

## Chapter 10

# Computerised Accounting System-Tally

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### I. Choose the Correct Answer

**Question 1.**

Accounting report prepared according to the requirements of the user is .....

**Answer:**

- (a) Routine accounting report
- (b) Special purpose report
- (c) Trial balance
- (d) Balance sheet

**Answer:**

- (b) Special purpose report

**Question 2.**

Function key F11 is used for .....

- (a) Company Features
- (b) Accounting vouchers
- (c) Company Configuration
- (d) None of these

**Answer:**

- (a) Company Features

**Question 3.**

Which submenu displays groups, ledgers and voucher types in Tally?

- (a) Inventory vouchers
- (b) Accounting vouchers
- (c) Company Info
- (d) Account Info

**Answer:**

- (d) Account Info

**Question 4.**

What are the predefined Ledger(s) in Tally?

- (i) Cash
- (ii) Profit and Loss A/c
- (iii) Capital A/c
- (a) Only (i)
- (b) Only (ii)
- (c) Both (i) and (ii)
- (d) Both (ii) and (iii)

**Answer:**

- (c) Both (i) and (ii)

**Question 5.**

Contra voucher is used for .....

- (a) Master entry
- (b) Withdrawal of cash from bank for office use
- (c) Reports
- (d) Credit purchase of assets

**Answer:**

- (b) Withdrawal of cash from bank for office use

**Question 6.**

Which is not the default group in Tally?

- (a) Suspense account
- (b) Outstanding expense
- (c) Sales account
- (d) Investments

**Answer:**

- (b) Outstanding expense

**Question 7.**

Salary account comes under which of the following head?

- (a) Direct Incomes
- (b) Direct Expenses
- (c) Indirect Incomes
- (d) Indirect Expenses

**Answer:**

- (d) Indirect Expenses

**Question 8.**

₹ 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded .....

- (a) Contra Voucher
- (b) Receipt Voucher
- (c) Payment Voucher
- (d) Sales Voucher

**Answer:**

- (a) Contra Voucher

**Question 9.**

In which voucher type credit purchase of furniture is recorded in Tally .....

- (a) Receipt voucher
- (b) Journal voucher

- (c) Purchase voucher
- (d) Payment voucher

**Answer:**

- (b) Journal voucher

**Question 10.**

Which of the following options is used to view Trial Balance from Gateway of Tally?

- (a) Gateway of Tally -> Reports -> Trial Balance
- (b) Gateway of Tally -> Trial Balance
- (c) Gateway of Tally -> Reports -> Display -> Trial Balance
- (d) None of these

**Answer:**

- (c) Gateway of Tally -> Reports -> Display -> Trial Balance

## II. Very Short Answer Questions

**Question 1.**

What is automated accounting system?

**Answer:**

Automated accounting is an approach to maintain up-to-date accounting records with the aid of accounting software. Under manual accounting system entries are made in different books of accounts while accounting software packages allow manual entry in one field or one place. From that field or place, the software automatically relates the transaction to all other relevant records within the software package.

**Question 2.**

What are accounting reports?

**Answer:**

Accounting report is a compilation of accounting information that are derived from the accounting records of a business concern. Accounting reports may be classified as routine reports and special purpose reports.

**Question 3.**

State any five accounting reports.

**Answer:**

Routine accounting reports include

- Daybooks / Journal
- Ledger
- Trial balance
- Income statement
- Balance sheet
- Cash flow statement

A special-purpose report is a report other than the routine accounting reports which is prepared according to the requirement of the user.

**Question 4.**

What is an Accounting Information system (AIS)?

**Answer:**

The accounting Information (AIS) system is one of the systems in MIS. It collects financial data (AIS) processes them and provides information to the various users.

**Question 5.**

What is a group in Tally.ERP9?

**Answer:**

In Tally, a Group is a collection of ledgers of the same nature. There are predefined groups of accounts which are widely used in accounts of many organizations. These predefined groups comply with the basic accounting principles of classifying various account heads into Assets, Liabilities, Income, and Expenses.

### III. Short Answer Questions

**Question 1.**

Write a brief note on accounting vouchers?

**Answer:**

Following are some of the major accounting vouchers in an organization:

1. Receipt Voucher
2. Payment Voucher
3. Contra Voucher
4. Purchase Voucher
5. Sales Voucher
6. Journal Voucher

**Question 2.**

What are the predefined ledgers available in Tally.ERP9?

**Answer:**

In Tally, to record transactions, the transactions are to be identified with the related ledger accounts. Tally has two predefined ledgers, Cash and Profit & Loss A/c.

**Question 3.**

Mention the commonly used voucher types in Tally.ERP9?

**Answer:**

Voucher is a document which contains details of a transaction. Transactions are to be recorded through voucher entries. Tally has a set of predefined vouchers such as purchase, sales, payment, receipt and contra. To view the list of voucher type Gateway of Tally >

Masters > Accounts Info > Voucher Types > Display

As per the requirement of users, an additional voucher type can be created.

**Question 4.**

Explain how to view the profit and loss statement in Tally.ERP9?

**Answer:**

To view profit and loss accounts in Tally ERP9.

F10: A/c Reports > Profit and Loss A/c > Alt FI (detailed)

or

Gateway of Tally > Reports > Profit and Loss A/c > Alt FI (detailed)

**Question 5.**

Explain any five applications of the computerized accounting system (CAS).

**Answer:**

The applications of CAS are as follows

(1) Starting Tally:

Tally can be started in either of the ways given below:

Click on Start > All programs > Tally.ERP 9 > Tally.ERP 9 icon

(Or)

Click Tally.ERP. 9 icon (shortcut) on the desktop

(2) Creation of a company:

It is essential to enter the particulars of the company for which accounts are to be maintained in Tally. In order to create a company, the following steps are to be followed:

Company Info>Create Company

(3) Gateway of Tally:

After creation of a company and whenever Tally is started a screen Gateway of Tally appears. It shows the company selected under List of Selected Companies on the left pane.

Gateway of Tally is shown on the right pane which contains menu options such as Transactions and Reports. The shortcut key for each menu option is a letter from the option's name, which will be highlighted in red.

Vertical button bar is placed on the extreme right of screen which contains buttons such as F1 and F2 for quick interaction with Tally.ERP 9.

Bottom horizontal information panel displays details of product, version, licence, configuration and calculator.

#### (4) Closing Tally

The following are the two ways for closing Tally:

Press Esc Key > Press Enter or Y or Click on yes

(or)

Press Ctrl + Q

#### (5) Select a company

If multiple companies are created, to choose a particular company, after opening Tally, click F1 (Select Cmp) on the vertical button bar. Tally.ERP 9 displays the Select Company screen, with a list of companies that are already created. Select the company for which accounting has to be done.

## IV. Exercises

### Question 1.

Record the following transactions in Tally.

- (a) Devi commenced a business with a capital of ₹ 4,00,000
- (b) An account was opened with Indian Bank and deposited ₹ 60,000
- (c) Purchased furniture by paying cash ₹ 15,000
- (d) Goods purchased on credit from Sumathy for ₹ 50,000
- (e) Cash sales made for ₹ 10,000
- (f) Goods purchased from Raja for ₹ 5,000 and paid by cheque
- (g) Goods sold to Aran on credit for ₹ 70,000
- (h) Money is withdrawn from bank for office use ₹ 25,000
- (i) Part payment of ₹ 30,000 made to Sumathy by cheque
- (j) Aran made part payment of ₹ 10,000 by cash
- (k) Salaries paid to staff through ECS ₹ 36,000
- (l) Carriage on purchases of ₹ 6,000 paid by cash
- (m) Purchased computer from Muthu Ltd. on credit ₹ 44,000

Analysis of Transactions, Passing Journal entries. Identification of Voucher type and group.

S. No.	Particulars		Debit ₹	Credit ₹	Voucher type	Group
a.	Cash Account A/c To Kumar's Capital A/c	Dr.	5,00,000	5,00,000	Receipt Voucher	Cash-in-Hand Capital Account
b.	State Bank of India A/c To Cash A/c	Dr.	80,000	80,000	Contra Voucher	Bank Account Cash-in-Hand
c.	Furniture A/c To Cash A/c	Dr.	20,000	20,000	Payment Voucher	Fixed Assets Cash-in-Hand
d.	Purchases A/c To Kalpana's A/c	Dr.	60,000	60,000	Purchase Voucher	Purchases A/c Sundry Creditors
e.	Cash A/c To Sales A/c	Dr.	20,000	20,000	Sales Voucher	Cash-in-Hand Sales Accounts
f.	Purchases A/c To Bank A/c	Dr.	7,000	7,000	Purchase Voucher	Purchase Account Cash-in-Hand
g.	Venu A/c To Sales A/c	Dr.	80,000	80,000	Sales Voucher	Sundry Debtors Sales Account
h.	Cash A/c To Bank A/c	Dr.	35,000	35,000	Contra Voucher	Cash-in-Hand Bank Account
i.	Kalpana's A/c To Bank A/c	Dr.	40,000	40,000	Payment Voucher	Sundry Creditors Bank Account
j.	Salaries A/c To Bank A/c	Dr.	45,000	45,000	Payment Voucher	Indirect Expenses Bank Account
k.	Carriage A/c To Cash A/c	Dr.	8,000	8,000	Payment Voucher	Direct Expenses Cash-in-Hand
l.	Computer A/c To Maria Ltd. A/c	Dr.	50,000	50,000	Purchase Voucher	Fixed Assets Sundry Creditors

**Solution:**

1. Following Steps are to be followed to enter the transactions in Tally ERP9,

1. To Create Company:

Company Info > Create Company

Type the Name as Devi and keep all other fields as they are and choose. "Yes" to accept

2. To maintain accounts only:

Gateway of Tally > F11 Accounting Features > General > Maintain Accounts only: Yes > Accept Yes

### 3. To Create Ledger Accounts:

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Create

#### (i) To Create Devi's Capital A/c

Name: Devi's Capital A/c

Under: Capital Account Accept: Yes

#### (ii) To Create Indian Bank A/c

Name: Indian Bank A/c Under: Bank Accounts Accept: Yes

#### (iii) To Create Furniture A/c

Name: Furniture A/c Under Fixed Assets Accept: Yes

#### (iv) To Create Purchases A/c

Name: Purchases A/c Under Purchase Accept: Yes

#### (v) To Create Sumathy A/c Name: Sumathy A/c Under: Sundry Creditors Accept: Yes

#### (vi) To Create Sales A/c Name: Sales A/c Under: Sales Account Accept: Yes

#### (vii) To Create Aran A/c Name: Aran A/c Under: Debtors A/c Accept: Yes

#### (viii) To Create Salaries A/c Name: Salaries A/c Under: Indirect Expenses Accept: Yes

#### (ix) To Create Carriage A/c Name: Carriage A/c Under: Direct Expenses Accept: Yes

#### (x) To Create Computer A/c Name: Computer A/c Under: Assets A/c Accept: Yes

#### (xi) To Create Muthu Ltd A/c Name: Muthu Ltd A/c Under: Sundry Creditors Accept: Yes

### 4. To enter transactions through vouchers

Gateway of Tally > Transaction > Accounting vouchers

#### (i) Devi commenced a business with a capital of Rs.4,00,000

F6: Receipt Voucher Accounts: Cash

Particulars: Devi's Capital A/c (Choose from List of Ledger Accounts)

Enter the Amount of Capital of Rs. 4,00,000

Narration: Capital introduced. Accept: Yes

#### (ii) An Account was opened with Indian Bank and deposited Rs. 60,000

F4: Contra Voucher Accounts: Indian Bank



Particulars: Cash Amount: Rs. 30,000

Narration: Opened Bank Account in Indian Bank Accept: Yes

(iii) Purchased furniture by paying cash Rs. 15,000

F5: Payment Voucher Account: Cash

Particulars: Furniture A/c Amount: Rs. 15,000 Narration: Furniture bought by cash Accept: Yes

(iv) Goods purchased on credit from Sumathy for Rs. 50,000

F9: Purchase Voucher Party' A/c, Name: Sumathy A/c

Particulars: Purchase A/c Amount: Rs. 50,000

Narration: Goods purchased on credit from Sumathy Accept: Yes

(v) Cash Sales made for Rs. 10,000

F8: Sales Voucher Account: Cash

Particulars: Sales A/c Amount: Rs. 10,000

Narration: Cash Sales made Accept: Yes

(vi) Goods purchased from Raja Rs. 5,000 and paid by Cheque

F9: Purchase Voucher Account: Bank

Particulars: Purchase A/c Amount: Rs. 5,000

Narration: (Bank) Purchase by cheque

(vii) Goods sold to Arun on credit for Rs. 70,000

F8: Sales Voucher Party A/c Name: Arun A/c Amount: Rs. 70,000

Narration: Goods sold on credit to Arun Accept: Yes (viii) Money withdrawn from bank for office use Rs. 25,000 F4: Contra Voucher Account: Cash Particulars: Indian Bank Amount: Rs. 25,000 Narration: Cash withdrawn from bank Accept: Yes

(ix) Part Payment of Rs. 30,000 to Sumathy by Cheque

F5: Payment Voucher Account: Indian Bank

Particulars: Sumathy A/c Amount: Rs. 30,000

Narration: Payment made to Sumathy by Cheque Accept: Yes

(x) Salaries paid to staff through ECS Rs. 36,000

F5: Payment Voucher Account: Indian Bank

Particulars: Salaries A/c Amount: Rs. 36,000

Narration: Salaries paid through ECS Accept: Yes

(xi) Carriage of Rs. 6,000 paid by cash

F5: Payment Voucher Account: Cash

Particulars: Carriage A/c Amount: Rs. 6,000

Narration: Carriage paid by Cash Accept: Yes

(xii) Purchase computer from Muthu Ltd. on credit Rs. 44,000

F7: Journal Voucher Particulars: Computer

Amount Rs. 44,000 To Muthu Ltd Amount: Rs. 44,000

Narration: Computer bought on credit from Muthu Ltd. Accept: Yes

5. To view reports:

(i) To view Trial Balance

Gateway of Tally > Reports > Display > Trial Balance > Alt FI (detailed)

(ii) To view Profit and Loss Account

F10: A/c Reports > Profit and Loss A/c > Alt FI (detailed) (or)

Gateway of Tally > Reports > Profit and Loss A/c Alt FI (detailed)

(iii) To view Balance Sheet

F10: A/c Reports > Balance Sheet > Alt FI (detailed) (or)

Gateway of Tally > Reports > Balance Sheet > Alt FI (detailed)

(iv) To view Ratio Analysis

F10: A/c Reports > Ratio Analysis (or)

Gateway of Tally > Reports > Ratio Analysis

(v) To view Day Book

F10: A/c Reports > Day Book > Alt FI (detailed) (or)

Gateway of Tally > Reports > Display > Day Book > Alt FI (detailed)

## Question 2.

The following balance sheet has been prepared from the books of Pearl on 1 - 4 - 2018.

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Capital	1,60,000	Buildings	40,000
Sundry creditors		Furniture	20,000
Maya A/c	20,000	Stock	10,000
		Sundry debtors	
		Peter	20,000
		Cash in hand	30,000
		Cash at bank	60,000
	1,80,000		1,80,000

During the year the following transactions took place:

- (a) Wages paid by cash ₹ 4,000
- (b) Salaries paid by cheque ₹ 10,000
- (c) Cash purchases made for ₹ 4,000
- (d) Good purchased on credit from Yazhini ₹ 30,000
- (e) Goods sold on credit to Jothi ₹ 40,000
- (f) Payment made to Yazhini through NEFT ₹ 6,000
- (g) Cash received from Peter ₹ 10,000
- (h) Cash sales made for ₹ 4,000
- (i) Depreciate buildings at 20%
- (j) Closing stock on 31.03.2019 ₹ 9,000

You are required to prepare a trading and profit and loss account for the year ended 31-03-2019 and a balance sheet as of that date using Tally.

1. To Create Company Company Info > Create Company

Type the Name as Pearl and keep all other fields as they are and choose. "Yes" to accept

2. To maintain accounts only

Gateway of Tally F11 Accounting Features > General > Maintain Accounts only: Yes > Accept: Yes

3. To Create Ledger Accounts with Opening Balances

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Create

Creation of	Name	Under	Opening balance	Accept
Pearl's Capital	Pearl's Capital	Capital Account	1,60,000	Yes
Maya A/c Sundry Creditors	Maya A/c	Sundry Creditors	20,000	Yes
Buildings A/c	Buildings A/c	Fixed Assets	40,000	Yes
Furniture A/c	Furniture A/c	Fixed Assets	20,000	Yes
Opening stock	Opening stock	Stock-in-Hand	10,000	Yes
Peter A/c (Sundry Debtors)	Peter A/c	Sundry Debtors A/c	20,000	Yes
Cash in hand	Cash	Cash-in-Hand	30,000	Yes
Cash at bank	Bank	Bank Accounts	60,000	Yes

Note: A cash account need not be created as it is a default ledger. Only the opening balance has to be recorded by altering the cash account.

To record the opening balances of cash

Gateway of Tally > Masters > Accounts Info > Ledger > Single Ledger > Alter

After creating the Ledgers and recording the opening balances of ledger accounts the balance sheet of Pearl is shown as in the following figure.

### 3. To Create Ledger Accounts for Transactions

Creation of	Name	Under	Accept
Wages A/c	Wages A/c	Direct Expenses	Yes
Salaries A/c	Salaries A/c	Indirect Expenses	Yes
Purchases A/c	Purchases A/c	Purchase Accounts	Yes
Yazhini A/c	Yazhini A/c	Sundry Creditors A/c	Yes
Sales A/c	Sales A/c	Sales Account A/c	Yes
Peter A/c	Peter A/c	Sundry Debtors A/c	Yes
Depreciation A/c	Depreciation A/c	Indirect Expenses	Yes

### 4. To enter transaction through vouchers

Gateway of Tally > Transactions > Accounting Vouchers

Example: Wages of Rs. 4,000 paid by cash

F5: Payment Voucher

Account: Cash

Particulars: Wages A/c

Amount: Rs. 4,000

Narration: Wages paid by Cash

Accept: Yes

In a similar way, recorded the other transactions. Use payment voucher for salaries paid and payments to yazhini.

Use purchase voucher for credit sales to Jothi and Cash sales. Use Receipt voucher for cash received from Peter.

Use Journal voucher for depreciation.

### 5. To record closing stock:

Since maintaining accounts only is set to 'Yes' and integrate accounts and inventory is set to 'No' under accounting features. The stock has to be recorded manually. Hence the closing stock has to be recorded by altering the stock account and while entering the date of closing stock, the date of opening stock has to be entered. The following procedure is to be followed: Gateway of Tally > Masters > Accounts Info > Ledger > Single Ledger > Alter > Stock > Closing Balance > Date (Opening date) > Amount > Accept: Yes

### 6. To view reports

(i) To view Profit and Loss Account

F10 A/c Reports > Profit and Loss A/c > Alt F1 (detailed)

(or) Gateway of Tally > Reports > Profit and Loss A/c > Alt FI (detailed)

(ii) To view Balance Sheet

F10 A/c Reports > Balance Sheet > Alt FI (detailed) (or)

Gateway of Tally > Reports > Balance Sheet > Alt FI (detailed).