TRAINING MATERIAL

&

TALLY MODEL COMPANY

INDEX

Basic Principles of Accounting : -

Guidelines on Basic Accounting Principles and Concepts

GAAP (**Generally Accepted Accounting Principles**) is the framework, rules and guidelines of the financial accounting profession with a purpose of standardizing the accounting concepts, principles and procedures.
Here are the basic accounting principles and concepts under this framework :

1. Business Entity

A business is considered a separate entity from the owner(s) and should be treated separately. Any personal transactions of its owner should not be recorded in the business accounting book, vice versa. Unless the owner's personal transaction involves adding and/or withdrawing resources from the business.

2. Going Concern

It assumes that an entity will continue to operate indefinitely. In this basis, assets are recorded based on their original cost and not on market value. Assets are assumed to be used for an indefinite period of time and not intended to be sold immediately.

3. Monetary Unit

The business financial transactions recorded and reported should be in monetary unit, such as INR,US Dollar, Canadian Dollar, Euro, etc. Thus, any non-financial or non-monetary information that cannot be measured in a monetary unit are not recorded in the accounting books, but instead, a memorandum will be used.

4. Historical Cost

All business resources acquired should be valued and recorded based on the actual cash equivalent or original cost of acquisition, not the prevailing market value or future value. Exception to the rule is when the business is in the process of closure and liquidation.

5. Matching Concept

This principle requires that revenue recorded, in a given accounting period, should have an equivalent expense recorded, in order to show the true profit of the business.

6. Accounting Period

This principle entails a business to complete the whole accounting process of a business over a specific operating time period. It may be monthly, quarterly or annually. For annual accounting period, it may follow a Calendar or Fiscal Year.

7. Conservatism

This principle states that given two options in the valuation of business transactions, the amount recorded should be the lower rather than the higher value.

8. Consistency

This principle ensures consistency in the accounting procedures used by the business entity from one accounting period to the next. It allows fair comparison of financial information between two accounting periods.

9. Materiality

Ideally, business transactions that may affect the decision of a user of financial information are considered important or material, thus, must be reported properly. This principle allows errors or violations of accounting valuation involving immaterial and small amount of recorded business transaction.

10. Objectivity

This principle requires recorded business transactions should have some form of impartial supporting evidence or documentation. Also, it entails that bookkeeping and financial recording should be performed with independence, that’s free of bias and prejudice.

Golden Rules of Accounting :-

A] <u>Real Accounts</u>:-

1)Debit what comes in.

2)Credit what goes out.

B] <u>Personal Accounts</u> :-

1)Debit the reciver.

2)Credit the giver.

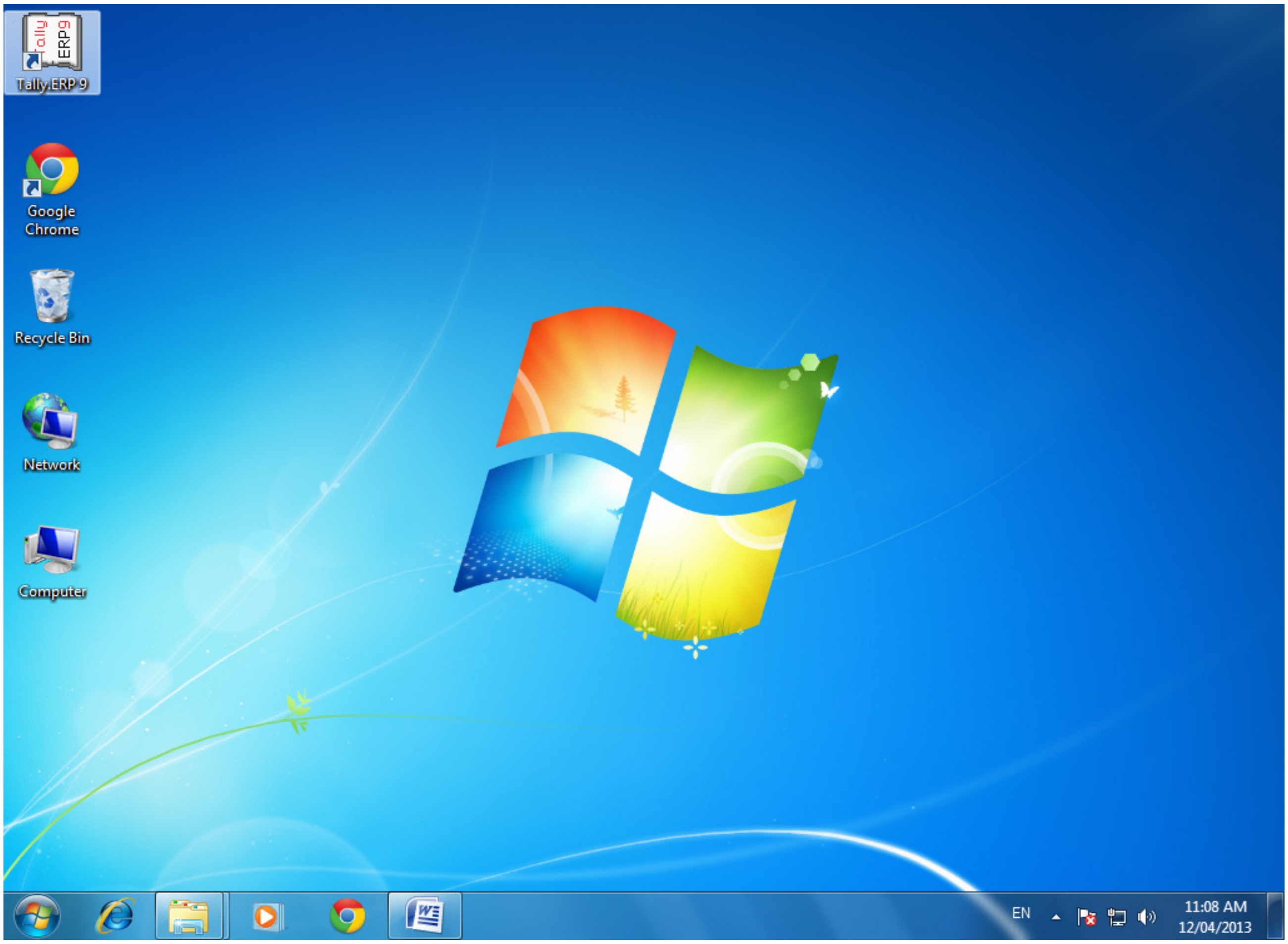
C] N<u>ominal Accounts</u> :-

1)Debit all expenses & Losses.

2)Credit all Incomes & Revenue.

FIRST SCREEN :-

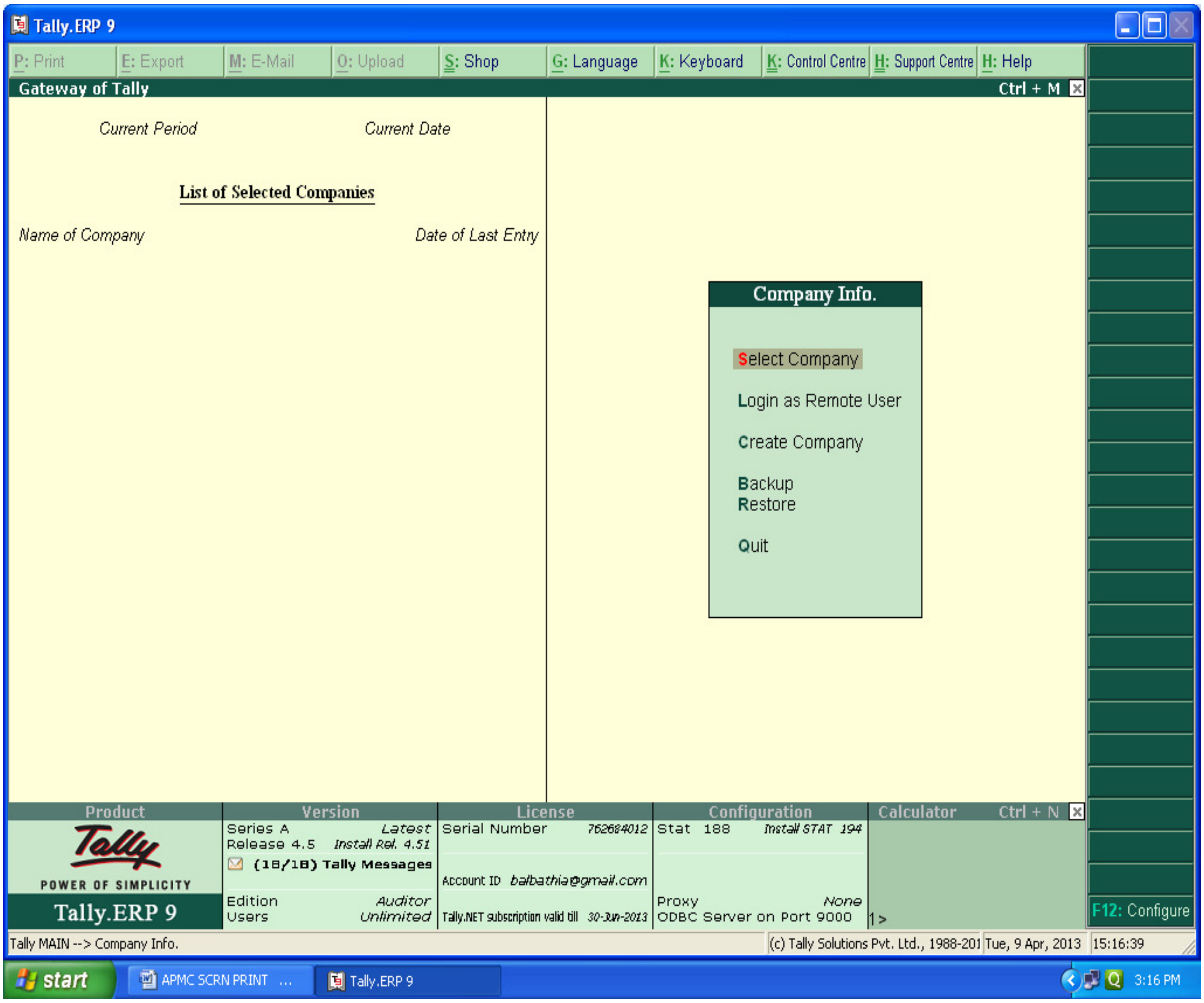
Tally ERP Icon.



Please double Click on Tally ERP9 Icon or select and press enter on Tally ERP9 Icon to start the Tally ERP Program

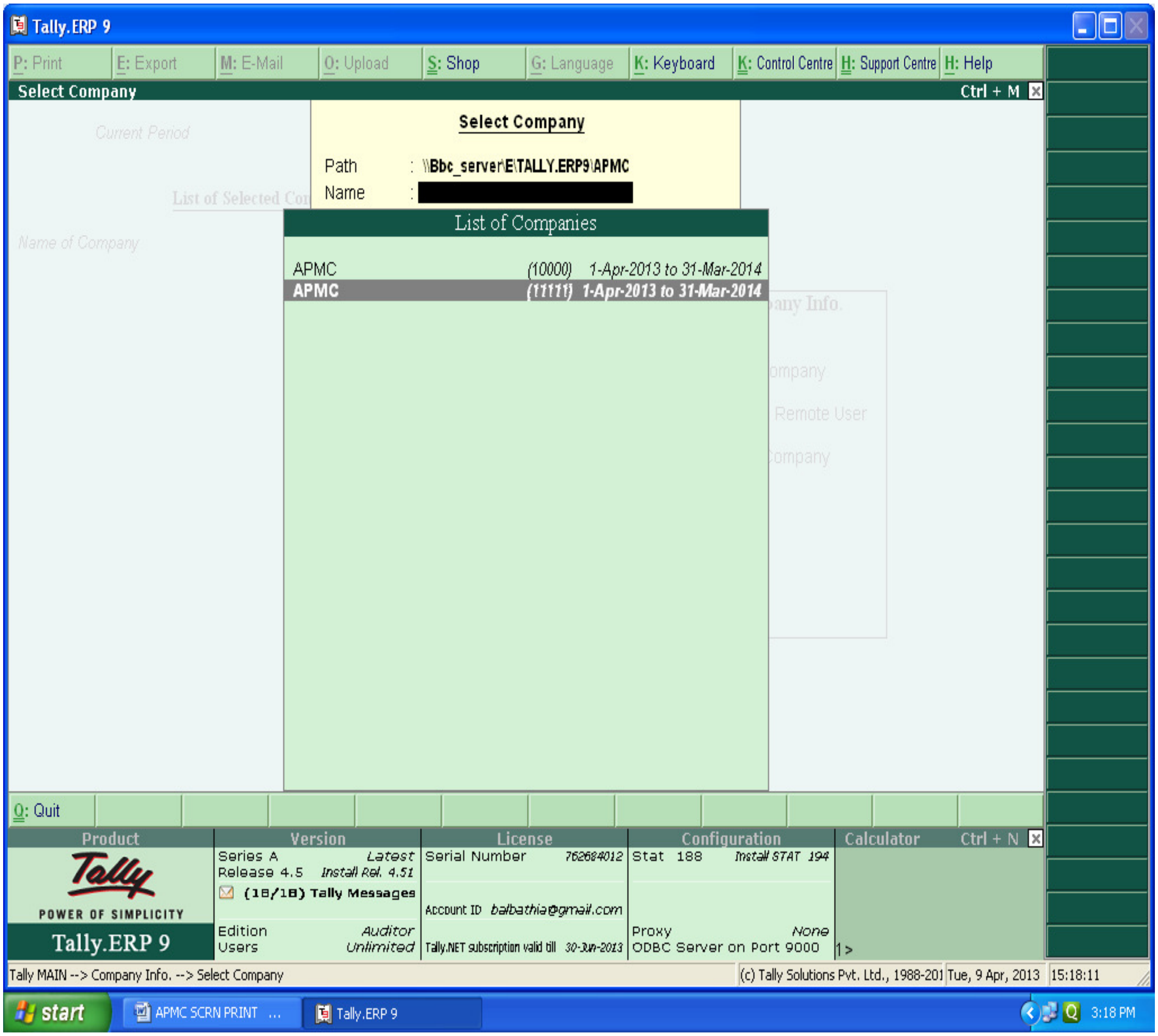
SELECT COMPANY:-

Main Screen



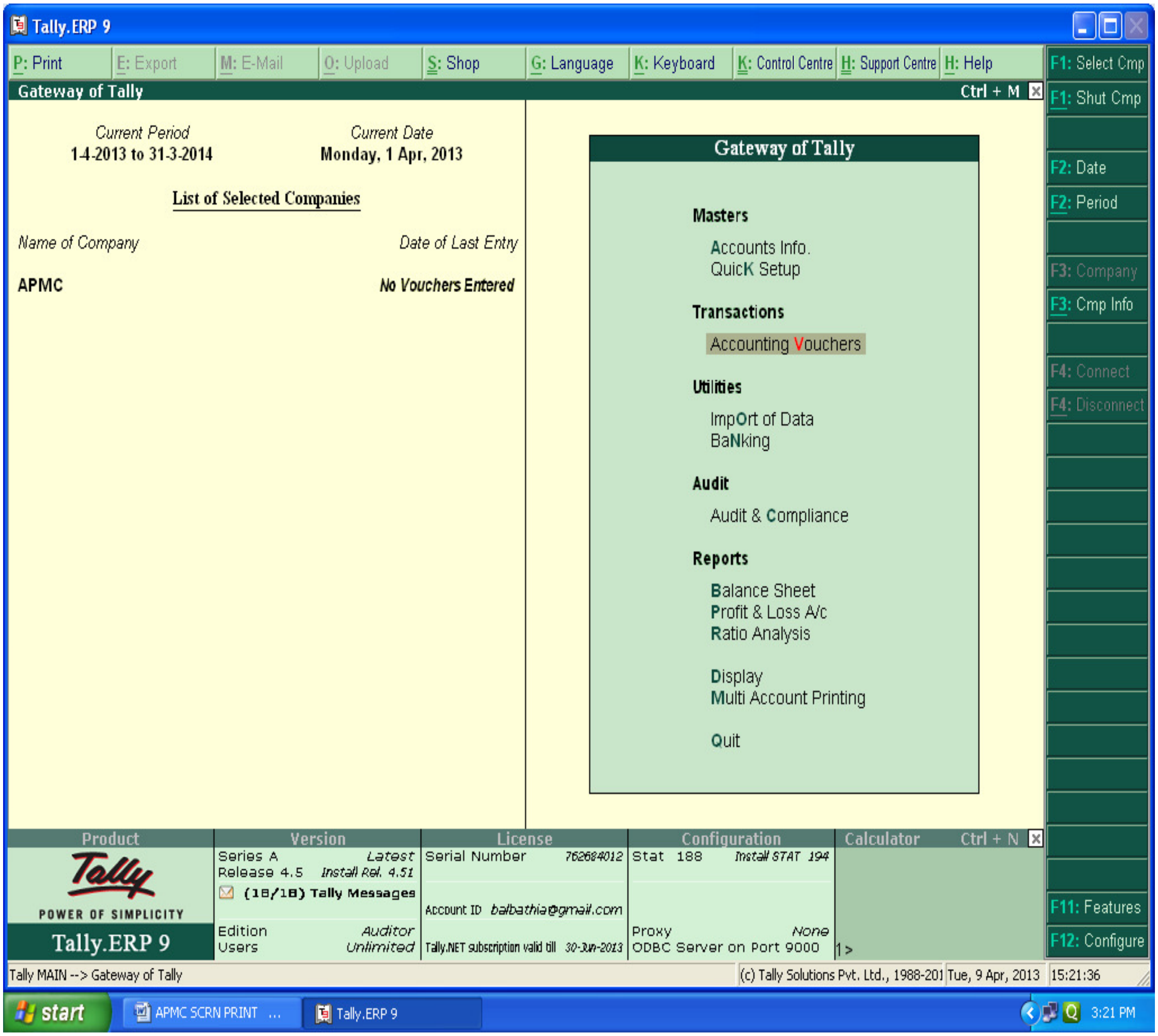
Enter on Select or Press “S” to open the desired company.

CHOOSE COMPANY :-



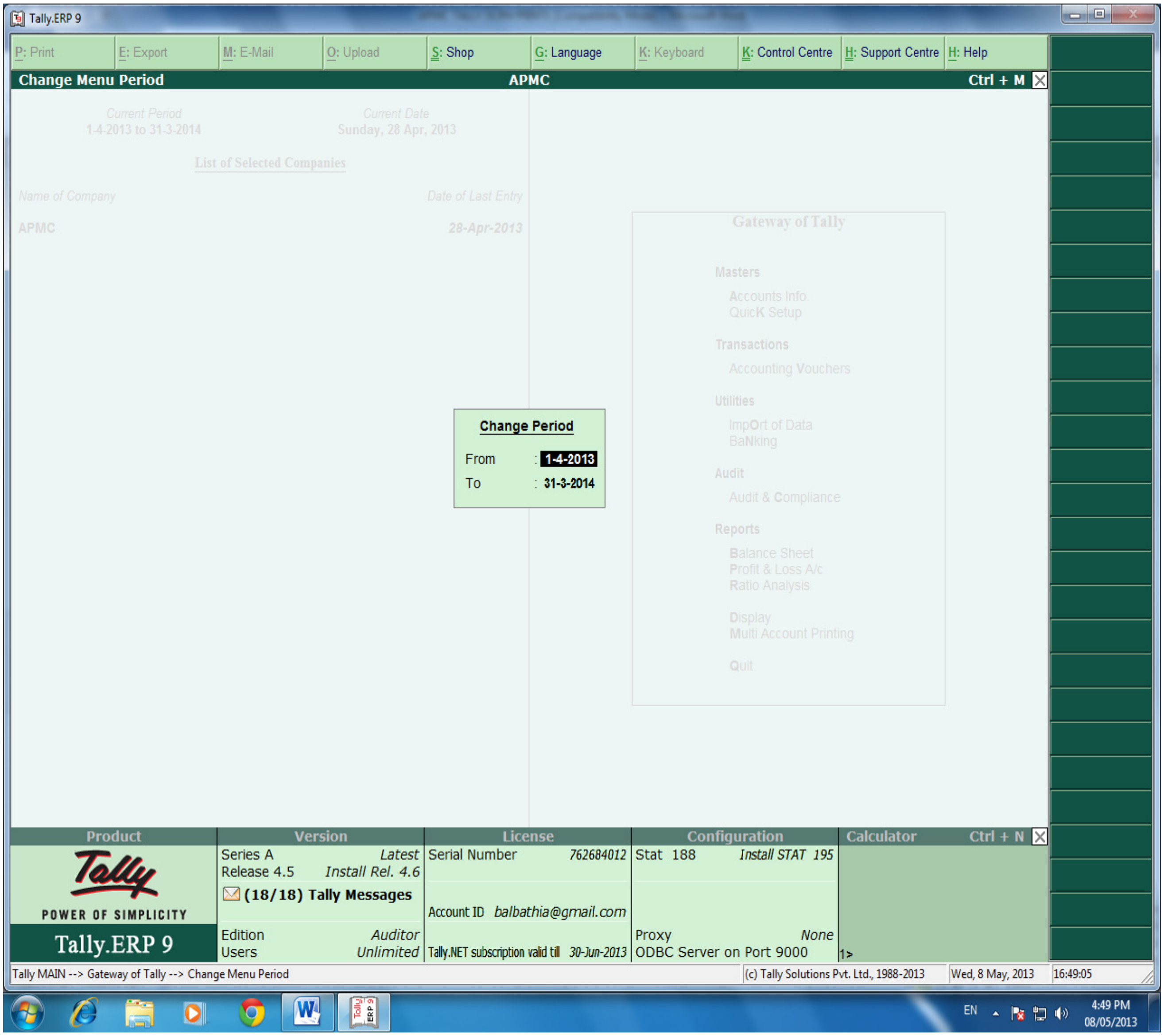
Choose the Relevant company from the list and press enter.

GATEWAY OF TALLY :-



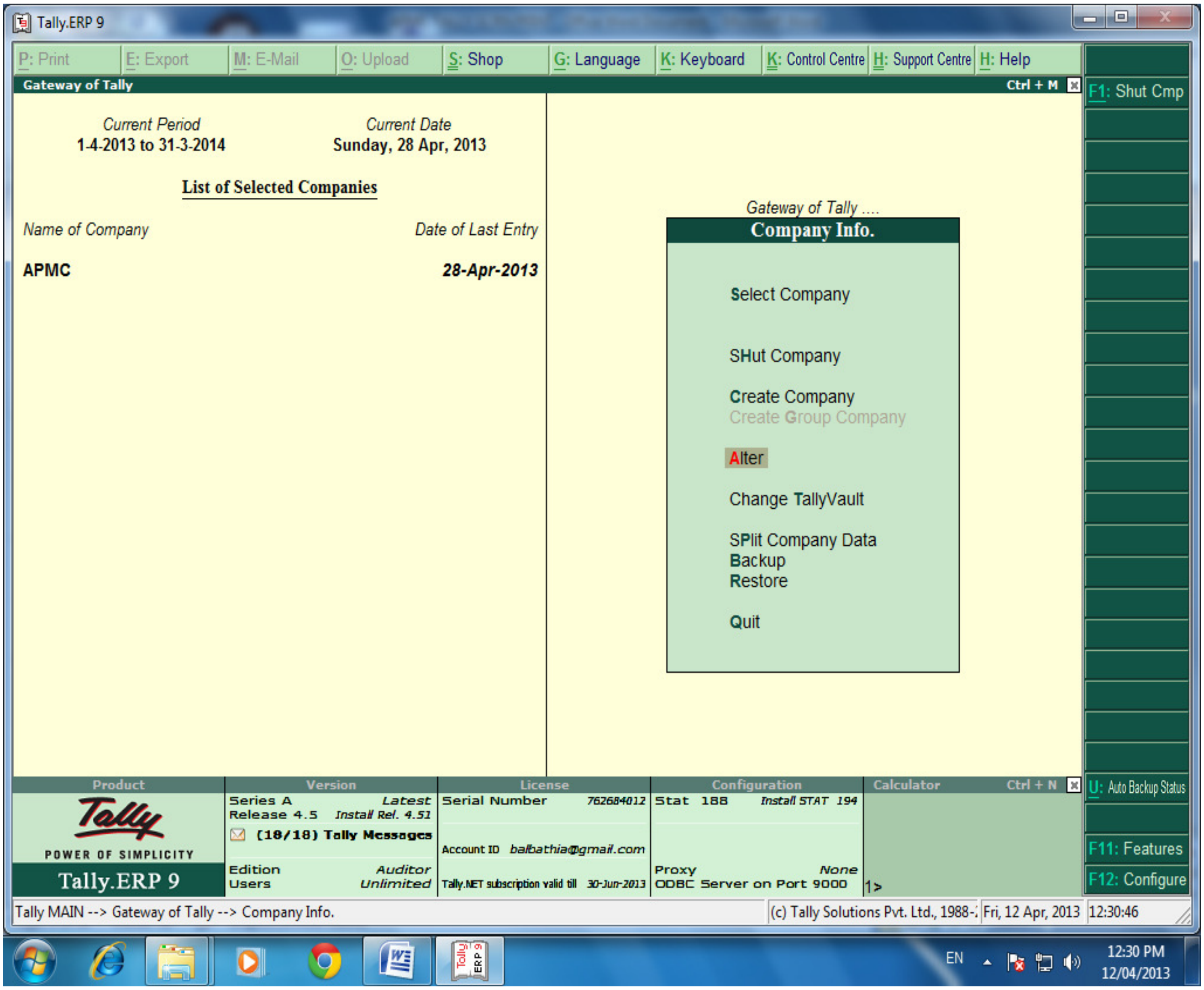
At this screen, it can be seen as to which company is open, period of operation, current date and the date of last entry.

CHANGE ACCOUNTING PERIOD :-



Press "Alt-F2" to change the period for which accounting is to be done.

ALTER COMPANY/ CREATE NEW COMPANY :-

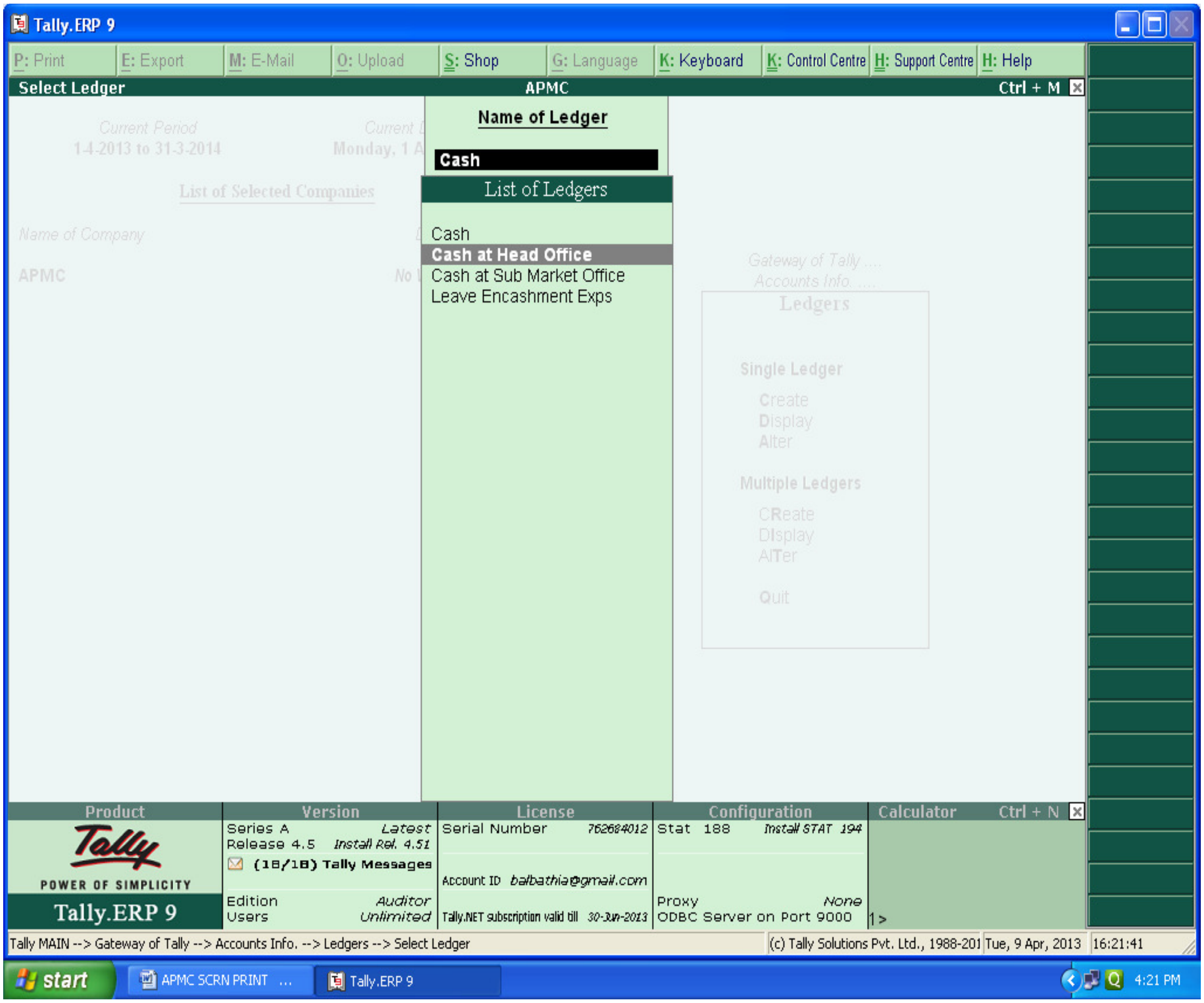


After pressing "Alt-F3", the company info screen is displayed, in which options for Altering company master data, backup etc are seen (Alter).

RECORDING OF OPENING BALANCES :-

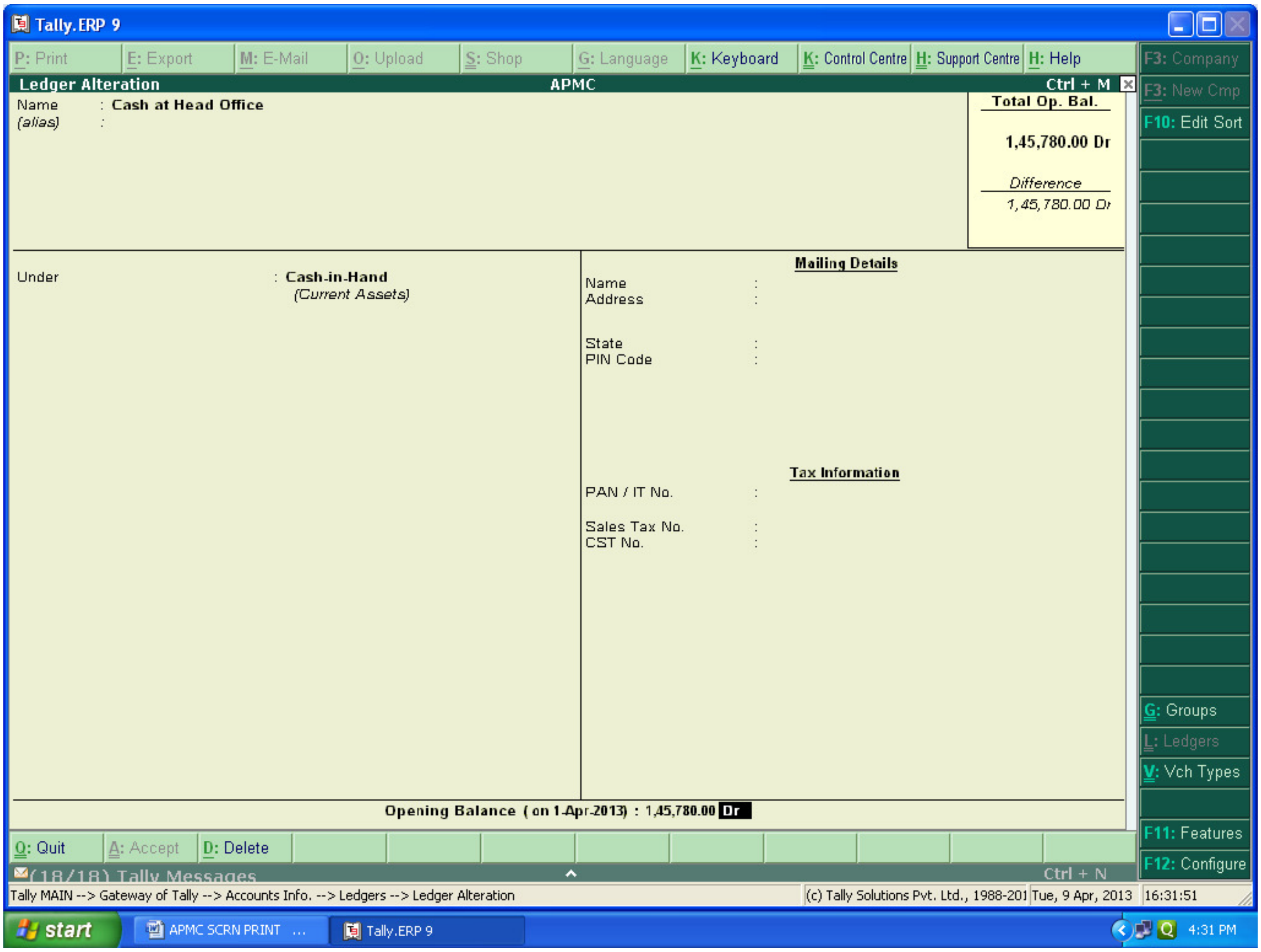
PATH : At Gateway of Tally

Accounts Info→Ledger→Alter→Cash in Hand.



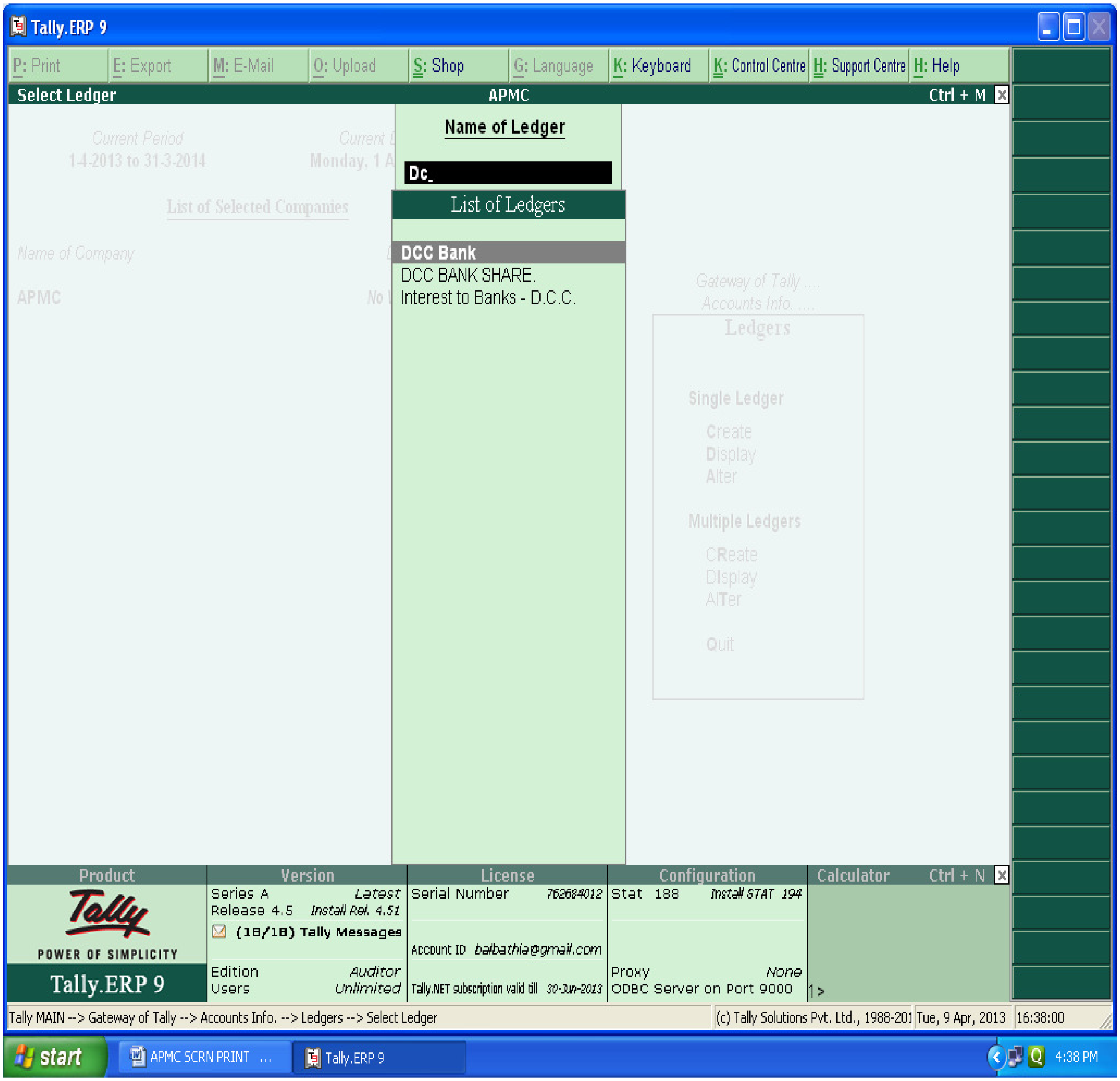
The opening Balances of all Balance Sheet items can be recorded by selecting the ledgers.

ENTER THE OPENING BALANCE AMOUNT :-

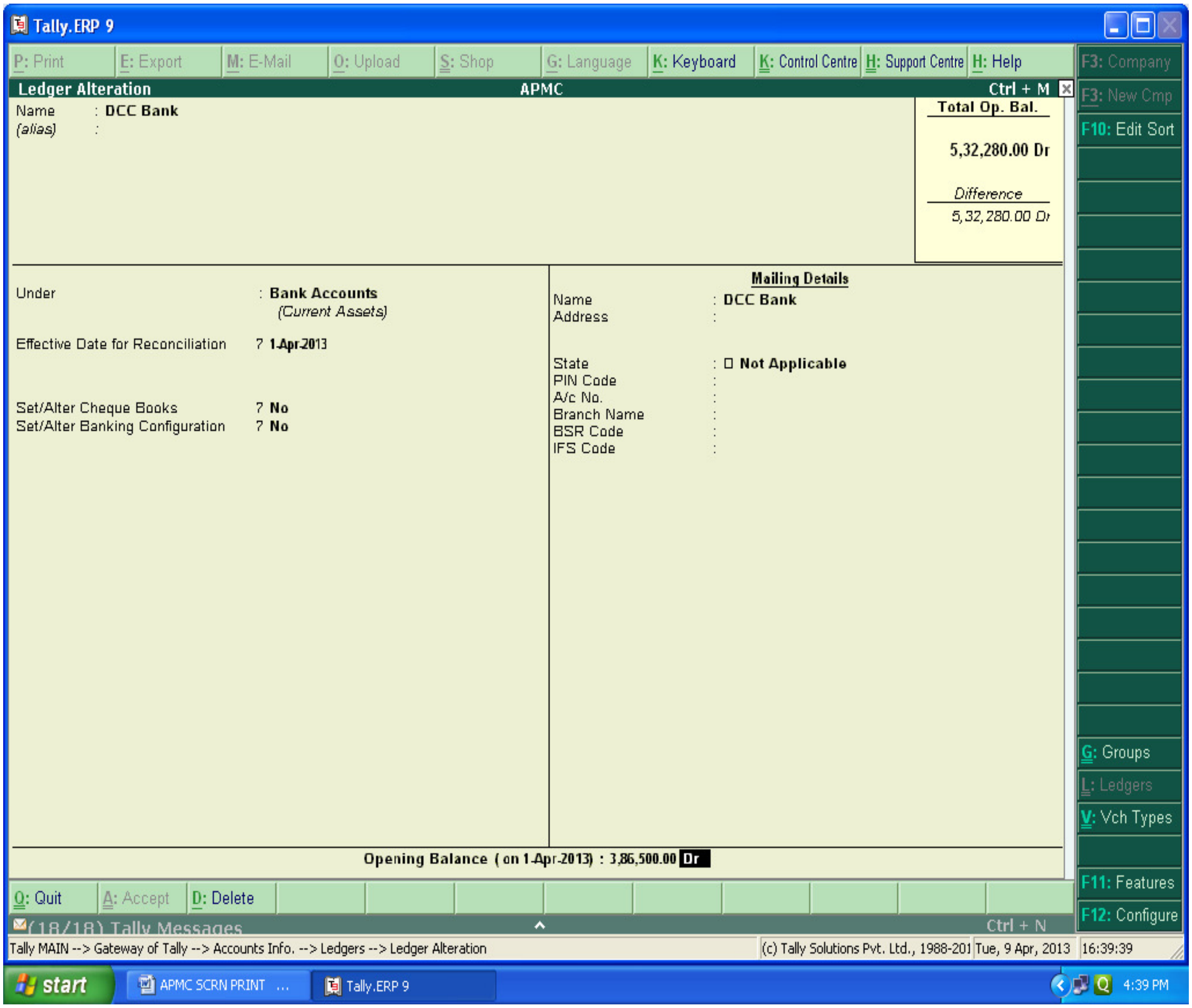


The Opening Balance as on 01-04-2013 can be feeded for all ledgers and it should be ensured that there is no difference in opening Balance in Tally.

PATH : Accounts info→Ledger→Alter→DCC BANK



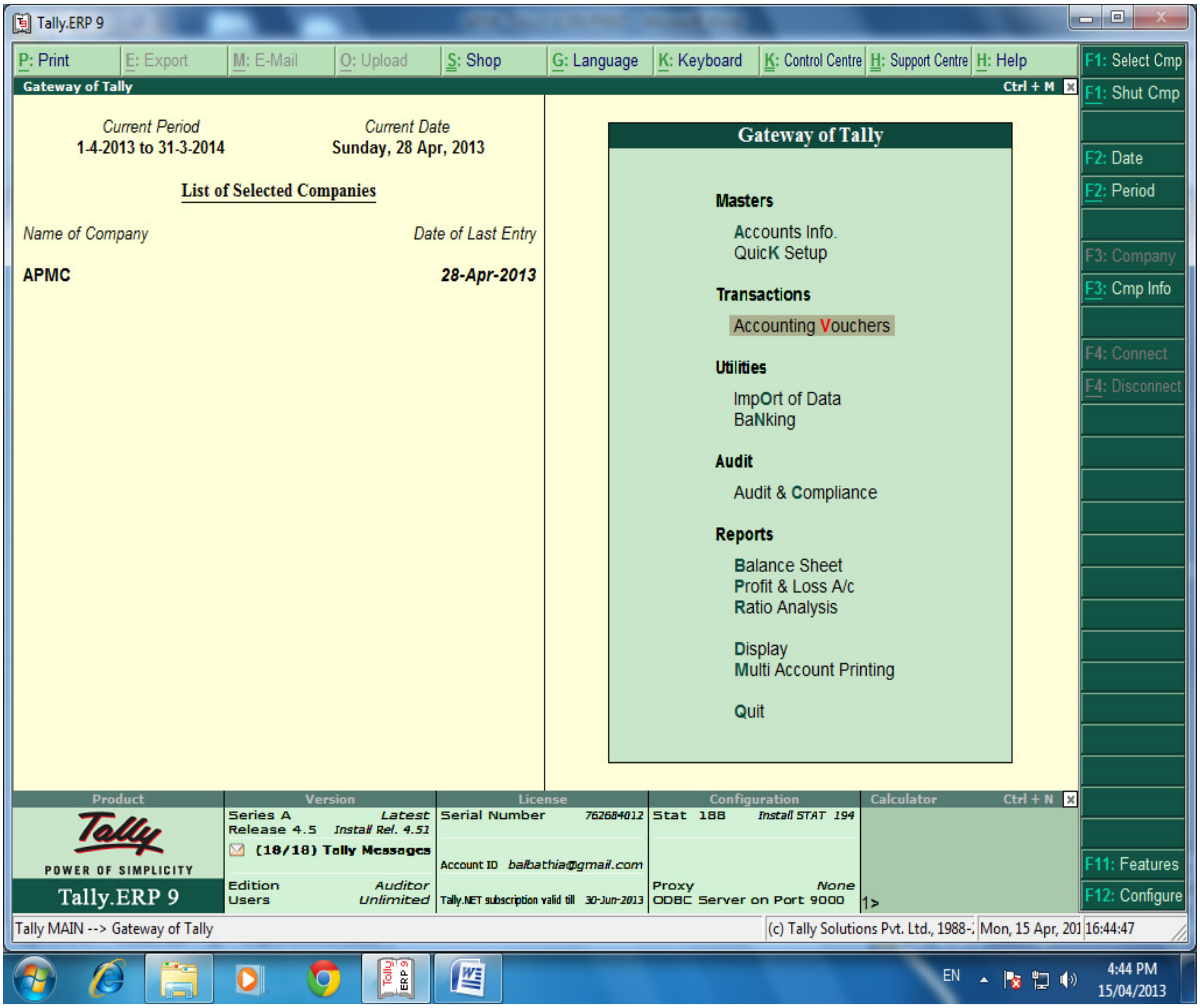
ENTERING THE OPENING BALANCE AMOUNT :-



The Closing balance as on 31.03.2013 as per audited statement of accounts can be recorded as opening balance as on 01.04.2013.

FOR MAKING ACCOUNTING ENTRIES :-

Select Accounting Vouchers



SELECT THE PROPER KEY AS PER REQUIREMENT :-

i) F4 – Contra : For any Deposit/Withdrawal of Cash from Bank. (Only Cash/Bank A/c are Debited / Credited in Contra entries.)

ii) F5 – Payment: For any Payment made weather cash /Cheque entry should be passed through Payment entry. (Only Cash/Bank A/c are Credited in Payment entry.)

iii) F6 – Receipt: For any Receipt weather in cash /Cheque entry should be passed through Receipt entry. (Only Cash/Bank A/c are Debited in receipt entry.)

iv) F7 – Journal : Other than Cash/Bank any entry can be passed through Journal entry. (Transactions where No Cash/Bank A/c are affected should be passed through Journal e.g. Year end Provisions entries).

v) F8 & F9 – Sales & Purchase Entries: For Trading Activities i.e Purchase & Sales of Goods, Entries should be passed through this keys.

SELECT F6 KEY FOR RECEIPT ENTRY : -

MAIN MARKET FEES RECEIPT.

For recording of any transactions, Rules of Accounting should be followed. E.g. At the time of recording Market receipt (Income) Nominal Accounts rules i.e. Credit the Incomes and Revenues.(Please refer above screen).

Summary of Transactions Should be mentioned in Narration Part.

In the above entry, please provide the details of Cheque Number, Name of the Bank, Branch etc which will facilitate Bank Reconciliation.

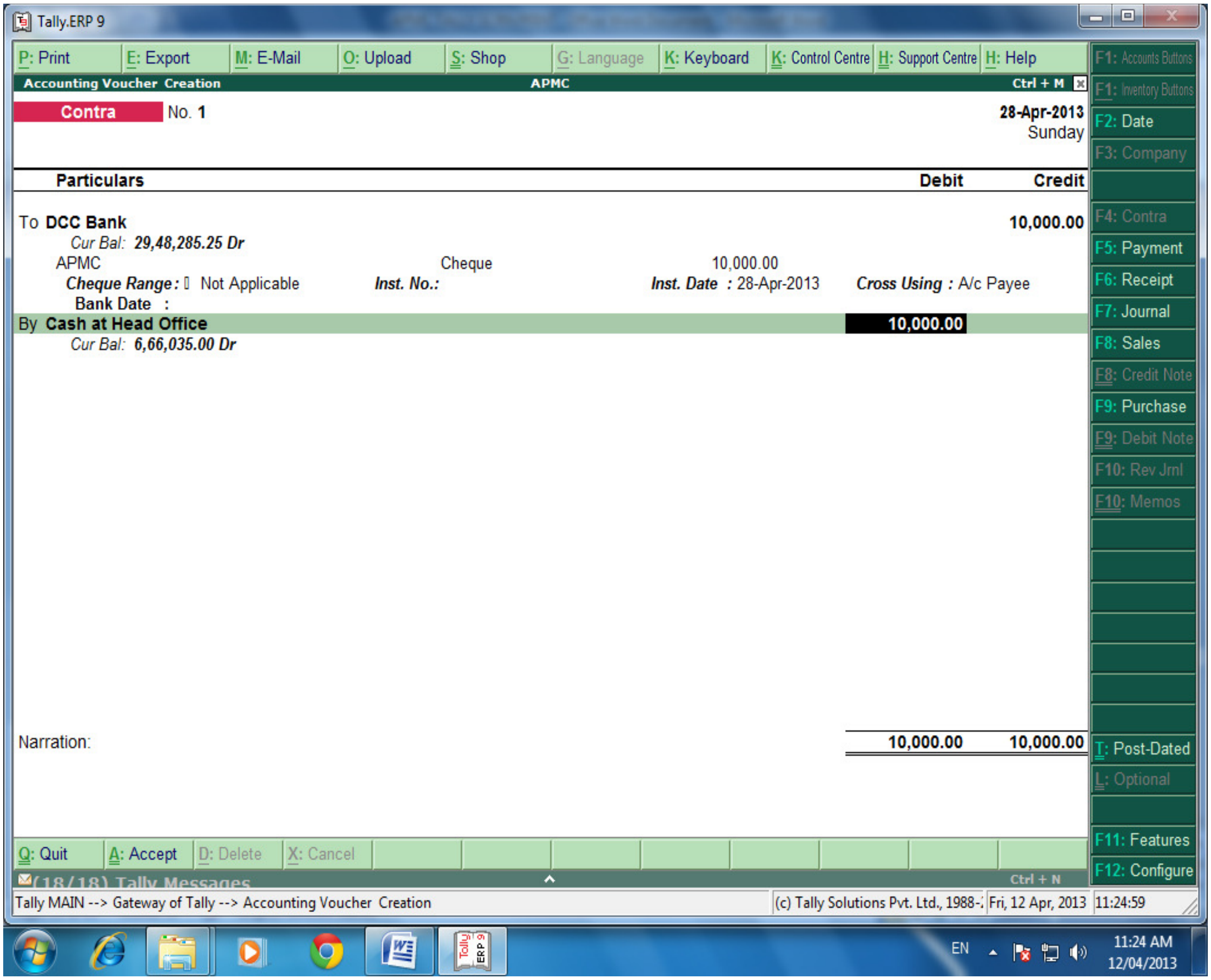
SUB MARKET FEES RECEIPT.

In the above entry , please provide the details of Cheque Number, Name of the Bank, Branch etc which will facilitate Bank Reconciliation.

SELECT F4 KEY FOR CONTRA ENTRY : -

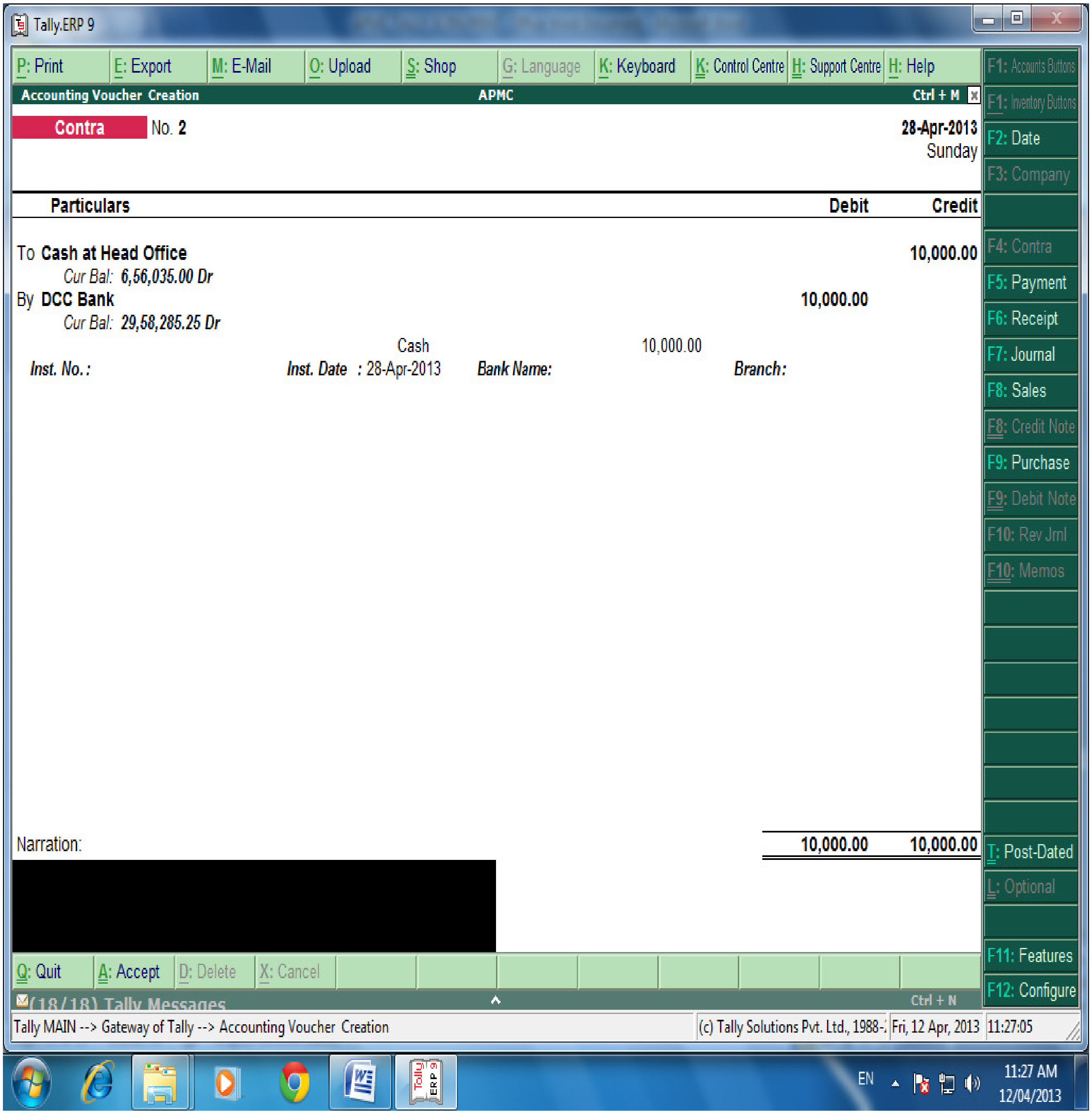
Contra entry :

Amount withdrawn from the Bank.



Contra entry :

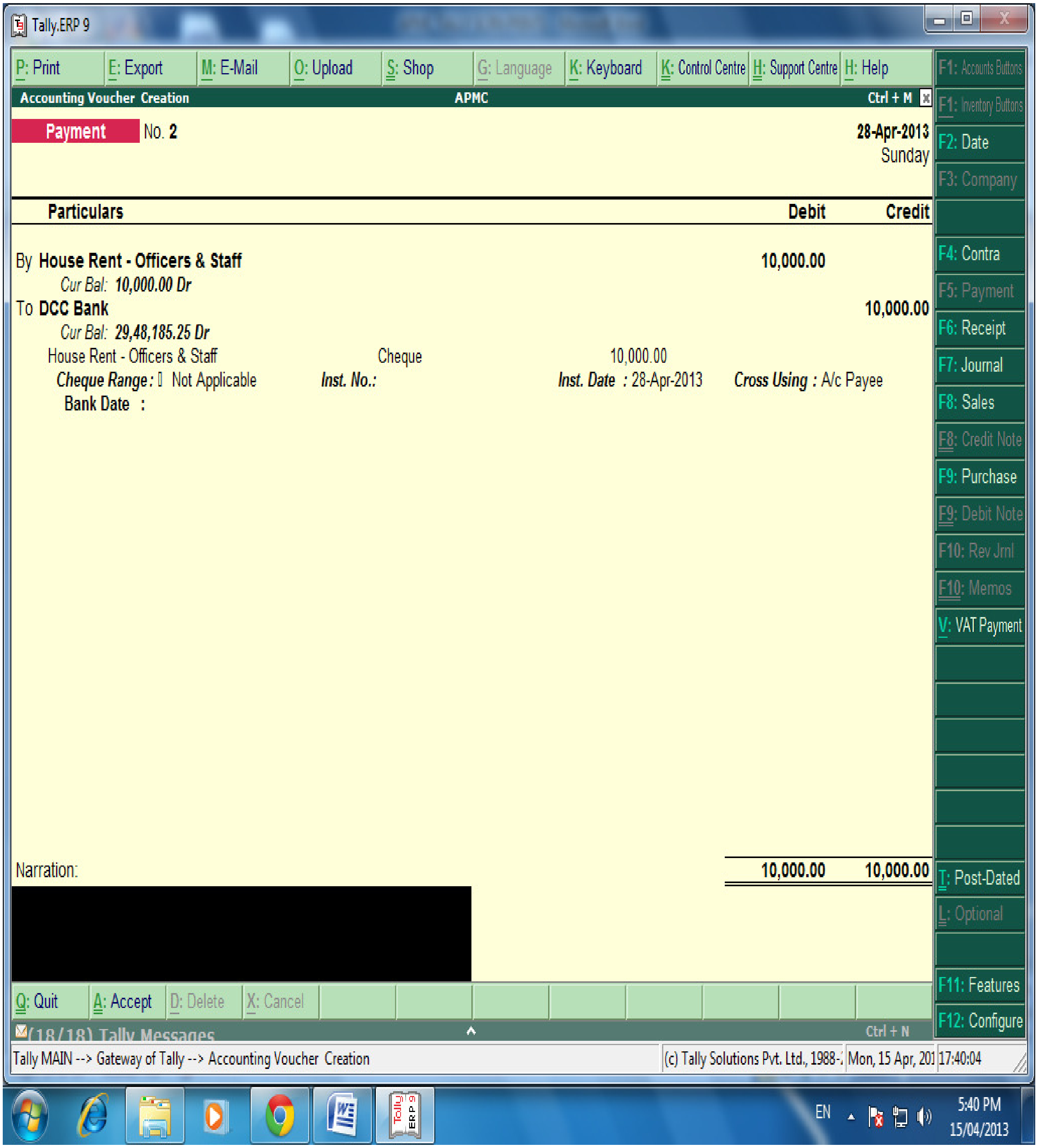
Amounts Deposit into the Bank.



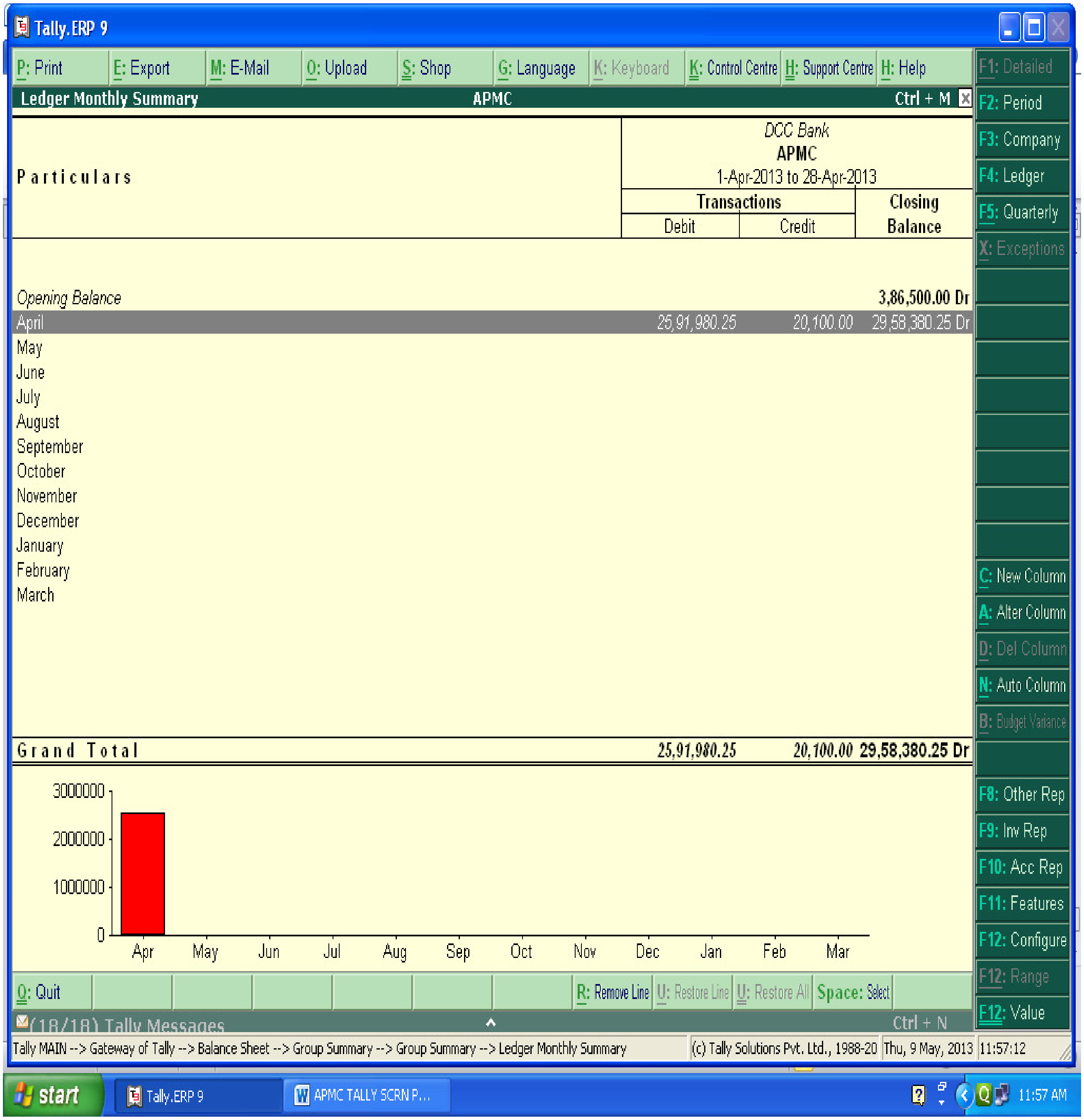
SELECT F5 KEY FOR PAYMENT ENTRY : -

Payment Entry :

Payment Entry :



BANKS MONTHLY EXTRACT :-



We can see the Total monthly Inflow and outflow (Dr.& Cr.) of a particular ledger and also can see the Monthly closing balance of the said ledger.

BANKING DETAILED TRANSACTIONS :-

Ledger Vouchers — APMC

Ledger: DCC Bank — 1-Apr-2013 to 30-Apr-2013

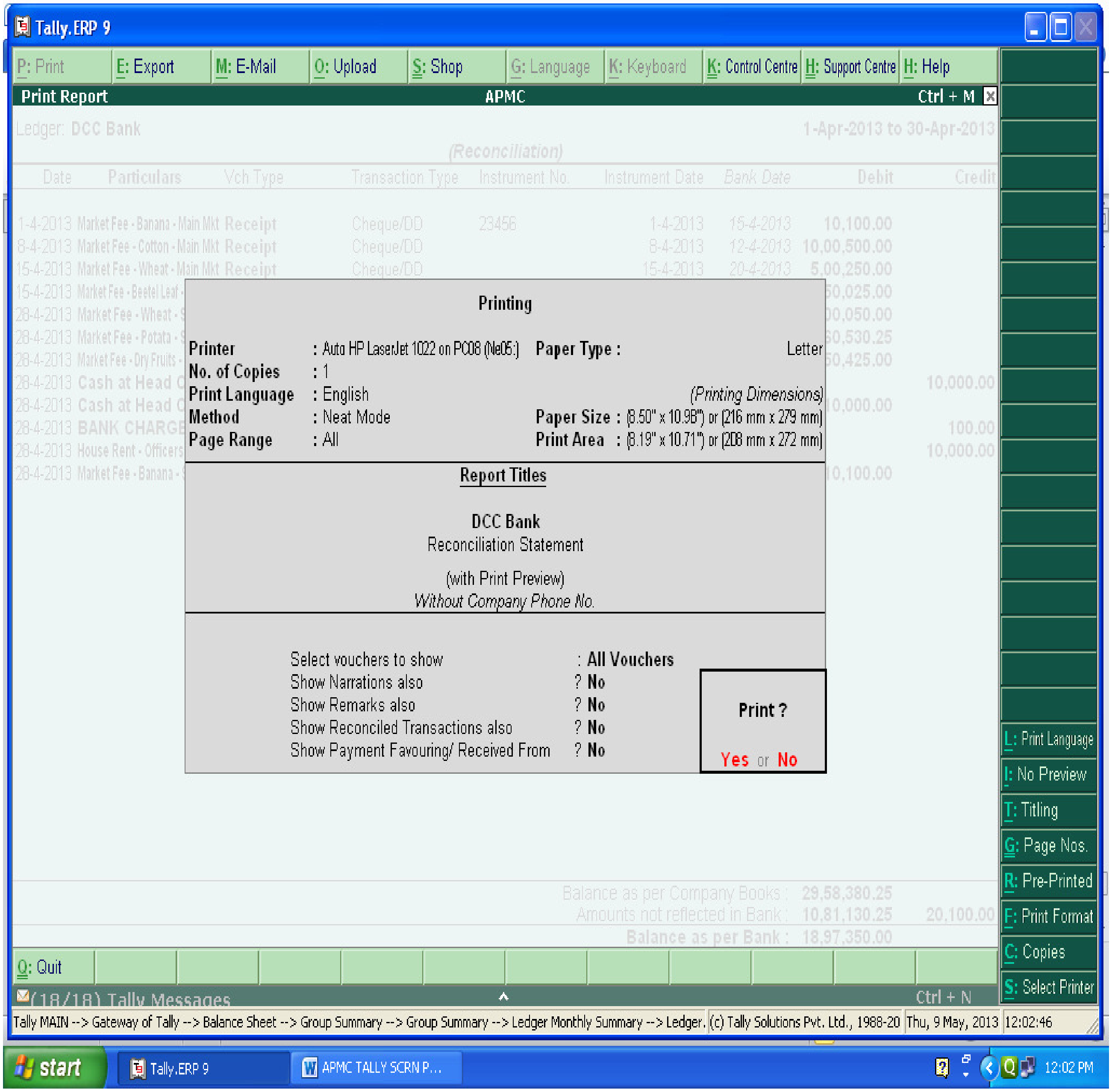
Date	Particulars		Vch Type	Vch No.	Debit	Credit
1-4-2013	(as per details)		Receipt	2	10,100.00	
	Market Fee - Banana - Main Mkt	10,000.00 Cr				
	Supervision Fee - Main Market	100.00 Cr				
8-4-2013	(as per details)		Receipt	3	10,00,500.00	
	Market Fee - Cotton - Main Mkt	10,00,000.00 Cr				
	Supervision Fee - Main Market	500.00 Cr				
15-4-2013	(as per details)		Receipt	4	5,00,250.00	
	Market Fee - Wheat - Main Mkt	5,00,000.00 Cr				
	Supervision Fee - Main Market	250.00 Cr				
15-4-2013	(as per details)		Receipt	5	50,025.00	
	Market Fee - Beetel Leaf - Sub Mkt	50,000.00 Cr				
	Supervision Fee - Sub Market	25.00 Cr				
28-4-2013	(as per details)		Receipt	8	1,00,050.00	
	Market Fee - Wheat - Sub Mkt	1,00,000.00 Cr				
	Supervision Fee - Sub Market	50.00 Cr				
28-4-2013	(as per details)		Receipt	9	60,530.25	
	Market Fee - Potata - Sub Mkt	60,500.00 Cr				
	Supervision Fee - Sub Market	30.25 Cr				
28-4-2013	(as per details)		Receipt	10	8,50,425.00	
	Market Fee - Dry Fruits - Sub Mkt	8,50,000.00 Cr				
	Supervision Fee - Sub Market	425.00 Cr				
28-4-2013	Cash at Head Office		Contra	1		10,000.00
28-4-2013	Cash at Head Office		Contra	2	10,000.00	
28-4-2013	BANK CHARGES		Payment	1		100.00
28-4-2013	House Rent - Officers & Staff		Payment	2		10,000.00
28-4-2013	(as per details)		Receipt	12	10,100.00	
						2 more ...
			Opening Balance :		3,86,500.00	
			Current Total :		25,91,980.25	20,100.00
			Closing Balance :		29,58,380.25	

After Entering Ledger Monthly Extract, We can get the detailed day wise Transactions.

PREPARING BANK RECONCIALTION STATEMENTS :-

For Preparing Bank Reconciliation , Press F5 Key and enter the Actual clearance date of cheque (Bank Date). From that we can get the difference and detail of amount which is not reflected in Bank account for current period.

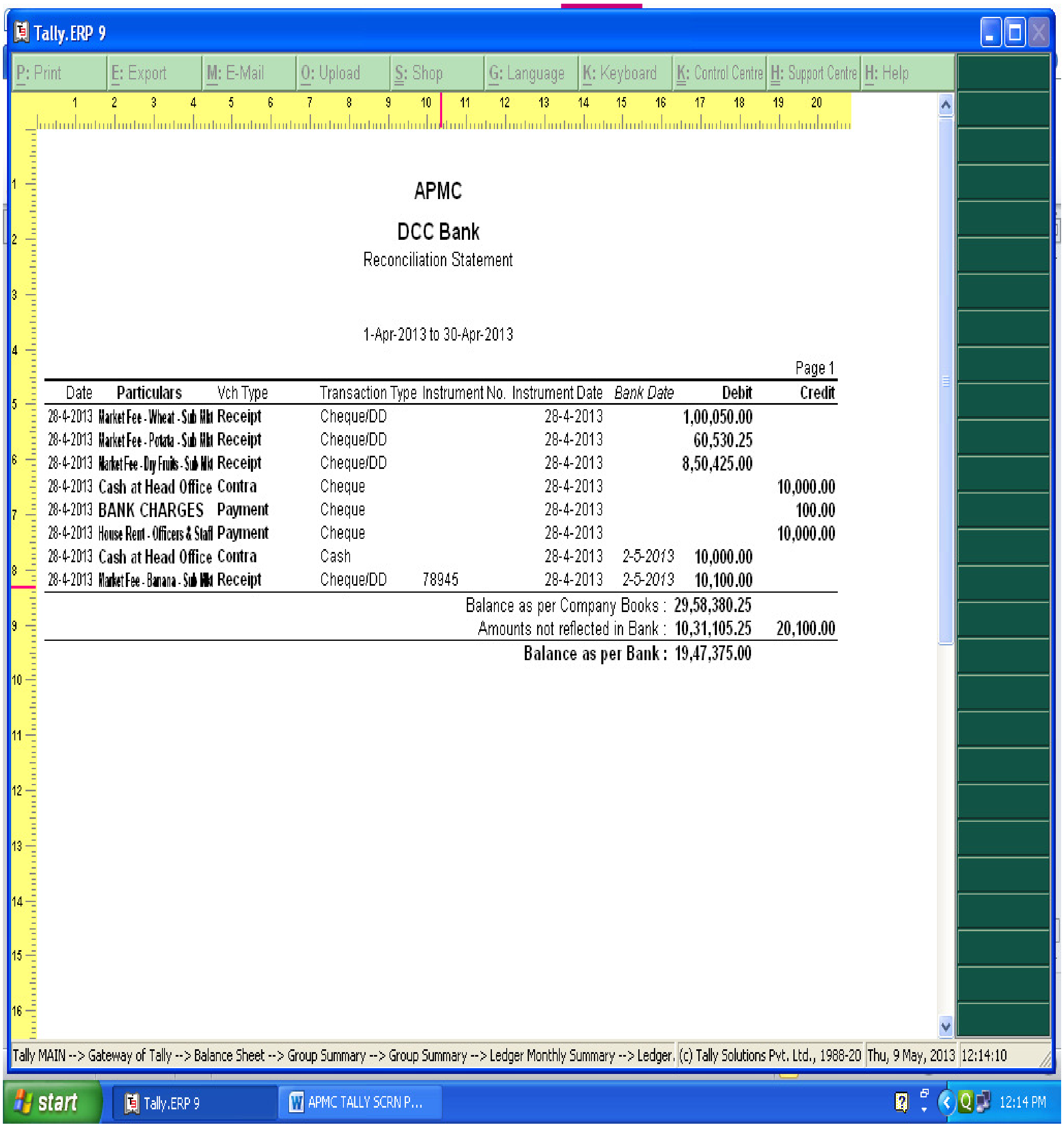
PRINTING OPTION :-



For Print of any page press Alt+P key and select the required detail: (Please see the above Right side screen). E.g.

- For Print Preview - Alt + I
- For Title Editing - Alt + T
- For No.of copies - Alt + C etc.

BANK RECONCIALATION STATEMENTS :-



APMC

DCC Bank

Reconciliation Statement

1-Apr-2013 to 30-Apr-2013

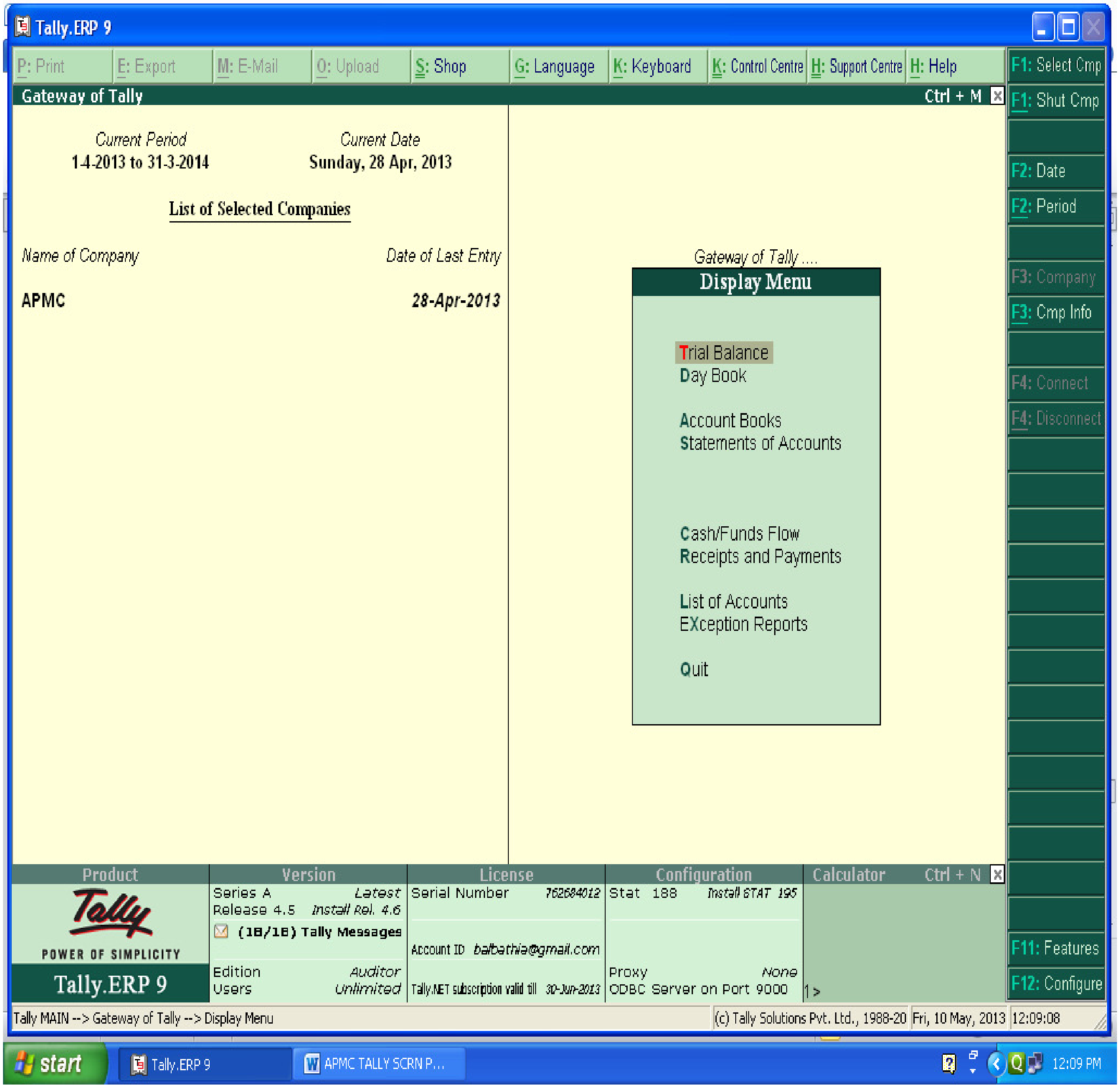
Page 1

Date	Particulars	Vch Type	Transaction Type	Instrument No.	Instrument Date	Bank Date	Debit	Credit
28-4-2013	Market Fee - Wheat - Sub Mkt	Receipt	Cheque/DD		28-4-2013		1,00,050.00	
28-4-2013	Market Fee - Potato - Sub Mkt	Receipt	Cheque/DD		28-4-2013		60,530.25	
28-4-2013	Market Fee - Dry Fruits - Sub Mkt	Receipt	Cheque/DD		28-4-2013		8,50,425.00	
28-4-2013	Cash at Head Office	Contra	Cheque		28-4-2013			10,000.00
28-4-2013	BANK CHARGES	Payment	Cheque		28-4-2013			100.00
28-4-2013	House Rent - Officers & Staff	Payment	Cheque		28-4-2013			10,000.00
28-4-2013	Cash at Head Office	Contra	Cash		28-4-2013	2-5-2013	10,000.00	
28-4-2013	Market Fee - Banana - Sub Mkt	Receipt	Cheque/DD	78945	28-4-2013	2-5-2013	10,100.00	
						Balance as per Company Books :	29,58,380.25	
						Amounts not reflected in Bank :	10,31,105.25	20,100.00
						Balance as per Bank :	19,47,375.00	

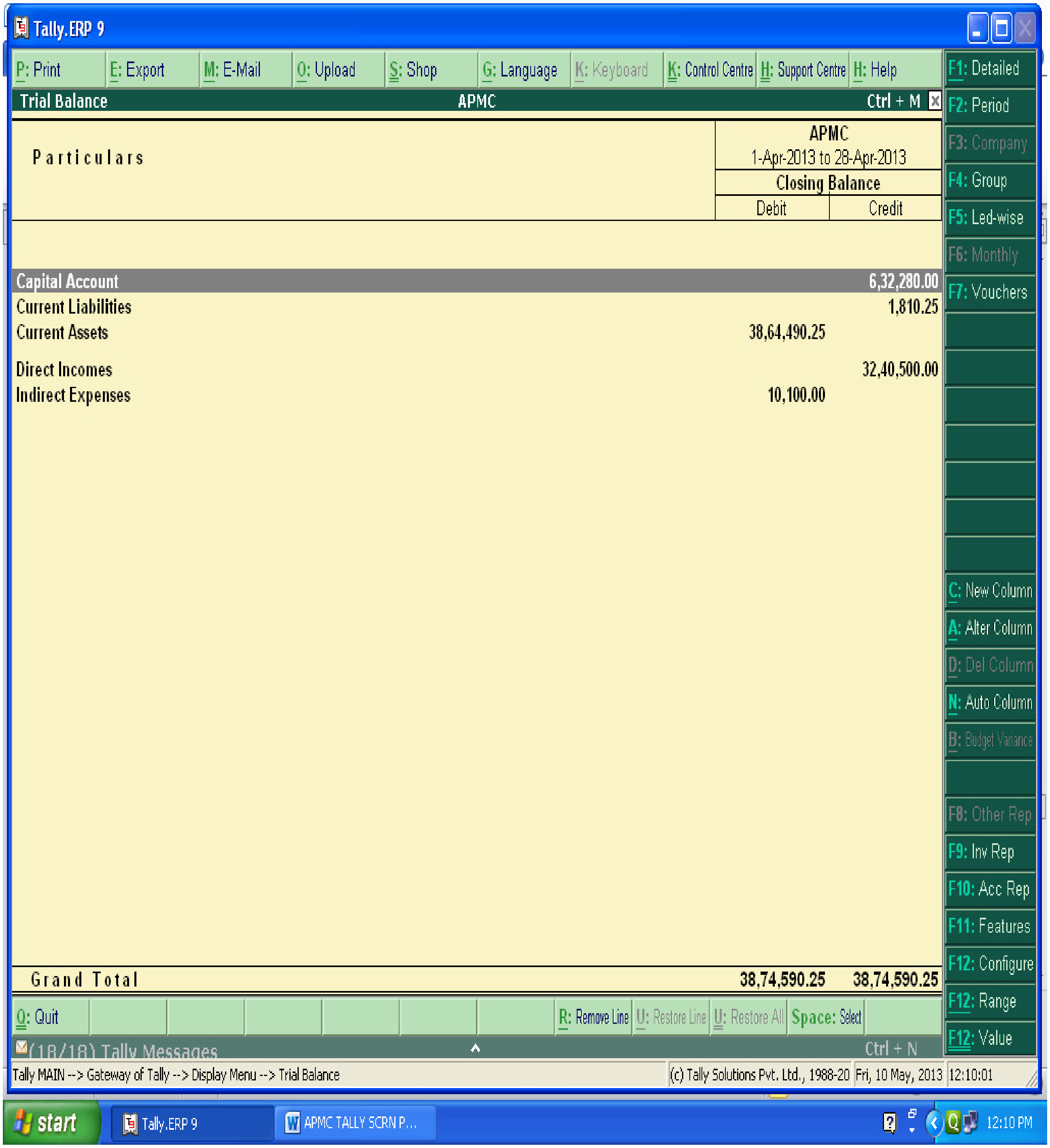
Bank Reconciliation can be prepared on the basis of Bank date and Date on which entries are recorded in tally. With the help of this BRS can be obtained on Real Time basis.

TRAIL BALANCE :-

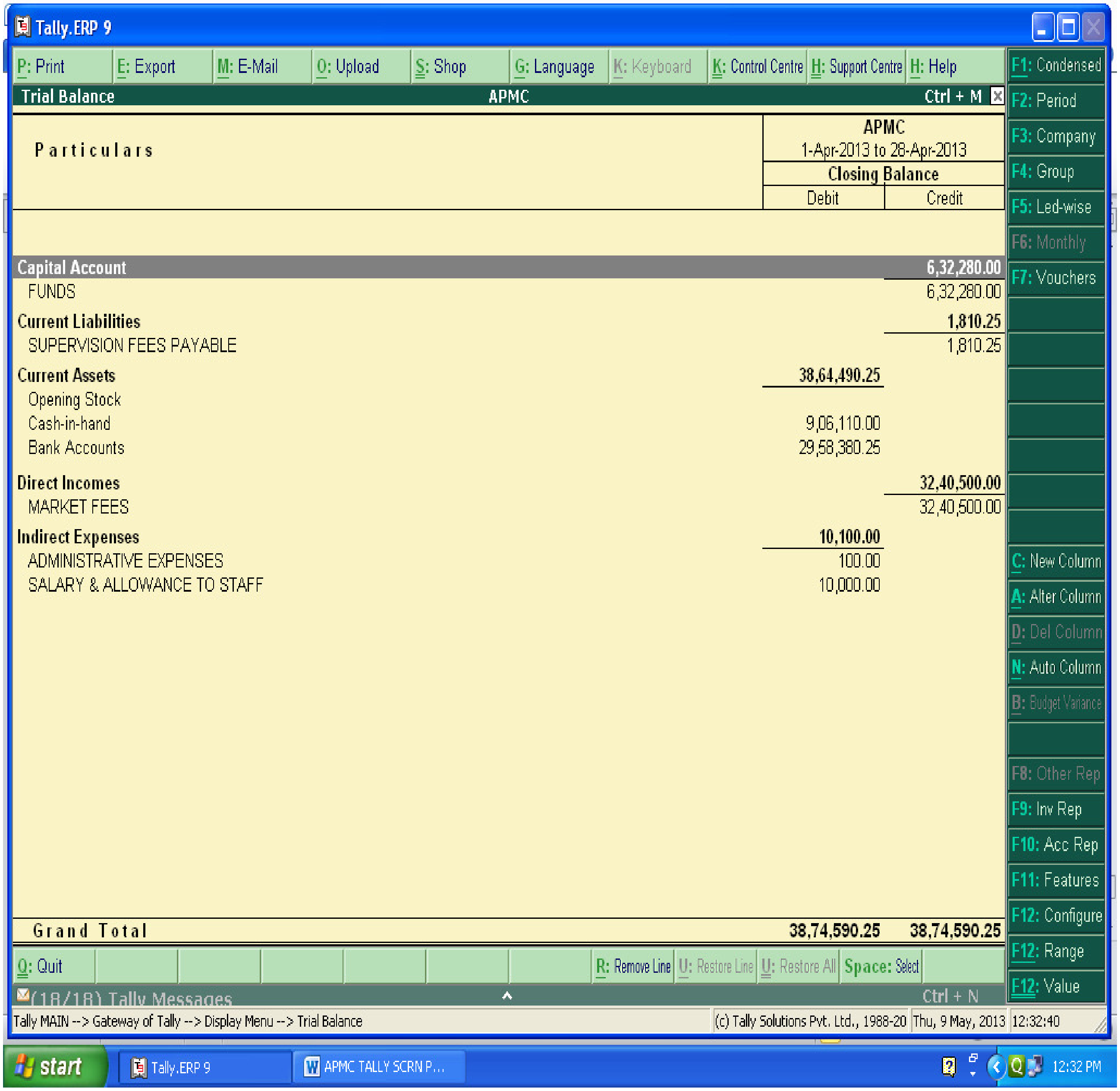
PATH- Gateway of Tally → Display → Trail Balance



Summerise Groupwise Closing Trail Balance:-

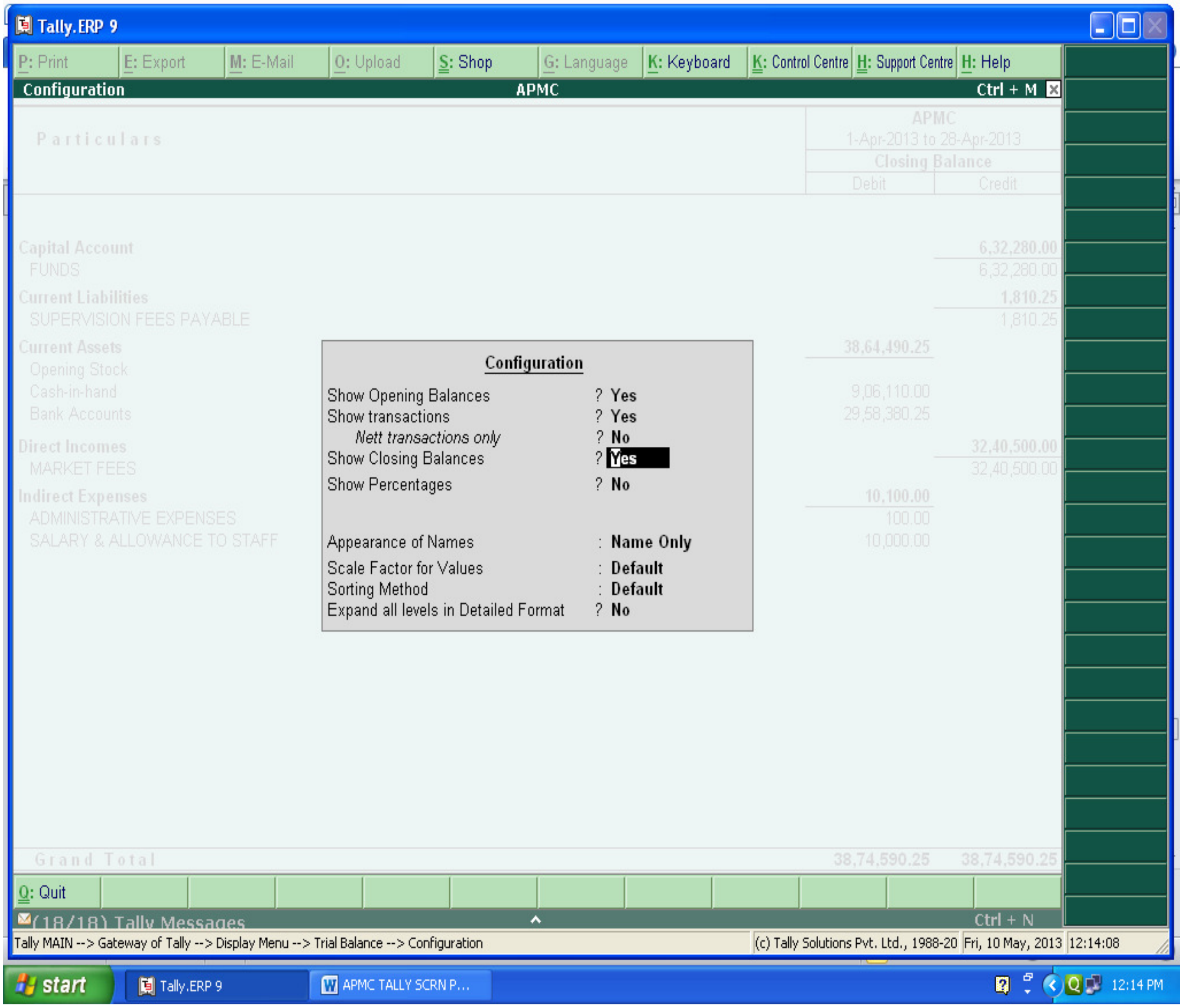


After Pressing Alt+F1 key, We will get the detailed trail Balance :-

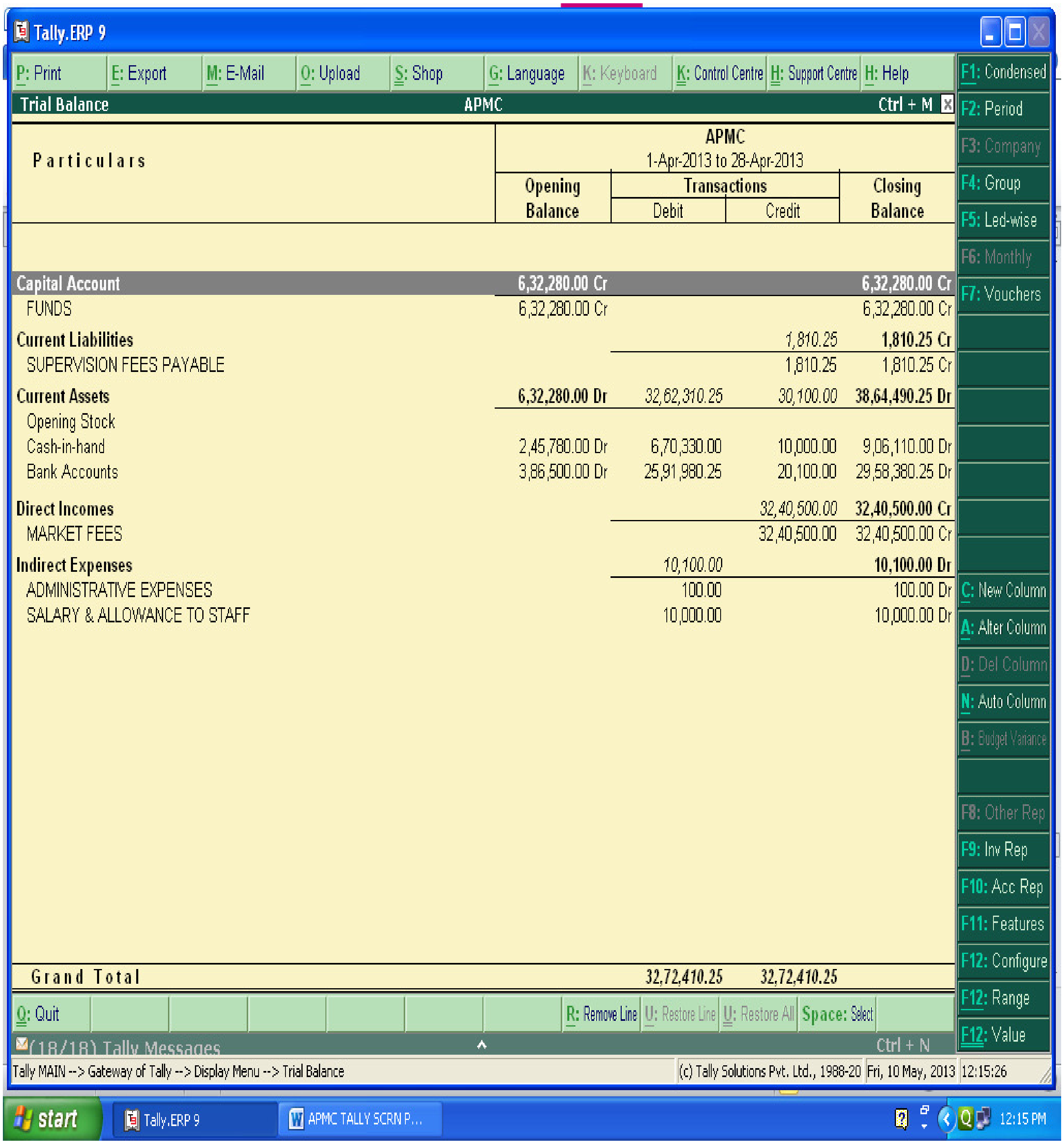


Particulars	APMC 1-Apr-2013 to 28-Apr-2013 Closing Balance Debit	Credit
Capital Account		**6,32,280.00**
FUNDS		6,32,280.00
Current Liabilities		**1,810.25**
SUPERVISION FEES PAYABLE		1,810.25
Current Assets	**38,64,490.25**	
Opening Stock		
Cash-in-hand	9,06,110.00	
Bank Accounts	29,58,380.25	
Direct Incomes		**32,40,500.00**
MARKET FEES		32,40,500.00
Indirect Expenses	**10,100.00**	
ADMINISTRATIVE EXPENSES	100.00	
SALARY & ALLOWANCE TO STAFF	10,000.00	
Grand Total	**38,74,590.25**	**38,74,590.25**

By Pressing F12 (Configuration), We can select Opening trail Balance Yes Option and can see the Opening Trail Balance also or Can see the transactions during the year also.



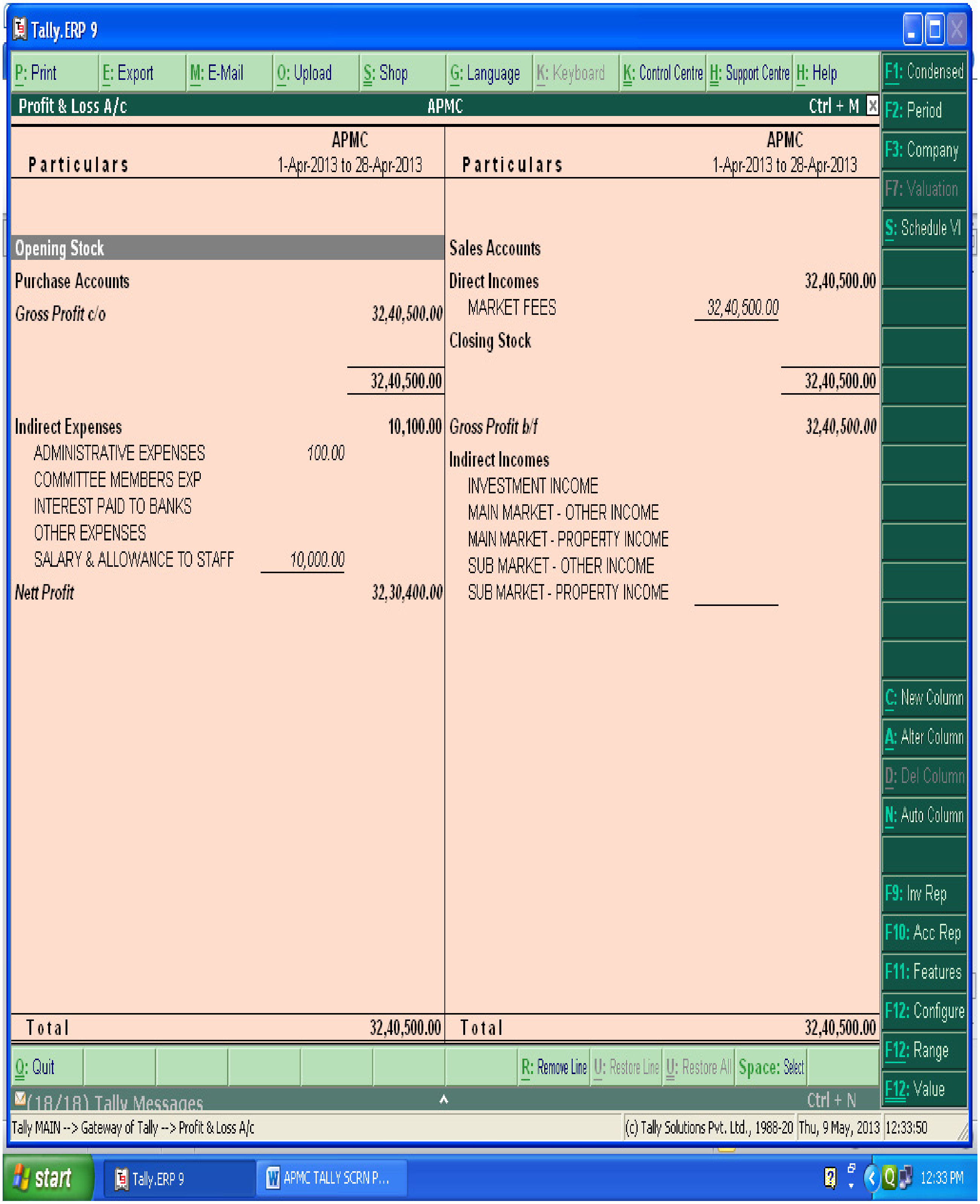
Can see the opening as well as Closing Trail Balance with Transactions During the year as per below screen :



Particulars	APMC 1-Apr-2013 to 28-Apr-2013 Opening Balance	Transactions Debit	Transactions Credit	Closing Balance
Capital Account	**6,32,280.00 Cr**			**6,32,280.00 Cr**
FUNDS	6,32,280.00 Cr			6,32,280.00 Cr
Current Liabilities			*1,810.25*	**1,810.25 Cr**
SUPERVISION FEES PAYABLE			1,810.25	1,810.25 Cr
Current Assets	**6,32,280.00 Dr**	*32,62,310.25*	*30,100.00*	**38,64,490.25 Dr**
Opening Stock				
Cash-in-hand	2,45,780.00 Dr	6,70,330.00	10,000.00	9,06,110.00 Dr
Bank Accounts	3,86,500.00 Dr	25,91,980.25	20,100.00	29,58,380.25 Dr
Direct Incomes			*32,40,500.00*	**32,40,500.00 Cr**
MARKET FEES			32,40,500.00	32,40,500.00 Cr
Indirect Expenses		*10,100.00*		**10,100.00 Dr**
ADMINISTRATIVE EXPENSES		100.00		100.00 Dr
SALARY & ALLOWANCE TO STAFF		10,000.00		10,000.00 Dr
Grand Total		32,72,410.25	32,72,410.25	

PROFIT & LOSS A/C IN TALLY :-

PATH- Gateway of Tally → Display → Profit & Loss A/c

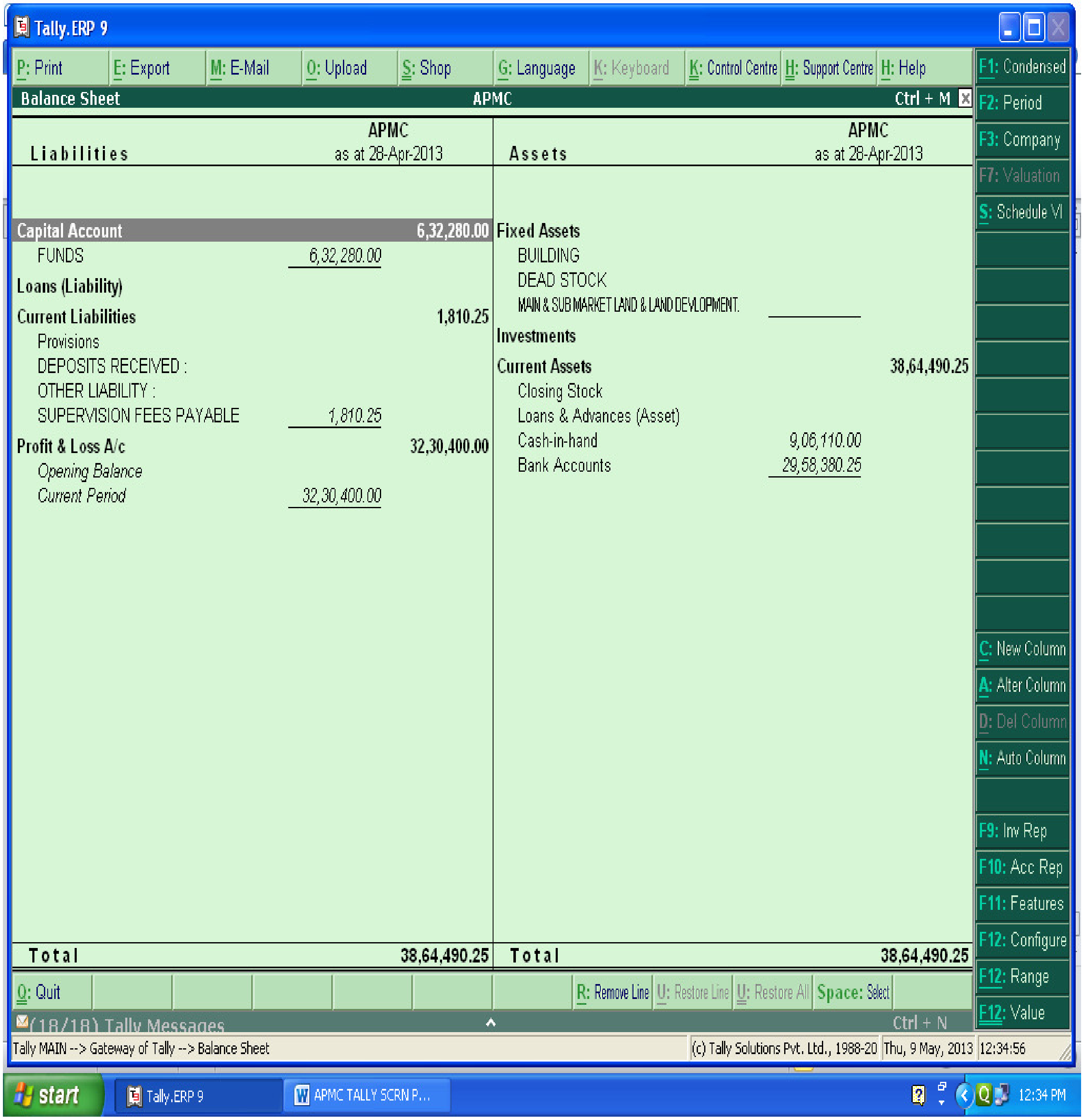


Profit & Loss A/c — APMC — Ctrl + M

Particulars		APMC 1-Apr-2013 to 28-Apr-2013	Particulars		APMC 1-Apr-2013 to 28-Apr-2013
Opening Stock			Sales Accounts		
Purchase Accounts			Direct Incomes		32,40,500.00
Gross Profit c/o		*32,40,500.00*	MARKET FEES	*32,40,500.00*	
			Closing Stock		
		32,40,500.00			32,40,500.00
Indirect Expenses		10,100.00	*Gross Profit b/f*		*32,40,500.00*
ADMINISTRATIVE EXPENSES	*100.00*		Indirect Incomes		
COMMITTEE MEMBERS EXP			INVESTMENT INCOME		
INTEREST PAID TO BANKS			MAIN MARKET - OTHER INCOME		
OTHER EXPENSES			MAIN MARKET - PROPERTY INCOME		
SALARY & ALLOWANCE TO STAFF	*10,000.00*		SUB MARKET - OTHER INCOME		
Nett Profit		*32,30,400.00*	SUB MARKET - PROPERTY INCOME		
Total		32,40,500.00	**Total**		32,40,500.00

BALANCE SHEET IN TALLY :-

PATH- Gateway of Tally → Display → Balance Sheet



SHORTCUT KEYS IN TALLY :-

Windows	*Functionality*	*Availability*
F1	To select a company To select Accounts Button and inventory Buttons	At all masters menu screen At the Accounting / Inventory vouchers creation and alteration screen
F2	To change the menu period	To change the menu period
F3	To select the company	To change the menu period
F4	To select the Contra voucher	At Accounting / Inventory Voucher creation and alteration screen
F5	To select the Payment voucher	At Accounting / Inventory Voucher creation and alteration screen
F6	To select the Receipt voucher	At Accounting / Inventory Voucher creation and alteration screen
F7	To select the Journal voucher	At Accounting / Inventory Voucher creation and alteration screen
F8	To select the Sales voucher	At Accounting / Inventory Voucher creation and alteration screen
(CTRL+F8)	To select the Credit Note voucher	At Accounting / Inventory Voucher creation and alteration screen
F9	To select the Purchase voucher	At Accounting / Inventory Voucher creation and alteration screen
(CTRL + F9)	To select the Debit Note voucher	At Accounting / Inventory Voucher creation and alteration screen
F10	To select the Reversing Journal voucher	At Accounting / Inventory Voucher creation and alteration screen

F10	To select the Memorandum voucher	At Accounting / Inventory Voucher creation and alteration screen
F11	To select the Functions and Features screen	At almost all screens in TALLY
F12	To select the Configure screen	At almost all screens in TALLY
ALT + 2	To Duplicate a voucher	At List of Vouchers – creates a voucher similar to the one where you positioned the cursor and used this key combination
ALT + A	To Add a voucher	At List of Vouchers – adds a voucher after the one where you positioned the cursor and used this key combination.
ALT + C	To create a master at a voucher screen (if it has not been already assigned a different function, as in reports like Balance Sheet, where it adds a new column to the report)	At voucher entry and alteration screens, at a field where you have to select a master from a list. If the necessary account has not been created already, use this key combination to create the master without quitting from the voucher screen.
ALT + D	To delete a voucher To delete a master (if it has not been already assigned a different function, as explained above)	At Voucher and Master (Single) alteration screens. Masters can be deleted subject to conditions, as explained in the manual.
ALT + C	To create a master at a voucher screen (if it has not been already assigned a different function, as in reports like Balance Sheet, where it adds a new column to the report)	At voucher entry and alteration screens, at a field where you have to select a master from a list. If the necessary account has not been created already, use this key combination to create the master without quitting from the voucher screen.

ALT + D	To delete a voucher To delete a master (if it has not been already assigned a different function, as explained above)	At Voucher and Master (Single) alteration screens. Masters can be deleted subject to conditions, as explained in the manual.
ALT + E	To export the report in ASCII, SDF, HTML OR XML format	At all reports screens in TALLY
ALT + I	To insert a voucher	At List of Vouchers – inserts a voucher before the one where you positioned the cursor and used this key combination.
ALT + R	To remove a line in a report	At all reports screens in TALLY
ALT + S	To bring back a line you removed using ALT + R	At all reports screens in TALLY
ALT + X	To cancel a voucher in Day Book/List of Vouchers	At all voucher screens in TALLY
CTRL + A	To accept a form – wherever you use this key combination, that screen or report gets accepted as it is.	At almost all screens in TALLY, except where a specific detail has to be given before accepting.