

Singh Accounting & Tally Classes

BASIC CONCEPT OF ACCOUNTING

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

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

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

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

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

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

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

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

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

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

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

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

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

Drawings : Drawings are the amounts withdrawn (taken back) by the businessman from his business for his personal, priGSTe and domestic purpose.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

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

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

Ledger : The book of final entry where accounts lie.

Journal entries : A daily record of transaction.

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

Profit : Excess of credit side over debit side.

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

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

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Types of accounts

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

Principles: Debit the receiver
Credit the giver

Real Account: These are the accounts of things, materials, assets & properties. It has physical existence which can be seen & touch.

Ex. Cash, Sale, Purchase, Furniture, Investment etc.

Principles: Debit what comes in
Credit what goes out

Nominal account: Nominal account is the account of services received (expenses and Losses) and services given (income and gain)

Ex. Salary, Rent, Wages, Stationery etc.

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

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

Procedure for creating company in Tally

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

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

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

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

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

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

Quit : Exits from Tally. 1. Click on quit button.

2. Esc, Esc, Esc and enter.

3. Ctrl+Q

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Short cut keys

Alt+F3	Company information menu
Enter	To accept information typed into a field. To accept a voucher or master. To get a report with further details of an item in a report.
Esc	To remove what has been typed into a field. To exit a screen. To indicate you do not want to accept a voucher or master.
Ctrl+A	To accept a form wherever you use the key combination the screen or report will be accepted as it is on this screen.
Ctrl+Q	It quits the screen without making any changed to it.
Alt+C	To create a master at a voucher screen. When working within an amount field presses Alt+C to act as a calculator.
Alt+D	To delete a voucher. To delete a master.
Ctrl+Enter	To alter a master while making an entry or viewing report.
F2	Date
Alt+F2	Change period
Alt+F1	To see detail
F11	Features company
F12	Configuration options are applicable to all the companies in a data directory.
Ctrl+N	Calculator screen.
Ctrl+V	Voucher mode (Cr. Dr) Invoice mode (name of item, rate, quantity, and amount)

Gateway of tally-Accounts info-Group

Bank account	Direct income
Bank Od account	Indirect expense
Branch/division	Indirect income
Capital account	Duties and tax
Cash in hand	Fixed asset
Current asset	Investment
Current liability	Loans and advance
Deposit	Loan (liability)
Direct expenses	Miscellaneous expenses

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Provisions	Stock in hand
Retained earning	Sundry debtor's
Reserves and surplus	Sundry creditors
Purchase account	Suspense
Sales account	Unsecured account
Secured loan	

Meaning:

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

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

Ex. Wages, factory rent, heating, lighting etc

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

Ex. Salary, rent, stationery, advertisement, printing

Depreciation : Decrease the value of the asset.

Sundry debtors : The person who is the receiver or customer

Sundry creditors : The person who gives or supplier.

Expenses Outstanding or Unpaid expenses or Expenses due : Expenditure incurred during current year but the amount on which is not yet paid. (Added to the expenditure on the debit side and entered on the liability side.)

Income received in advance or Income received but not earned

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

Prepaid advance or Expenses or Prepaid expenses

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

Income outstanding or income earned but not received or Income accrued

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

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Gateway of Tally-Accounts info-ledger-create

Ledger	Group
Opening stock	Stock in hand
Purchase	Purchase account
Purchase return	Purchase account

Fright charges	Direct expenses
Carriage inwards or Purchases	Direct expenses
Cartage and coolie	Direct expenses
Octroi	Direct expenses

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Manufacturing wages	Direct expenses
Coal, gas, water	Direct expenses
Oil and fuel	Direct expenses
Factory rent, insurance, electricity, lighting and heating	Direct expenses
Sales	Sales account
Salary	Indirect expenses
Postage and telegrams	Indirect expenses
Telephone charges	Indirect expenses
Rent paid	Indirect expenses
Rates and taxes	Indirect expenses
Insurance	Indirect expenses
Audit fees	Indirect expenses
Interest on bank loan	Indirect expenses
Interest on loans paid	Indirect expenses
Bank charges	Indirect expenses
Legal charges	Indirect expenses
Printing and stationery	Indirect expenses
General expenses	Indirect expenses

Sundry expenses	Indirect expenses
Discount allowed	Indirect expenses
Carriage outwards or sales	Indirect expenses
Traveling expenses	Indirect expenses
Advertisement	Indirect expenses
Bad debts	Indirect expenses
Repair renewals	Indirect expenses
Motor expenses	Indirect expenses
Depreciation on assets	Indirect expenses
Interest on investment received	Indirect income
Interest on deposit received	Indirect income
Interest on loans received	Indirect income
Commission received	Indirect income
Discount received	Indirect income
Rent received	Indirect income
Dividend received	Indirect income
Bad debts recovered	Indirect income
Profit by sale of assets	Indirect income
Sundry income	Indirect income

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Loan from others	Loan Liabilities
Bank loan	Loan Liabilities
Bank overdraft	Bank OD
Bills payable	Current Liabilities
Sundry creditors	Sundry creditors
Mortgage loans	Secured loans
Expense outstanding	Current Liabilities
Income received in advance	Current Liabilities
Other liabilities	Current Liabilities
Capital	Capital account
Drawings	Capital account
Cash in hand	Cash in hand
Cash at bank	Bank account
Fixed deposit at bank	Deposit
Investments	Investments
Bills receivable	Current asset
Sundry debtors	Sundry debtors
Closing stock	Stock in hand
Stock of stationery	Current asset
Loose tools	Fixed asset
Fixtures and fittings	Fixed asset
Furniture	Fixed asset
Motor vehicles	Fixed asset
Plant and machinery	Fixed asset

Land and building	Fixed asset
Leasehold property	Fixed asset
Patents	Fixed asset
Goodwill	Fixed asset
Prepaid expenses	Current asset
Income outstanding	Current asset

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Trading account : Buying and selling of goods.

Dr. Receiving aspect

Giving aspect Cr.

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

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

Indirect expenses or payments		Amount	Indirect income or receipts		Amount
To	Salary	xxx	By	Gross profit	xxx
To	Postage and Telegram	xxx	By	Interest on investment received	xxx
To	Telephone charges	xxx	By	Interest on deposit received	xxx
To	Rent paid	xxx	By	Interest on loans received	xxx
To	Rate and taxes	xxx	By	Discount received	xxx
To	Insurance paid	xxx	By	Discount received	xxx
To	Interest on bank loan	xxx	By	Rent received	xxx
To	Bank charges	xxx	By	Bad debts received	xxx
To	Printing and stationery	xxx	By	Net loss	xxx
To	Discount allowed	xxx			
To	Advertisement				

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To	Carriage outward (sales)			
To	Depreciation on assets			
To	General expenses			
To	Traveling			
To	Bad debts			
To	Net profit			

Balance sheet: Actual financial position

Liabilities	Amount	Assets	Amount
Bank loan	xxx	Cash in hand	xxx
Bank overdraft	xxx	Cash at bank	xxx
Bills payable	xxx	Fixed deposit at bank	xxx
Sundry creditors	xxx	Investments	xxx
Expenses outstanding	xxx	Bills receivable	xxx
Capital	xxx	Sundry debtors	xxx
(-)drawings	xxx	Closing stock	xxx
Net profit	xxx	Stock of stationery	xxx
		Furniture	xxx
		Plant machinery	xxx
		Land and building	xxx
		Motor vehicles	xxx
		Prepaid expenses	xxx
		Income outstanding	xxx

Class Room

Assignment No.1:-

Create a company Milan Trade for the year 2023-10, and pass necessary Journal Entries

Journalize the following transactions

1. Commenced business with cash Rs.40, 000.
2. Deposit into bank Rs. 15,000
3. Bought office furniture Rs.3,000
4. Soled goods for cash Rs.2,500
5. Purchased goods form Mr X on credit Rs.2,000
6. Soled goods to Mr Y on credit Rs.3,000
7. Received cash form Mr. Y on account Rs.2,000
8. Paid cash to Mr X Rs. 1,000
9. Received commission Rs. 50
10. Received interest on bank deposit Rs. 100
11. Paid into bank Rs. 1,000
12. Paid for advertisement Rs.500
13. Purchased goods for cash Rs. 800
14. Sold goods for cash Rs. 1,500
15. Paid salary Rs. 500

Gateway of tally-Account info-Ledger-Create Gateway of tally – Accounting voucher

Sl. No	Key	Voucher	Ledger	Group	Type of account	Principles	Amount
1	F6	Receipt	Cr. Capital	Capital account	Personal	Giver	10,000
			Dr. Cash	Cash in hand	Real	Comes in	10,000
2	F4	Contra	Cr. Cash	Cash in hand	Real	Goes out	15,000
			Dr. Bank	Bank account	Real	Comes in	15,000
3	F5	Payment	Dr. Office furniture	Fixed asset	Real	Comes in	3,000
			Cr. Cash	Cash in hand	Real	Goes out	3,000
4	F8	Sales	Dr. Cash	Cash in hand	Real	Comes in	2,500
			Cr. Sales	Sales account	Real	Goes out	2,500
5	F9	Purchase	Cr. X	Sundry creditor	Personal	Giver	2,000
			Dr. purchase	Purchase account	Real	Comes in	2,000
6	F8	Sales	Dr. Y	Sundry debtors	Personal	Receiver	3,000
			Cr. Sales	Sales account	Real	Goes out	3,000
			Cr. Y			Giver	2,000

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7	F6	Receipt	Dr. cash	Cash in hand	Real	Comes in	2,000
8	F5	Payment	Dr. X			Receiver	1,000
			Cr. Cash	Cash in hand	Real	Goes out	1,000
9	F6	Receipt	Cr. Commission	Indirect income	Nominal	Credit all income	50
			Dr. cash	Cash in hand	Real	Comes in	50
10	F6	Receipt	Cr. Interest on bank deposit	Indirect income	Nominal	Credit all income	100
			Dr. Bank	Bank account	Real	Comes in	100
11	F4	Contra	Cr. Cash	Cash in hand	Real	Goes out	1,000
			Dr. Bank	Bank account	Real	Comes in	1,000
12	F5	Payment	Dr. Advertisement	Indirect expenses	Nominal	Debit all expenses	500
			Cr. Cash	Cash in hand	Real	Goes out	500
13	F9	Purchase	Cr. Cash	Cash in hand	Real	Goes out	800
			Dr. purchase	Purchase account	Real	Comes in	800
14	F8	Sales	Dr. cash	Cash in hand	Real	Comes in	1,500
			Cr. Sales	Sales account	Real	Goes out	1,500
15	F5	Payment	Dr. salary	Indirect expense	Nominal	Debit all expenses	500
			Cr. Cash	Cash in hand	Real	Goes out	500

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Assignment No.2:-

Create a company 'InfoSoft Pvt. Ltd.' On 1-4-2006.

Pass the Journal Entry for the following transactions:-

1. Commenced business with Rs. 15000, goods of Rs. 3000 & Building Rs. 12000.
2. Purchase goods for Rs. 1000.
3. Sold goods to Pallavi for Rs. 15000.
4. Sold goods for Rs. 2000.
5. Paid office rent Rs. 200.
6. Paid cash to Dhanashi Rs. 500.
7. Received Commission Rs. 100.
8. Returned goods by Pallavi of Rs. 150.
9. Withdrawn Rs. 2000 for personal use.
10. Purchase Furniture for Rs. 10000.
11. Borrowed from Bank Rs. 8000.
12. Paid carriage on behalf of Sudesh Rs. 30.
13. Sold Building of Rs. 80000
14. Repaid loan to bank Rs. 3400.
15. Goods purchase from Kanji worth Rs. 1500.
16. Purchase Motor Car worth Rs. 80000.
17. Sold half of the goods purchase from Kanji

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Class Room Assignment No.3

Create a company 'M/S Albert & Brothers' for the year 01.04.2006 and books beginning from 01.05.2006 and pass the transactions considering the following

2006

- 1 Albert starts business with Rs. 50,000. He opens a bank account and deposits Rs. 20,000.
- 2 Bought furniture for Rs. 5,000, machinery for Rs. 10,000.
- 3 Purchased goods for Rs. 14,000.
- 4 Sold goods for Rs. 8,000.
- 5 Purchased goods from Malhotra & Co. Rs. 11,000.
- 6 Paid telephone rent for the year by cheque Rs. 500.
- 7 Bought one typewriter for Rs. 2,100 from 'Universal Typewriter Co.' on credit.
- 8 Sold goods to Keshav Ram for Rs. 12,000.
- 9 Sold goods to Rajesh Kumar for Rs. 2,000 cash.
- 10 Amount withdrawn from bank for personal use Rs. 1,500.
- 11 Received cash from Keshav Ram Rs. 11,900 and discount allowed Rs. 100.
- 12 Paid into bank Rs. 5,800.
- 13 Goods worth Rs. 1,000 found defective were returned to Malhotra & Co. and balance of the amount due to them settled by issuing a cheque in their favour.
- 14 Bought goods worth Rs. 2,100 from Ramesh and supplied them to Suresh at Rs. 3,000. 17 Suresh returned goods worth Rs. 100, which in turn were sent to Ramesh.
- 15 Issued a cheque for Rs. 1,000 in favour of landlord for rent.

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Lab Assignment No. 4:-

Create a Company by name "Khanna Sons" for the year 2007-08, prepare following ledgers and pass necessary entries

1. Commenced business with cash Rs.10, 000, as on 1/4/2007
2. Deposit into bank Rs. 15,000 on 2/4/2007
3. Bought office furniture Rs.3,000 on 2/4/2007
4. Sold goods for cash Rs.2,500 on 1/5/2007
5. Purchased goods from Mr. X on credit Rs.2,000 on 2/5/2007
6. Sold goods to Mr. Y on credit Rs.3,000 on 31/5/2007
7. Received cash from Mr. Y on account Rs.2,000 on 1/6/2007
8. Paid cash to Mr. X Rs. 1,000 on 2/6/2007
9. Received commission Rs. 50 on 2/6/2007
10. Received interest on bank deposit Rs. 100 on 1/7/2007
11. Paid into bank Rs. 1,000 on 2/7/2007
12. Paid for advertisement Rs.500 on 31/7/2007
13. Purchased goods for cash Rs. 800 on 1/8/2007
14. Sold goods for cash Rs. 1,500 on 2/8/2007
15. Paid salary Rs. 500 on 31/8/2007

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Lab Assignment No.5:-

Create a company in the name of Raj Traders for the year ended 01.04.1998 and books beginning from 01.07.1998 and pass the transactions considering the following:-

Ledgers to be created:- 1) Purchase Account 2) Sales Account 3) Bank Account & Respective parties Accounts, pass the entry in Voucher mode.

1. On 01.07.1998 purchased goods worth Rs. 1,00,000/- from Mafatlal Industries Ltd.
2. On 02.07.1998 sold goods worth Rs. 40,000/- to Rakesh Mills.
3. On 31.07.1998 received Rs. 25,000/- from Rakesh Mills.
4. Sold goods worth Rs. 50,000/- to Anil Textiles on 02.08.1998.
5. Received Rs. 40,000/- from Anil Textiles on 31.08.1998.
6. On 01.09.1998 paid Rs. 50,000/- to Mafatlal Industries Ltd.
7. Purchased goods worth Rs. 80,000/- each from Arvind Mills and Vimal on 02.08.1998.
8. On the same day sold goods worth Rs. 40,000/- each to Vikas Sales Agency and Rakesh Mills.
9. Received Rs. 30,000/- each from Rakesh Mills and Vikas Sales Agency.
10. On 31.08.1998 paid Rs. 25,000/- each to Arvind Mills and Vimal.