** create all ledger Account for Closing Stock under this group. Normally you should create separate Ledger Accounts for Raw Materials Work-in-process and finished and Finished Goods as required.

**5.Deposits (Assets):** Place all the Deposit made by the Company like Fixed deposits Security deposits Deposits with Electricity dept Deposits in other companies Rental Deposits etc. Under this Group.

**6.Loans and Advanced :** Place all Loans & Advances of non-trading nature given . Examples are Advances against Salary loans to Employee Advances to Fixed Assets Suppliers etc.

**7.Sundry Debtors:** Place the ledger accounts of all customer / consumers. If you sell to same party create only one ledger account and place under Sundry Debtors Group.

**8.Bank Accounts:** Place the ledger accounts of saving and current account.

**9.Cash in hand:** Tally creates Cash Ledger under the group Cash-in-hand. You can also create Other Cash ledger under this group if necessary.

### 3.2.9 Account groups of Profit & Loss account

Tally Software has Account groups that appear in Profit and Loss Account. There are two parts in profit and loss account in Tally. One is related to Trading or Manufacturing Activity and another is related to Income and revenue. Hence there are different groups of ledger under profit and loss account.

**1.Purchases:** It is the primary group that consist the Purchases of Company. Ledger Accounts of all purchases may be placed under Purchases group.

**2.Sales:** It is the primary group that consist the Sales of Company. Ledger Accounts of all Sales may be placed under Sales group.

**3.Direct Income:** It is also the primary group that consist the Direct Income of Company. Ledger Accounts of all Direct Income may be placed under this group.

**4.Direct Expenses:** It is also the primary group that consist the Direct Expenses of Company. Ledger Accounts of all Direct Expenses may be placed under this group. Such as Manufacturing Expenses, Labour Charges etc.

**5.Indirect Income:** It is also the primary group that consist the Indirect Income of Company. Ledger Accounts of all Indirect Income may be placed under Indirect Income group. Such as Commission, Discount etc.

**6.Indirect Expenses:** It is also the primary group that consist the Indirect Expenses of Company. Ledger Accounts of all Indirect Expenses may be placed under Indirect Expenses group. Such as Salary, Advertisement, Administrative Exp.etc.

### 3.2.10 Account Masters – Group & Ledger

#### Groups

A group is a collection of related ledgers, for e.g. 'Printing & Stationary', 'Rent' etc are ledgers under the group 'EXPENSES'. In Gateway of Tally select Accounts Info, in the Accounts Info menu select Groups. Groups are further classified into Single Groups and Multiple Groups. In Single Group, only a single group can be created whereas under Multiple Groups various sub-groups can be created under a primary group.

#### Single Group Creation

Step 1:- To create single group, select Create under Single Group menu and press Enter.

Step 2:- In Group Creation dialogue box, in the field Name, type 'Customers' and press Enter. Skip the field Alias. (Press the Enter key to skip the field).

Step 3:- In the next field Under, type the alphabet 'S' and select Sundry Debtors from the List of Groups displayed on the right side of the screen and press Enter.

Step 4:- In the last field Group behaves like a Sub-Ledger? Type Yes.

Step 5:- Press Enter to accept the group details.

Step 6:- Press the ESC key once. You will get a message: Quit Yes or No. Press Enter key to quit the Single Group Creation dialogue box.

The screen returns to the Groups menu. Press the ESC key to return to Gateway of Tally.

#### Multiple Groups Creation

Step 1:- To create multiple group, select Create under Multiple Group and press Enter.

Step 2:- In Multiple Group Creation dialogue box, in the field Under Group, type the alphabet 'S' and select Sundry Creditors from the List of Group and press Enter.

Step 3:- In the Field Name of Group, type in the first group name as Creditors and press Enter. Type the second group name as Suppliers.

Step 4:- Press Enter to accept multiple group details.

Note:- Tally provides with a list of groups already existing in the software so we need not any more groups.

## Ledgers

In Gateway of Tally, select Accounts Info. In the Accounts Info menu select Ledgers. Ledgers are further classified into Single Ledgers and Multiple Ledgers. Multiple Ledgers are used to create more Accounts under a single group. Note:- Tally provides with two standard Ledgers of Accounts, which are Cash A/c and Profit & Loss A/c.

### Single Ledgers

Step 1:- To create single ledger, select create under Single Ledger and press Enter.

Step 2:- In Ledger Creation dialogue-box, type share capital in the Name field and press Enter to skip the field Alias and go to the next field.

Step 3:- In the field Under, type the alphabet "C" and select Capital Account from the List of Groups displayed on the right side of the screen.

Step 4:- In the field Inventory values are affected? Type No and press Enter.

Step 5:- In the Opening Balance field, press Enter as no opening balance is available to be entered. Press Enter once again to accept the screen when the message Accept Yes/No appears.

Note:- Similarly create various single ledger accounts required. Refer to the List of Ledgers. The field "Inventory values are affected?" does not appear while creating multiple ledgers. Hence, all accounts under Purchase and Sales Accounts should be individually entered in the Single Ledger Creation dialogue box and for the field inventory values are affected? Type Yes.

Step 6:- Press ESC key once and then press Enter key to quit and return to the previous menu. i.e. Ledger menu.

### List of Ledgers

| <b>Name of the Account to be Credited</b> | <b>Under Group</b> |
|---|--------------------|
| Share Capital                             | Capital Account    |
| State Bank of India                       | Bank Account       |
| Mr. X (Creditor)                          | Creditors          |
| Interest on Investment                    | Indirect Income    |
| Loans from SBI                            | Unsecured Loan     |
| Purchased Items                           | Purchase Accounts  |
| Sale of Items                             | Sales Accounts     |

### Multiple Ledgers

Step 1:- In ledgers menu, to create Multiple Ledger select Create under Multiple Ledgers and press Enter.

Step 2:- In Multiple Ledger Creation dialogue box, in the field Under Group, type the alphabet 'C' and select Customers from the List of Groups displayed on the right side of the screen.

Step 3:- In the field Name of Ledger, type the account name as 'XYZ Ltd' and press Enter key. Notice the group name 'Customers' appears in the field Under. Press Enter to skip the Opening Balance filed.

NOTE: Similarly type all other Customers from the List of Ledgers.

Step 4:- After entering all the required ledger accounts under Customers, press Enter key to accept the entries and return to the previous menu.

Similarly create various multiple ledger accounts required. Refer to the List of Ledgers.

### List of Ledgers

| <b>Name of the Account to be Credited</b> | <b>Under Group</b> |
|---|--------------------|
| ABC Ltd                                   | Customer           |
| XYZ Ltd.                                  | Suppliers          |
| Computer                                  | Fixed Assets       |
| Furniture                                 | Fixed Assets       |
| Advertising                               | Indirect Expenses  |

|                                   |                   |
|-----------------------------------|-------------------|
| Bonus to Staff                    | Indirect Expenses |
| Display Expenses                  | Indirect Expenses |
| Donation to Institute             | Indirect Expenses |
| Electricity Charges               | Indirect Expenses |
| Interest on Loan                  | Indirect Expenses |
| MD's Salary                       | Indirect Expenses |
| Showroom Rent                     | Indirect Expenses |
| Staff Salary                      | Indirect Expenses |
| Telephone Expenses                | Indirect Expenses |
| Investment In Government Security | Investment        |
| Investment in Shares of S Ltd.    | Investment        |

Step 5:- Press the ESC key to return to Gateway of Tally.

Step 6:- To view all the groups and ledgers that you created- In Gateway of Tally select Display.

In the Display menu select List of Accounts. Scroll down the list to view the entire list. Verify with the list of accounts given to you. Press the ESC key to return to Gateway of Tally.

### 3.2.11 Feeding of Opening Balances

While creating and altering Ledger account Opening Balance can be feed up as debit balance or credit balance depend upon the group selected.

### 3.2.12 Feeding of Closing Stock Value

Step 1:- In Gateway of Tally choose Inventory Info menu, select Stock Items and press Enter.

Stock Items are further classified into Single Stock Items and Multiple Stock Items.

Step 2:- In Single Stock Items select Create and press the Enter key.

Step 3:- In Stock Item Creation dialogue-box, in the Name field type Santro and press Enter.

Step 4:- Skip the alias and Description field.

Step 5:- When you select the filed-Under, a List of Groups appears on the right side of the screen. Select Primary in the List of Groups.

Step 6:- Similarly for the field Category, select Not Applicable.

Step 7:- In the field Units select Car and press Enter.

Step 8:- In Set Standard Rates? Field type Yes and press the Enter key. You will now see a screen for Stock Item. Here you are required to enter the Standard Cost (i.e. the Purchase Price) and the Standard selling price for that stock item.

Step 9:- In Standard Cost Column, press Enter once to accept the date 1-Jan2012 in the Applicable From field. In the Rate field, type the Purchase Price (per unit) as 310000 and press Enter. Notice that in the Per field the unit Car appears automatically.

Step 10:- In Standard Selling Price Column, press Enter to accept the date 1-Jan2012 in the Applicable From field. In the Rate field, type the Sales Price (per unit) as 350000 and press the Enter.

Step 11:- Press Enter to accept the Standard Rates entered for the stock item and come back to the Stock Item Creation dialogue box. Skip the Opening Balance field and press the Enter key to accept the item details.

NOTE:- Similarly enter the remaining three stock items from the assignment along with their applicable rates. Press ESC key to return to Gateway of Tally.

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## 3.3 Questions for Self Learning

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Q.1 What do you mean by Tally 9.2?

Q.2 Explain the procedure of Alteration in Company Details?

Q.3 Explain Hierarchy of Account Group and Ledger in brief?

Q.4 What are the different types of P&L Groups?

### 3.4 Summary

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Tally, the products of Peutronics Pvt. Ltd. is a user-friendly accounting software. It facilitates various kind of accounting solutions in a very simplified format. Tally Software packed with many features and other minor up gradations from its earlier version Tally 8.1, Tally solutions has launched it with a bang. Tally's new eye catching site has been revamped for it with an international flavor, as the product is for many countries. Tally 9.2 is one of the acclaimed accounting software with large user base in India & abroad, which is continuously growing.

There are various options to run or execute Tally program such as double click on Tally icon on Desktop or click on start button, select "Run" and then enter "tally 9.2.exe. Whenever we click of Tally application the first dialog appears is the "Company Info." and after selecting a existing company the new screen appear is Gateway of Tally. The Gateway of Tally screen is divided into four parts such as Product Information, Work Area, Button Bar and Calculator. In Gateway of Tally press CTRL+Q key to Exit from Tally. One can also Exit from Tally by selecting option Quit from the Gateway of Tally Screen and then selecting Yes Option in next Screen.

In Tally you may organize Accounts Ledgers and Groups in hierarchical way. There is no limit on depth of nesting number of Group/sub Groups and number of Ledger Accounts that can be placed under a Group/sub Group. Tally Software has Account groups that appear in Balance Sheet. There are two parts in balance sheet one is liabilities and another is assets. Hence there are different groups of ledger for liabilities and assets side. There are two parts in profit and loss account in Tally. One is related to Trading or Manufacturing Activity and another is related to Income and revenue. Hence there are different groups of ledger under profit and loss account. While creating and altering Ledger account Opening Balance can be feed up as debit balance or credit balance depend upon the group selected.

### 3.5 Glossary

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- Software - Program, Set of Commands
- Groups - Category in which ledger consists of
- Ledger - Account

### 3.6 Bibliography

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### 3.7 Exercise

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- Q.1 What are the Features of Tally Software?
- Q.2 Explain the steps for Creation of Company?
- Q.3 Describe in details the Account Groups of Balance Sheet?
- Q.5 Discuss some Ledgers of Balance Sheet?
- Q.6 Write the steps for creating Single Ledger?
- Q.6 Give an detailed account of Feeding of Closing Stock Value?

# Unit 4: Voucher Entry

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### 4.3 Questions for Self Learning

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## 4.0 Objectives

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After completing the study of this unit you will---

- read about the Basic Vouchers of Tally
- come to know different types of Accounting Vouchers
- study about how to Alter a Voucher
- know briefly about Voucher Number
- learn about the Voucher Printing
- know about Day Book and Ledger

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## 4.1 Introduction

---

Voucher is a document containing the details of a transaction. For every transaction, a voucher is to be entered in tally through voucher entry. Accounting Voucher option is available at the Gateway of tally. To input any data into tally, you must use a voucher. Inputting date through the voucher entry mode may be called creating a voucher or voucher entry.

Tally already have 18 types of vouchers. You can create additional voucher types. You can also create voucher class which is pre-defined table that helps to automate voucher entries, expenditure entry and minimize errors. While making a voucher entry, it must have two states of transaction, Debit and Credit. As tally follows Double Entry system of accounting, both debit and credit aspects of the transaction must be enter. The total amount of debit must be equal with the total amount of credit in transaction.



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## 4.2 Subject Explanation

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### 4.2.1 Basic Vouchers

There are two commonly used basic vouchers in tally are Accounting Voucher and Inventory Voucher. These vouchers reflected on Gateway of Tally Screen under the Heading Transactions.

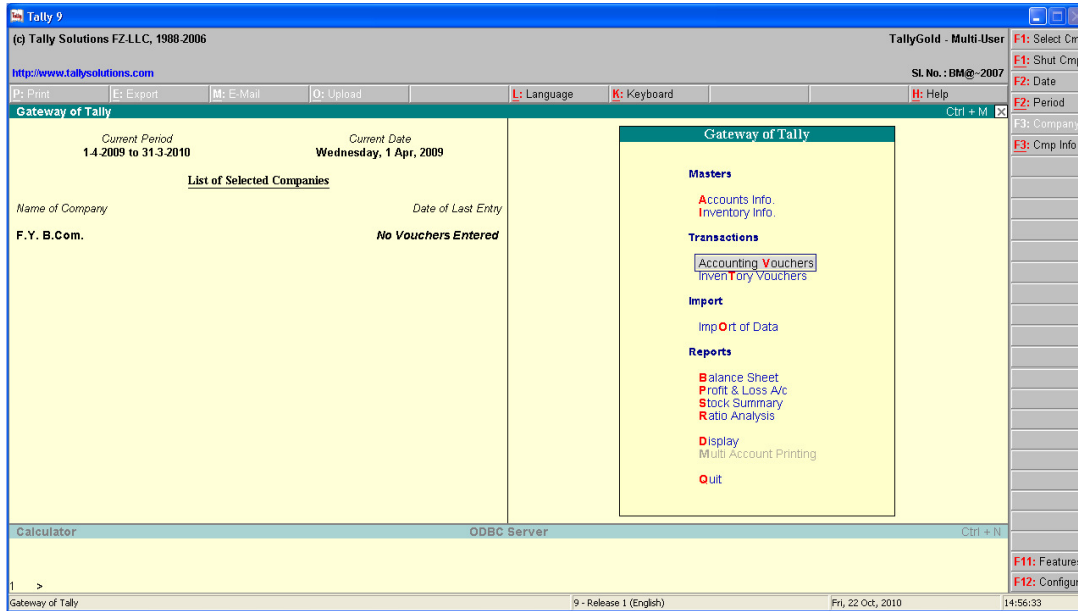


Figure 4.1 : Gateway of Tally

### Accounting Voucher

Accounting voucher contain entries related to accounting transactions. The accounting vouchers option can be found on the right side of the Gateway of Tally menu. To create an accounting voucher, undertake the following steps:

1. Click on Accounting Voucher under Transactions in the Gateway of Tally menu as displayed in figure 4.1. The Accounting Voucher Creation screen appears in Figure 4.2. In Tally the Accounting Voucher Creation Screen is divided into three parts: Main Voucher Entry Area, Button Bar Area and Calculator Area, which detailed as below.

**Main Voucher Entry Area:** You enter all transactions here. It includes the date, the name of the ledger, the amount, and pop-up screens depending on your voucher configuration.

**Button Bar Area:** It displays various buttons for quick interaction with Tally.

**Calculator Area:** In this area, you can enter any number of mathematical formulae for complex calculations.

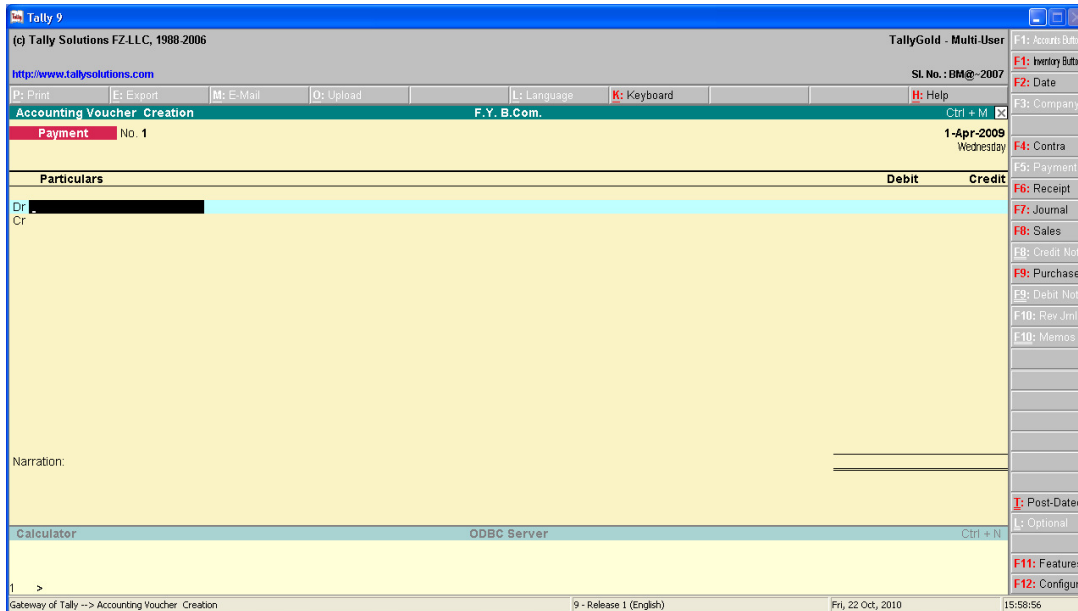


Figure 4.2 : Accounting Voucher

Here we understood the different parts of the Accounting Voucher Creations screen, let us continue with the Accounting Voucher. Creation Screen we had created in Step 1 and learn how to add information in the various options present in it.

2. Enter the name of the account beside the Account Option. To do so, select an account name from the List of ledger Accounts pop-up window.
3. Next, Enter the name of items under particulars. To do so, make use of List of Ledger Accounts pop-up menu.
4. Under the Amount option, type the amount for the selected items. The total amount of items automatically credited to current balance.
5. After entering amount, the cursor reaches under the Narration Option. Briefly explain the relevant information about the voucher. Otherwise, press the enter key and click on Yes to create an Accounting Voucher.

### Inventory Voucher

This is the second type of Voucher and can be found in the Gateway of Tally menu. Following is the detailed steps to create an Inventory Voucher.

1. Click on the Inventory Voucher option under Transactions. An Inventory Voucher Creation screen appears as in figure 4.3.

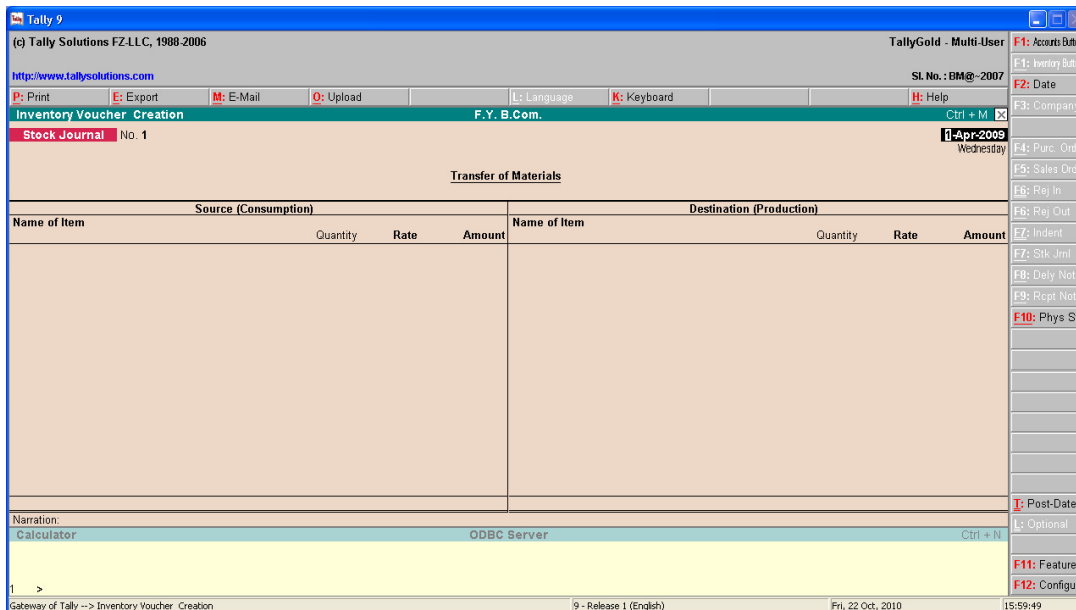


Figure 4.3 : Inventory Voucher

The screen is divided into two parts, Source (Consumption) and Destination (Production), which detailed as below.

**Source (Consumption):** You can record the date of items that are consumed under this section.

**Destination (Production):** You can record the date of items that are produced under this section.

Here we understood the different parts of the Inventory Voucher Creations screen, let us continue with the Inventory Voucher. Creation Screen we had created in Step 1 and learn how to add information in the various options under Source (Consumption) and Destination (Production).

2. Under the name of item option, enter the name of an item from the list of items pop-up menu. This pop-up menu appears when the cursor reaches under the name of item option.
3. Next, enter the name of godown under the godown option. For that, make use of list of godowns pop-up menu. This pop-up menu appears when cursor reaches under the Godown option.
4. Type the total quantity for item under the quantity option.
5. Type the rate of per quantity under the rate option.
6. As soon as the cursor reaches under the amount option, Tally calculates and display the aggregate amount for the selected item.
7. After entering information under Source (Consumption), the cursor moves under Destination (Production). In order to enter information under Destination (Production), repeat steps 1 to 5 and enter same information provided earlier under Source (Consumption).
8. Now type some brief information about the Inventory voucher under the narration option.
9. Click on yes to create inventory voucher.

#### 4.2.2 Types of voucher

In manual account books, all transactions are recorded in primary book, which can be further divided into cashbook, journal. Journal is subdivided into following subsidiary books called Sales Book, Purchase Book, Debit Note, Credit Note and Proper Journal.

Tally is pre-programmed provides a variety of accounting vouchers, each designed to perform a different job such as Contra Voucher, Payment Voucher, Receipt Voucher, Journal, Sales voucher,

Purchase Voucher, Debit Notes, Credit Notes, Memo Voucher, Physical Stock, Purchase Orders, Goods Receipt Notes, Rejection Out, Rejection In, Stock Journal, Reversing Journal. The standard vouchers are as follows.

### A) Contra Voucher (F4)

Gateway of Tally > Accounting Vouchers > selecting F4: Contra > displays the Contra voucher entry screen. As per accounting rules, Contra Entry is a transaction indicating transfer of funds from:

1. Cash account to Bank account
2. Bank account to Cash account
3. Bank account to Bank account

Contra Entry screen appears in the Single Entry Mode by default. You are prompted to choose the account, which will receive the amount (the debit ledger). For example, you wish to enter the transaction of cash deposited into Bank Account, you have to debit the Bank Account and credit the Cash Account > the entry appears as shown in figure 4.4.

| Accounting Voucher Alteration (Secondary)            |  | F. Y. B.Com.           | Ctrl + M |
|--|--|------------------------|----------|
| <b>Contra</b> No. 1                                  |  | 1-Apr-2010<br>Thursday |          |
| Account : <b>HDFC Bank</b><br>Cur Bal : 60,000.00 Dr |  |                        |          |
| Particulars  |  | Amount                 |          |
| <b>Cash</b><br>Cur Bal : 0.00 Cr                     |  | 10,000.00              |          |
| Narration:<br>being cash deposited                   |  | 10,000.00              |          |
|  |  | Accept ?<br>Yes or No  |          |

Figure 4.4 : Contra Voucher

### B) Payment Voucher (F5)

Gateway of Tally > Accounting Vouchers > selecting F5: Payment > displays the Payment voucher entry screen. Payment transactions can be entered using Tally's Payment Voucher. The Payment Entry screen appears in Single Entry Mode by default (as the option "Use Single Entry mode for Pymt/Rcpt/Contra" is set to YES > in F12: Configure from Payment Voucher). For example, the company paid expenses of conveyance, staff salary, postage, Furnitures and stationery through cash. The entry is displayed as shown in figure 4.5.

| Accounting Voucher Alteration (Secondary)      |  | F. Y. B.Com.           | Ctrl + M |
|--|--|------------------------|----------|
| <b>Payment</b> No. 1                           |  | 1-Apr-2010<br>Thursday |          |
| Account : <b>Cash</b><br>Cur Bal : 4,450.00 Dr |  |                        |          |
| Particulars                                    |  | Amount                 |          |
| <b>Postage Exp.A/c</b><br>Cur Bal : 550.00 Dr  |  | 550.00                 |          |
| Narration:<br>being cash paid                  |  | 550.00                 |          |
|  |  | Accept ?<br>Yes or No  |          |

Figure 4.5 : Payment Voucher

### C) Receipt Voucher (F6)

Gateway of Tally > Accounting Vouchers > selecting F6, we get the Receipt voucher screen. Similar to Payment and Contra vouchers – the Single Entry Mode appears for Receipt Entry as well. Accounting transactions for money received are entered into Tally through the receipt voucher. For example, your company receives money from a customer for an earlier transaction. The customer account has to be credited and if cash is received – debit the cash account. If cheque is received debit the bank account where you will deposit the received cheque. The entry is displayed as shown in figure 4.6

| Accounting Voucher Creation                             |  | F. Y. B.Com.          | Ctrl + M |
|---|--|-----------------------|----------|
| <b>Receipt</b> No. 1                                    |  | 14-May-2010<br>Friday |          |
| Account : <b>Cash</b><br>Cur Bal : 6,650.00 Cr          |  |                       |          |
| Particulars   |  | Amount                |          |
| <b>Rakesh Sharma</b><br>Cur Bal : 0.00 Cr<br>On Account |  | 5,550.00              |          |
|   |  | 5,550.00 Cr           |          |
| Narration:<br>being cash received                       |  | 5,550.00              |          |
|   |  | Accept ?<br>Yes or No |          |

Figure 4.6: Receipt Voucher

## D) Journal Voucher (F7)

Gateway of Tally > Accounting Vouchers > selecting F7, we get the Journal voucher screen. This is the separate voucher entry and which is completely different from Contra, Payment and Receipt vouchers. Non cash and non Purchase, Sale accounting transactions can be recorded in Journal Voucher. Therefore there are many accounting entries which will pass Journal Vouchers whose list are as follows.

- Fixed assets purchase on credit
- Adjustment entries
- Rectification entries
- Depreciation entries
- Provision Creation entries
- Entries of Tax payable
- Given of Goods as Sample or Gift's entries.
- All voucher which will not go to any other accounting vouchers.

While doing voucher entry in Journal voucher Debit and Credit ledger should be respective apply through accounting rules. The entry is displayed as shown in figure 4.7

| Particulars  | Debit     | Credit    |
|--|-----------|-----------|
| Dr Depreciation A/c<br><i>Cur Bal : 13,500.00 Dr</i> | 13,500.00 |           |
| Cr Machinery A/c<br><i>Cur Bal : 76,500.00 Dr</i>    |           | 13,500.00 |
|  |           | 13,500.00 |
|  |           | 13,500.00 |

Narration:  
being depreciation charged @15%

Accept ?  
Yes or No

Figure 4.7 : Journal Voucher

## E) Sales Voucher (F8)

Gateway of Tally > Accounting Vouchers > selecting F8, we get the Sales voucher screen. Through this voucher entry you can create sale Invoice of goods sold. In this voucher the details of the items sold are listed in it. Selecting the Item Invoice allows you to select the stock items to be invoiced. This format is more commonly used by trading and manufacturing organisations. While doing transaction the name of the party must be your customer or sundry debtor and after this entry whose ledger are going to debited because he had got the goods and sales ledger was credited. If goods sold in cash the party name must be cash only.

Following are the detail steps to record sales voucher

1. Enter the date of sale
2. Enter the ref; if any other wise skip it
3. Select party account name from pop up window. If it new one then create the party there it self by pressing ALT+C.
4. Select the type of sale. Like sales @ 4%, sales @ 12.5% etc.
5. Select the vat tax class, Like 4%, 12.5% etc.
6. Select the item to be sold from pop up window (list of items).
7. Enter the quantity to be sold.
8. Enter the rate of item.
9. More items are there, then repeat the procedure from 6 to 8.
10. After items are over then enter.
11. Select the corresponding tax ledger from pop up window.
12. Add any packing & forwarding charges or freight charges if any.
13. Enter addition or subtraction amount for rounding of total value.
14. Enter the narration / Remarks if any.
15. Press enter to accept the details.

The voucher entry is displayed as shown in figure 4.8.

| Accounting Voucher Creation      |          |                         |                  |
|----------------------------------|----------|-------------------------|------------------|
| Sales                            |          | F. Y. B.Com.            |                  |
| No. 1                            |          | Ctrl + M                |                  |
| Ref. :                           |          | 18-Sep-2010<br>Saturday |                  |
| Party's A/c Name : Rakesh Sharma |          |                         |                  |
| Current Balance : 5,550.00 Dr    |          |                         |                  |
| Sales Ledger : Sales A/c         |          |                         |                  |
| VAT/Tax Class: Sales @ 12.5%     |          |                         |                  |
| Name of Item                     | Quantity | Rate per                | Amount           |
| Cement                           | 80 Bag   | 230.00 Bag              | 18,400.00        |
| Output Vat 12.5% A/c             |          | 12.50 %                 | 2,300.00         |
| Narration:                       |          |                         | 80 Bag 20,700.00 |

Figure 4.8 : Sales Voucher

### F) Purchase Voucher (F9)

Gateway of Tally > Accounting Vouchers > selecting F9, we get the Purchase voucher screen. Through this voucher entry you can record purchase Invoice of goods received. This voucher having details about the items purchases and which are listed in it. Selecting the Item Invoice allows you to select the stock items to be received. While doing transaction the name of the party must be your supplier or sundry creditors and after this entry their ledger are going to credited because they supply the goods and purchase ledger was debited. If goods sold in cash the party name must be cash only.

Following are the detail steps to record purchase voucher

1. Enter the date of purchases
2. Enter the ref; if any other wise skip it
3. Select party account name from pop up window. If it new one then create the party there it self by pressing ALT+C.
4. Select the type of purchase. Like Purchase @ 4%, Purchase @ 12.5% etc.
5. Select the vat tax class, Like 4%, 12.5% etc.
6. Select the item to be purchases from pop up window (list of items).
7. Enter the purchases quantity.
8. Enter the rate of item.
9. More items are there, then repeat the procedure from 6 to 8.
10. After items are over then enter.
11. Select the corresponding tax ledger from pop up window.
12. Add any packing & forwarding charges or freight charges if any.
13. Enter addition or subtraction amount for rounding of total value.
14. Enter the narration / Remarks if any.
15. Press enter to accept the details.

The voucher entry is displayed as shown in figure 4.9.

| Accounting Voucher Creation             |          |            |             | F. Y. B.Com. |             | Ctrl + M                |  |
|---|----------|------------|-------------|--------------|-------------|-------------------------|--|
| <b>Purchase</b> No. 1                   |          |            |             |              |             | 1-Sep-2010<br>Wednesday |  |
| Ref. :                                  |          |            |             |              |             |                         |  |
| Party's A/c Name : Oriental Cement Ltd. |          |            |             |              |             |                         |  |
| Current Balance :                       |          |            |             |              |             |                         |  |
| Purchase Ledger : Purchases A/c         |          |            |             |              |             |                         |  |
| VAT/Tax Class: Purchases @ 12.5%        |          |            |             |              |             |                         |  |
| Name of Item                            | Quantity | Rate per   | Amount      |              |             |                         |  |
| Cement                                  | 500 Bag  | 200.00 Bag | 1,00,000.00 |              |             |                         |  |
| Input Vat 12.5%                         |          | 12.50 %    | 12,500.00   |              |             |                         |  |
| Narration:                              |          |            | 500 Bag     |              | 1,12,500.00 |                         |  |

Figure 4.9 : Purchase Voucher

### G) Memo Voucher (F10)

Gateway of Tally > Accounting Vouchers > selecting Ctrl+F10 you can get the Memo voucher in your screen. This is a non-accounting voucher and the entries made using memo voucher will not affect your accounts. In other words, Tally does not post these entries to ledgers, but stores them in a separate Memorandum Register. You can alter and convert a Memo Voucher into a regular voucher when you decide to bring the entry into your books.

For making suspense payment entries, you can use memo voucher. For example, consider that a company gives its employees cash to buy office stationery, the exact nature and cost of which are unknown. For this transaction you can enter a voucher for the petty cash advance, a voucher to record the actual expenditure details when they are known, and another voucher to record the return of surplus cash. But in a simpler way of doing you can enter a Memo voucher when the cash is advanced, and then



turn it into a Payment voucher for the actual amount spent, when the details are known. For Example, The Company pays its employee Rs. 9000 as petty cash advance for Office Stationery. The following entry can be passed as shown in figure 4.10.

| Accounting Voucher Creation                        |          | ABC Company             | Ctrl + M |
|--|----------|-------------------------|----------|
| Memorandum No. 1                                   |          | 1-Apr-2009<br>Wednesday |          |
| Particulars  | Debit    | Credit                  |          |
| Dr Office Supplies Account<br>Cur Bal: 9,000.00 Dr | 9,000.00 |                         |          |
| Cr Cash<br>Cur Bal: 2,41,000.00 Dr                 |          | 9,000.00                |          |
| Narration:   |          | 9,000.00                | 9,000.00 |

Figure 4.10 : Memo Voucher

#### H) Debit Note Voucher

Gateway of Tally > Accounting Vouchers > selecting Ctrl+F9 you can get the Debit Note voucher in your screen. Debit Note is a document issued to a party stating that you are debiting their Account in your Books of Accounts for the stated reason. It is commonly used in case of Purchase Returns, increasing and decreasing in price, any other expenses incurred by you on behalf of the party etc. Debit Note can be entered in voucher or Invoice mode.

Debit note voucher would not available by default. You need to enable the feature in F11: Accounting or Inventory features. For Example, if goods return to supplier, the entry can be passed as shown in figure 4.11.

| Accounting Voucher Creation  |          | F. Y. B.Com.            | Ctrl + M |
|--|----------|-------------------------|----------|
| Debit Note No. 1   |          | 31-Mar-2011<br>Thursday |          |
| Ref. :   |          | Used for: Others        |          |
| Party's A/c Name : Oriental Cement Ltd.<br>Current Balance : 1,12,500.00 Cr<br>Purchase Ledger : Purchases A/c<br>VAT/Tax Class: Purchases @ 12.5% |          |                         |          |
| Name of Item   | Quantity | Rate per                | Amount   |
| Cement   | 10 Bag   | 200.00 Bag              | 2,000.00 |
| Input Vat 12.5%  |          | 12.50 %                 | 250.00   |
| Narration:   |          | 10 Bag                  | 2,250.00 |
| goods damage bags returned   |          |                         |          |

Figure 4.11 : Debit Note Voucher

## I) Credit Note Voucher

Gateway of Tally > Accounting Vouchers > selecting Ctrl+F8 you can get the Credit Note voucher in your screen. Credit Note is a document issued to a party stating that you are credited in our Books of Accounts for the stated reason. It is commonly used in case of Sales Returns, increasing and decreasing in price, any discount allowed to the party etc. Credit Note can be entered in voucher or Invoice mode.

Credit note voucher would not available by default. You need to enable the feature in F11: Accounting or Inventory features. For Example, if goods return from party, the entry can be passed as shown in figure 4.12.

The screenshot shows the 'Accounting Voucher Creation' window for a 'Credit Note' (No. 1) dated 15 May 2009. The party is Rakesh Sharma. The voucher includes a table with the following items:

| Name of Item     | Quantity | Rate per    | Amount   |
|------------------|----------|-------------|----------|
| Cement           | 6 Bags   | 205.00 Bags | 1,230.00 |
| Output Vat 12.5% |          | 12.50 %     | 153.75   |
| Total            |          |             | 1,383.75 |

The narration is 'goods return'.

Figure 4.12 : Credit Note Voucher

### 4.2.3 Voucher Alteration

Tally allows you to alter entered voucher on any time, there are mainly two stage were you can alter the voucher.

#### 1. Alteration during voucher entry mode:-

While at creation of voucher screen by just pressing Page Up key, the preceding voucher will appear on the screen in alteration mode. Again pressing Page Up key, so you bring scroll all vouchers of that date and by pressing Page Down key you can bring next voucher of that date for alteration. It can be continue until there are no voucher on that date. If you want to alter voucher for another date just change the date by pressing F2 and you can scroll the voucher by Page Up and Page Down key and make alterations. After necessary alteration of voucher press CTRL+A to save quickly or press enter continue followed by Save Yes button.

#### 2. Alteration during display mode:-

You can alter your voucher under any display options such as Day Book, Ledger Account, Purchase Register, Sales Register, Balance Sheet, Profit and Loss Account. For alteration you have to search out the voucher and press enter it will automatically under alternation mode and you can make changes in it. After necessary alteration of voucher press CTRL+A to save quickly or press enter continue followed by Save Yes button. After completing the process you will find your self on the same stage with the changed voucher on the screen too.

#### 4.2.4 Voucher Deletion

Tally does not allow you to delete multiple vouchers at ones. You can delete one voucher at a time. Select the desired voucher and press enter to display the voucher in alteration mode and press ALT+D and press Yes or press enter key as display in following image.

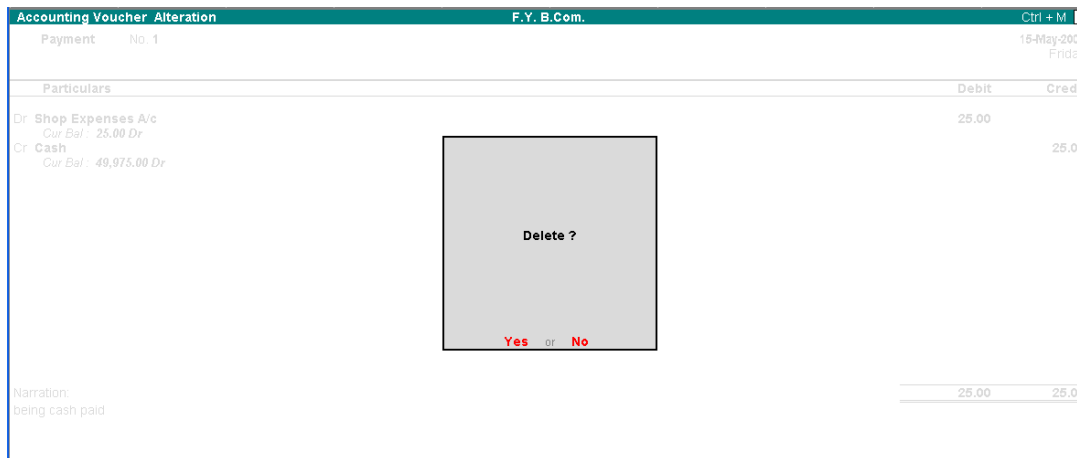


Figure 4.13 : Voucher Deletion

You can also delete voucher under various display option by just highlight your voucher and press ALT + D. Once the voucher is deleted, it is gone forever you do not have undelete or recycle bin concept in tally.

#### 4.2.5 Cancellation of Voucher

Apart from deleting any voucher, vouchers can also be cancelled. While using automatic voucher numbering, you can option to cancel a voucher using ALT + X, to keep the sequence of subsequent voucher number intact and information of the common narration. The cancelled voucher will not retain Accounting and Inventory Transactions. It is useful for Sales vouchers. Vouchers with manual numbering or where no voucher numbering is used can also be cancelled. Cancellation can be done in Alteration mode and Display mode.

#### 4.2.6 Voucher Number

Tally will enter this for you if you have set-up the voucher type to do it. If it is to be entered manually, do so. There are basically 3 options of numbering the vouchers.

**1. Automatic :** Select for system-generated incremental numbering. On selecting it, you have to further specify.

- **Starting Number:** Give starting number, normally 1, for the first voucher. You can restart number every month or year or continue the same for ever.
- **Width of Numerical Part:** To get aligned look in reports, specify maximum width.
- **Prefill with zero:** say yes to fill-up the numbers with zeros to make up the width you enter at width of numerical part. No will leave the space blank.

**2. Manual:** Select manual to input voucher number during voucher entry.

- **Prevent Duplicates:** Say Yes to trap if you enter an existing voucher number.

**3.None:** When you do not wish any voucher numbering, select none.

#### 4.2.7 Singles mode voucher entries

Voucher can be entered in single and double entry mode. To toggle between Single Entry and Double Entry mode, you can change the setting Use Single Entry mode for Pymt/Rcpt/Contra to Yes/No in F12 configuration. It is so easy to enter vouchers in single entry mode rather than in Tally's traditional double entry mode. While Payment voucher of single entry it just asks the debit ledger multiple times as it considers credit ledger single time such as cash or bank. It is completely opposite in receipt voucher that it considers cash or bank for debit side, preserves it for single ledger and asks credit side ledger multiple times considering that credit the giver in receipt voucher.

Advantages of single entry mode

1. It is necessary when there is a single debit and multiple credits in an entry.
2. Faster data entry
3. Distinguish between single entry and double entry mode.

#### Buttons in a typical Entry Screen

- F2: Change Date :- Use this button to change the date of the voucher
- F3: Change Company:- This would allow you to switch to another-loaded company and enter a voucher in it. Therefore, you can, almost simultaneously enter vouchers for more than one company.
- F4: Contra Voucher :- To create a contra voucher.
- F5: Payment Voucher :- To create a payment voucher.
- F6: Receipt Voucher :- To create a receipt voucher.
- F7: Journal:- This is split into Journal, Debit Notes and Credit Notes.
- F8: Sales:- To create sales voucher.
- F9: Purchase:- To create purchase voucher.
- F10: Memos:- To create memorandum or Reverse Journal Voucher.
- Post Dated:- To mark the current voucher post dated.
- Optional:- To mark current voucher optional. Toggles with regulars.
- F11: Features:- To change company features.
- F12: Configure:- To change the various configurations.

#### 4.2.8 Voucher printing

Tally allows you to print voucher from so many stages. Before printing voucher you have to configure the dimensions and details of voucher, you can set the size, top margin of voucher, leave space on voucher for signature / verification purpose and decide the amount of information you wish to print.

| <b>Payment Printing Configuration</b>   |               |
|---|---------------|
| Height of Voucher (inches)              | : <b>7</b>    |
| Width of Voucher (inches)               | : <b>5</b>    |
| Space to leave on top (default 0.25)    | : <b>0.25</b> |
| Space to leave on left (default 0.75)   | : <b>0.75</b> |
| Payment Mode on Top of Voucher          | ? <b>No</b>   |
| Print Bill-wise Details                 | ? <b>Yes</b>  |
| Print Inventory Details                 | ? <b>No</b>   |
| Print Cost Centre / Employee Details    | ? <b>No</b>   |
| Space for Checked/Verified initials     | ? <b>No</b>   |
| Print Foreign Currency Symbol on Cheque | ? <b>No</b>   |
| Print Narration                         | ? <b>Yes</b>  |
| Print Narration for each entry          | ? <b>Yes</b>  |
| Print Amount in Foreign Currency        | ? <b>No</b>   |

Figure 4.14 : Voucher Printing Configuration

As per figure 4.14 voucher Print Page setup contains Height, width, Top margin and left margin. By default, Height is set as 7 inch, width is set as 5 inch, Top margin is set as 0.25 inch and Left margin is set as 0.75 inch.

### A) On-line voucher printing

Tally provides online voucher printing after saving the voucher. After creation of new voucher or alteration of old voucher it ask for saving voucher then Press Yes and immediately it will directly send to print memory and your computer demand Yes for actual printing of voucher. Then after pressing Yes you will have printed voucher in your hand, the printer must ready at that stage. But for printing voucher online you have to configure your voucher type and set Yes for Printing after saving option. The configuration setting is available at Accounts Info>Voucher Type>Alter>Payment/Receipt/Sales/Purchase. You can set your desire voucher such as sales for printing so tally can print online after saving every sales voucher.

### B) Multi voucher printing

Tally also allows you to have a multiple voucher printing feature in printing menu. This feature is used for printing multiple voucher based on the voucher numbers. You can give the range for voucher numbers, which you want to print. Multi Voucher printing feature is available at Gateway of tally>Multi Account Printing>Multi Voucher Printing>Voucher Type and then desire range which you want to print.

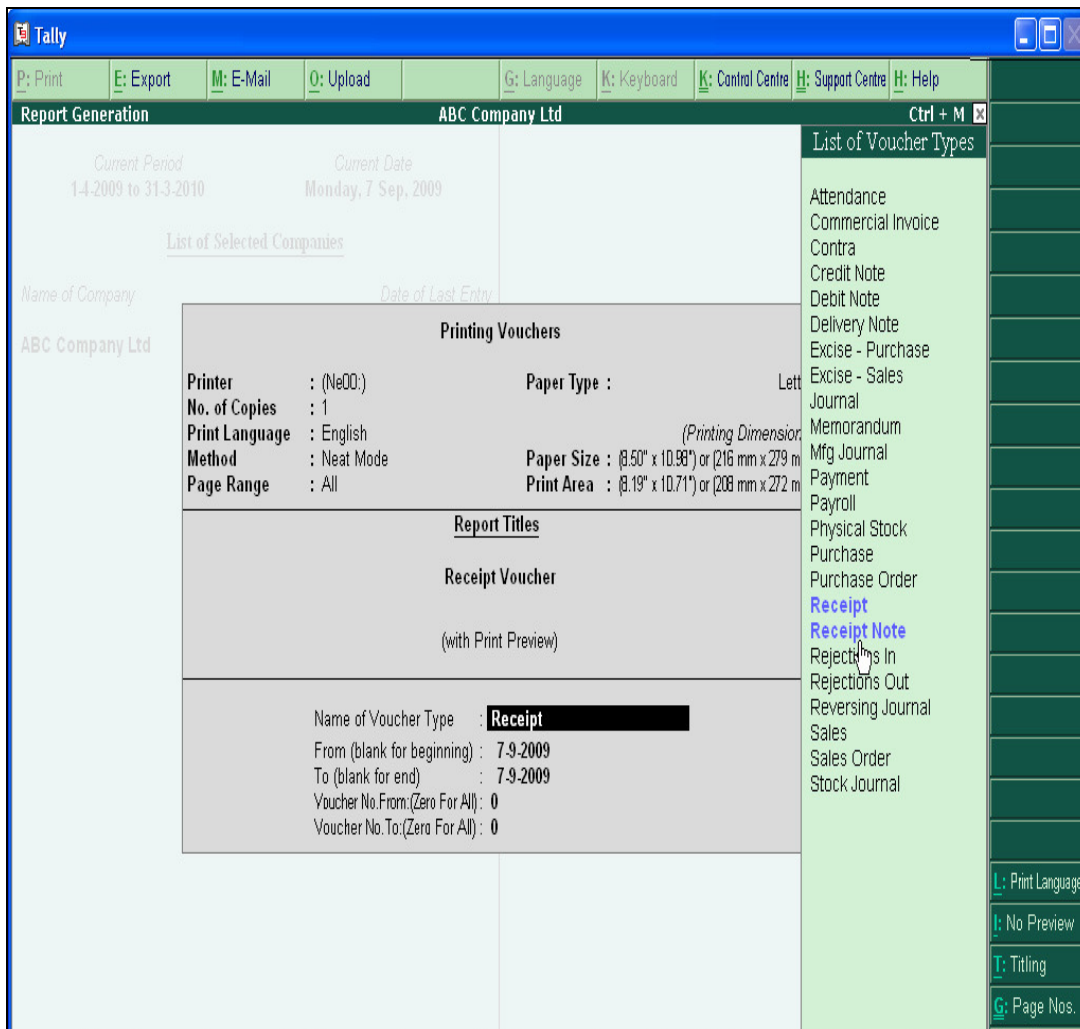


Figure 4.15 : Multi Voucher Printing

#### 4.2.9 Displaying voucher list

To check the accuracy of voucher entered, one of the many ways is to select voucher list as Day Book or ledger account from the Display menu. Then Select F2: Period from the button bar and enter the period of display.

#### 4.2.10 Day Book

The day book is a list of all transactions for a particular day, by default the current date. It can list all the voucher for a period. Vouchers include all financial voucher, reversing and memorandum journals as well as inventory voucher. Day book option available under display menu.

| Date     | Particulars            | Vch Type | Vch No. | Debit Amount | Credit Amount |
|----------|------------------------|----------|---------|--------------|---------------|
|          |                        |          |         | Inwards Qty  | Outwards Qty  |
| 01-2009  | Vivekanand Scientific  | Sales    | 2244    | 1,302.00     |               |
| 2-1-2009 | Sabeel Hardware Mart   | Payment  |         | 29,367.00    |               |
| 6-1-2009 | Vijaylaxmi Fabricators | Sales    | 2245    | 236.00       |               |
| 6-1-2009 | Vijaylaxmi Fabricators | Sales    | 2246    | 276.00       |               |
| 6-1-2009 | Vijaylaxmi Fabricators | Sales    | 2247    | 511.00       |               |
| 6-1-2009 | Cancelled              | Sales    | 2248    |              |               |
| 6-1-2009 | Vijaylaxmi Fabricators | Sales    | 2249    | 130.00       |               |
| 6-1-2009 | Ship Abrasives         | Payment  |         | 5,660.00     |               |
| 6-1-2009 | Axis Bank Ltd          | Payment  |         | 30,000.00    |               |
| 6-1-2009 | SUMANGALA SAJJANAR     | Payment  |         | 500.00       |               |
| 6-1-2009 | Gajanan Traders        | Receipt  |         |              | 5,116.00      |
| 6-1-2009 | Kulkarni Engineers     | Sales    | 2250    | 572.00       |               |
| 6-1-2009 | Sunvir Industries      | Sales    | 2251    | 4,857.00     |               |
| 2-1-2009 | LVO 320                | Payment  |         | 2,034.00     |               |
| 3-1-2009 | Vijaylaxmi Industries  | Sales    | 2252    | 327.00       |               |
| 4-1-2009 | Rajashree Electrodes   | Purchase | 650     |              | 1,872.00      |
| 4-1-2009 | Ship Abrasives         | Purchase | 1340    |              | 4,007.00      |
| 5-1-2009 | ICICI CREDIT CARD      | Payment  |         | 561.00       |               |
| 6-1-2009 | Kulkarni Engineers     | Sales    | 2253    | 50.00        |               |
| 6-1-2009 | Kulkarni Engineers     | Sales    | 2254    | 52.00        |               |
| 6-1-2009 | Vijaylaxmi Fabricators | Sales    | 2255    | 615.00       |               |
| 6-1-2009 | Vinayak Enterprises    | Sales    | 2256    | 520.00       |               |
| 1-1-2009 | Sabeel Hardware Mart   | Purchase | 5689    |              | 12,749.00     |
| 1-1-2009 | Sabeel Hardware Mart   | Purchase | 5686    |              | 9,592.00      |
| 1-1-2009 | Sabeel Hardware Mart   | Purchase | 5687    |              | 7,260.00      |

Figure 4.16 : Day Book

As per figure 4.16, all the voucher entered will appear in display of Day Book with Date, Particular, Voucher Type, Voucher Number and the amount of voucher. The detailed day book can be view by pressing ALT+F1. Day book can also be view specific type of vouchers, by pressing F4 list of voucher type appears select desire voucher to view day book.

#### 4.2.11 Ledger Account

Tally provides Ledger account display having transactions of particular ledger, Opening & Closing Balance. To view the Ledger Vouchers, Go to Gateway of Tally > Display > Account Books > Ledger > Ledger account e.g. Commission account. The list of vouchers for the current month is displayed. You can change the period using F2: Period button, as required. You can also view ledger account as Daily, Weekly, Monthly, Quarterly, Half Yearly or Yearly.

| Ledger Vouchers    |                                     | ABC Company               |         | Ctrl + M          |             |
|--------------------|-------------------------------------|---------------------------|---------|-------------------|-------------|
| Ledger: Commission |                                     | 1-Apr-2008 to 31-Mar-2009 |         |                   |             |
| Date               | Particulars                         | Vch Type                  | Vch No. | Debit             | Credit      |
| 10-4-2008          | Supplier C                          | Purchase                  | 5       | 36,000.00         |             |
| 29-4-2008          | Refund Claim                        | Journal                   | 2       | 18,400.00         |             |
| 30-4-2008          | Supplier C                          | Debit Note                | 1       |                   | 108.00      |
| 30-4-2008          | Purchase @ 4%                       | Journal                   | 7       | 1,000.00          |             |
| 30-4-2008          | Purchase @ 4%                       | Journal                   | 9       |                   | 23,000.00   |
| 30-4-2008          | Entry Tax                           | Journal                   | 10      | 475.00            |             |
| 30-4-2008          | CST @ 3%                            | Journal                   | 11      |                   | 19,500.00   |
| 30-4-2008          | Special Incentive Scheme Output VAT | Journal                   | 12      | 2,000.00          |             |
| 30-4-2008          | Entry Tax                           | Journal                   | 13      |                   | 2,500.00    |
| 30-4-2008          | Special Incentive Scheme Output VAT | Journal                   | 14      |                   | 11,500.00   |
| 30-4-2008          | Bright Industries                   | Debit Note                | 3       |                   | 56,000.00   |
| 30-4-2008          | Unisys Global Systems               | Journal                   | 15      |                   | 5,000.00    |
| 30-4-2008          | Output VAT @ 1%                     | Journal                   | 17      |                   | 42,787.00   |
| 1-5-2008           | Bright Industries                   | Purchase                  | 11      | 48,000.00         |             |
| 10-7-2008          | Bank-Saving A/c                     | Purchase                  | 16      | 28,000.00         |             |
|                    |                                     |                           |         | Opening Balance : | 15,000.00   |
|                    |                                     |                           |         | Current Total :   | 1,33,875.00 |
|                    |                                     |                           |         | Closing Balance : | 11,520.00   |

Figure 4.17 : Ledger Account

As per figure 4.17, all the voucher entered in that particular ledger will appear in the screen with Date, Particular, Voucher Type, Voucher Number, Debit amount and credit amount of voucher and with opening and closing balance of that ledger. Ledger can also be view various range options, by pressing ALT + F12.

### 4.3 Questions for Self Learning

- Q.1 What do you mean by Voucher?
- Q.2 Explain the Basic Voucher types?
- Q.3 What is Payment and Receipt Voucher?
- Q.4 What is singles mode voucher entries?

### 4.4 Summary

Voucher is a document containing the details of a transaction. For every transaction, a voucher is to be entered in tally through voucher entry. Accounting Voucher option is available at the Gateway of tally. To input any data into tally, you must use a voucher. Inputting date through the voucher entry mode may be called creating a voucher or voucher entry. There are two commonly used basic vouchers in tally are Accounting Voucher and Inventory Voucher. Accounting voucher contain entries related to accounting transactions. The accounting vouchers option can be found on the right side of the Gateway of Tally menu. Inventory Voucher is the second type of Voucher and can be found in the Gateway of Tally menu which applicable to feed data related to Inventory or Stock.

Tally is pre-programmed provides a variety of accounting vouchers, each designed to perform a different job such as Contra Voucher, Payment Voucher, Receipt Voucher, Journal, Sales voucher,

Purchase Voucher, Debit Notes, Credit Notes, Memo Voucher, Physical Stock, Purchase Orders, Goods Receipt Notes, Rejection Out, Rejection In, Stock Journal, Reversing Journal. Voucher can be entered in single and double entry mode. To toggle between Single Entry and Double Entry mode, you can change the setting Use Single Entry mode for Pymt/Rcpt/Contra to Yes/No in F12 configuration. It is so easy Enter vouchers in single entry mode rather than in Tally's traditional double entry mode.

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## 4.5 Glossary

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- Voucher        - Receipt, Document
  - Type            - Kind, Form, Category
- 

## 4.6 Bibliography

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## 4.7 Exercise

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- Q.1 What are voucher types in Tally?
- Q.2 What do you mean by Voucher alteration?
- Q.3 Explain distinguish between deletion and cancellation of voucher ?
- Q.4 How Voucher printing can be done? Explain its types and process?
- Q.5 Explain in detail Multi Voucher Printing?
- Q.6 What is day book? Write the procedure of displaying daybook on screen?



## Unit 5: Trial Balance and Final Accounts

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#### 5.7 Exercise

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### 5.0 Objectives

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After completing the study of this unit you will----

- know briefly about Trail Balance and Final Accounts
- read about the Exploded and Ledger-wise Trail Balance
- study how Balance Sheet appears in Tally Software
- come to know Primary and Detailed Balance Sheet
- learn about the Detailed and Vertical form of Profit and Loss Account
- know about Income & Expenditure Statement

---

### 5.1 Introduction

---

Tally provides various accounting reports based on the transactions or voucher entered. The report can be view as per our requirement and presentation scheme. You can also view report on the screen as well as print on the paper. Following is the detail list of reports of your company provided by tally software.

#### Account Books

Cash Book  
Bank Book  
Ledger Accounts  
Purchases Register  
Sales Register

#### Final Accounts

Trial Balance  
Balance Sheet  
Profit & Loss A/c  
Trading Account  
Ratio Analysis

#### Other Reports

Bank Reconciliation  
Exception Reports  
List of Accounts  
Sales Order Book  
Purchase Order

Mainly there are two reports i.e. Balance Sheet and Profit & Loss A/c which will available at Gateway of tally menu. And remaining reports available at Display option of Gateway of tally menu.

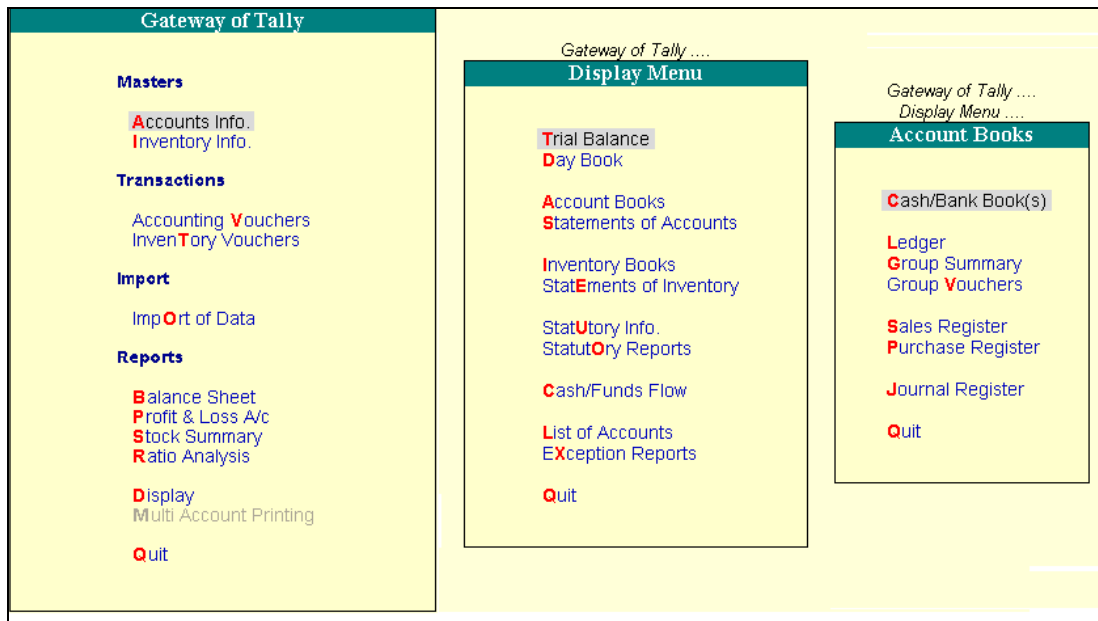


Figure 5.1 : Tally Report

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## 5.2 Subject Explanation

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### 5.2.1 Trial Balance

The Trial Balance report provides account balance listing for all accounts for the company sorted according to groups. Therefore the Trial Balance is displayed in groups i.e. the Trial Balance is displayed in grouped form with main groups and their closing balances. The fact that the debit and credit balances match proves the arithmetic accuracy of the entries. In tally, the matching of Trial Balance is a foregone conclusion as all voucher entries are in the debit and credit format and must balance at the entry point. Note that as per accounting principles, The Trial Balance does not list Closing Stock because it is part of final account and final account can be prepared with the help of trial balance. As mentioned earlier trial balance can be view from the display menu as shown in figure 5.1.

| Particulars         | F.Y. B.Com.<br>1-Apr-2009 to 30-Sep-2009 |                       |
|---------------------|--|-----------------------|
|                     | Debit                                    | Credit                |
| Capital Account     |  | 50,00,000.00          |
| Loans (Liability)   |  | 10,58,852.00          |
| Current Liabilities | 16,89,527.25                             | 33,80,243.25          |
| Fixed Assets        | 32,00,025.00                             |                       |
| Current Assets      | 49,51,229.75                             | 1,383.75              |
| Sales Accounts      |  | 1,43,33,770.00        |
| Purchase Accounts   | 1,35,16,218.00                           |                       |
| Indirect Expenses   | 4,17,249.00                              |                       |
| <b>Grand Total</b>  | <b>2,37,74,249.00</b>                    | <b>2,37,74,249.00</b> |

Figure 5.2 : Trial Balance

As per figure 5.2 Trial Balance displays the list of all primary groups on the left, Closing Debit and Credit balances on the right side. You can drill down a Group for further details of that particular group. To view the all primary groups and their balances press button F4 from the button toolbar.

### 5.2.2 Exploded Trial Balance

Trial Balance can be view exploded format or detailed format select F1: Detailed button to break down the grouped information to another level. In this format further sub-groups of main group will displayed with their closing balance information. Seeing the net format as shown in figure 5.2 the detailed format is always better to find the correct and fare view of the company's financial record.

**F.Y. B.Com.**  
**Trial Balance**  
1-Apr-2009 to 31-Mar-2010

Page 1

| Particulars                | Closing Balance       |                       |
|----------------------------|-----------------------|-----------------------|
|                            | Debit                 | Credit                |
| <b>Capital Account</b>     |                       | <b>50,00,000.00</b>   |
| <i>Capital Alc</i>         |                       | 50,00,000.00          |
| <b>Loans (Liability)</b>   |                       | <b>10,58,852.00</b>   |
| <i>Loans</i>               |                       | 10,58,852.00          |
| <b>Current Liabilities</b> | <b>16,89,527.25</b>   | <b>33,80,243.25</b>   |
| Duties & Taxes             | 16,89,527.25          | 17,91,721.25          |
| Sundry Creditors           |                       | 15,88,522.00          |
| <b>Fixed Assets</b>        | <b>32,00,025.00</b>   |                       |
| <i>Fixed Assets</i>        | 32,00,025.00          |                       |
| <b>Current Assets</b>      | <b>49,49,846.00</b>   |                       |
| Opening Stock              | 12,72,277.00          |                       |
| Sundry Debtors             | 30,21,168.25          |                       |
| Cash-in-hand               | 5,53,880.75           |                       |
| Bank Accounts              | 1,02,520.00           |                       |
| <b>Sales Accounts</b>      |                       | <b>1,43,33,770.00</b> |
| Sales 12.5%                |                       | 1,43,33,770.00        |
| <b>Purchase Accounts</b>   | <b>1,35,16,218.00</b> |                       |
| Purchases 12.5%            | 1,35,16,218.00        |                       |
| <b>Indirect Expenses</b>   | <b>4,17,249.00</b>    |                       |
| Audit Fees                 | 15,000.00             |                       |
| Bonus                      | 10,500.00             |                       |
| Commission                 | 8,565.00              |                       |
| Electricity Charges        | 62,022.00             |                       |
| Printing & Stationery      | 15,622.00             |                       |
| Salary A/c                 | 1,50,000.00           |                       |
| Shop Expenses A/c          | 65,677.00             |                       |
| Telephone & Mobile Bill    | 32,652.00             |                       |
| Travelling Expenses        | 30,655.00             |                       |
| Vehicle Expenses           | 26,556.00             |                       |
| <b>Grand Total</b>         | <b>2,37,72,865.25</b> | <b>2,37,72,865.25</b> |

Figure 5.3 : Trial Balance – Detailed

### 5.2.3 Ledger-wise Trial Balance

Ledger-wise trial balance can be view by press F5 button from button toolbar, to have the ledger wise information of closing balances of the company. In this format all ledger having closing balances Debit or Credit will displayed of the particular date.

| F.Y. B.Com.               |                       |                       |
|---------------------------|-----------------------|-----------------------|
| Trial Balance             |                       |                       |
| 1-Apr-2009 to 31-Mar-2010 |                       |                       |
| Particulars               | Page 1                |                       |
|                           | Closing Balance       |                       |
|                           | Debit                 | Credit                |
| Opening Stock             | 12,72,277.00          |                       |
| Audit Fees                | 15,000.00             |                       |
| Bank A/c                  | 1,02,520.00           |                       |
| Bonus                     | 10,500.00             |                       |
| Capital A/c               |                       | 50,00,000.00          |
| Cash                      | 5,53,880.75           |                       |
| Commission                | 8,565.00              |                       |
| Electricity Charges       | 62,022.00             |                       |
| Fixed Assets              | 32,00,025.00          |                       |
| Input Vat 12.5%           | 16,89,527.25          |                       |
| Loans                     |                       | 10,58,852.00          |
| Output Vat 12.5%          |                       | 17,91,721.25          |
| Printing & Stationery     | 15,622.00             |                       |
| Purchases 12.5%           | 1,35,16,218.00        |                       |
| Salary A/c                | 1,50,000.00           |                       |
| Sales 12.5%               |                       | 1,43,33,770.00        |
| Shop Expenses A/c         | 65,677.00             |                       |
| Sundry Creditors          |                       | 15,88,522.00          |
| Sundry Debtors            | 30,21,168.25          |                       |
| Telephone & Mobile Bill   | 32,652.00             |                       |
| Travelling Expenses       | 30,655.00             |                       |
| Vehicle Expenses          | 26,556.00             |                       |
| <b>Grand Total</b>        | <b>2,37,72,865.25</b> | <b>2,37,72,865.25</b> |

Figure 5.4 : Trial Balance – Ledger Wise

#### 5.2.4 Balance Sheet

Balance Sheet is a statement of assets and liabilities of a firm or what it owns and what it owes, as on a given date. In a Balance Sheet, the assets and liabilities are equal to each other. Tally provides correct and matched balance sheet because it is upon the transactions or voucher in it. Balance Sheet reveals the financial position of a business as reflected by the accounting records and contains a list of assets, liability and capital items as on a given date. Tally provides Balance Sheet option in Gateway of Tally menu.

##### A) Primary Balance Sheet

Tally provides Balance Sheet in horizontal format with Double column by default. Balance Sheet has Liability side and their balances in left side of screen and on the right side it has Assets and their closing balances as in common general accounting principals. Tally provides primary groups in the Balance Sheet with closing balances that called Primary Balance Sheet as per figure 5.5.

| Liabilities                   |                     | Assets                        |                     |
|-------------------------------|---------------------|-------------------------------|---------------------|
| F.Y. B.Com. as at 30-Sep-2009 |                     | F.Y. B.Com. as at 30-Sep-2009 |                     |
| Capital Account               | 50,00,000.00        | Fixed Assets                  | 32,00,025.00        |
| Loans (Liability)             | 10,58,852.00        | Current Assets                | 52,01,413.94        |
| Current Liabilities           | 16,90,716.00        |                               |                     |
| Profit & Loss A/c             | 6,51,870.94         |                               |                     |
| Opening Balance               |                     |                               |                     |
| Current Period                | 6,51,870.94         |                               |                     |
| <b>Total</b>                  | <b>84,01,438.94</b> | <b>Total</b>                  | <b>84,01,438.94</b> |

Figure 5.5 : Primary Balance Sheet

### B) Detailed Balance Sheet

Balance Sheet can be also view in detailed format select F1: Detailed button to break down the detailed group wise information and sub-group closing balances. You can further drill down to selected group for the required ledger information. Detailed Balance Sheet is useful to view the comparative financial position of the firm.

| Liabilities                   |                     | Assets                        |                     |
|-------------------------------|---------------------|-------------------------------|---------------------|
| F.Y. B.Com. as at 30-Sep-2009 |                     | F.Y. B.Com. as at 30-Sep-2009 |                     |
| Capital Account               | 50,00,000.00        | Fixed Assets                  | 32,00,025.00        |
| Capital A/c                   | 50,00,000.00        | Fixed Assets                  | 32,00,025.00        |
| Loans (Liability)             | 10,58,852.00        | Current Assets                | 52,01,413.94        |
| Loans                         | 10,58,852.00        | Closing Stock                 | 15,23,844.94        |
| Current Liabilities           | 16,90,716.00        | Sundry Debtors                | 30,21,168.25        |
| Duties & Taxes                | 1,02,194.00         | Cash-in-hand                  | 5,53,880.75         |
| Sundry Creditors              | 15,88,522.00        | Bank Accounts                 | 1,02,520.00         |
| Profit & Loss A/c             | 6,51,870.94         |                               |                     |
| Opening Balance               | 6,51,870.94         |                               |                     |
| Current Period                | 6,51,870.94         |                               |                     |
| <b>Total</b>                  | <b>84,01,438.94</b> | <b>Total</b>                  | <b>84,01,438.94</b> |

Figure 5.6 : Detailed Balance Sheet

Balance Sheet can also be view in vertical format through F12:Configure button of button toolbar by giving YES to Show Balance Sheet in Vertical Format.

### 5.2.5 Closing stock value entry through Balance Sheet

In Tally 9, the value of closing stock displayed in the Balance Sheet is based on the Costing Method defined for each Stock Item in the Stock Item Master. But if you are not maintaining the accounts with Inventory then you have to prepare Stock of goods account under the group Stock-in-hand into ledger creation option. The general principle of accounting is to value the stock at purchase cost or market value, whichever is lower. Tally 9 allows you to enter the closing stock value manually in that ledger with date of stock. Then it will effect to all final accounts i.e. Balance Sheet, Trading and P&L account.

## 5.2.6 Profit and Loss Account

Profit and Loss Account is also called Income Statement. It shows the net profit or net loss resulting from the operations of business during the specified period of time. The items appearing in are in the nature of revenue. Tally provides the Profit and Loss account with combined Trading Account of the company. Profit and Loss Account can be view for various period by press F2 for Period.

| F.Y. B.Com.<br>1-Apr-2009 to 30-Sep-2009 |                       | F.Y. B.Com.<br>1-Apr-2009 to 30-Sep-2009 |                       |
|--|-----------------------|--|-----------------------|
| Particulars                              |                       | Particulars                              |                       |
| Opening Stock                            | 12,72,277.00          | Sales Accounts                           | 1,43,33,770.00        |
| Purchase Accounts                        | 1,35,16,210.00        | Closing Stock                            | 15,23,844.94          |
| Gross Profit c/o                         | 16,69,119.94          |  |                       |
|  | <u>1,58,57,614.94</u> |  | <u>1,58,57,614.94</u> |
| Indirect Expenses                        | 4,17,249.00           | Gross Profit b/f                         | 16,69,119.94          |
| Nett Profit                              | 6,51,870.94           |  |                       |
| <b>Total</b>                             | <b>10,69,119.94</b>   | <b>Total</b>                             | <b>10,69,119.94</b>   |

Figure 5.7 : Profit and Loss Account

### A) Detailed Profit & Loss Account

Profit and Loss Account can be also view in detailed format select F1: Detailed button to break down the detailed group wise information and sub-group and ledger closing balances. You can further drill down to selected group or ledger for the required information. Detailed Profit and Loss Account is useful to view the comparative Income position of the company.

| Profit & Loss A/c        |             | F.Y. B.Com.               |              | Ctrl + M                  |                       |
|--------------------------|-------------|---------------------------|--------------|---------------------------|-----------------------|
|                          |             | F.Y. B.Com.               |              | F.Y. B.Com.               |                       |
| Particulars              |             | 1-Apr-2009 to 30-Sep-2009 |              | 1-Apr-2009 to 30-Sep-2009 |                       |
| <b>Opening Stock</b>     |             | <b>12,72,277.00</b>       |              | <b>Sales Accounts</b>     | <b>1,43,33,770.00</b> |
| Cement                   |             | 12,72,277.00              |              | Sales 12.5%               | 1,43,33,770.00        |
| <b>Purchase Accounts</b> |             | <b>1,35,16,218.00</b>     |              | <b>Closing Stock</b>      | <b>15,23,844.94</b>   |
| Purchases 12.5%          |             | 1,35,16,218.00            |              | Cement                    | 15,23,844.94          |
| <b>Gross Profit c/o</b>  |             | <b>10,69,119.94</b>       |              |                           |                       |
|                          |             | <u>1,58,57,614.94</u>     |              |                           | <u>1,58,57,614.94</u> |
| <b>Indirect Expenses</b> |             | <b>4,17,249.00</b>        |              | <b>Gross Profit b/f</b>   | <b>10,69,119.94</b>   |
| Audit Fees               | 15,000.00   |                           |              |                           |                       |
| Bonus                    | 10,500.00   |                           |              |                           |                       |
| Commission               | 8,565.00    |                           |              |                           |                       |
| Electricity Charges      | 62,022.00   |                           |              |                           |                       |
| Printing & Stationery    | 15,622.00   |                           |              |                           |                       |
| Salary A/c               | 1,50,000.00 |                           |              |                           |                       |
| Shop Expenses A/c        | 65,677.00   |                           |              |                           |                       |
| Telephone & Mobile Bill  | 32,662.00   |                           |              |                           |                       |
| Travelling Expenses      | 30,655.00   |                           |              |                           |                       |
| Vehicle Expenses         | 26,556.00   |                           |              |                           |                       |
| <b>Nett Profit</b>       |             | <b>6,51,870.94</b>        |              |                           |                       |
| <b>Total</b>             |             | <b>10,69,119.94</b>       | <b>Total</b> |                           | <b>10,69,119.94</b>   |

Figure 5.8 : Detailed Profit and Loss Account

### B) Vertical Profit & Loss Account

Profit and Loss Account can be also view in vertical format through F12:Configure button of button toolbar by giving YES to Show Profit and Loss Account in Vertical Format. In vertical format it shows sales account first then deduct cost of goods sold and find out the gross profit and after deducting Revenue expenses or indirect expenses, you can see the net profit of the company as shown in figure 5.9.

| Profit & Loss A/c         |  | F.Y. B.Com.               |                     | Ctrl + M                  |  |
|---------------------------|--|---------------------------|---------------------|---------------------------|--|
|                           |  | F.Y. B.Com.               |                     | F.Y. B.Com.               |  |
| Particulars               |  | 1-Apr-2009 to 30-Sep-2009 |                     | 1-Apr-2009 to 30-Sep-2009 |  |
| <b>Trading Account :</b>  |  |                           |                     |                           |  |
| <b>Sales Accounts</b>     |  |                           |                     | <b>1,43,33,770.00</b>     |  |
| <b>Cost of Sales :</b>    |  |                           |                     | <b>1,32,64,650.06</b>     |  |
| Opening Stock             |  |                           | 12,72,277.00        |                           |  |
| Add: Purchase Accounts    |  |                           | 1,35,16,218.00      |                           |  |
| Less: Closing Stock       |  |                           | <u>15,23,844.94</u> |                           |  |
| <b>Gross Profit :</b>     |  |                           |                     | <b>10,69,119.94</b>       |  |
| <b>Income Statement :</b> |  |                           |                     |                           |  |
| <b>Indirect Expenses</b>  |  |                           |                     | <b>4,17,249.00</b>        |  |
| <b>Nett Profit :</b>      |  |                           |                     | <b>6,51,870.94</b>        |  |

Figure 5.9 : Vertical Profit and Loss Account

### 5.2.7 Income and Expenditure Statement for Non-Trading Units.

For Non-Trading accounts like accounts for Charitable Organizations, the Trading and Profit and Loss Statement are irrelevant. You need an Income and Expenditure Account. You should activate the feature in F11. Setting the option Income and Expenses statement instead of P&L as to YES. The profit and loss account is now displayed as Income and Expenditure Statement.

## 5.3 Questions for Self Learning

- Q.1 What is Trail Balance?
- Q.2 Explain Exploded Trail Balance in brief?
- Q.3 What do you mean by Detailed Balance Sheet?
- Q.4 Explain the procedure of displaying Vertical Profit & Loss A/c?



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## 5.4 Summary

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Tally provides various accounting reports based on the transactions or voucher entered. The report can be view as per our requirement and presentation scheme. One can also view report on the screen as well as print on the paper. Mainly there are two reports i.e. Balance Sheet and Profit & Loss A/c which will available at Gateway of tally menu. And remaining reports available at Display option of Gateway of tally menu. The Trial Balance report provides account balance listing for all accounts for the company sorted according to groups. Therefore the Trial Balance is displayed in groups i.e. the Trial Balance is displayed in grouped form with main groups and their closing balances. Trial Balance can be view exploded format or detailed format select F1: Detailed button to break down the grouped information to another level. In this format further sub-groups of main group will displayed with their closing balance information.

Balance Sheet is a statement of assets and liabilities of a firm or what its owns and what it is owes, as on a given date. In a Balance Sheet, the assets and liabilities are equal to each other. Tally provide correct and matched balance sheet because it is upon the transactions or voucher in it. Tally provides Balance Sheet in horizontal format with Double column by default. It has primary groups in the Balance Sheet with closing balances therefore it is called Primary Balance Sheet. Balance Sheet can be also view in detailed format select F1: Detailed button to break down the detailed group wise information and sub-group closing balances. Profit and Loss Account is also called Income Statement. It shows the net profit or net loss resulting from the operations of business during the specified period of time. The items appearing in are in the nature of revenue. Tally provides the Profit and Loss account with combined Trading Account of the company.

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## 5.5 Glossary

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- Balance Sheet - Stability, Position
- Profit - Earnings, Proceeds, Income
- Loss - Expenses, Defeat

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## 5.6 Bibliography

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## 5.7 Exercise

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- Q.1 Distinguish between Exploded and Ledger-wise Trial Balance?
- Q.2 Explain Primary Balance Sheet and Detailed Balance Sheet?
- Q.3 How Closing stock value entry through Balance Sheet?
- Q.4 What is Profit and Loss Account? Its types in tally?
- Q.5 How Income and Expenditure Statement prepare in tally?

# Unit 6: Report Printing

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### 6.0 Objectives

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#### 6.2.8 Ledger Printing

#### 6.2.9 Final Account Printing

### 6.3 Questions for Self Learning

### 6.4 Summary

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### 6.7 Exercise

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## 6.0 Objectives

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After completing the study of this unit you will----

- read about the Report Printing
- know briefly about Printing Configuration
- study how Report appears on Screen and printing on paper.
- learn about the Account Book Printing
- come to know Journal, Cash Book and Bank Book Report printing
- know about Final Accounts Printing

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## 6.1 Introduction

---

One can print any report directly from tally. If you want to print report you have to go through Multi Account Printing option from Gateway of Tally menu. There is another way for printing report that if you want to print report which you are currently displaying so just press Print button from the top of the Button Bar Menu. This brings up new button bar options and the Print Configurations screen for the report, which ask Print? Yes or No. If you select Yes, the report will be printed using the options specified on the screen. If you selected No, you can change the options before printing. Tally's neat printing is just completely neat. Print out of an invoice and you would not consider using preprinted stationery at all.

There are two ways of printing reports.

1. As a print button or ALT + P key combination is all display screen. Remember, it will not a print screen. It is just special printing and printed reports would fifer from display. Tally takes advantage of a printers capability and uses to maximize originality in print out.

- As a printing menu option through Gateway of Tally. You can print multiple reports at a time through this options.

## 6.2 Subject Explanation

### 6.2.1 Printing Configuration

The printing option allows you to configure the printing parameters of a Voucher, Invoice and Statement layouts before final printing. Therefore, this option consists of several menu items with various printing options. This various options allows you to configure printing of reports. To set the printing configuration press F12 and you have configuration menu on your screen. Then select print option for printing configuration as shown in figure 6.1.

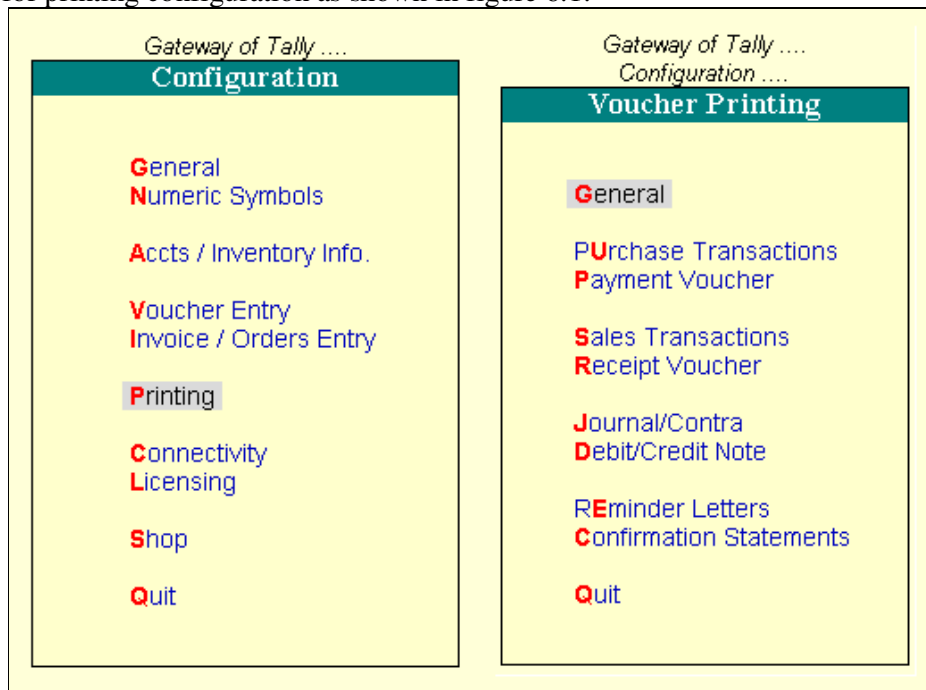


Figure 6.1 : Printing Configuration

In the option printing there is so many other option or menu available for their configuration and better printing.

### General Printing Configuration

This configuration helps you to configure the printing screens for the reports and transactions. This configuration is applicable for all print reports.

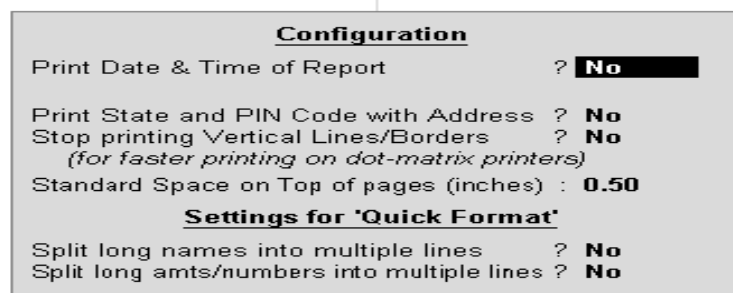


Figure 6.2 : General Printing Configuration

- **Print Date & Time of Report:** Setting this option to YES, Tally 9 prints system date and time on Report printout. After enabling this option, (on all pages of report) sub-option gets displayed. This sub-option is used to decide whether to print system date and time in all pages or in first page only.
- **Print State and PIN Code with Address:** Setting this option to YES, Tally 9 prints state and pin code with address of company in Reports and vouchers printing.
- **Stop printing Vertical Lines/Borders:** Setting this option to YES, Tally 9 will not print the vertical lines for reports and voucher printing. This enables faster printing in dot matrix printers.
- **Standard Space on Top of pages (Inches):** This option is used to set Top margin for reports and voucher printing. By default, this field is set to 0.5 inch. However, you can change it as per your requirement.
- **Settings for Quick Format:** Tally 9 prints in two formats – Neat and Quick. Neat printing takes advantage of fonts of the printer and is the default. It also compresses long data like long names and amounts and auto-fits them according to space. Quick printing is suitable for Dot Matrix printers where speed is an issue. Hence, quick printing does not print fancy fonts. The auto-fit facility is, thus, not possible in quick printing. Therefore, it will truncate data longer than the allotted space. To prevent this, Tally 9 provides following two options:
  - Split Long Names into Multiple Lines: This option enables to split long names into multiple lines during printing.
  - Split Long amts/numbers into Multiple Lines: This option enables to split long amounts or numbers into multiple lines during printing.

Therefore in other option printing configuration screens display the dialog box as per following figure 6.3. Such as Payment voucher, Receipt voucher, Journal/contra voucher configuration and Debit/Credit note printing configuration.

|                                       |               |   |               |
|---------------------------------------|---------------|---|---------------|
| <b>Payment Printing Setup</b>         |               | <b>Receipt Printing Setup</b>           |               |
| Height of Voucher (inches)            | : <b>7</b>    | Height of Voucher (inches)              | : <b>7</b>    |
| Width of Voucher (inches)             | : <b>5</b>    | Width of Voucher (inches)               | : <b>5</b>    |
| Space to leave on top (default 0.25)  | : <b>0.25</b> | Space to leave on top (default 0.25)    | : <b>0.25</b> |
| Space to leave on left (default 0.75) | : <b>0.75</b> | Space to leave on left (default 0.75)   | : <b>0.25</b> |
| Payment Mode on Top of Voucher        | : <b>No</b>   | Receipt Mode on Top of Voucher          | : <b>No</b>   |
| Print Bill-wise Details               | : <b>Yes</b>  | Print Bill-wise Details                 | : <b>Yes</b>  |
| Space for Checked/Verified initials   | ? <b>No</b>   | Space for Checked/Verified initials     | ? <b>No</b>   |
| Print Foreign Currency Symbol         | ? <b>No</b>   | <b>Details of Formal Receipt</b>        |               |
|                                       |               | Height of Receipt (inches)              | : <b>6</b>    |
|                                       |               | Width of Receipt (inches)               | : <b>5</b>    |
|                                       |               | Space to leave on top (default 0.25)    | : <b>0.25</b> |
| <b>Journal Printing Setup</b>         |               | <b>Debit/Credit Note Printing Setup</b> |               |
| Height of Voucher (inches)            | : <b>7</b>    | Height of Voucher (inches)              | : <b>6</b>    |
| Width of Voucher (inches)             | : <b>5</b>    | Width of Voucher (inches)               | : <b>5</b>    |
| Space to leave on top (default 0.25)  | : <b>0.25</b> | Print full Ledger details               | ? <b>No</b>   |
| Space to leave on left (default 0.75) | : <b>0.75</b> | Space for Checked/Verified initials     | ? <b>No</b>   |
| Print Bill-wise Details               | : <b>Yes</b>  |   |               |
| Space for Checked/Verified initials   | ? <b>No</b>   |   |               |
| Print Narration                       | ? <b>Yes</b>  |   |               |

Figure 6.3 : Other Printing Configuration

## 6.2.2 Printing Reports

If you select to print a displayed document or report, the Print Dialog Box expects you to view the output before printing. It defaults is With Preview. You can however, change it to No Preview by clicking the appropriate button on Button Toolbar. The preview screen allows you to view the document and even scrolls if it is multi page. Print from there or even E-mail the document as an attachment. Hence, if you want to see how a document that you originally wanted to E-mail, would appear at the destination, use Print Preview. There are so other common printing buttons or option while report printing.

- **Auto Column:** If the screen version of the report supports Auto Column, this button will be available and performs a similar function.
- **Preview/No Preview:** Toggle to make the selection for preview or not.
- **Titling:** To change the title of the report.
- **Page Number:** To specify the starting page number and page number range.
- **Pre-printed/ Plain Paper:** Toggle to make the selection.
- **Quick Format/Neat Format:** Toggle between quick (draft) and neat (standard) Format
- **Copies:** To specify the number of copies to be printed.
- **Printer:** To change the printer setting. This also displays the default paper size that you have set for the printer.

By selecting the option Multi Account Printing from Gateway of Tally menu you can have so many options for report printing. This option enables the printing of the primary Books of Accounts, like the Cash and Bank Books, Account Ledgers, Sales and Purchase Registers etc., without having to select the accounts one at a time and printing them.

Select **Gateway of Tally>Multi Account Printing.**

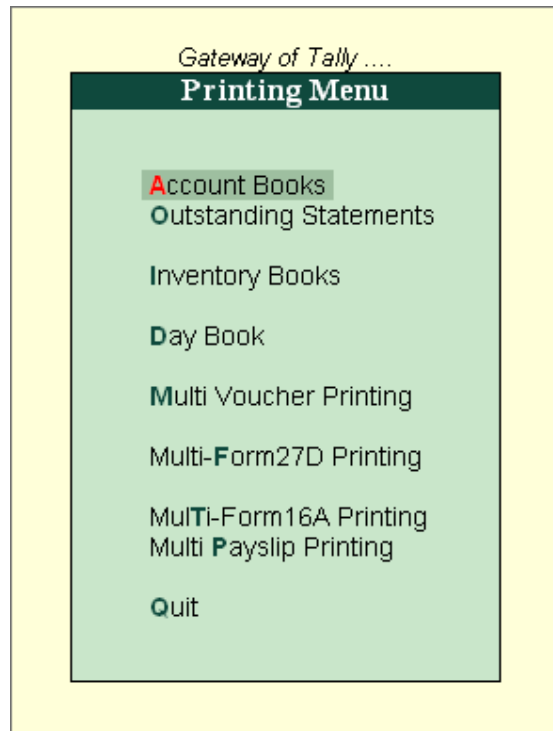


Figure 6.4 : Multi Account Printing

### 6.2.3 Day Book Printing

Day book is the summary of transactions entered on a particular day. You can also view the day book from Display menu and print in directly from there. But you can also print day book from Multi Account Printing menu by select option Day Book. When Day Book is printing, if the option Show Voucher Number also is set to Yes, you can enable or disable printing of Voucher Numbers in printing. By default this option is set to Yes.

| <b>Printing Day Book</b>      |                                       |                     |   |
|-------------------------------|---------------------------------------|---------------------|---|
| <b>Printer</b>                | : RnD Printer (Ne01:)                 | <b>Paper Type</b>   | : A4                                    |
| <b>No. of Copies</b>          | : 1                                   |                     |   |
| <b>Print Language</b>         | : English                             |                     | (Printing Dimensions)                   |
| <b>Method</b>                 | : Neat Mode                           | <b>Paper Size</b>   | : (8.27" x 11.69") or (210 mm x 297 mm) |
| <b>Page Range</b>             | : All                                 | <b>Print Area</b>   | : (7.95" x 11.34") or (202 mm x 288 mm) |
| <u>Report Titles</u>          |                                       |                     |   |
| <b>Day Book</b>               |                                       |                     |   |
| (with Print Preview)          |                                       |                     |   |
| From (blank for beginning)    | :                                     | <b>1-4-2009</b>     |   |
| To (blank for end)            | :                                     | <b>31-3-2010</b>    |   |
| Format                        | :                                     | <b>Detailed</b>     |   |
| Show Voucher Numbers also     | ? <input checked="" type="checkbox"/> | <b>Yes</b>          |   |
| Show Narrations also          | ? <input type="checkbox"/>            | <b>No</b>           |   |
| Show Billwise Details also    | ? <input type="checkbox"/>            | <b>No</b>           |   |
| Show Cost Centre Details also | ? <input type="checkbox"/>            | <b>No</b>           |   |
| Show Inventory Details also   | ? <input type="checkbox"/>            | <b>No</b>           |   |
| Show Entered/Altered By       | ? <input type="checkbox"/>            | <b>No</b>           |   |
| Select vouchers to show       | :                                     | <b>All Vouchers</b> |   |
| Show Forex Transactions       | ? <input type="checkbox"/>            | <b>No</b>           |   |

Figure 6.5 : Day Book Printing

### 6.2.4 Account Book Printing

Account Books record the individual transactions details which you have entered in tally. Although you have post them to many different ledgers, Tally brings all the transactions of one category together into a book of accounts for viewing and printing. For examples, the sales book record all the sales transaction and cash book record the cash transactions only. By selecting account books option from Multi Account printing menu you can print various books like Journal Register, Cash Book, Bank Book, All Ledger, Purchase Register and Sales Register etc.

### 6.2.5 Journal Register Printing

Journal register shows the transaction record in Journal Voucher for the selected period. To print journal register you have Select Account Books option from Multi Account Printing menu. Then from Account Books menu you have to select Journal Register than after providing necessary printer setting such as Sow Narrations, Show Cost Centre, Show Inventory Details, you can print Journal Register as shown in figure 6.6.

| Printing Journal Register     |                    |                   |  |
|-------------------------------|--------------------|-------------------|--|
| <b>Printer</b>                | : PrimoPDF (Ne01:) | <b>Paper Type</b> | : Letter   |
| <b>No. of Copies</b>          | : 1                |                   |  |
| <b>Print Language</b>         | : English          |                   | (Printing Dimensions)  |
| <b>Method</b>                 | : Neat Mode        | <b>Paper Size</b> | : (8.50" x 10.98") or (216 mm x 279 mm)  |
| <b>Page Range</b>             | : All              | <b>Print Area</b> | : (8.50" x 10.98") or (216 mm x 279 mm)  |
| Report Titles                 |                    |                   |  |
| <b>Journal Register</b>       |                    |                   |  |
| (with Print Preview)          |                    |                   |  |
| Show Extract of Register      | ? No               |                   |  |
| Show Columnar Register        | ? No               |                   |  |
| Format                        | : Condensed        |                   |  |
| Show Narrations also          | ? No               |                   |  |
| Show Billwise Details also    | ? No               |                   |  |
| Show Cost Centre Details also | ? No               |                   |  |
| Show Inventory Details also   | ? No               |                   |  |
|                               |                    |                   | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>Print ?</b><br/> Yes or No </div> |

Figure 6.6 : Journal Register Printing

### 6.2.6 Cash Book Printing

Cash Book shows the record of cash transaction for the period required in Daily, Weekly, Monthly or Yearly balances. To print Cash Book you have to select Cash Book option from Account Books menu. Then after providing necessary information such as Style of Report, Select voucher to show, Format, Show Bill wise Details, Show Cost Centre Details, Sow Inventory Details, Sow Narrations, Method of Balancing you can print the Cash Book.

| Printing Ledger                               |                    |                   |   |
|---|--------------------|-------------------|---|
| <b>Printer</b>                                | : PrimoPDF (Ne01:) | <b>Paper Type</b> | : Letter  |
| <b>No. of Copies</b>                          | : 1                |                   |   |
| <b>Print Language</b>                         | : English          |                   | (Printing Dimensions)   |
| <b>Method</b>                                 | : Neat Mode        | <b>Paper Size</b> | : (8.50" x 10.98") or (216 mm x 279 mm)   |
| <b>Page Range</b>                             | : All              | <b>Print Area</b> | : (8.50" x 10.98") or (216 mm x 279 mm)   |
| Report Titles                                 |                    |                   |   |
| <b>Cash Book</b>                              |                    |                   |   |
| (with Print Preview)                          |                    |                   |   |
| Style of Report                               | : Normal Ledger    |                   |   |
| Select vouchers to show                       | : All Vouchers     |                   |   |
| Format  | : Detailed         |                   |   |
| Show Billwise Details also                    | ? No               |                   |   |
| Show Cost Centre Details also                 | ? No               |                   |   |
| Show Inventory Details also                   | ? No               |                   |   |
| Show Narrations also                          | ? Yes              |                   |   |
| Include Opening Balances                      | ? Yes              |                   |   |
| (set as 'no' to remove from filtered reports) |                    |                   |   |
| Method of Balancing                           | : Monthly          |                   |   |
|   |                    |                   | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> Balancing<br/> Daily<br/> <b>Monthly</b><br/> Weekly<br/> Yearly </div> |

Figure 6.7 : Cash Book Printing

## 6.2.7 Bank Book Printing

Bank Book printing option is also available at Account Books menu of Tally. In same direction you can also print Bank Book by providing necessary requirement such Style of Report, Select voucher to show, Format, Show Bill wise Details, Show Cost Centre Details, Sow Inventory Details, Sow Narrations, Include Opening Balance, Method of Balancing etc.

| Printing Ledger   |   |
|---|---|
| <b>Printer</b> : PrimoPDF (Ne01:)   | <b>Paper Type</b> : Letter                                |
| <b>No. of Copies</b> : 1  |   |
| <b>Print Language</b> : English   | (Printing Dimensions)                                     |
| <b>Method</b> : Neat Mode   | <b>Paper Size</b> : (8.50" x 10.98") or [216 mm x 279 mm] |
| <b>Page Range</b> : All   | <b>Print Area</b> : (8.50" x 10.98") or [216 mm x 279 mm] |
| Report Titles   |   |
| <b>Bank A/c Book</b>  |   |
| (with Print Preview)  |   |
| Style of Report   | : <b>Normal Ledger</b>                                    |
| Select vouchers to show   | : <b>All Vouchers</b>                                     |
| Format  | : <b>Detailed</b>   |
| Show Billwise Details also  | ? <b>No</b>   |
| Show Cost Centre Details also   | ? <b>No</b>   |
| Show Inventory Details also   | ? <b>No</b>   |
| Show Narrations also  | ? <b>No</b>   |
| Include Opening Balances<br>(set as 'no' to remove from filtered reports) | ? <b>Yes</b>  |
| Method of Balancing   | : <b>Monthly</b>  |

|                |
|----------------|
| Balancing      |
| Daily          |
| <b>Monthly</b> |
| Weekly         |
| Yearly         |

Figure 6.8 : Bank Book Printing

## 6.2.8 Ledger Printing

Ledger Printing option available at Account Books menu of Multi Account Printing. After selecting Ledger it will further ask for One Account, All Ledger and Group wise of Accounts for printing. Then after selecting required option provide necessary information for Printing configuration of ledger such as Style of Report, Select Voucher to show, Format, Show Bill wise Details, Show Cost Centre Details, Sow Inventory Details, Sow Narrations, Include Opening Balance, Method of Balancing etc.



| Printing Ledger   |   |
|---|---|
| <b>Printer</b> : PrimoPDF (Ne01:)   | <b>Paper Type</b> : Letter                                |
| <b>No. of Copies</b> : 1  |   |
| <b>Print Language</b> : English   | (Printing Dimensions)                                     |
| <b>Method</b> : Neat Mode   | <b>Paper Size</b> : (8.50" x 10.98") or (216 mm x 279 mm) |
| <b>Page Range</b> : All   | <b>Print Area</b> : (8.50" x 10.98") or (216 mm x 279 mm) |
| <b>Report Titles</b>  |   |
| <b>Purchases 12.5%</b><br>Ledger Account<br>(with Print Preview)          |   |
| Style of Report   | : <b>Normal Ledger</b>                                    |
| Select vouchers to show   | : <b>All Vouchers</b>                                     |
| Format  | : <b>Condensed</b>  |
| Show Billwise Details also  | ? <b>No</b>   |
| Show Cost Centre Details also   | ? <b>No</b>   |
| Show Inventory Details also   | ? <b>No</b>   |
| Show Narrations also  | ? <b>No</b>   |
| Include Opening Balances<br>(set as 'no' to remove from filtered reports) | ? <b>Yes</b>  |
| Method of Balancing   | : <b>Yearly</b>   |
|   | <b>Print ?</b><br><b>Yes or No</b>                        |

Figure 6.9 : Ledger Printing

### 6.2.9 Final Accounts Printing

Final Accounts are also prepared from the individual transaction but it shows summary of totals, ratios and statistics, analyzing a company's financial position in a wide variety of ways. Final Accounts includes Trading and Profit & Loss Account and Balance Sheet. Considering the importance tally brings this Final account option on the very first menu i.e. Gateway of Tally. There is option for Balance Sheet and Profit & Loss Account for viewing and printing in a variety of format.

#### A) Trading Account and Profit & Loss Printing

There is no trading account separate printing option in tally, being this is a part of Income statement it was included in Profit and Loss Account. As we know this option is available on Gateway of Tally menu, for printing just select the option by pressing enter or click. You will have combined Trading and Profit & Loss account on your screen by pressing ALT + P you can print the displaying page.

| Report Generation                                    |   | F.Y. B.Com.                        |                                     | Ctrl + M       |
|--|---|------------------------------------|-------------------------------------|----------------|
| Particulars  | F.Y. B.Com.<br>1-Apr-2009 to 30-Sep                       | Particulars                        | F.Y. B.Com.<br>1-Apr-2009 to 30-Sep | -2009          |
| Opening Stock  |   |                                    |                                     | 1,43,33,770.00 |
| Purchase Accounts                                    |   |                                    |                                     | 15,23,844.94   |
| Indirect Expenses                                    |   |                                    |                                     |                |
| Nett Profit  |   |                                    |                                     |                |
| <b>Printing Profit &amp; Loss</b>                    |   |                                    |                                     |                |
| <b>Printer</b> : PrimoPDF (Ne01:)                    | <b>Paper Type</b> : Letter                                |                                    |                                     |                |
| <b>No. of Copies</b> : 1                             |   |                                    |                                     |                |
| <b>Print Language</b> : English                      | (Printing Dimensions)                                     |                                    |                                     |                |
| <b>Method</b> : Neat Mode                            | <b>Paper Size</b> : (8.50" x 10.98") or (216 mm x 279 mm) |                                    |                                     |                |
| <b>Page Range</b> : All                              | <b>Print Area</b> : (8.50" x 10.98") or (216 mm x 279 mm) |                                    |                                     |                |
| <b>Report Titles</b>                                 |   |                                    |                                     |                |
| <b>Profit &amp; Loss A/c</b><br>(with Print Preview) |   |                                    |                                     |                |
| Without Page Numbers                                 |   |                                    |                                     |                |
| Scale Factor for Values                              | : <b>Default</b>  |                                    |                                     |                |
| Format   | : <b>Detailed</b>   |                                    |                                     |                |
| Show Vertical Profit & Loss                          | ? <b>No</b>   |                                    |                                     |                |
| Show Percentages                                     | ? <b>No</b>   |                                    |                                     |                |
| Show with Gross Profit                               | ? <b>No</b>   |                                    |                                     |                |
|  |   | <b>Print ?</b><br><b>Yes or No</b> |                                     |                |
| <b>Total</b>   | 1,58,57,614.94  | <b>Total</b>                       | 1,58,57,614.94                      |                |

Figure 6.10 : Profit & Loss A/c Printing

While printing Profit & Loss A/c there are so many options available such as Format, Show Vertical, Show Percentage, Show with Gross Profit. You can make change into the desired item and have the print.

- **Format:** To change condensed and detailed format
- **Show Vertical:** No will display horizontal form. Yes will display vertical form. The vertical form always shows the Trading Account and the Income Statement separately.
- **Show Percentage:** Each time will be expressed as a percentage of sales accounts i.e. Sales accounts will be 100% and the rest of the lines will be a percentage of sales accounts.
- **Show with Gross Profit:** This option available for showing Gross Profit in your report by select Yes it display separated Trading and Profit & Loss A/c with the display of Gross Profit. By selecting No it will not display Gross Profit in your report and show the combined Trading and Profit & Loss A/c without Gross Profit.

## B) Balance Sheet Printing

Considering the importance of Balance Sheet it was a part of Gateway of Tally menu. If you want to print Balance Sheet first display it on your screen as you desire to print then by pressing ALT + P you can have the printed Balance Sheet on your hand.

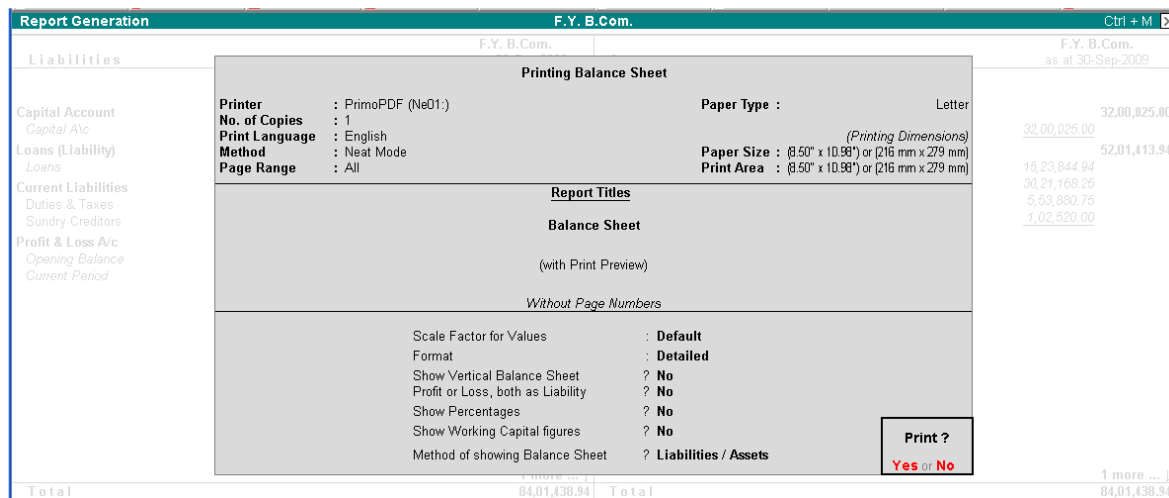


Figure 6.11 : Balance Sheet Printing

While printing Balance Sheet there are so many options available such as Format, Show Vertical, Show Profit & Loss both as Liability, Show Percentage, Show Working Capital and Method of Balance Sheet. You can make change in the desired item and have the print.

- **Format:** To change condensed and detailed format
- **Show Vertical Balance Sheet:** No will display horizontal form. Yes will display vertical form. In the British/Europe configuration the Vertical Balance Sheet will have the titles Liabilities and Assets whereas the Indian/Asian configuration will have Sources of Funds and Application of Funds as titles.
- **Show Profit & Loss both as Liability:** This is applicable only in horizontal form of Balance Sheet. If no, then loss moves the Profit and Loss Account to the Assets side of Balance Sheet.
- **Show Percentage:** Each line will be express as a percentage of the total.
- **Show Working Capital:** To show Current Assets - Current Liabilities.
- **Method of Balance Sheet:** The options available in it are Liabilities / Assets or Assets / Liabilities. This is simply the order in which the Balance Sheet is shown.

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### 6.3 Questions for Self Learning

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Q.1 What do you mean by Report Printing?

Q.2 Explain the General Printing Configuration?

Q.3 What are the steps Day Book Printing?

Q.4 Explain the steps of Ledger Printing?

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### 6.4 Summary

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One can print any report directly from tally. If you want to print report you have to go through Multi Account Printing option from Gateway of Tally menu. There is another way for printing report that if you want to print report which you are currently displaying so just press Print button from the top of the Button Bar Menu. The printing option allows you to configure the printing parameters of a Voucher, Invoice and Statement layouts before final printing. Therefore, this option consists of several menu items with various printing options. This various options allows you to configure printing of reports. To set the printing configuration press F12.

Day book is the summary of transactions entered on a particular day. You can also view the day book from Display menu and print in directly from there. But you can also print day book from Multi Account Printing menu by select option Day Book. Account Books record the individual transactions details which you have entered in tally. Although you have post them to many different ledgers, Tally brings all the transactions of one category together into a book of accounts for viewing and printing. Final Accounts are also prepare from the individual transaction but a shows summary of totals, ratios and statistics, analyzing a company's financial position in a wide variety of ways. Final Accounts includes Trading and Profit & Loss Account and Balance Sheet. Considering the importance tally brings this Final account option on the very first menu i.e. Gateway of Tally.

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### 6.5 Glossary

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- Printing - Print on Paper
- Configuration - Arrangement, Pattern
- Report - Detailed Note

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### 6.6 Bibliography

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### 6.7 Exercise

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Q.1 What do you mean by Printing Configuration?

Q.2 Explain the common printing option while printing report?

Q.3 What is Account Books? Its types and printing configuration?

Q.4 Distinguish between Cash Book and Bank Book?

Q.5 What is the financial statement? How can you print it from tally?

Q.6 Explain the procedure of printing Trading & Profit & Loss A/c?

Q.7 Write step of Printing Balance Sheet and its types?

