OUR OTHER USEFUL BOOKS

1 . Financial Accounting	- T. S. Reddy & A. Murthy
2 . Advanced Accountancy (Vol.-I)	- T. S. Reddy & A. Murthy
3 . Corporate Accounting	- T. S. Reddy & A. Murthy
4 . Cost Accounting	- T. S. Reddy & Y. Hari Prasad Reddy
5 . Management Accounting	- T. S. Reddy & Y. Hari Prasad Reddy
6 . Income Tax Theory, Law & Practice	- T. S. Reddy & Y. Hari Prasad Reddy
7 . Financial and Management Accounting	- T. S. Reddy & Y. Hari Prasad Reddy
8 . Business Taxation	- T. S. Reddy & Y. Hari Prasad Reddy
9 . Business Law	- Dr. M.R. Sreenivasan
10 . Industrial Law & Public Relations	- Dr. M.R. Sreenivasan and C.D. Balaji
11 . Company Law and Secretarial Practice	- Dr. M.R. Sreenivasan
12 . Services Marketing	- Dr. L. Natarajan
13 . Investment Management	- Dr. L. Natarajan
14 . Advanced Management Theory	- Dr. L. Natarajan
15 . Financial Services	- B. Santhanam
16 . Principles of Management	- J. Jayasankar
17 . Human Resource Management	- J. Jayasankar
18 . Sales and Distribution Management	- J. Jayasankar
19 . Organisational Behaviour	- J. Jayasankar
20 . Practical Auditing	- S .Vengadamani
21 . Business Communication	- N.S. Raghunathan & P. Santhanam
22 . Entrepreneurial Development	- Dr. Jayshree Suresh
23. Business Environment	- Dr. S. Sankaran
24. Business Ethics & Values	- Dr. S. Sankaran
25. International Economics	- Dr. S. Sankaran
26. International Trade	- Dr. S. Sankaran
27. Business Organisation	- C.D. Balaji & G. Prasad
28. Research Methodology	- Dr. P. Ravilochanan
29. Marketing Research	- Dr. P. Ravilochanan
30. Advertising and Salesmanship	- P. Saravanavel & S. Sumathi
31. Quantitative Techniques	- Dr. P. R.Vittal
32. Office Management	- Dr. T. S. Devanarayanan & N. S. Raghunathan

MARGHAM PUBLICATIONS
CHENNAI - 17.

Tally

Accounting Software

(for B.Com.CA,B.Sc.(ISM) & Other Professional Courses)

R VANATHI

MARGHAM PUBLICATIONS

TALLY

ACCOUNTING SOFTWARE

BHARATH COLLEGE OF SCIENCE & MANAGEMENT
DEPARTMENT OF COMMERCE
LIBRARY
PG & RESEARCH
THANJAVUR-5.

LIBRARY
11328
Thanjavur-5

By

Dr. R.Vanathi, M.Com., M.Phil., Ph.D.,
Dept. of Commerce,
Bharath College of Science and Management,
Thanjavur - 5

MARGHAM PUBLICATIONS
24, Rameswaram Road, T. Nagar,
CHENNAI – 600 017.
Phone : 243 22 469, 243 54 305

MARGHAM PUBLICATIONS
Publishers and Book-Sellers
24, Rameswaram Road, T.Nagar
(Near Mambalam Rly. Station)
Chennai - 600 017.
Phone : 243 22 469, 243 54 305
Email : margham@eth.net
Fax : 243 54 305

©Author

LIBRARY
THIAGARAJAR COLLEGE OF SCIENCE & MANAGEMENT
DEPARTMENT OF COMMERCE
RESEARCH

Price : Rs.120

First Published 2017
Second Edition 2018

Printed and Published by *Margham Publications*, Chennai - 600 017.

PREFACE TO THE SECOND EDITION.

The author is pleased to place before the esteemed readers the second revised edition of the book *Tally Accounting Software*. This edition has been carefully updated and enlarged with the addition of certain features on Tally and VAT, besides strengthening other chapters.

The author is hopeful that the teachers and students will find the revised edition quite useful. Constructive suggestions for improvement are always welcome.

Chennai **Dr. R. Vanathi**

2.1.2018

PREFACE TO THE FIRST EDITION

The author feels quite happy in introducing a book on *Tally Accounting Software* which will be very useful for not only for the student community but also for all those who wish to learn this accounting software.

This book has been prepared as per the syllabus of the subject *Computer Applications in Business* for B.Com., B.B.A & B.Sc.(ISM) Courses of Madras University.

While all the topics of the syllabus have been adequately covered, utmost care has been taken to keep the presentation at a level that is easily comprehensible to the students. Another noteworthy feature of the book is the simplicity and lucidity of the language. I am sure the learned teachers and students will find the book useful for their purpose.

The author expresses his gratitude to Mrs. Vengadamani Muthukumar M.Com., FCA, lecturer, D.G. Vaishnav College (Eve.) Chennai, for her significant contribution and valuable suggestions in bringing out this book.

The author is thankful to the publishers *M/s Margham Publications*, Chennai, for their unstinted support. The author also thanks Mr. Karthik, and Mr. Mohd. Hussain of Vivek Computer Academy, Perambur for their help in presentation and layout of the book.

Constructive suggestions are always welcome.

Dr. R. Vanathi

Chennai
17.2.2017

CONTENTS

Chapter		Page No.
1.	**Information Technology**	1– 46
	Introduction	1
	Definition of Information	1
	Definition of Information Technology	2
	Applications of IT in Business Activities	2
	Importance of Reporting	2
	Classification of Reports	3
	Frequency of Reporting	3
	Management Information System (MIS)	4
	Usefulness of Management Information System (MIS)	4
	Steps in MIS Development	4
	Computers and Accounting	5
	Definition of a Computer	5
	Features of Computer	5
	Components of Computer	6
	Input unit	7
	Central Processing unit (CPU)	8
	Output unit	9
	Types of Computers	9
	Applications of a computer	9
	Feasibility of a Computer	10
	Introduction to Accounting	10
	Role of Computers in Accounting	11
	Need for Computerised Accounting	11
	Accounting Software	12
	Importance of using Accounting Software	12
	Types of Accounting Software	12
	Ex-Next Generation (E.X. NGN)	13
	Features of Ex. N.G.N	13

Chapter	Page No.
Modules of E.X. - NGN for Windows NT / 95	15
Wings	19
Key Features of Wings	19
Tally	21
Features of Tally	21
Tally Solutions P.Ltd.	22
Sailent Features of Tally	23
Additional Winning Features of Tally 7.2	24
Tally and Accounting	24
Tally and Financial Management	25
Tally and Inventory / Stock Management	27
Security Features of Tally	28
VAT and Tally	29
Service Tax and Tally	29
TDS and Tally	29
Benefits of Tally (Controlling Costs)	29
Benefits of Tally (Enhancement of Productivity)	30
Installation of Tally and Getting Started	31
Tally Silver for Single-User	31
Minimum System Requirement	31
Steps for installation of Tally	31
Appearence of Installation screen on running install.exe Tally	33
Application Directory	33
Data Directory	33
Configuration Directory	34
Operating Systems for Tally	34
Tally Gold for Multi-User	34
Minimum System Requirement	35
Steps for installation	35
Activating Tally	37
Licensing / Registering Tally	37
Licensing Multi User	38

Chapter	Page No.
Activating Tally for Single User	39
Activating TallyGold for Multi-User	42
Tally License Server	42
Validating Tally	43
Internet Connection on Tally Startup	44
Surrendering Tally License	44
Upgrading from Tally ees 6.3 to Tally ies 7.2	44
Review Questions	46
2. Features & Configuration	**47 – 84**
Features (F11)	47
General Features	48
Accounting Features	49
Inventory Features	51
Set / Modify Other Company Features	52
Use Pre-defined Cost Centre Allocations during Entry	53
Use Multiple Price Levels for Invoicing	53
Follow Excise rules for invoicing	53
Printing Cheques	54
Printing Company Name on Cheque	54
Bank Name	54
Enter TDS Deductor Details	55
Enter Service Tax Details	56
Configuration (F12)	57
Accounting Terminology in Different Countries	59
Default Appearance of Names in Reports	59
Default Appearance of Stock Item Names in Reports	60
Format of 'Date'	60
Configuration of Numbers	61
Other Options	62
Numerical Symbols	64

Chapter	Page No.
Modules of E.X. - NGN for Windows NT / 95	15
Wings	19
Key Features of Wings	19
Tally	21
Features of Tally	21
Tally Solutions P.Ltd.	22
Sailent Features of Tally	23
Additional Winning Features of Tally 7.2	24
Tally and Accounting	24
Tally and Financial Management	25
Tally and Inventory / Stock Management	27
Security Features of Tally	28
VAT and Tally	29
Service Tax and Tally	29
TDS and Tally	29
Benefits of Tally (Controlling Costs)	29
Benefits of Tally (Enhancement of Productivity)	30
Installation of Tally and Getting Started	31
Tally Silver for Single-User	31
Minimum System Requirement	31
Steps for installation of Tally	31
Appearence of Installation screen on running install.exe Tally	33
Application Directory	33
Data Directory	33
Configuration Directory	34
Operating Systems for Tally	34
Tally Gold for Multi-User	34
Minimum System Requirement	35
Steps for installation	35
Activating Tally	37
Licensing / Registering Tally	37
Licensing Multi User	38

Chapter	Page No.
Activating Tally for Single User	39
Activating TallyGold for Multi-User	42
Tally License Server	42
Validating Tally	43
Internet Connection on Tally Startup	44
Surrendering Tally License	44
Upgrading from Tally ees 6.3 to Tally ies 7.2	44
Review Questions	46
2. Features & Configuration	**47 – 84**
Features (F11)	47
General Features	48
Accounting Features	49
Inventory Features	51
Set / Modify Other Company Features	52
Use Pre-defined Cost Centre Allocations during Entry	53
Use Multiple Price Levels for Invoicing	53
Follow Excise rules for invoicing	53
Printing Cheques	54
Printing Company Name on Cheque	54
Bank Name	54
Enter TDS Deductor Details	55
Enter Service Tax Details	56
Configuration (F12)	57
Accounting Terminology in Different Countries	59
Default Appearance of Names in Reports	59
Default Appearance of Stock Item Names in Reports	60
Format of 'Date'	60
Configuration of Numbers	61
Other Options	62
Numerical Symbols	64

Chapter		Page No.
	Accounts/Inventory Information	65
	Master Configuration	65
	Accounts Masters	66
	Inventory Masters	67
	Voucher Entry	
	Accounting Vouchers	69
	Invoice/Order Entry	72
	Inventory Vouchers	71
	Configure Invoices / Delivery Notes / Orders	73
	Exporters' Options	74
	Printing	75
	General Configuration for all Print Reports	76
	Printing Date & Time of Reports	76
	Payment / Receipt / Journal Vouchers, Credit Note / Debit Note	76
	Payment Voucher	77
	Receipt Voucher	77
	Journal / Contra	78
	Debit / Credit Note	78
	Sales Invoice, Delivery Note and Sale Order / Quotation	78
	Sales Invoice	79
	Delivery Note	80
	Sales Order / Quotation	81
	Purchase Voucher / Invoice and Purchase Order	81
	Receipt Notes	83
	Reminder Letters	83
	Confirmation Statements	84
	Review Questions	84
3.	**Starting Tally & Company Creation**	85– 98
	Starting Tally	85
	Title Bar or Product Information	86
	Gateway of Tally	87

Chapter		Page No.
	Calculator Operations	87
	Button Bar	88
	Creation of Company	89
	Directory / Name / Mailing Name / Address / State / PIN Code / E-Mail Address	90
	Income Tax Number / Local Sales Tax Number / Inter-State Sales Tax Number	91
	Currency Symbol /	91
	Password for / Tally Vault	
	Useing Security Control	92
	Keys at Gateway (referring the Button Bar)	93
	Help Option	93
	Web Browser	94
	Selecting Company	94
	Shutting Company	95
	Company Info	96
	Date	97
	Period	98
	Review Questions	98
4.	**Classification of Accounts (Groups & Ledgers)**	99– 167
	Introduction	99
	Groups	99
	Sub-Group	100
	Reserved Account Groups	100
	Display of Groups	102
	Primary Groups (Capital nature)	103
	Primary groups (revenue nature) or account groups of Trading and Profit & Loss A/c	106
	Creation of Groups	108
	Introduction	108
	Alteration of Groups	111

Chapter		Page No.
	Deletion of Groups	111
	Creation / Display / Alteration of Multiple Groups	112
	Creation of Ledgers	113
	Process of Creation of Ledger	114
	Specifying closing stock values	116
	Display / Alteration of Individual Ledger	117
	Creation / Display / Alteration of Multiple Ledgers	118
	Final Statements	122
	Introduction	122
	Trading Account	122
	Income Statement (also known as Profit and Loss Account)	122
	Profit & Loss Account	123
	Balance Sheet	123
	Final Accounts and Tally	124
	Trial Balance	124
	Profit and Loss Account	131
	Balance Sheet at the Gateway of Tally	135
	Method of showing Balance Sheet	143
	Review Questions	*144*
	Exercises	145
5.	**Vouchers**	**167– 202**
	Introduction	167
	Display of Predefined Vouchers	167
	Creation and Alteration of Vouchers while or after entering a transaction	171
	Type of Voucher	171
	Voucher No	172
	Voucher Day and Date	172
	Body Part	172

Chapter		Page No.
	Saving a Voucher	173
	Alteration of Vouchers	174
	Cancellation of Voucher	174
	Deletion of Voucher	174
	Creation and Alteration of New Voucher Types	174
	Creation of Voucher	175
	Type of Vouchers	176
	Method of numbering	177
	Using Common Narration	177
	Printing after saving voucher	177
	Print formal receipt after saving?	178
	Use effective dates for voucher	178
	Make optional as default	178
	Voucher classes for Payment, Receipt and Contra Vouchers	178
	Restricted Groups	179
	Ledger Name	179
	Restart Numbering	179
	Prefix Details	180
	Suffix Details	180
	Alteration of a Predefined Voucher Type	180
	Deletion of Voucher Type	181
	Examples for Recording Transactions	181
	Review Questions	187
	Exercises	187
6.	**Bank Reconciliation Statement**	**203 – 215**
	Meaning	203
	Drawbacks	203
	Voucher-wise reconciliation	204
	Process of Bank Reconciliation	204
	Amount not reflected in Bank	206

Chapter		Page No.
	Balance as per Bank	206
	Review Questions	207
	Exercises	207
7.	**Cost Centre**	**216 – 227**
	Cost Centres and Cost Categories	216
	Objectives	216
	Cost categories	216
	Cost centres	216
	Primary Cost Centre – Manufacturing	217
	Activating Cost Centre & Cost Category Option	217
	Cost Category – Creation and Alteration	219
	Allocating Revenue and non-revenue Items	221
	Cost Category Creation and Alteration (Multiple mode)	221
	Viewing Cost Category details (after recording the transactions)	222
	Cost Centre Creation and Alteration	223
	Deletion of Cost Centre	225
	To view Cost centre details (after entering the transactions)	225
	To view Cost Centre Details in Columnar Form (after entering the transactions)	225
	Review Questions	226
	Exercises	227
8.	**Budget & Controls**	**228 – 241**
	Introduction	228
	Essentials of Budget	228
	Features to be activated in Accounts Info Menu	229
	Budget Creation and Alteration	230
	Cost Centre	232
	Alteration and Deletion of a Budget	232
	Budget Variance Reports	232
	Viewing the Budget	233

Chapter		Page No.
	Illustration	233
	Creation of Budget	234
	Review Questions	240
	Exercises	240
9.	**Reversing Journal & Optional Voucher**	**242 – 258**
	Scenario management facility in Tally	242
	Activating Scenario Option	243
	Scenario Alteration	245
	Using scenarios for reports	246
	Illustration	246
	Exercises	256
10.	**Multi-Currency Transactions**	**259 – 266**
	Need for multi-currency	259
	Tally and Multi-currency	259
	Creation of New Currencies	260
	Rates of Exchange	262
	Altering Currency	263
	Exercises	265
11.	**Interest Calculations**	**267 – 288**
	Introduction	267
	Simple Interest	267
	Compound Interest	267
	Method of Calculation of Interest	268
	Steps for interest calculation under simple mode	268
	Advanced Mode of Calculation	275
	Interest calculation on debit & credit balances	276
	Rounding off interest	277
	Voucher Entry for booking interest on balances	278
	To view the report on interest calculation	283
	Review Questions	286
	Exercises	287

Chapter		Page No.
12.	**Inventory**	289 – 344
	Introduction	289
	Buying and Selling Activities of a Trader	289
	Stock Journal	291
	Non-Inventory Vouchers	291
	Inventory Masters	292
	Stock Groups	293
	Creation & Alteration of Groups	293
	Multiple Mode	295
	Deletion of a Group	295
	Stock Categories	295
	Creation & Alteration of Category	295
	Deletion of a Category	296
	Stock Items	297
	Creation & Alteration of Stock Items	297
	Display of Stock Item	304
	Single Item Display	305
	Deletion of a Stock Item	306
	Units of Measure	306
	Creation of Unit of Measure	306
	Godowns	308
	Introduction	308
	Creation & Alteration of Godowns	308
	Single Mode	309
	Multiple mode	310
	Inventory Vouchers	311
	Tracking Numbers	314
	Steps Involved in Tracking Numbers	314
	Batch-wise details	315
	Reorder level	315
	Entering Reorder Level	316

Chapter		Page No.
	Reorder Status	317
	Review Questions	319
	Exercises	320
13.	**Bill of Materials**	345 – 350
	Introduction	345
	Creation of Manufacturing Journal	347
	Top Portion of Manufacturing Journal	348
	Lower Portion of Manufacturing Journal	348
	Review Questions	349
	Exercises	349
14.	**Value Added Tax (VAT)**	351 – 384
	Introduction	351
	History of VAT in India	351
	Features of VAT	353
	Advantages of VAT System	353
	Tamilnadu Value Added Tax Rules, 2006	354
	Application for Registration	355
	Maintenance of Accounts	356
	Filing of Returns	358
	VAT Classification	361
	Enabling Tally VAT	361
	Company Creation	362
	Entering VAT TIN No.	363
	Configuration of VAT (F12)	364
	Creation of Ledger Masters	366
	Purchase Ledger	366
	Sales Ledger	369
	Duties and Taxes Ledger	369
	Direct Expenses / Incomes	372
	Creation of Supplier Account	373

Chapter		Page No.
	Creation of Customer Account	374
	Example for entering a purchase transaction through sales invoice	375
	Example for entering a sales transaction through sales invoice	376
	VAT Computation Report	378
	Exercises	381
15.	**Tally – Version 9**	385 – 400
	Features of Tally Version 9	385
	Multilingual Support	385
	Comparison between Tally 7.2 and Tally 9	386
	Availability of Additional Features in Tally 9	389
Tally Test Papers		401 – 413

Chapter 1

Information Technology

Introduction

Nowadays, *Information Technology* (IT) has become a major facilitator of all business activities. It is a catalyst of fundamental changes in the structure, operations and management of organizations. It has also become a vital component of all successful business organizations.

IT can be used to perform high speed, high volume, numeric computations. It provides fast and accurate communication within and between organizations. Automation of several business processes and other tasks done manually is made possible by IT.

IT helps an organization to negotiate effectively with the suppliers. Maintaining and improving quality of products and processes in an organization need regular support, vigilance and innovation. In this regard, IT has been used extensively for productivity improvement, reducing inventory and enhancing quality.

Management information system (MIS) and Decision Support System (DSS) have been used to help management in decision making process.

Internet and Intranet help an organization in changing its business process to reduce cycle time and time taken to market a product. Information is easily made available to employees in different levels of activities which gives ample independence to the employees in decision making process.

Definitions of Information and Information Technology

Definition of Information

Information may be defined as "the finished product for which data is the raw material". It is also defined as "data that have been put into a meaningful and useful context and communicated to a recipient who uses it to make decisions".

Information involves the communication and reception of intelligence or knowledge. Information must be received by the recipient within the required timeframe and the information must be free from errors. The technology plays an important role in delivering timely and error free information to its recipients.