EAGLE TRAINING ACADEMY

TALLY NOTES

vijayalakshmi

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INTRODUCTION TO ACCOUNTING:

Purpose of maintaining accounting:

- Accounting is a systematic recording of transactions.
- It helps to arrive at the profit / loss of the business operations
- It helps to arrive at the financial position of the organization. It is represented in the form of balance sheet, with assets and liabilities.

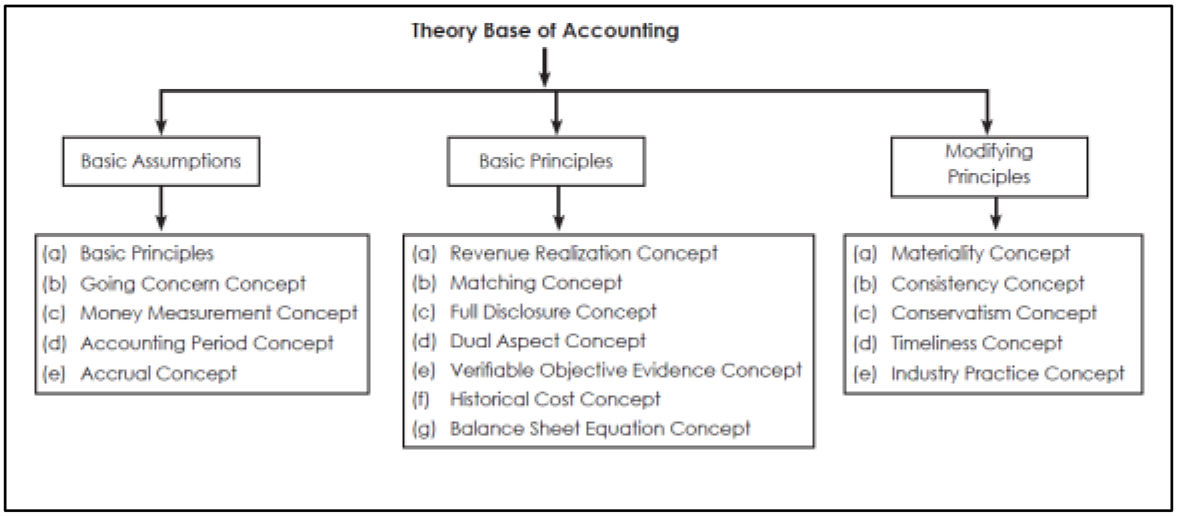
Basic accounting terms:

TERM	BRIEF EXPLANATION
Transaction	It means an event or a business activity which involves exchange of money or money's worth between parties.
Goods/Services	These are tangible article or commodity in which a business deals. These articles or commodities are either bought and sold or produced and sold.
Purchase	Some good bought for resale
Sales	Sale of goods in the course of business.
Profit	The excess of Revenue Income over expense is called profit. It could be calculated for each transaction or for business as a whole.
Loss	The excess of expense over income is called loss. It could be calculated for each transaction or for business as a whole.
Asset	Asset is a resource owned by the business with the purpose of using it for generating future profits.
Current Assets	– An asset shall be classified as Current when it satisfies any of the following: (a) It is expected to be realised in, or is intended for sale or consumption in the Company's normal Operating Cycle, (b) It is held primarily for the purpose of being traded, (c) It is due to be realised within 12 months after the Reporting Date, or (d) It is Cash or Cash Equivalent unless it is restricted from being exchanged or used to settle a Liability for at least 12 months after the Reporting Date.
Non-Current Assets	All other Assets shall be classified as Non-Current Assets. e.g. Machinery held for long term etc.
Liability	It is an obligation of financial nature to be settled at a future date.

Current Liabilities	A liability shall be classified as Current when it satisfies any of the following: (a) It is expected to be settled in the Company's normal Operating Cycle, (b) It is held primarily for the purpose of being traded, (c) It is due to be settled within 12 months after the Reporting Date, or (d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date (Terms of a Liability that could, at the option of the counterparty, result in its settlement by the issue of Equity Instruments do not affect its classification)
Non-Current Liabilities	All other Liabilities shall be classified as Non-Current Liabilities. E.g. Loan taken for 5 years, Debentures issued etc.
Internal Liability	These represent proprietor's equity, i.e. all those amount which are entitled to the proprietor, e.g., Capital, Reserves, Undistributed Profits, etc.
Capital	It is amount invested in the business by its owners. It may be in the form of cash, goods, or any other asset which the proprietor or partners of business invest in the FUNDAMENTALS OF ACCOUNTING 10 business activity.
Drawings	It represents an amount of cash, goods or any other assets which the owner withdraws from business for his or her personal use.
Net worth	It represents excess of total assets over total liabilities of the business.
Non-current Investments	Non-current Investments are investments which are held beyond the current period as to sale or disposal. e. g. Fixed Deposit for 5 years.
Sundry Debtor	The sum total or aggregate of the amounts which the customer owe to the business for purchasing goods on credit or services rendered or in respect of other contractual obligations, is known as Sundry Debtors or Trade Debtors, or Trade Payable, or Book-Debts or Debtors.
Sundry Creditors	A creditor is a person to whom the business owes money or money's worth. e.g. money payable to supplier of goods or provider of service. Creditors are generally classified as Current Liabilities.
Capital Expenditure	This represents expenditure incurred for the purpose of acquiring a fixed asset which is intended to be used over long term for earning profits there from. e. g. amount paid to buy a computer for office use is a capital expenditure. At times expenditure may be incurred for enhancing the production capacity of the machine. This also will be a capital expenditure. Capital expenditure forms part of the Balance sheet

Revenue expenditure	This represents expenditure incurred to earn revenue of the current period.
Balance Sheet	It is the statement of financial position of the business entity on a particular date. It lists all assets, liabilities and capital.
Profit and Loss Account or Income Statement	This account shows the revenue earned by the business and the expenses incurred by the business to earn that revenue.

Theory base of accounting:



Understanding the theory frame work of accounting will be helpful in understanding accounts.

CONCEPT	EXPLANATION
Business Entity Concept	This concept explains that the business is distinct from the proprietor. Thus, the transactions of business only are to be recorded in the books of business
Going Concern Concept	This concept assumes that the business has a perpetual succession or continued existence.
Money Measurement Concept	According to this concept only those transactions which are expressed in money terms are to be recorded in accounting books
The Accounting Period Concept	Accounting period starts from April and end with subsequent year march. Accounting the transaction for a period helps in evaluating the performance of the organization
The Accrual Concept	The accrual concept is based on recognition of both cash and credit transactions. In case of a cash transaction, owner‘s equity is instantly affected as cash either is received or paid. In a credit transaction,

	however, a mere obligation towards or by the business is created.
Realization Concept	This concept speaks about recording of only those transactions which are actually realized. For example Sale or Profit on sales will be taken into account only when money is realized i.e. either cash is received or legal ownership is transferred.
Matching Concept	It is referred to as matching of expenses against incomes. It means that all incomes and expenses relating to the financial period to which the accounts relate should be taken in to account without regard to the date of receipts or payment.
Full Disclosure Concept	As per this concept, all significant information must be disclosed.
Duality Concept	According to this concept every transaction has two aspects i.e. the benefit receiving aspect and benefit giving aspect. These two aspects are to be recorded in the books of accounts
Verifiable Objective Evidence Concept	Under this principle, accounting data must be verified. In other words, documentary evidence of transactions must be made which are capable of verification by an independent respect
Historical Cost Concept	Business transactions are always recorded at the actual cost at which they are actually undertaken.
Balance Sheet Equation Concept	Under this principle, all which has been received by us must be equal to that has been given by us and needless to say that receipts are clarified as debits and giving is clarified as credits. Debit = Credit, Expenses+assets=Income+liability, THEN Asset = Liabilities or, Asset = Equity + External Liabilities
The Concept of Materiality	The materiality could be related to information, amount, procedure and nature. Error in description of an asset or wrong classification between capital and revenue would lead to materiality of information. Say, If postal stamps of ` 500 remain unused at the end of accounting period, the same may not be considered for recognizing as inventory on account of materiality of amount. (Small amount with respect to the transactions of the amount)
Consistency Concept	This Concept says that the Accounting practices should not change or must remain unchanged over a period of several years

Conservatism Concept	Conservatism concept states that when alternative valuations are possible, one should select the alternative which fairly represents economic substance of transactions but when such choice is not clear select the alternative that is least likely to overstate net assets and net income.
Timeliness Concept	Under this principle, every transaction must be recorded in proper time. Normally, when the transaction is made, the same must be recorded in the proper books of accounts.
Industry Practice	As that are different types of industries, each industry has its own characteristics and features. There may be seasonal industries also. Every industry follows the principles and assumption of accounting to perform their own activities.

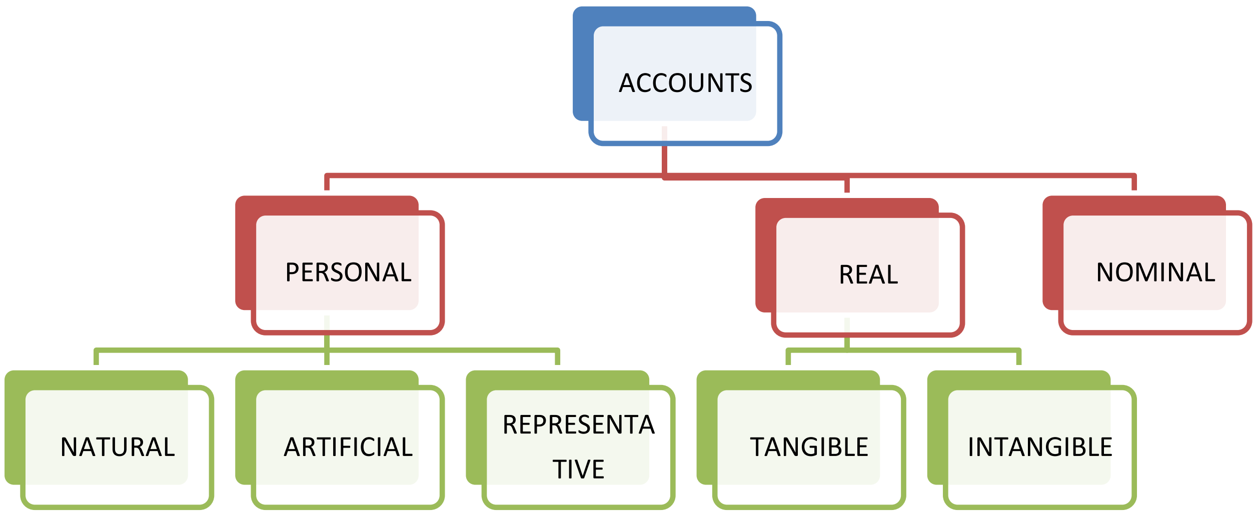
Method of passing Journal entry:

Doule entry system:

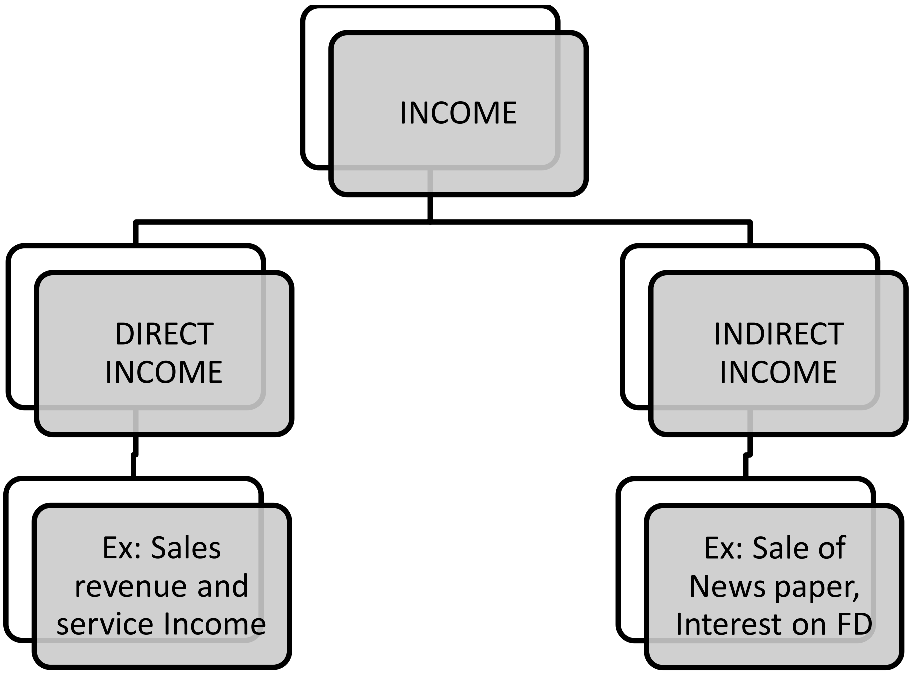
The accounting system that we follow is doubt entry system.

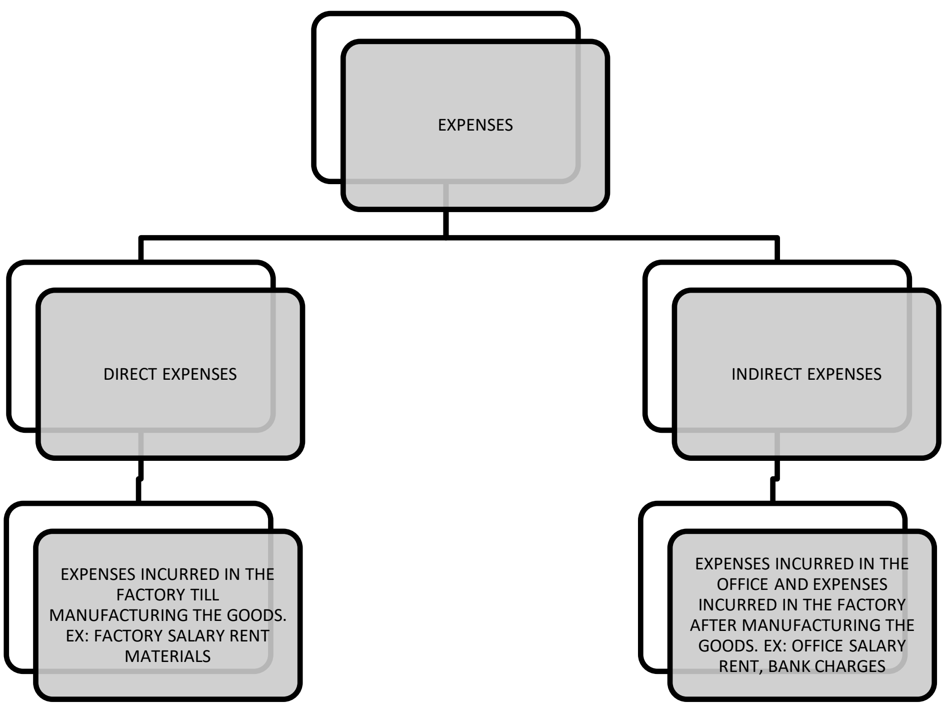
- EVERY TRANSACTIONS HAS 2 FOLD ASPECTS
- ONE IS BENEFIT RECEIVING ASPECT
- ANOTHER IS BENEFIT GIVING ASPECT
- ONE IS TO BE DEBITED AND ANOTHER IS TO BE CREDITED
- EVERY DEBIT MUST HAVE ITS CORRESPONDING AND EQUAL CREDIT

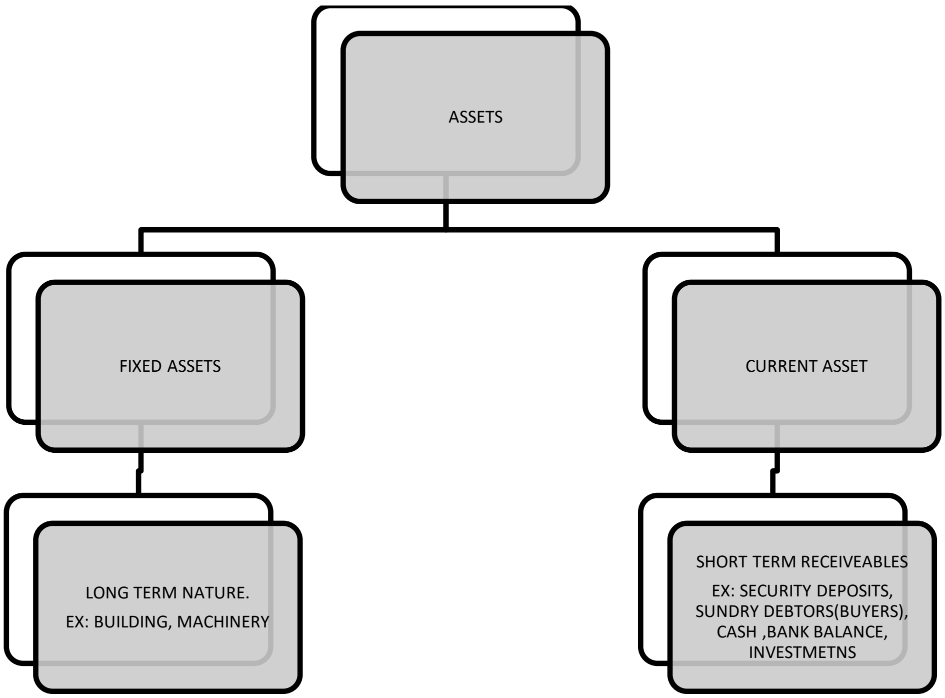
Types of accounts:

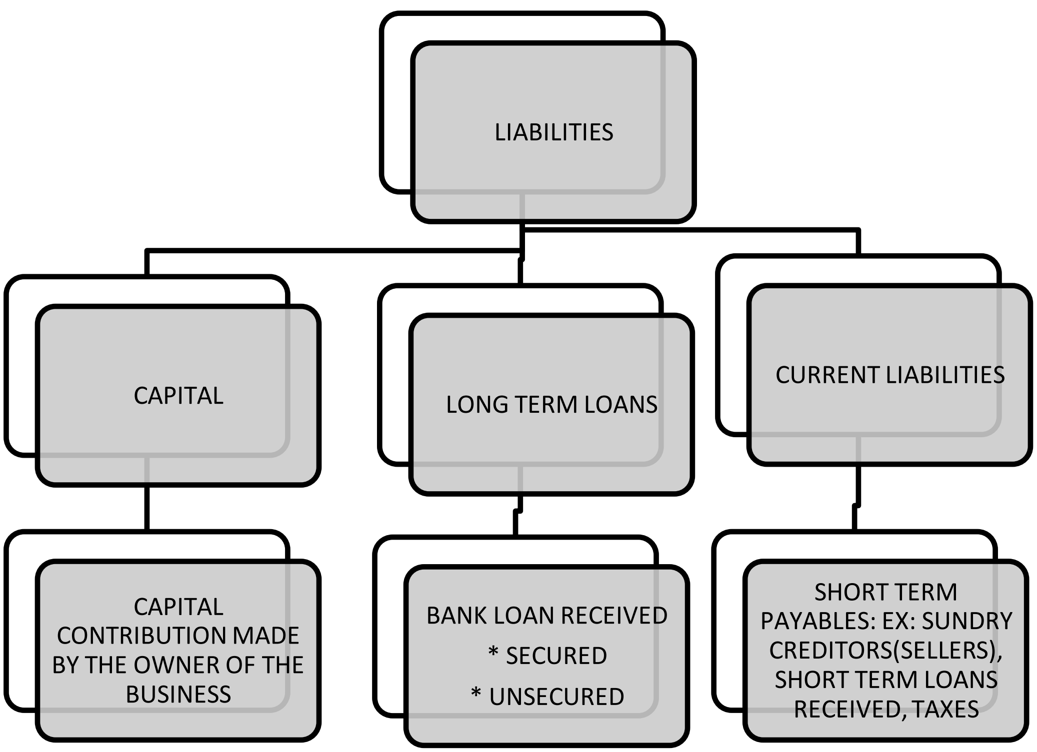


Major clasification of ledgers:


INCOME
DIRECT INCOME
INDIRECT INCOME
Ex: Sales revenue and service Income
Ex: Sale of News paper, Interest on FD


EXPENSES
DIRECT EXPENSES
INDIRECT EXPENSES
EXPENSES INCURRED IN THE FACTORY TILL MANUFACTURING THE GOODS. EX: FACTORY SALARY RENT MATERIALS
EXPENSES INCURRED IN THE OFFICE AND EXPENSES INCURRED IN THE FACTORY AFTER MANUFACTURING THE GOODS. EX: OFFICE SALARY RENT, BANK CHARGES


ASSETS
FIXED ASSETS
CURRENT ASSET
LONG TERM NATURE.
EX: BUILDING, MACHINERY
SHORT TERM RECEIVEABLES
EX: SECURITY DEPOSITS, SUNDRY DEBTORS(BUYERS), CASH ,BANK BALANCE, INVESTMETNS


LIABILITIES
CAPITAL
LONG TERM LOANS
CURRENT LIABILITIES
CAPITAL CONTRIBUTION MADE BY THE OWNER OF THE BUSINESS
BANK LOAN RECEIVED
* SECURED
* UNSECURED
SHORT TERM PAYABLES: EX: SUNDRY CREDITORS(SELLERS), SHORT TERM LOANS RECEIVED, TAXES

British approach of passing journal entry:

NATURE OF ACCOUNT	DEBIT	CREDIT
PERSONAL ACCOUNT	RECEIVABLE	PAYABLE
REAL ACCOUNT	WHAT COMES INTO THE BUSINESS	WHAT GOES OUT OF THE BUSINESS
NOMINAL ACCOUNT	ALL EXPENSES / LOSSES	ALL INCOME / GAINS

American approach:

NATURE OF ACCOUNT	DEBIT	CREDIT
ASSETS	INCREASE IN ASSETS	DECREASE IN ASSETS
LIABILITIES	DECREASE IN LIABILITES	INCREASE IN LIABILITIES
EXPENSES	INCREASE IN EXPENSES	DECREASE IN EXPENSES
INCOME	DECREASE IN INCOME	INCREASE IN INCOME

Other Major Concepts to work in accounting:

Accrual basic and Cash basis of accounting:

Accrual Basis of Accounting:

Accrual Basis of Accounting is a method of recording transactions by which revenue, costs, assets and liabilities are reflected in the accounts for the period in which they accrue. This basis includes consideration relating to deferrals, allocations, depreciation and amortization. This basis is also referred to as mercantile basis of accounting.

Cash Basis of Accounting:

Cash Basis of Accounting is a method of recording transactions by which revenues, costs, assets and liabilities are reflected in the accounts for the period in which actual receipts or actual payments are made.

Note: Mostly in companies they follow *Accrual basis of accounting* only.

Capital and revenue transaction:

Purchase of fixed asset, should be differentiated from purchase of material.

EXAMPLE JOURNAL ENTRIES:

Cash / Bank payment entries:

1	**Transport charges paid by cash**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Freight Charges	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
2	**Purchase of Cleaning material for office**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Repairs & Maintenance office	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
3	**Purchase of Stationery for office by cheque**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Printing & Stationery expenses	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited
4	**Uniform for staff purchased**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Staff welfare expenses	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited
5	**Purchase of Magazine and newspapers**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Books and periodicals	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
6	**Local conveyance paid to Clerk by cash**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Conveyance	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
7	**Purchase of Stationery for office by cheque**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Printing & Stationery expenses	Debit all expenses and losses	Increase in expenses hence debited

	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited
8	**Courier sent to delhi**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Postage & Courier	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
9	**Repairs expenses incurred for Vehicle no:8741 Innova**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Vehicle maintenance - four wheelers	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
10	**Donation given to charitable trust**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Donation	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited

Journal entries with due entries:

First Due entry is passed in books of accounts. It is a credit transaction. The respective liability account is credited; at the time of payment the liability account is debited. Since the liability account is debited once, and credited once, the balance is the account will be zero.

1a	**Rent Due:**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Rent a/c	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Rent payable a/c	Credit – the Giver	Increase in Liability hence credited
1b	**Rent paid**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Rent payable	Debit - Receiver	Decrease in liability hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited
2a	**Salary Due:**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Salary a/c	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Salary payable	Credit – the Giver	Increase in Liability hence credited
2b	**Salary paid**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Salary payable	Debit - Receiver	Decrease in liability hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited
3a	**Labour charges due to party ABC LTD**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Lobour charges a/c	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Abc ltd	Credit – the Giver	Increase in Liability hence credited
3b	**Paid to Abc ltd**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Abc Ltd	Debit - Receiver	Decrease in liability hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited
4a	**Telephone bill accounted**		**REASON (British approach)**	**REASON (American approach)**

	Dr	Tele phone charges a/c	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Bharathi airtel ltd	Credit – the Giver	Increase in Liability hence credited
4b	**Paid to Bharathi**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Bharathi airtel ltd	Debit - Receiver	Decrease in liability hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited
5a	**AMC Charges accounted**		**REASON (British approach)**	**REASON (American approach)**
	Dr	AMC charges a/c	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Xyz AMC Contractor a/c	Credit – the Giver	Increase in Liability hence credited
5b	**Paid to amc contractor**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Xyz AMC Contractor a/c	Debit - Receiver	Decrease in liability hence debited
	Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited

Purchase entries:

Purchase represents something bought for resale.

1	**Purchase of raw materials with in State**		**Debit**	**Credit**
	Dr	Purchase a/c	10000	
	Dr	Input CGST a/c (9%)	900	
	Dr	Input SGST a/c (9%)	900	
	Cr	Company name a/c		11800
2	**Purchase of raw materials with in outside the state**			
	Dr	Purchase a/c	10000	
	Dr	Input IGST a/c (18%)	1800	
	Cr	Company Name a/c		11800

Sales entries:

Sales represents, sales in the course of the business.

1	**Sales of goods within the state**		**Debit**	**Credit**

	Dr	Company name a/c	11800	
	Cr	Sales a/c		10000
	Cr	Output CGST a/c (9%)		900
	Cr	Output SGST a/c (9%)		900
2	**Sale of goods outside the state**			
	Dr	Company name a/c	11800	
	Cr	Sales		10000
	Cr	Output IGST		1800

Purchase of fixed assets:

Fixed assets are used more than 1 year

1	**Purchase of computer**		**Debit**	**Credit**
	Dr	Computer a/c	35000	
	Cr	Company name		35000
2	**Purchase of Machinery**			
	Dr	Machinery a/c	75000	
	Cr	Company name		75000

Ledger:

Ledger account will summarize the transaction in an account.

Trial balance: Trial balance is a statement which contains balances of all the ledgers

Profit & loss a/c: It is the final accounts, using trial balance it is prepared. Balance is nominal accounts are transferred to profit and loss a/c. if the income is greater than expense it will result in profit. If the expense is greater than income, it will result in loss.

Balance sheet: Nominal accounts balances transferred to profit & loss account. So, now there won't be any balance in Nominal accounts. The balances in the Real account and personal account will be appear in the balance sheet. Based on the closing balances, it will be appear in the Balance Sheet.

Introduction to Tally:

- In Tally we need to pass journal entry only all the other reports are prepared in tally automatically
- Hence passing journal entries correctly is very important
- One must be strong with basics of accounts before proceeding tally.

IDENTIFYING THE TRANSACTION

↓

PASSING JOURNAL ENTRY

↓

PREPARING LEDGER ACCOUNT

↓

PREPARING TRIAL BALANCE

↓

PREPARING PROFIT AND LOSS A/C AND BALANCE SHEET

MAJOR STEPS IN TALLY TRAINING:

COMPANY CREATION

SETTINGS

LEDGER CREATION, STOCK ITEMS CREATION

PASSING JOURNAL ENTRY

VIEWING BASIC REPORTS

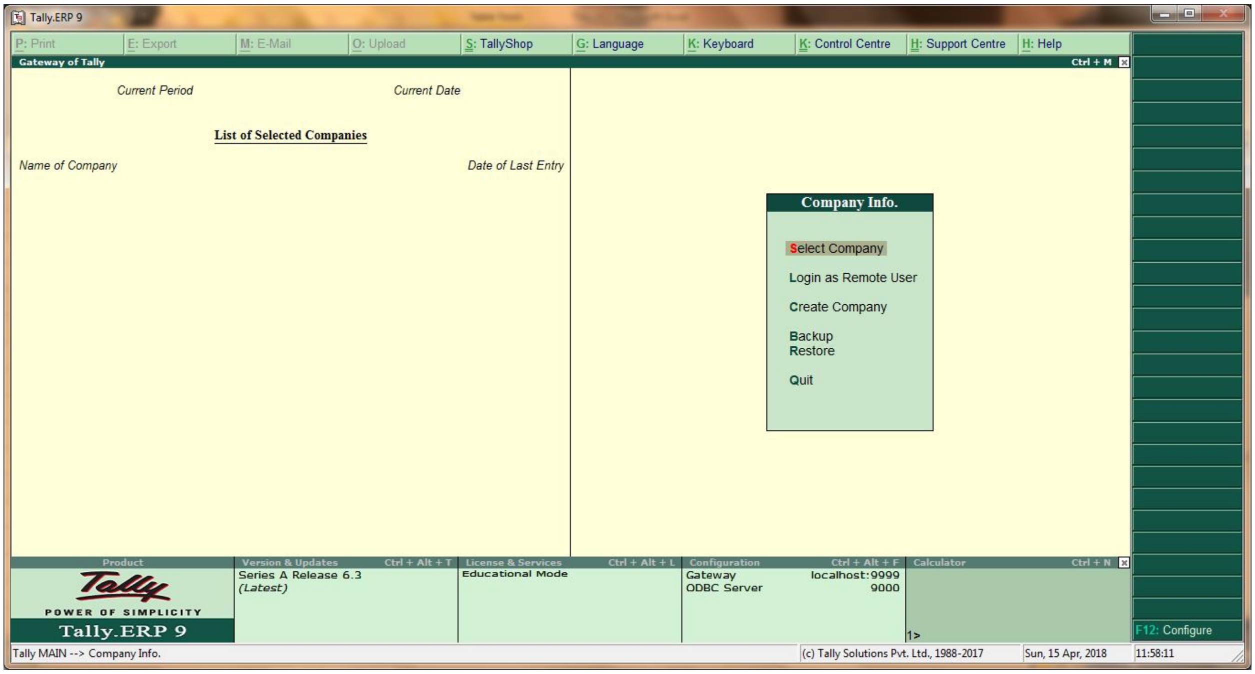
VIEWING ADVANCED REPORTS

COMPANY CREATION/COMPANY INFO SCREEN:

Company info screen is used to create company.

This will be first screen, when we open tally application.

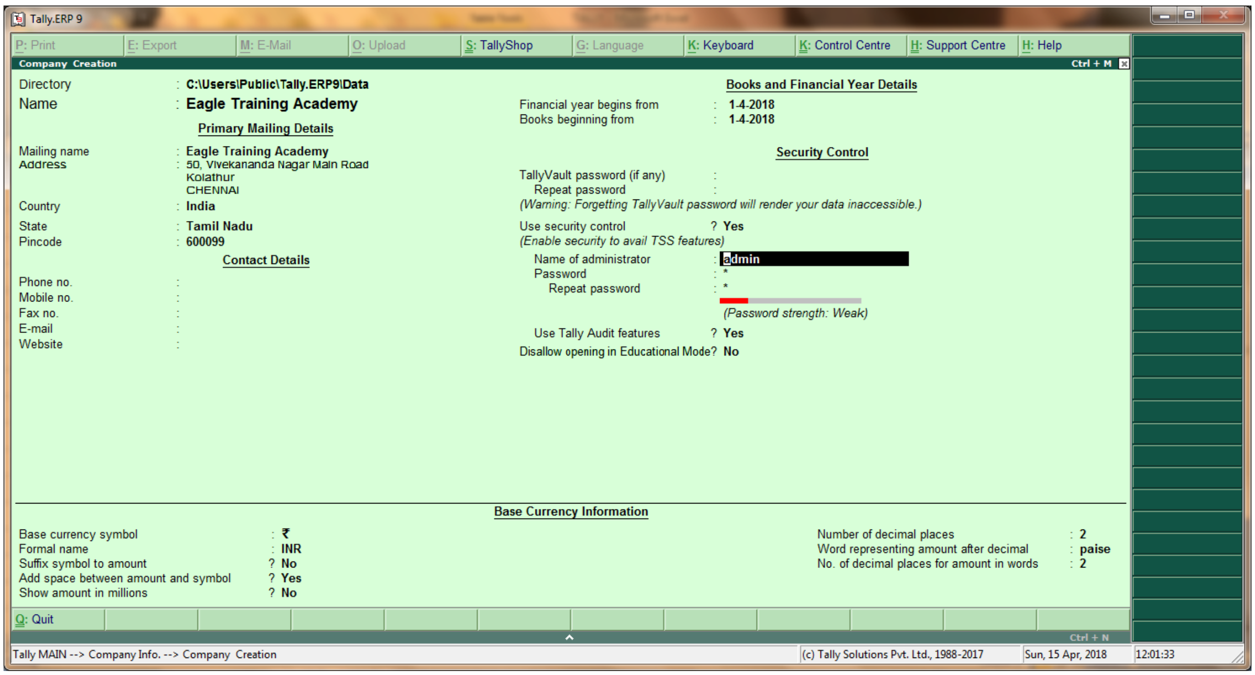
Company info / Create Company.



By clicking Create company screen, the following screen will appear. In the following screen update the basic details of the company. And set the security control yes and mention the name of administrator and password. And save.

Note: Do not use the Tally vault password, if you activate this your company name will appear as (*****)in company selection list.

Company info / Create Company/type the company details/accept and save

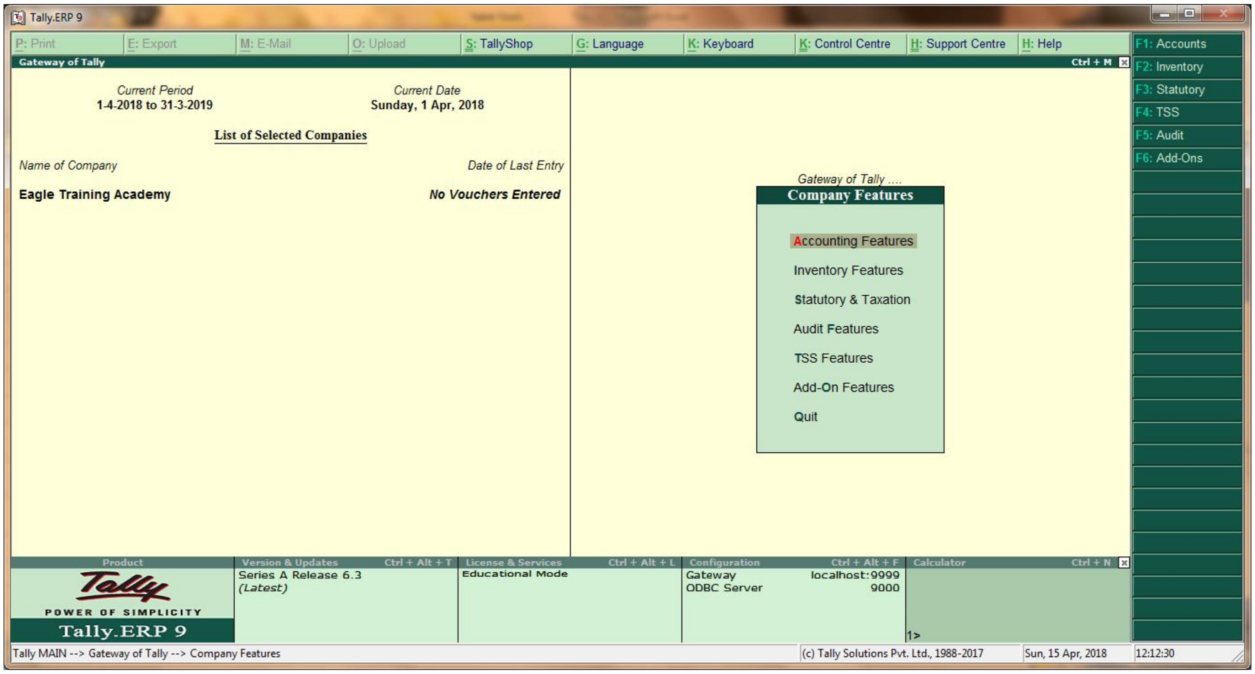


FEATURES (F11)

After creating the company, we need to activate the features, then only the features will be available while creating ledgers.

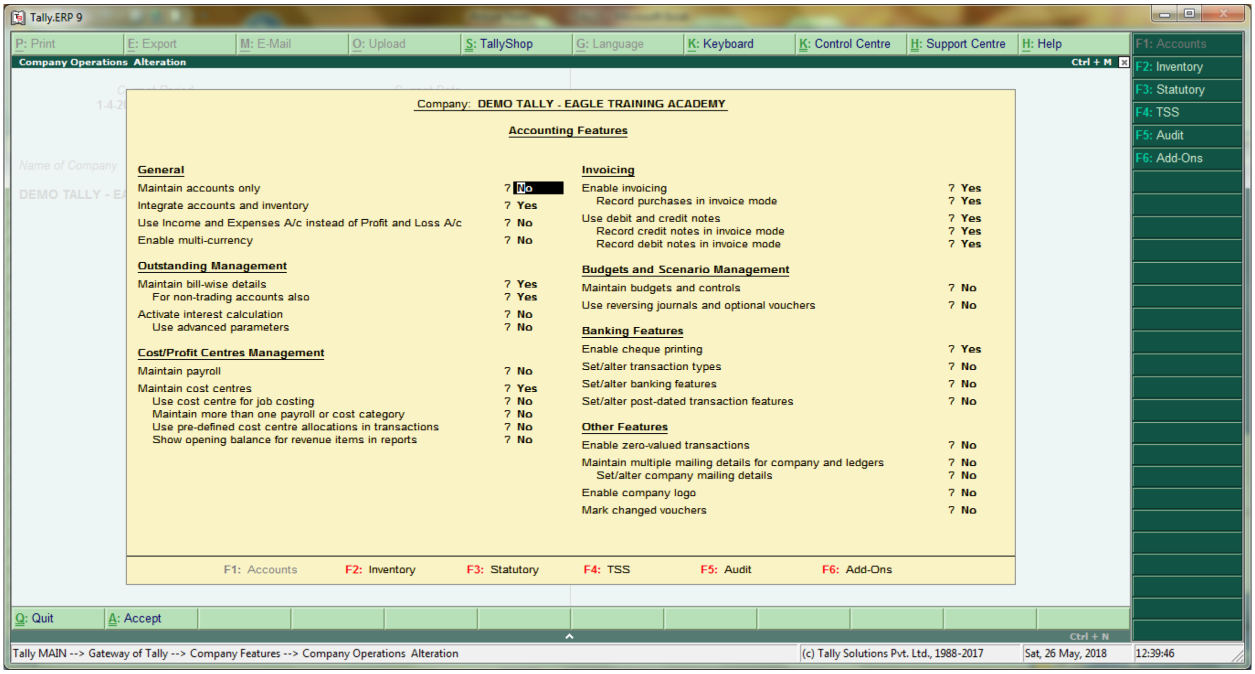
I have activated the commonly used features in the companies.

Gate way of tally (or any screen)/F11



Then click, Accounting Features:

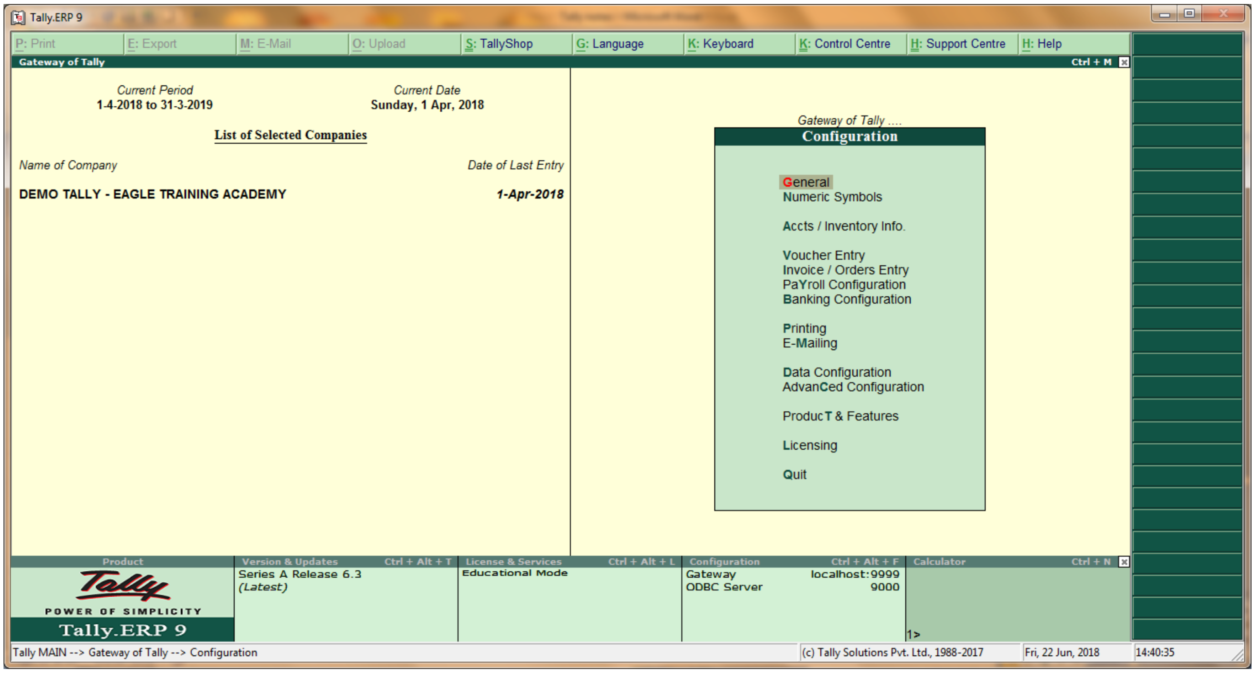
Gate way of tally (or any screen)/F11/ Accounting Features


Tally.ERP 9
P: Print
E: Export
M: E-Mail
O: Upload
S: TallyShop
G: Language
K: Keyboard
K: Control Centre
H: Support Centre
H: Help
Company Operations Alteration
Ctrl + M
Company: DEMO TALLY - EAGLE TRAINING ACADEMY
Accounting Features
General
Maintain accounts only ? No
Integrate accounts and inventory ? Yes
Use Income and Expenses A/c instead of Profit and Loss A/c ? No
Enable multi-currency ? No
Outstanding Management
Maintain bill-wise details ? Yes
For non-trading accounts also ? Yes
Activate interest calculation ? No
Use advanced parameters ? No
Cost/Profit Centres Management
Maintain payroll ? No
Maintain cost centres ? Yes
Use cost centre for job costing ? No
Maintain more than one payroll or cost category ? No
Use pre-defined cost centre allocations in transactions ? No
Show opening balance for revenue items in reports ? No
Invoicing
Enable invoicing ? Yes
Record purchases in invoice mode ? Yes
Use debit and credit notes ? Yes
Record credit notes in invoice mode ? Yes
Record debit notes in invoice mode ? Yes
Budgets and Scenario Management
Maintain budgets and controls ? No
Use reversing journals and optional vouchers ? No
Banking Features
Enable cheque printing ? Yes
Set/alter transaction types ? No
Set/alter banking features ? No
Set/alter post-dated transaction features ? No
Other Features
Enable zero-valued transactions ? No
Maintain multiple mailing details for company and ledgers ? No
Set/alter company mailing details ? No
Enable company logo ? No
Mark changed vouchers ? No
F1: Accounts
F2: Inventory
F3: Statutory
F4: TSS
F5: Audit
F6: Add-Ons
Q: Quit
A: Accept
Ctrl + N
Tally MAIN --> Gateway of Tally --> Company Features --> Company Operations Alteration
(c) Tally Solutions Pvt. Ltd., 1988-2017
Sat, 26 May, 2018
12:39:46

CONFIGURATION – F12:

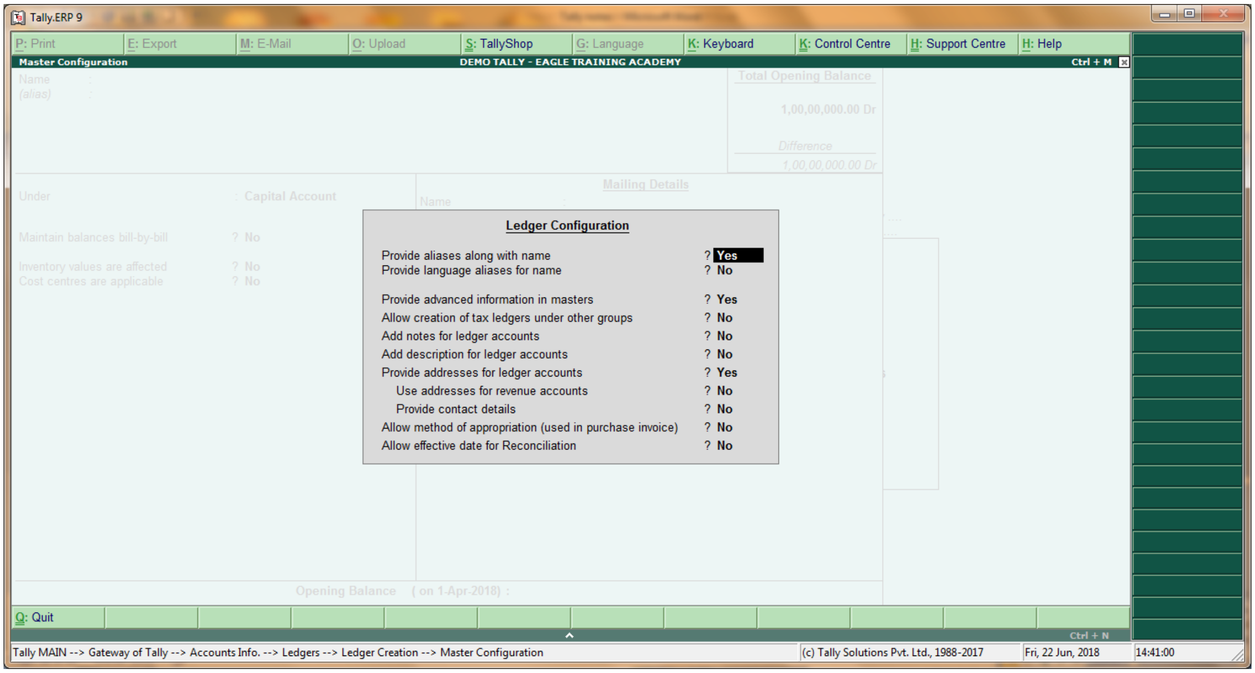
These are setting in tally, it will differ in each and every screen.

Gateway of tally/press F12/Configuration



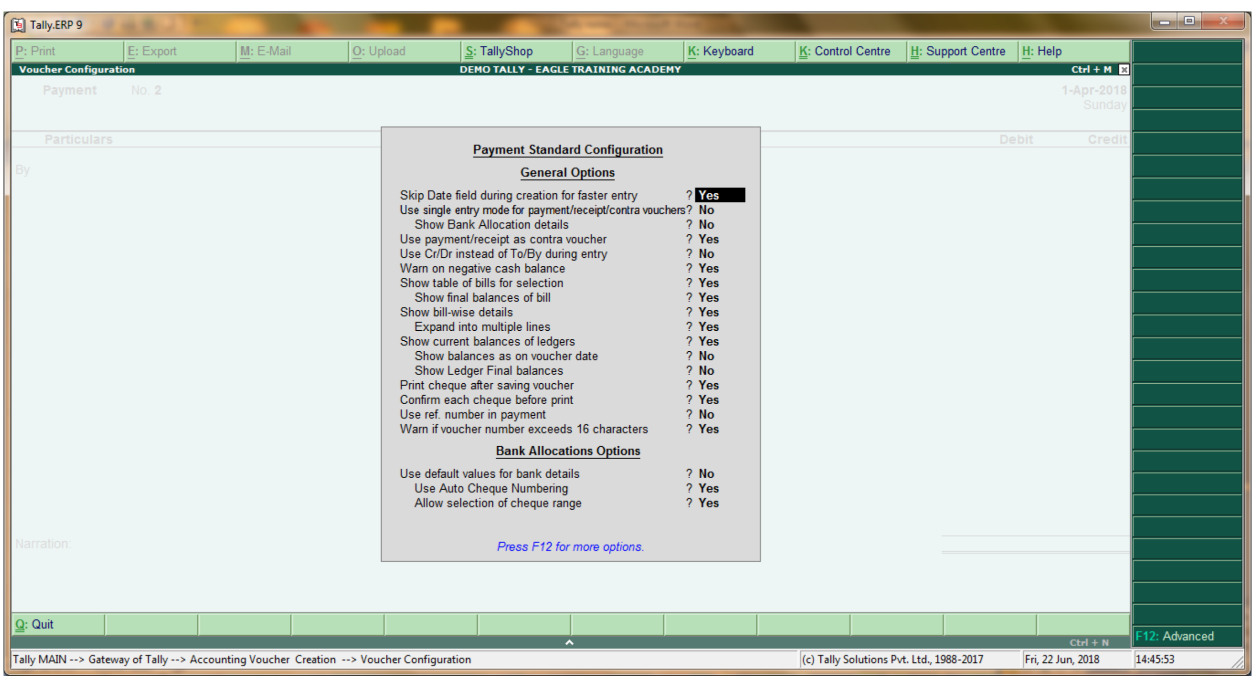
In the ledger creation screen if you press F12 it will show different options,

Gateway of tally/Accounts info/ Ledgers/ Create/F12



If the entry passing screen if you press F12, it will show the options in the entry screen.

Gateway of tally/Accounting vouchers/F12



GATEWAY OF TALLY:

The following is the Gateway of Tally. The Gateway of Tally is the Main screen which appear after creating the company.

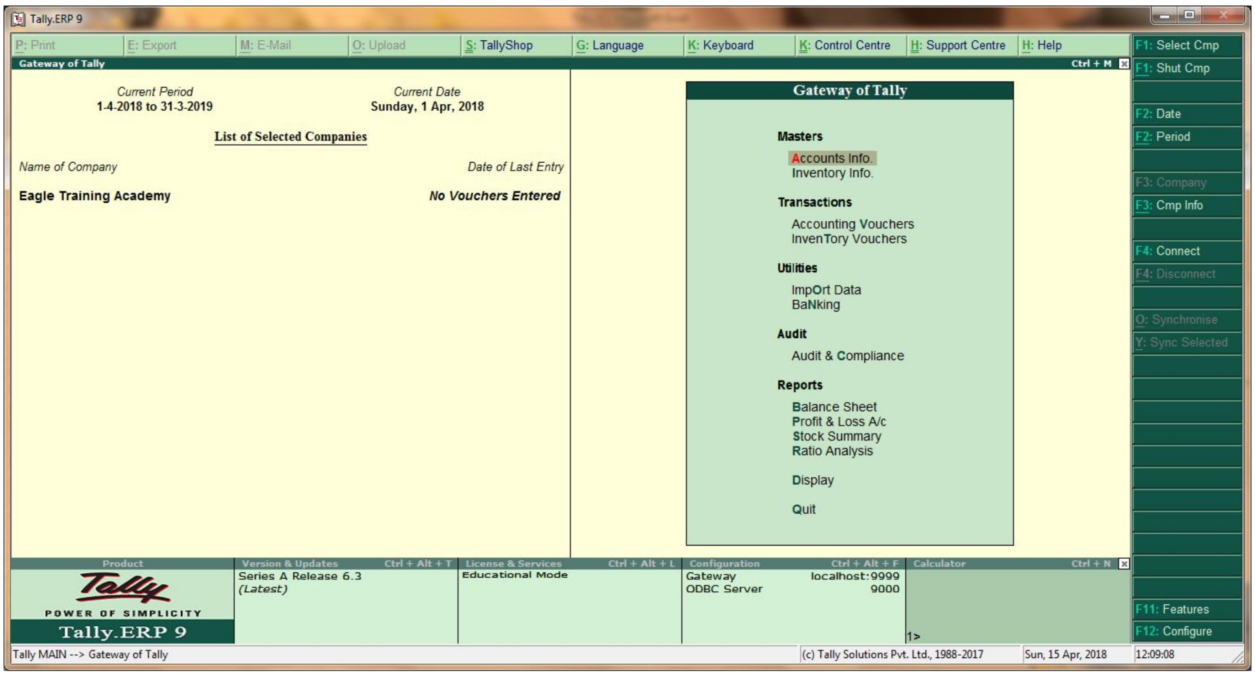
Masters / accounts info - is used to create Accounting Masters.

Masters / Inventory info – is used to create inventory master.

Transactions / Accounting Vouchers – Used for passing Accounting Journal entries

Transactions / Inventory Vouchers – Used for passing Inventory Journal entries.

Open tally/gate way of tally is the first screen



PREDEFINED GROUPS IN TALLY:

The following are the pre-defined groups in tally. Based on the group that we select, the ledger balance will be posted to Profit and loss a/c and balance sheet.

15 Primary Groups	13 Sub Groups
Branch / Divisions	Bank Accounts
Capital Account	Bank OD A/c
Current Assets	Cash-in-hand
Current Liabilities	Deposits (Asset)
Direct Expenses	Duties & Taxes
Direct Incomes	Loans & Advances (Asset)
Fixed Assets	Provisions
Indirect Expenses	Reserves & Surplus
Indirect Incomes	Secured Loans
Investments	Stock-in-hand
Loans (Liability)	Sundry Creditors
Misc. Expenses (ASSET)	Sundry Debtors
Purchase Accounts	Unsecured Loans
Sales Accounts	
Suspense A/c	

Additional Group Creation:

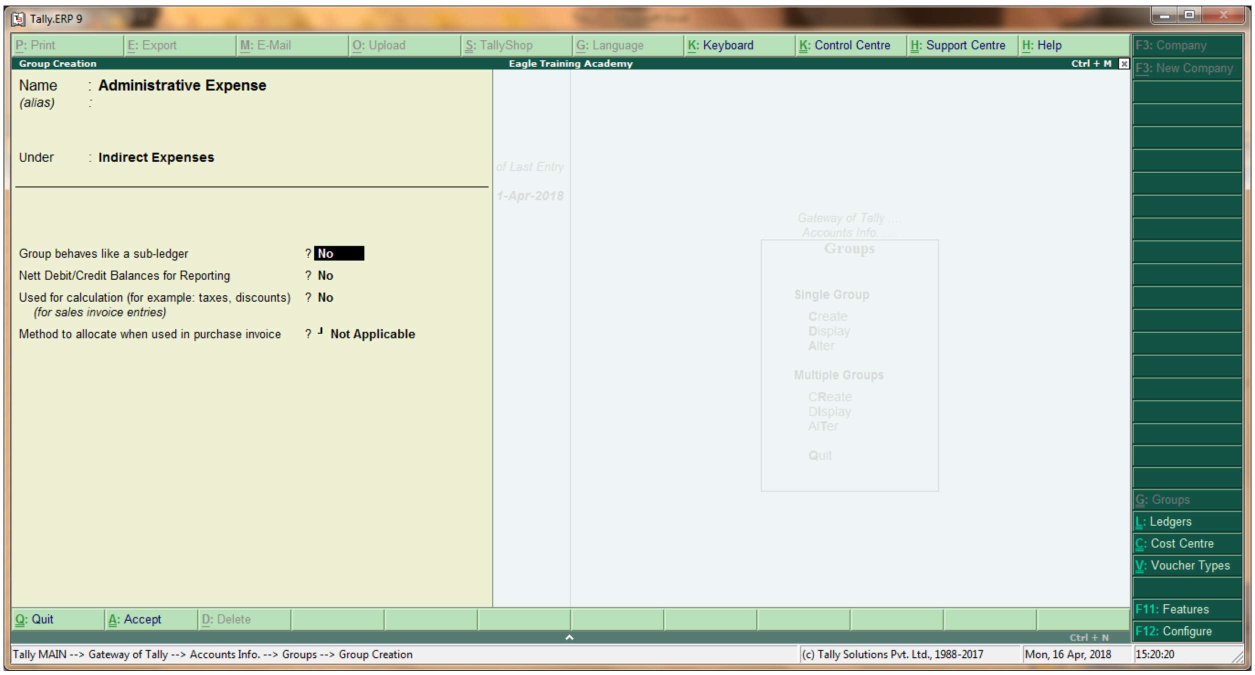
The predefined groups will not be sufficient to maintain accounts.

We may need to create Additional groups.

The following screen is used to create groups.

While creating a new group, we have to group it under already existing groups only.

Gateway of tally / Accounts Info / Groups /Create



Create the following additional groups:

- **Administrative expenses**
- **Employee Cost**
- **Selling expenses**
- **Finance Cost**
- **Other Expenses.**

LEDGER CREATION:

Gate way of tally / Accounts info / ledger/create.

In the following screen you will be able to create ledger.

Name: mention the name of the ledger

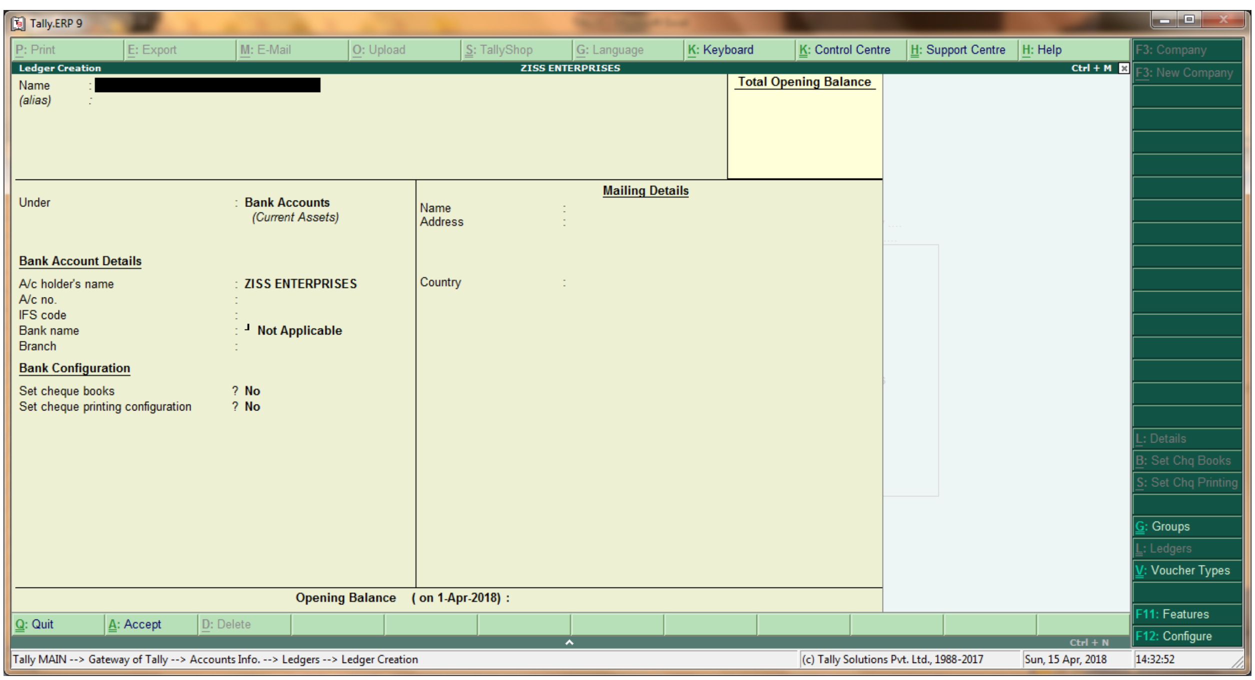
Under: Mention the group.

Note: The name that we mention in the name field is just a text, only based on the grouping we select, the ledger will be posted in the Profit & loss a/c & Balance sheet.

Eg: Name of ledger: Capital account. Group if we specify as Capital, it will be posted as capital(I.e in the Balance sheet, liability side.) If we select the group as Direct income (mistakenly), it will be posted in the Profit & loss a/c.

So Once must be very careful in selecting the group.

Gateway of tally / Accounts Info / Ledgers /Create



CLASSIFICATION OF EXPENSES:

Create the following Ledgers. Based on the nature of expense, we have to select the ledger to be debited.

Gate way of tally/Accounts info/Ledgers/Create

Ledger A/C	**Grouped under**	**Expenses Nature**	**Cost center**
Freight Inward	Direct Expenses	Expenses incurred on any mode to transfer goods from suppliers	yes
Loading Expenses	Direct Expenses	Expenses incurred for moving materials from transport office to office	yes
Salaries & Bonus	Employee cost	Salary paid to Staff including bonus.	yes
Staff Welfare	Employee cost	All staff related expenses like uniform, insurance, staff party, food expenses etc., met by/for staff outside office premises	yes
Staff Incentive	Employee cost	All incentives paid to staff to be recorded here.	yes
Staff insurance	Employee cost	Any insurance paid for the benefit of staff	yes
EPF Employer contribution	Employee cost	Employer's contribution to Employee Provident fund	yes
ESI employer contribution	Employee cost	Employer's contribution to Employee state insurance	yes
Other Allowances	Employee cost	All allowances paid to staff to be recorded here.	yes
Electricity Charges	Administrative Expenses	Electricity charges paid for office, schools, colleges, staff quarters etc.	yes
Insurance Expenses	Administrative Expenses	All Kinds of Insurance for Fixed Assets, stock etc.	yes
Internet Charges	Administrative Expenses	Charges paid for hiring internet lines	yes
Postage & Courier	Administrative Expenses	Expenses met for sending a documents from one place to other place	yes

Printing & Stationery	Administrative Expenses	Cost of stationeries (File, pen, paper, scale etc) and expenses incurred for printing company's letter head, cover (including material), Xerox Expenses.	yes
Books and periodicals	Administrative Expenses	Books purchased for reference, entertainment or News papers, weekly magazines purchased for office.	yes
Telephone charges	Administrative Expenses	Telephone charges paid.	yes
Conveyance	Administrative Expenses	Local conveyance like bus fare, auto fare, call taxi or any other mode of transport incurred for travelling within city	yes
Travelling expenses	Administrative Expenses	Expenses incurred on any mode of travelling (Air, Train, Bus fare) to other cities. Only Ticketing Expenses to be recorded here.	yes
Boarding & Lodging	Administrative Expenses	All expenses incurred on travelling to other cities.	yes
Car Hire Charges	Administrative Expenses	Any hire charges paid for travelling within/outside the city.	yes
Water charges	Administrative Expenses	Expenses paid for the purpose of water consumption at office & site	yes
Depreciation	Administrative Expenses	Depreciation claimed for the year	yes
Rent	Administrative Expenses	Rent paid for office premises, go down, staff quarters, guest house etc	yes
AMC Charges	Administrative Expenses	All annual maintenance charges paid	yes
Consultancy Fees	Administrative Expenses	Fees Paid for hiring professional or technical services from outside people (Not an employee). Professional technical services means Services like Audit, technical advisory, architect, company secretary, ESI and PF consultant, advocate etc.	yes
Round Off	Administrative Expenses	For the purpose of decimal rounding off while passing the entries	yes
Licenses & Renewal Exp	Administrative Expenses	Expenses relating to license renewals during the year	yes
Rates & Taxes	Administrative Expenses	Municipal Taxes (corporation, Water & Any such charges), Professional Tax of the organisation.	yes
Repairs & Maintenance - Building	Administrative Expenses	Any expenses met including cost of materials towards repairing or maintaining office premises	yes

Repairs & Maintenance - Plant & Machinery	Administrative Expenses	Any expenses met including cost of materials towards repairing or maintaining Plant & machinery	yes
Repairs & Maintenance - Computer	Administrative Expenses	All expenses related to computers (Service, AMC charges, purchase of cartridges, tonner expenses, tonner refilling etc.)	yes
Vehicle maintenance - four wheelers	Administrative Expenses	All expenses related to Four wheelers (Petrol, service charges, Insurance, repair charges and spares)	yes
Vehicle maintenance - two wheelers	Administrative Expenses	All expenses related to two wheelers (Petrol, service charges, Insurance, repair charges and spares)	yes
Advertisement Expenses	Selling Expenses	Advertisement charges paid to news papers, TV, Radio, Hoarding, sponsorship issued, etc.	yes
Discount allowed	Selling Expenses	Any trade discount allowed to customers for prompt payment, sales target achieved etc.,	yes
Sales Promotion / Business promotion	Selling Expenses	Expenses incurred for promotion of sales (exhibition, food with customers, free sample to customers, compliments etc)	yes
Carriage Outward / Freight outward	Selling Expenses	Expenses incurred on any mode to transfer goods to customers.	yes
Commission Paid	Selling Expenses	Commission paid for purchase / sale of goods, kinds to any person (Exclude staff)	yes
			yes
			yes
Interest on secured loans	Finance Cost	Interest charged by banks for term loans	yes
Interest on vehicle loans	Finance Cost	Interest charged by banks for vehicle loans	yes
Interest on unsecured loans	Finance Cost	Interest payments on unsecured loans	yes
Bank OD interest	Finance Cost	Interest charged by banks for OD facility availment	yes
Credit Card Charges	Finance Cost	Card related expenses like commission, machine rent etc charged by banks	yes
Loan Processing Charges	Finance Cost	Loan processing charges levied by banks	yes
Bank charges	Finance Cost	All kinds of charges levied by various banks other than card swipe charges, penalty charges & loan processing charges	yes
Donation	Other expenses	Voluntary contribution made to Charitable or Religious organizations	yes
Festival Expenses	Other expenses	All expenses relating to Ayudha Pooja, New year celebrations, Anniversary etc.,	yes

Interest & penalty charges	Other expenses	Penalty & interest relating to all statutory acts like income tax, EPF, ESI,TDS etc	yes
Pooja Expenses	Other expenses	Weekly & festival Pooja expenses needs to be recorded under Pooja expenses	yes

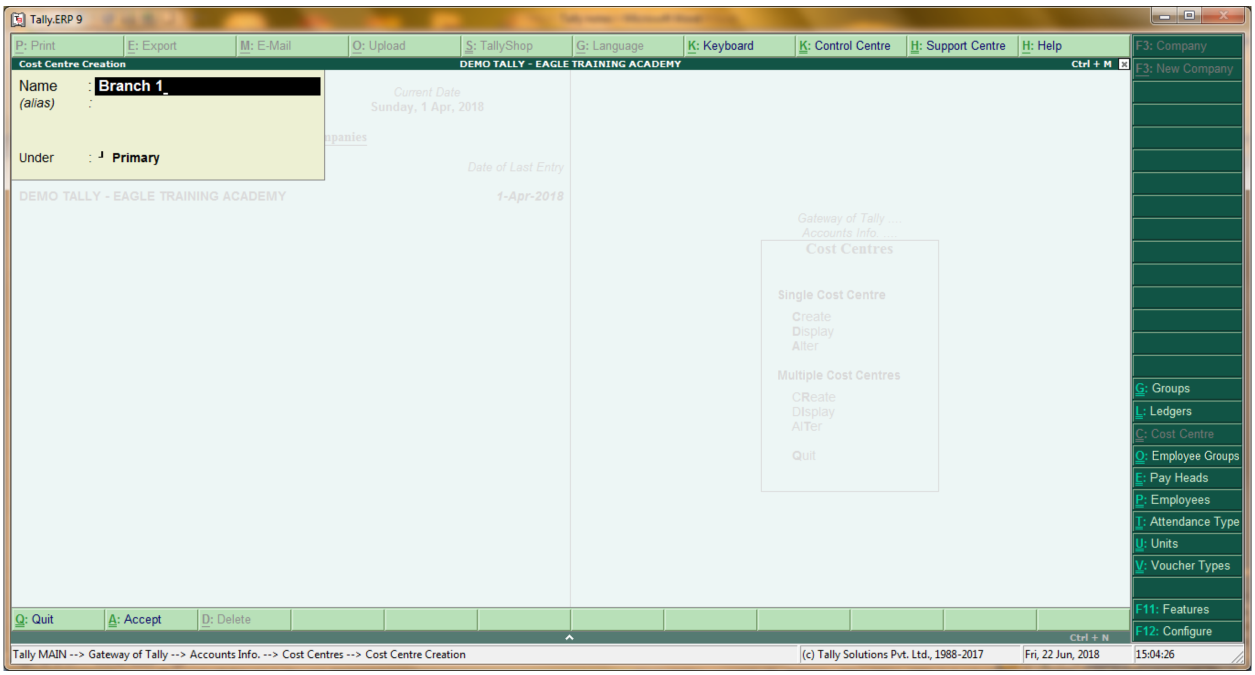
COST CENTERS CREATIONS:

Cost center: Cost centers are used to accumulate cost for different areas.

Examples of cost centers: Different branches are created as cost centers in tally. In job oriented business, each job can be created as a cost centers.

Later we can see the reports based on each cost centers.

Gateway of tally/Accounts info/Cost centres/Create



Create the following Cost centers:

Branch 1

Branch 2

Branch 3

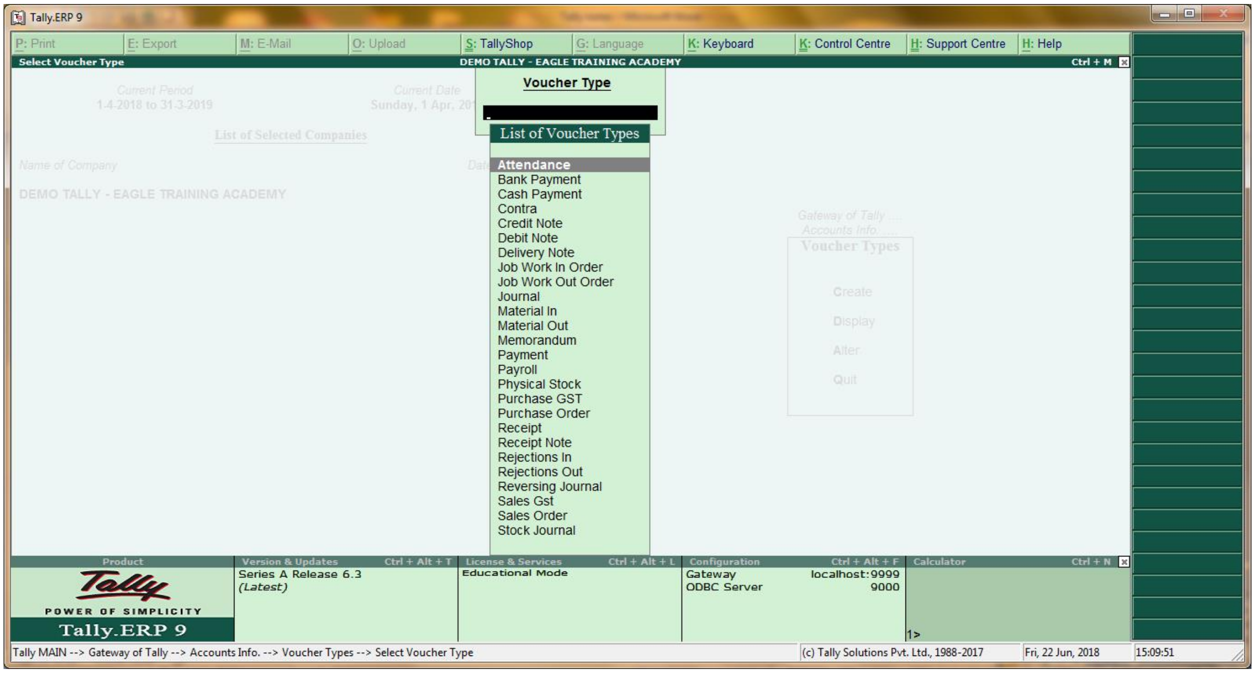
Head Office.

Or any other cost center of your choice

Inbuilt Voucher types:

There will be inbuilt voucher types in tally. Apart from that we can create additional voucher types.

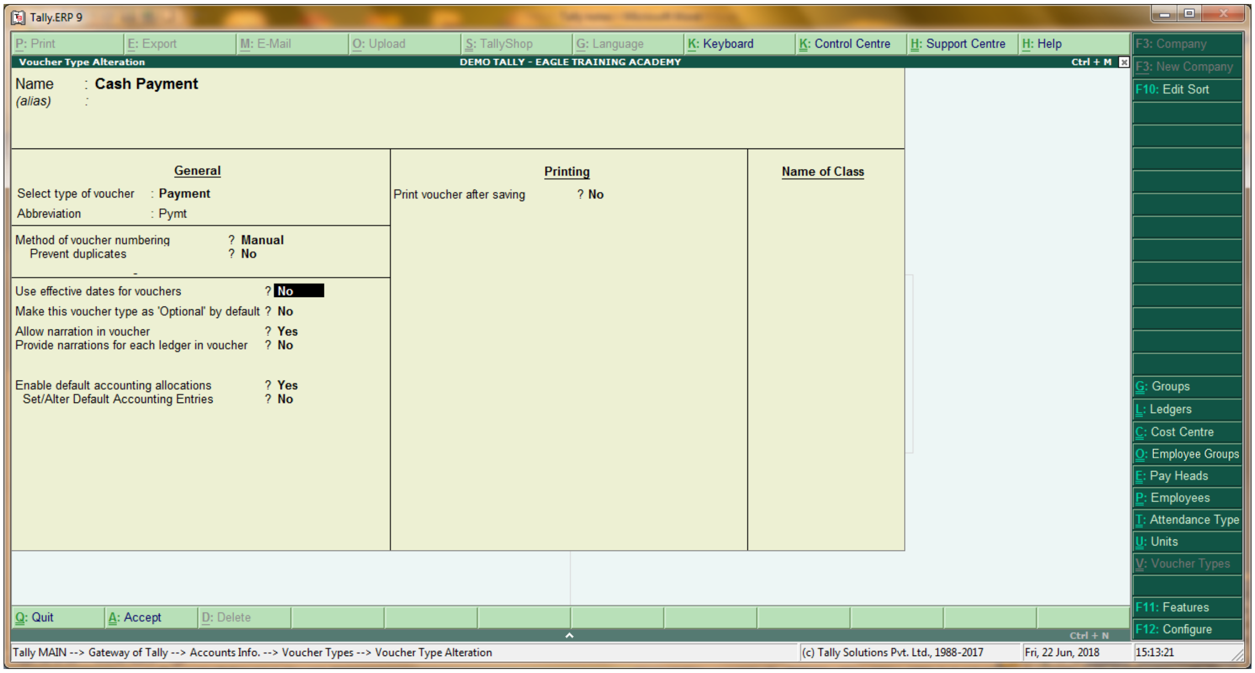
Gateway of tally/Accounts info/Voucher types/display



Creating Voucher types:

Apart from that, we can create voucher types, according to our requirements.

Gateway of tally/Accounts info/Voucher types/Create



Create the following Voucher types:

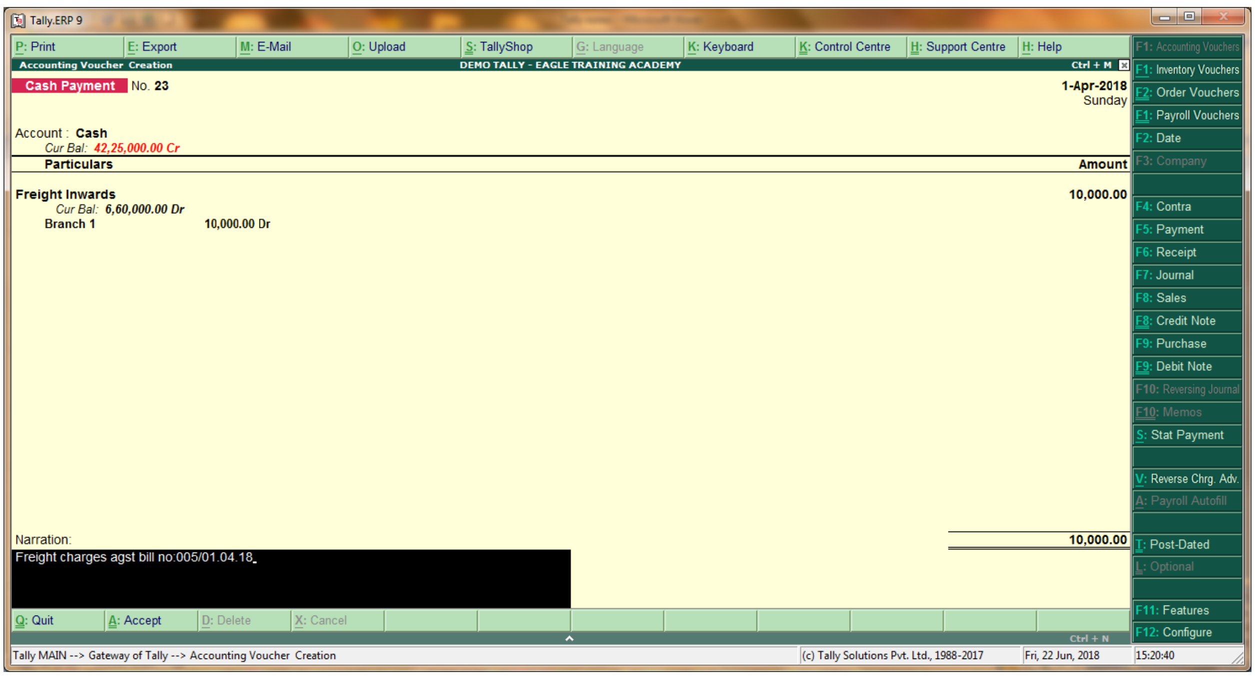
Cash payment – under payment

Cheque payment. – under payment.

Passing Cash payment entry.

1	**Transport charges paid by cash**		**REASON (British approach)**	**REASON (American approach)**
	Dr	Freight Charges	Debit all expenses and losses	Increase in expenses hence debited
	Cr	Cash	Credit What goes out.	Decrease in Current Asset Hence credited

Gateway of tally/Accounting Vouchers /Press F5/choose Cash payment voucher type

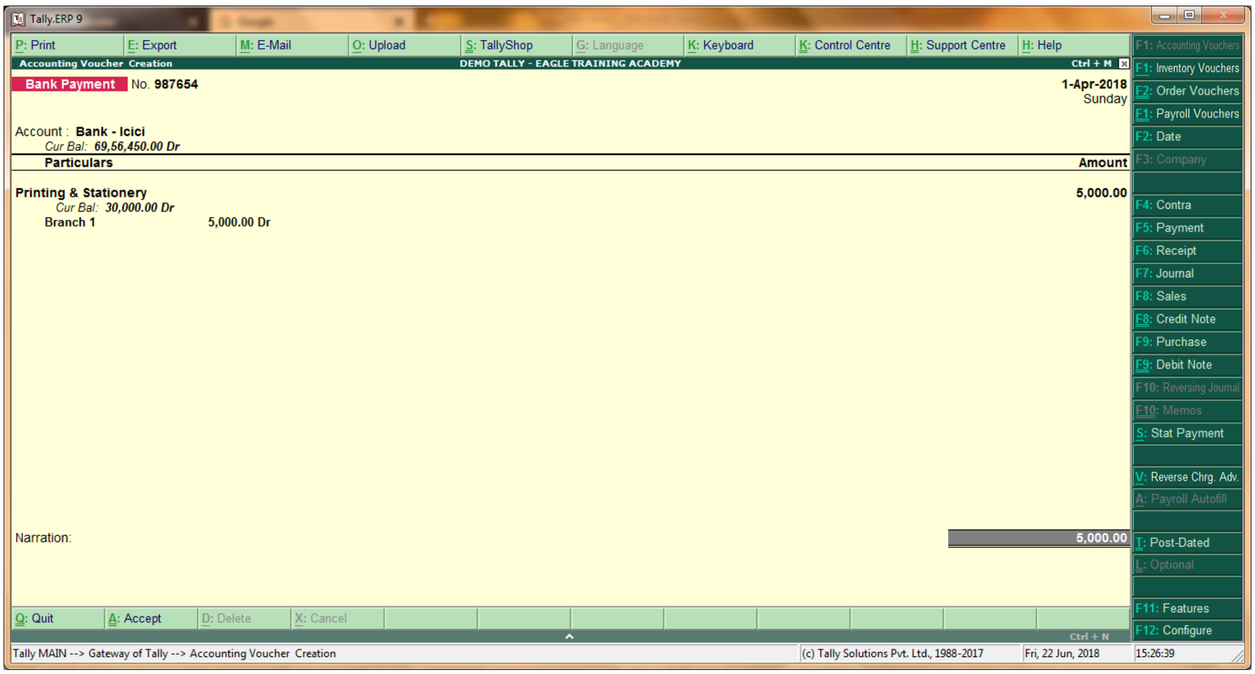


Select the Expense to be debited, mention the amount, select the Cost center, and mention the narration. Enter and save

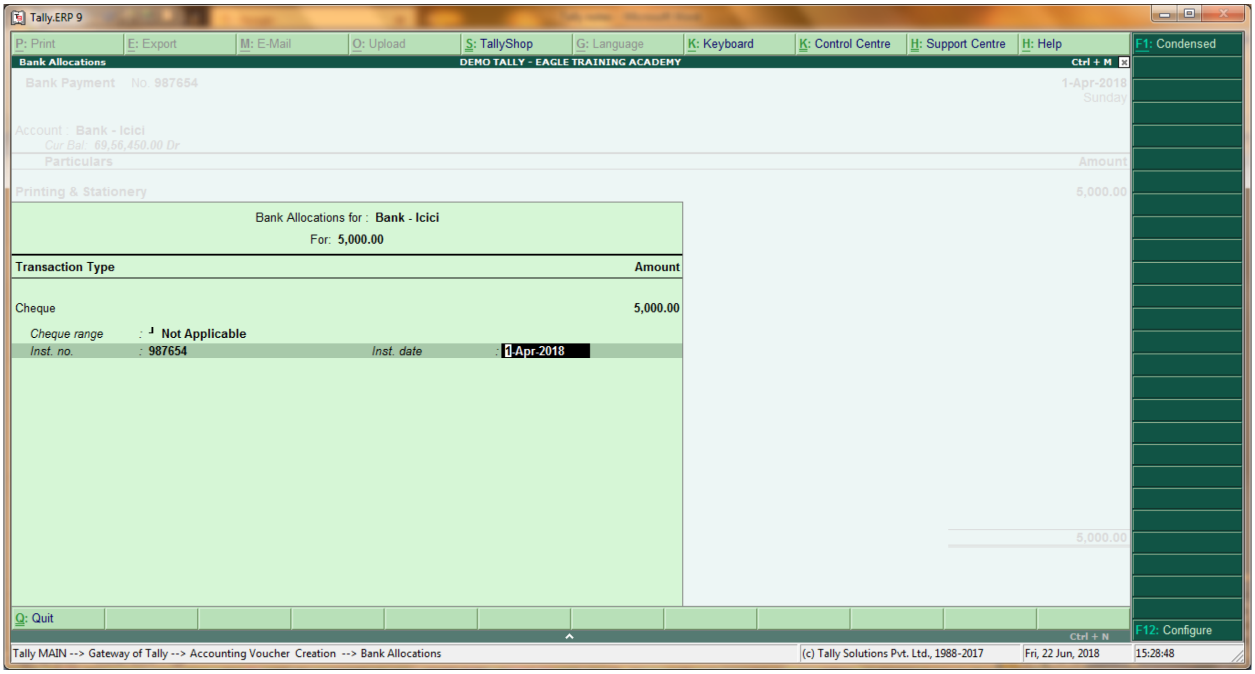
Passing Bank payment entry:

Purchase of Stationery for office by cheque		REASON (British approach)	REASON (American approach)
Dr	Printing & Stationery expenses	Debit all expenses and losses	Increase in expenses hence debited
Cr	Bank – Indian bank	Credit What goes out.	Decrease in Current Asset Hence credited

Gateway of tally/Accounting Vouchers /Press F5/choose Bank payment voucher type



Bank allocation screen will open:



Mention the cheque no, cheque date in the screen

Enter the narration and save the entry.