

**IVC Course Code : 319**

# **COMPUTER SCIENCE & ENGINEERING**

**First Year**

**Intermediate Vocational Course**

**Paper III : Accountancy & Tally <sup>EM</sup>**

**NAME:** \_\_\_\_\_

**ROLL NO.** \_\_\_\_\_

# COMPUTER SCIENCE & ENGINEERING

## Paper – III

### ACCOUNTANCY & TALLY

#### INDEX

<b>Unit - I</b>	<b>Introduction</b>	<b>1-6</b>
<b>Unit - II</b>	<b>Double Entry System</b>	<b>7-11</b>
<b>Unit - III</b>	<b>Journal</b>	<b>12-12</b>
<b>Unit - IV</b>	<b>Ledger</b>	<b>12-15</b>
<b>Unit - V</b>	<b>Subsidiary Books</b>	<b>15-18</b>
<b>Unit - VI</b>	<b>Cash Book</b>	<b>18-21</b>
<b>Unit - VII</b>	<b>Bank Reconciliation Statement</b>	<b>21-23</b>
<b>Unit - VIII</b>	<b>Trial Balance And Rectification</b>	<b>23-25</b>
<b>Unit - IX</b>	<b>Final Accounts</b>	<b>26-31</b>
<b>Unit - X</b>	<b>Tally</b>	<b>32-41</b>
	<b>Question Bank</b>	<b>41-46</b>

# Accountancy & Tally

## UNIT -I

### Introduction

#### Short Answer Type Questions

#### 1. What is Book-keeping?

**A. Book-Keeping:** The recording of transactions in a set of books is called Book keeping. It teaches us to maintain the books of accounts in a systematic manner.

#### 2. Define Accountancy.

**A. Accounting (or) Accountancy:** Accounting is the 'method of identifying, arranging and passing on the required financial information to the decision makers in business'.

#### 3. What is Debit & Credit?

**A. Debit:** Incoming benefits or Receiving benefits is called Debit.

**Credit:** Outgoing benefits or Giving benefits is called Credit.

#### 4. Define Debtors and Creditors.

**A. Debtors:** A Person, Individual or Firm, who received a benefit without giving money or money's worth immediately, but liable to pay in future or in due course.

**Creditors:** A person who provided benefit or service without receiving money or money's worth immediately, but eligible to receive money in future or in due course.

#### 5. What is Capital?

**A. Capital:** The amount invested by the owner for running the business.

It can be in the form of Goods or cash. It the excess of liabilities over assets.

#### 6. What are the Drawings?

**A. Drawings:** Drawings are the amount draw from the business by the proprietor for his personal Or Household.

**7. What do you mean by Assets?**

**A. Assets:** Assets are those, which are essential and beneficial for running the business operations. Like Furniture, Machinery, land building etc.,

**8. What are Fixed Assets?**

**A. Fixed Assets:** Fixed assets are permanent assets.

Ex: land, Buildings, plant, machinery, vehicles, furniture etc.,

**10. what are Asset? Describe classification of Assets.**

**A. Assets:** An asset is a property of every description belonging to the business. Assets can be classified into two types:

**a. Tangible Assets:** The assets having physical existence, which we can touch and see.

Ex: Buildings, Furniture, Plant and Machinery

**b. Intangible Assets:** The assets does not having any physical existence, but their possession gives rise to some rights and benefits to the proprietors or owner.

Ex: Royalty, Copy rights, Goodwill, Trademarks.

**Long Answer Type Questions**

**1. What are the accounting concepts? Explain some of them.**

**A. Accounting Concepts:**

1. Business Entity Concept
2. Money Measurement Concept
3. Cost Concept
4. Going Concern Concept
5. Dual – Aspect Concept
6. Realisation concept
7. Accrual Concept
8. Matching Concept
9. Accounting Period Concept

### **1. Business Entity Concept:**

While recording the business transactions in the books, it should be noted that the business and owners are separate entities.

### **2. Money Measurement Concept:**

Accounting records only transactions that are expressed in terms of money.

### **3. Cost Concept:**

Business activity is an exchange of money. The price paid at the time of purchase is called 'cost'.

### **4. Going Concern Concept:**

accounts are recorded assuming that the business will continue for a long time.

### **5. Dual Aspect concept:**

As per this, every transaction should have two aspects. One is 'receiving Aspect' and other is 'giving aspect'. The receiving Aspect is called 'Debit' and giving aspect is called 'Credit'.

### **6. Realisation Concept:**

As per this concept 'imaginary profits should not be recorded at all.

### **7. Accrual Concept:**

The accrual concept in accounting means that expenses and revenues are recorded in the period they occur, whether or not cash is involved.

### **8. Matching Concept:**

The Matching concept is an accounting practice whereby firms recognize revenues and their related expenses in the same accounting period.

### **9. Accounting Period Concept:**

An accounting period is the span of time covered by a set of financial statements.

## **2. What are the Accounting Conventions and explain them.**

### **A. Accounting Conventions**

Accounting Conventions help in comparing accounting data of different business units or of the same unit for different periods. These have been developed over the years. The most important conventions which have been used for a long period are :

1. Convention of consistency
2. Convention of full disclosure
3. Convention of materiality.
4. Convention of conservatism.

#### **1. Convention of consistency:**

The convention of consistency means A meaningful conclusion can be drawn from financial statements of the same enterprise when there is comparison between them over a period of time.

#### **2. Convention of full disclosure:**

The convention of full disclosure suggests that every financial statement should fully disclose all relevant information

#### **3. Convention of materiality:**

The convention of materiality states that, to make financial statement to be meaningful by reflecting the material fact. Material fact means the information of which will influence the decision of its user.

#### **4. Convention of conservatism:**

This convention is based on the principle that “Anticipate no profit, but provide for all known losses”.

## **Accounting Terminology**

1. **Account:** An account is a summary of relevant business transactions at one place relating to a particular head.
2. **Transaction:** The accounting transaction is an activity of a business, which involves transfer of money or goods or services between two persons or two accounts.
3. **Entry:** Recording a financial transaction in the books of accounts.
4. **Accounting Period:** The period of time, for which the books of account maintained by a business.
5. **Entrepreneur/Proprietor:** The person who contributed capital to maintain a business to earn the profit.
6. **Capital:** The Amount of Money, Assets, Goods or Money's worth introduced by the owner to start or to maintain the business.
7. **Assets:** An asset is a property of every description belonging to the business. Assets can be classified into two types:
  - a) **Tangible Assets:** The assets having physical existence, which we can touch and see. Ex: Buildings, Furniture, Plant and Machinery
  - b) **Intangible Assets:** The assets does not having any physical existence, but their possession gives rise to some rights and benefits to the proprietor or owner. Ex: Royalty, Copy rights, Goodwill, Trademarks.
8. **Debtors:** A Person, Individual or Firm, who received a benefit without giving money or money's worth immediately, but liable to pay in future or in due course.
9. **Liabilities:** The financial obligations of the business are called liabilities. Ex: Loans, Bank Over Draft, Bills Payable.
10. **Creditors:** A person who provided benefit or service without receiving money or money's worth immediately, but eligible to receive money in future or in due course.

11. **Drawings:** The amount of Money, Goods or money's worth used by the proprietor or owner of the business for his personal purpose.
12. **Revenue:** The amount of money received or realised from the sale of good, provision of services and earnings from Interest, Dividend, Commission etc.,
13. **Income:** Income is money or money's worth that an individual or business receives in exchange of providing a Goods or Service or through Investment.
14. **Expenses:** The amount spent on production and sale of goods and services.
15. **Voucher:** A written document that supports a transaction has taken place for the value stated in the voucher on a particular date.  
Ex: Cash Receipt, Cash Memo, Invoice, Bank pay – in – slip etc.,
16. **Receipt:** It is an acknowledgement for monies in the form of cash or through bank. Ex: Cash Received, Cheques Received, D.D. Received.
17. **Stock:** Goods held with the firm as on specified date. They may include Raw Material, Finished Goods, Traded Goods or Work in progress.
18. **Purchases:** The amount of goods bought by a business for resale or for use in the production. Purchases are two types  
1) Cash Purchases 2) Credit Purchases
19. **Sales:** The amount of goods sold that are already bought or manufactured. Sales are two types 1) Cash Sales 2) Credit Sales
20. **Debit:** A debit is an accounting entry that either increases an asset or expense account or decreases a liability or equity account.
21. **Credit:** A credit is an accounting entry that either increase a liability or equity account, or decreases an asset or expense account.
-



## UNIT-II

### Double Entry System

#### Short Answer Type Questions

#### 1. What is Double entry system?

**A. Double Entry System:** This system was invented by a trader called “Luca Pacioli” in Italy in the year 1434. In accountancy, the Receiving benefit is called ‘Debit’ aspect and Giving Benefit is called ‘Credit’ aspect. Thus, the procedure of recording both the receiving and giving aspects related to business transactions is called “Double Entry Book-keeping”.

#### 2. What is an Account?

**A. Account:** Account is a summarized statement of Debit and credit. There are two parts for every Account. The left hand side is called ‘Debit’ and the right hand side is called ‘Credit’.

#### 3. Write about different types of accounts.

**A. Three different types of accounts.**

1. Personal accounts
2. Real accounts
3. Nominal accounts

#### 4. Define Single Entry System of Account

**A. Single Entry System:** A single entry system of bookkeeping is where the transactions of the business affect only one account, i.e. only one account’s value will decrease or increase based on the transaction amount. Under this system, a cash book is prepared that shows the payment and receipts of the cash transactions.

#### Long Answer Type Questions

#### 1. Define Double Entry System and Explain with its Feature.

**A.** According to J.R. Batliboi “Every business transaction has two-fold effect and it affects two accounts in opposite directions and if a complete record were to be made of each such transaction, it would be necessary to debit one account and credit another account”. This recording of the two fold effect of every transaction has given rise to the term Double Entry System.

## **Features of Double Entry System:**

1. Every business transaction affects two accounts.
2. Each transaction has two aspects those are debit and credit.
3. It is based upon accounting assumptions, concepts and principles.
4. It helps in preparing trial balance which is a test of arithmetical accuracy in accounting.
5. Finally it helps in preparation of final accounts with the help of trial balance.

## **2. Explain the advantages of Double Entry System**

### **A. Advantages of Double Entry System**

Double entry system is acknowledged as the best method of accounting in the modern world.

Following are the main advantages of double entry system:

#### **1. Complete Record of Transactions:**

Under this method both the aspects of each and every transaction are recorded. So it is possible to keep complete account.

#### **2. Scientific System:**

This is the only scientific system of recording business transactions. It helps to attain the objectives of accounting.

#### **3. Accuracy of Accounts:**

It is possible to verify the arithmetical accuracy of the books of accounts by ascertaining whether the two sides (Dr. and Cr.) become equal or not through a process known as trial balance.

#### **4. Ascertainment of Profit or Loss:**

Under this system profit and loss account can be prepared easily by taking together all the accounts relating to income or revenue and expenses or losses and thereby the result of the business can be ascertained.

### **5. Ascertainment of the Financial Position:**

A Balance Sheet can be prepared by taking together all the accounts relating to assets and liabilities and thereby the financial position of the business can be assessed.

### **6. Prevents Errors and Frauds:**

Under this system mistakes and defects can be detected by internal check, so that accurate information regarding business can be ascertained.

### **7. Full Details of Control:**

This system permits accounts to be kept in a very detailed form, and thereby provides sufficient information for the purpose of control.

### **8. Helps in decision making:**

Under this system necessary statistics are easily available so that the management can take appropriate decision and run the business efficiently.

### **9. Comparative Study:**

Profit and Loss accounts and Balance Sheets of different years as well as of different firms can be compared and the success or failure of the business can be measured.

### **3. Explain various types of account? (Or)**

**Explain in detail about different types of account. (Or)**

**Explain the principles of double entry system. (Or)**

**What is an Account? Explain different types of accounts with their rules.**

#### **A. Classification of Accounts:**

The accounts in double entry system are classified into three categories:

1. Personal accounts
2. Real accounts
  - a) Tangible accounts
  - b) Intangible accounts
3. Nominal accounts

**1. Personal Accounts:** Personal accounts may be further classified into two categories:

a) **Natural Personal Accounts:** An account related to any individual like Ravi, Raju, or Surabi is called as a Natural Personal Account.

b) **Artificial Personal Accounts:** An account related to any artificial person like M/s Siri Motors LLP, M/s TATA MOTORS Ltd, M/s Reliance Industries, etc., is called as an Artificial Personal Account.

**Rule:** Debit the Receiver

Credit the Giver

**2. Real Accounts:** Every Business has some assets and every asset has an account. Thus, asset account is called a real account.

There are two type of assets:

a) **Tangible:** Assets are having physical existence, which we can touch and see. Ex: Buildings, Furniture, Plant and Machinery.

b) **Intangible:** Assets does not have any physical existence, but their possession gives rise to some rights and benefits to the proprietor or owner.

Ex: Royalty, Copy rights, Goodwill, Trademarks. Accounting treatment for both type of assets is same.

**Rule:** Debit what comes in

Credit what goes out

**3. Nominal Accounts:** These accounts are related to incomes and expenses or profits and losses of business concern. Ex: Salary Account, Rent Account, Electricity Account, Discount Account, Commission Account, Interest Account

**Rule:** Debit all Expenses and Losses

Credit all Incomes and Gains

4. Write the advantages of double entry system.

(or) What are the merits of Double-entry system.

**A. Advantages Of Double Entry System:**

1. It records all transaction of the business.
2. It gives correct and accurate information.
3. It helps to check the arithmetical accuracy by preparing trail balance.
4. It helps in ascertainment of profit or loss of the business concern.
5. It helps in ascertainment of financial position of the business concern.
6. It provides accounting information ready.

**5. What are the differences between Single Entry System & Double Entry System?**

Single Entry System	Double Entry System
1. Errors and frauds committed by the Accountants cannot be located.	1. Errors and frauds can be easily detected.
2. Some of the transactions only recorded leaves of the others. Hence this is an incomplete.	2. All transactions are recorded in the books. Hence this is a comprehensive system.
3. It is not possible to compare the balance of Two different period as trades does not maintain all necessary account.	3. It is possible to complete the balance of two different Period.
4. The trader is cannot obtain the total information as they maintain only cash and personal account leaving the nominal account.	4. The trader can obtain full information about the business as they maintain personal, real or Nominal account.
5. Arithmetical accuracy cannot be proved as the trial balance preparation is difficult.	5. Arithmetical accuracy can be proved as the trial balance is made out from the closing balance of ledger accounts.
6. It is not possible to arrive at the accurate profit and loss account.	6. Accurate profit, loss can be ascertained by preparing trading profit and loss account.

## UNIT-III

### Journal

#### Short Answer Type Questions

1. Define Journal.

A. **Journal:** Journal is called as book of Primary Entry or Book of Original Entry.

2. Define Journal Entry.

A. **Journalizing:** The process of recording the transactions in the journal is called Journalizing and the entry made in the journal is called Journal Entry.

Date	Particulars	L/F	Debit Amount Rs.	Credit Amount Rs.

---

## UNIT-IV

### Ledger

#### Short Answer Type Questions

1. What is Ledger?

A. **Ledger:** It is a book in which various accounts are opened. This is a book of secondary entry.

2. What do you mean by posting?

A. **Posting:** The process of grouping of all the transactions relating to a particular account at one place is called posting.

**1. Write the procedure of Ledger posting?**

**A. Ledger:** It is a book in which various accounts are opened. This is a book of secondary entry.

**Dr**

**Cr**

Date	Particulars	J .f	Amount	Date	Particulars	J .f	Amount
			Rs.				Rs.

**Types of Ledger Accounts:** There are four types of ledger accounts.

They are

1. **Debtors ledger(or) sales ledger:** When all debtors accounts are recorded in one book that book is known as debtors ledger.
2. **Creditors ledger (or) purchase ledger:** In this all creditors accounts are recorded.
3. **General ledger:** In this accounts related to the assets incomes and expenditure are recorded.

**Self-ledger:** In this which indicates the relationship between proprietors and the business firm are recorded.

**2.Explain different types of Ledger in details.**

**A. Different types of Ledger in details:**

Ledger is a book with various accounts like Real , Personal and Nominal Accounts and each account is shown on a separate page, that gives the details of the different transactions and its summary. Ledger is a book of account containing a classified summary of every transaction recorded in journal. (OR)

The ledger is a permanent summary of all amounts entered in supporting journals which list individual transactions by date. Every transaction flows from a journal to one or more ledgers. A company's financial statements are generated from summary totals in the ledgers.

### **Ledgers include:**

1. **Sales ledger:** It records accounts receivable. This ledger consists of the financial transactions made by customers to the company.
2. **Purchase ledger:** It records money spent for purchasing by the company.
3. **General ledger:** It represents the five main account types: assets, liabilities, income, expenses, and capital.

For every debit recorded in a ledger, there must be a corresponding credit so that the debits equal the credits in the grand totals.

### **3. Write the advantages of Ledger in detail.**

#### **A. Advantages of Ledger:**

1. It provides the complete accounting information regarding all the transactions of the business at a glance.
2. The amount has to be paid by us to the suppliers and also the amount has to be received from the customers was easily identified.
3. With the help of Nominal Accounts in the ledger we can easily calculate the main incomes and expenditures of the business.
4. With the help of Real Accounts in the ledger we can easily calculate the net worth of the business.
5. Easy to prepare Trial Balance, Profit & Loss Account and Balance Sheet with the help of ledger balances of the business.

### **4. Explain the procedure of balancing the ledger.**

**A.** Balancing is the process of finding the difference between total debits and the total credits of an account. The net result of such debits and credits in an account is called balance.

The writing of the difference between the amount columns of the two sides in the ledger is called "out standing balance" or "Balance carry forward". This amount will be carry forwarded to the statement of next period. The excess of debit total over credit total is called the debit balance whereas, the excess of credit total over debit total is called the credit balance.



### **Procedure for Balancing:**

While balancing the accounts the following steps are involved:

1. To find the balance of an account, the amount columns of both Debit side and Credit side total separately and then calculate the difference of both columns.
2. We insert it in the lesser side of the account, with the words 'Balance carried down' in the corresponding particulars column prefixed with 'To' or 'By'.
3. Total again both the amount columns put the total on both sides and draw a line above and a line below the totals.
4. Enter the date of the beginning of the next period in the date column and bring down the balance on the corresponding side along with the words "To Balance b/d" or "By Balance b/d" in the particulars column.

---

## **UNIT-V**

### **Subsidiary Books**

#### **Short Answer Type Questions**

#### **1. What is Subsidiary book?**

**A. Subsidiary book:** Each journal is meant for writing a particular type of transaction. These journals are called subsidiary books.

#### **2. What is Debit Note?**

**A. Debit Note:** When the trader returns the material purchased for any reason, the net amount is calculated and the purchaser prepares a debit note.

#### **3. What is Credit Note?**

**A. Credit Note:** It is the note prepared and sent to the customer after receiving goods returned by him, intimating that his account is credited to that extent.

#### 4. How many types of Subsidiary books are there? What are those?

##### A. Types of Subsidiary books

1. Purchase Book
2. Sales Book
3. Purchase Returns Book
4. Sales Returns Book
5. Cash Book
6. Bills Receivable Book
7. Bills Payable Book
8. Journal Proper

#### 5. Define Invoice.

**A. Invoice:** Invoice is a document received by the trader from the supplier along with the goods by Stating that, the goods are supplied as per the order along with the price, discount offered, and other terms and conditions. This document is called as “Inward Invoice”.

#### 6. Define Journal Proper.

**A. Journal Proper:** This book is maintained to record transactions, which do not find place in other Seven Subsidiary Books. The Journal Proper also known as ‘Journal Residual ‘.

The format of Journal Proper is similar to the ordinary journal.

#### 7. What is Trade Discount?

**A. Trade discount:** The discount offered by the seller to the buyer on the price of the goods purchased. It is shown in invoice only and does appear either in the cash book or any other book.

## Long Answer Type Questions

1. Write the different types of subsidiary books in detail.

A. The number of subsidiary books may vary according to the requirements of each business.

The following are the special purpose subsidiary books.

**Types Of Subsidiary Books:** There are 8 types of subsidiary books. They are

1. **Purchase Book:** only credit purchases are recorded.

PURCHASE BOOK				
Date	Particulars	Inward Invoice No.	L.F.	Amount

2. **Sales Book:** credit sales are recorded.

SALE BOOK				
Date	Particulars	Outward invoice No.	L.F.	Amount

3. **Purchase Returns Book:** All purchase returns are recorded.

PURCHASE RETURN BOOK				
Date	Particulars	Debit Note No.	L.F No	Amount Rs.

4. **Sales Returns Book:** All sales returns are recorded.

SALE RETURN BOOK				
Date	Particulars	Credit Note No.	L.F.	Amount

5. **Cash Book:** All cash receipt and payments are recorded.

6. **Bills receivable book:** All bills receivable items are recorded.

BILL RECEIVABLE BOOK												
No. Of bill	Date Received	Date of Bill	From whom Received	D r a w e r	A c c e p t o r	Where payable	T e r m	D u e d a t e	Led ger Folio	A m o u n t	Cash book folio	R e m a r k s

**7. Bills payable book:** All bills payable items are recorded.

BILL PAYABLE BOOK												
No. of bill	Date of bill	To whom given	D r a w e r	P a y e e	Where payable	T e r m	D u e d a t e	Led ger Folio	Amount paid	Date of Pay ment	Cash Book Folio	R e m a r k s

**2. Explain about advantages of subsidiary book.**

**A. Advantages Of Subsidiary Books:**

1. No need of writing the journal entries.
2. Ledger account can be prepared on the basic of subsidiary books.
3. Recording of transaction is fast & easy.
4. Labour involved and time can be saved.
5. Information relating to similar type of transactions will be available at one place.

---

## UNIT-VI

### Cash Book

#### Short Answer Type Questions

**1. What is Cash book? Write different types of Cash books.**

**A. Cash book:** If cash receipts and payments are recorded in a separate book. It is known as "Cashbook". Cash book They are :

1. Simple cash book
2. Double column cash book
3. Three column cash book
4. Analytical petty cash book.

**2. Define Trade Discount and Cash Discount?**

**A. Trade Discount:** The Discount given by the seller to buyer is known as Trade Discount. This discount is deducted from the Catalogue price in shown in the invoice and the account is prepared by taking net amount. The trade discount should not be recorded in the books of accounts.

**Cash Discount:** The discount for prompt or early payment is called cash discount. There are two types in Cash Discount. Those are:

- 1) Discount Allowed
- 2) Discount Received

### 3. What is Contra entry?

**A. Contra entry:** The transaction which is posted on both the sides of the cash book (side as well as Credit side) is called Contra entry.

### 4. Define Analytical Petty cash book.

**A. Analytical Petty cash book:** Due to a large number of Petty expenses or Petty payments such as cartage, travelling, postage, refreshments, stationery and other expenses. It is difficult to record all such payments in regular books of accounts. To record all such payments of repetitive nature, a separate cash book is prepared which is called Petty cash book.

### Long Answer Type Questions

#### 1. Explain the kinds of cashbooks.

**A. Types of cash Book:** The cash book is of the following types:

**1. Simple Cash book:** It is maintained usually by newly started business firms, whose trade Transactions are limited. Only cash transactions are recorded in this book.

Dr.	Simple Cash Book (or) Single Column Cash Book						Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F	Amount
			Rs.				Rs.

**2. Double column cash book:** The transactions pertaining to cash and discounts are recorded in this book. Hence it is called as Double column cash book.

Dr.	Double Single Column Cash Book							Cr.	
Date	Particulars	L.F.	Cash	Discount	Date	Particulars	L.F	Cash	Discount
			Rs.	Allowed				Rs.	Received
				Rs.					Rs.

**3. Triple column cash book:** In three column cash book we enter transactions relating to not cash, but also cash discount and bank. So this cash book is “called cashbook with cash, bank and discount columns”.

Dr.	Triple Column Cash Book										Cr.
Date	Particulars	L. F.	Cash Rs.	Bank Rs.	Discount Rs.	Date	Particulars	L. F.	Amount Rs.	Cash Rs.	Discount Rs.

**4. Petty cash book:** The petty cash book analyses the payments by its various columns. So it is Called“ Analytical petty cash Book”.

Amount Received \$	Date	Particulars	V. No	To tal \$	Post ages \$	Travel ing Expenses \$	Stationery \$	Office Expenses \$	Misc. Expenses \$

**2. Explain the advantages of cash book?**

**A. Advantages Of Cash Book:**

1. To know the cash and bank balance of the business unit at any time.
2. To know how much amount is received and how much amount of cash paid.
3. Fraud or mistake can be detected by verifying the closing balance of the cashbook with the actual amount of cash on hand.
4. It serves as a journal as well as ledger.

**3. Explain the importance of cashbook.**

**A. Important of cash book:** in this book record particular of receipt and payment money. The main Objective of cash book is to know the balance of cash at given time. The person who maintains this book is to known as cashier It records only one aspect of transaction. This number of cash transactions are more in the business so the cash book should be prepared and maintained without most care.

Business transaction are mainly of two kinds

I Cash transactions

II Credit transactions

Cash transaction are of two types

I Cash receipts

II Cash payments.

---

## UNIT-VII

### Bank Reconciliation Statement

#### Short Answer Type Questions

#### 1. Define Pass Book.

**A. Pass Book:** Bank maintains an account for each customer in its book.

All the deposits done by the customer are recorded on the credit side of customer account and all the withdrawals done by the customer are recorded on the debit side of the customer account. A copy of this account is regularly sent to the customer by the bank. This copy is called "Pass Book".

#### 2. Define Bank Reconciliation Statement.

**A. Bank Reconciliation Statement:** The statement prepared to reconcile the balances of cash book and pass book is called "Bank Reconciliation statement".

#### 3. Define Over draft.

**A. Over draft:** The excess amount used by the business from its bank current account even though there is no balance in its bank current account is called "over draft".

**1. Explain the importance of Bank Reconciliation Statement.**

**A. Importance of Bank Reconciliation Statement:**

- It helps in locating and rectifying the errors or omissions committed either by the firm or by the bank.
- Customer becomes sure of the correctness of the bank balance shown by the cash book.
- Facilitates the preparation of amended or revised Cash Book.
- Reduces the chances of fraud by the staff of the firm or bank.
- Helps in keeping a track of the cheques deposited for collection.

**2. What are the causes when P.B. Balance is not tallied with C.B.?**

**A. Reasons for differences between balances:** There are many reasons why the bank balance in the cash book and the balance in the pass book may not equal the same amount on a given date. They are:

**1. Transactions not recorded in the pass book in the bank row in the cash book:**

- ✓ Enter the checks received in the cash book,
- ✓ Not sending to the bank
- ✓ Non-filing of issued cheques
- ✓ When the merchant sends the checks to the bank for collection, Even today they are not residents

**2. Non-entry of transactions in passbook and not in cash book:**

- ✓ Direct deposit of the due amount by the debtor in the said bank account
- ✓ Bank charges
- ✓ Payments made directly by them to the bank on behalf of the company
- ✓ Direct Debit
- ✓ Overdraft or interest on debt
- ✓ Interest on deposits
- ✓ Acceptance of cheques, bills



### 3. Differences due to mistakes:

- ✓ Mistakes in registration of company businesses.
  - ✓ Mistakes in registering transactions with the bank.
- 

## UNIT-VIII

### Trial Balance And Rectification

#### Short Answer Type Questions

#### 1. What is Trial Balance?

**A. Trial Balance:** A Trial Balance is a list of all the balances standing on the ledger accounts and cash book of a concern at any given date.

#### 2. Define Suspense Account.

**A. Suspense Account:** A suspense account is an account in the general ledger in which amounts are temporarily recorded.

#### 3. Define Error.

**A. Error:** Errors are the mistakes committed in the accounting process.

#### Long Answer Type Questions

#### 1. Explain the errors disclosed and not disclosed by trial balance.

##### A: Trial Balance:

1. Commission to post an amount from subsidiary book to ledger.
2. Posting of amount on wrong side.
3. Posting of wrong amount on correct side.
4. Error due to wrong totaling.
5. Under casting and over casting.

##### Posting wrong entry in subsidiary book:

1. Compensating errors /Posting into header of Accounts.
2. Errors of omission.
3. Errors of principles.

## 2. What are objectives of Trial Balance?

### A. Characteristics of Trial Balance:

1. It is a statement or a list.
2. It contains all the debit and credit balances.
3. The total of debit balances and credit balances must be equal.
4. It is the only base for preparation of final accounts.
5. It can be prepared at any time.

### 3. How trial is balanced prepared? Explain with examples.

#### A. Preparation Of Trail Balance:

##### 1. The following accounts will always appear with debit balances:

**Asset Accounts:** Land accounts, building accounts, machinery accounts, furniture accounts, Debtors account, stock account, Bills receivable etc.,

##### 1. The following accounts will always appear with credit balances:

**Liabilities accounts:** Creditors account. Loan account, mortgage account, Bills Payable account, Bank overdraft account. All types of Reserves and Funds accounts.

## 4. What is Balance Sheet? How is it prepared? (Or)

### What are the steps taken while preparing Balance Sheet?

**A. Balance Sheet:** Balance Sheet is a statement prepared on a particular date to show the financial position of the firm with all assets and liabilities of the firm.

#### Preparation Of Balance sheet:

1. Balance sheet is prepared on a particular date. It represents the financial position of the business, on that date. So it should be dated as, balance sheet as at.
2. It is prepared long with the preparation of trading and profit and loss account. So it is Included amount the final accounts.

3. At any time the capital in the business is equal to the assets minus the liabilities, other than The capital. So the total liabilities and the capital must be equal.

**5. What are the differences between Trial Balance and Balance Sheet?**

**A. The differences between Trial Balance and Balance Sheet:**

Trial Balance		Balance Sheet	
1	Trial balance is prepared to prove the arithmetic accuracy of the accounts.	1	The balance sheet is prepared to show the financial position of a firm on a particular date.
2	It contains the balances of all the accounts	2	It contains the information pertaining to the assets and liabilities.
3	No adjustments are seen Trial balance.	3	All types of adjustments should be done in balance sheet.
4	It can be prepared at any time.	4	It is prepared only at the closure of the accounting year.
5	Headings of debit and credit are seen in the trial balance.	5	Assets at the right side and liabilities at the left side can be seen in the Balance sheet.
6	No information regarding the profit or loss can be found.	6	Clear information regarding profit or loss can be found in the Balance Sheet.

-----

**UNIT – IX**  
**Final Accounts**

**Short Answer Type Questions**

**1. What is Final Accounts?**

**A. Final Accounts :** It gives an idea about the profitability and financial position of a business to its management or owners.

**2. What is Opening Entry?**

**A. Opening Entry:** is the entry with which balances of other than nominal accounts.

**3. What is Trading Account?**

**A. Trading Account:** Trading account is prepared at the end of each accounting period to assess the Gross profit or Gross loss.

**4. Define Profit and Loss Account.**

**A.** The profit and loss statement is a financial statement that summarizes the revenues, costs and expenses incurred during a specified period.

**5. What is Balance Sheet?**

**A. Balance Sheet:** Balance Sheet is a statement prepared on a particular date to show the financial position of the firm with all assets and liabilities of the firm.

**6. What is Adjustment?**

**A. Adjustment:** Adjustment is the process of adjusting outstanding and prepaid expenses and incomes, depreciation of assets, bad debt, interest on capital and drawings etc., into final accounts.

**7. Define Depreciation.**

**A. Depreciation:** The value of fixed assets such as machinery, furniture etc., will decrease every year due to various reasons, such as wear and tear, obsolescence etc., Such decline in the value of fixed asset is called “Depreciation”. It may be defined as decrease in the value of the asset.

## 8. Define Bad Debts.

**A. Bad Debts :**The trader sells goods on credit to some of the customers.

The customers who Have taken credit (Debtors) may not pay the amounts. Thus the debts which are Not collected and irrecoverable are known as bad debts.

### Long Answer Type Questions

#### 1. Write the procedure to prepare final accounts.

**A.** After having checked the accuracy of the books of accounts through preparation of Trial Balance, businessman wants to ascertain the profit earned or loss suffered during the year and also the financial position of his business at the end of the year. For this purpose he prepares 'Final Accounts' which are also termed as 'Financial Statement'.

**These include the following:**

- 1) Trading Account
- 2) Profit and Loss Account
- 3) Balance Sheet

**Trading Account:** An account is to be prepared to know the results of trading activities carried during the accounting period is termed as "Trading account". Trading account is a nominal account. The trading expenses should be debited and the trading incomes should be credited to this account. The outcome of the trading account is either gross profit or gross loss. The trading account is to be prepared to find out the difference between actual cost of goods sold and sale proceeds.

- $\text{Cost of goods sold} = \text{Purchase price of the goods} + \text{Expenses incurred on purchases.}$
- $\text{Cost of Goods Sold} = \text{Opening Stock} + \text{Net Purchases}$
- $\text{Cash} + \text{Credit} - \text{Returns} + \text{Direct Expenses} - \text{Closing Stock of Goods}$
- $\text{Gross Profit / Loss} = \text{Net Sales} - \text{Cost of Goods Sold}$

**Profit and Loss Account:** Profit and Loss Account is a nominal account, so all the expenses and losses should be debited and all the incomes and gains to be credited to Profit & Loss account. The balance of Profit & Loss Account is either net profit or net loss and the same is to be added to / deducted from Capital Account in Balance Sheet.

**Balance sheet:** Balance Sheet may be defined as “an orderly statement representing assets, properties, capital and liabilities of the business on a particular date”.

It is the statement prepared to find out financial position i.e., assets and liabilities of business on a given date. The balance sheet explains that what a business owns (assets) and what the business owes to others (liabilities) on a given date.

The balance sheet is prepared on the basis of trial balance. Only real and personal accounts are taken into consideration in the preparation of balance sheet.

## **2. What is Final Accounts ? How to Prepare Final Accounts.**

**A. Final Accounts:** It gives an idea about the profitability and financial position of a business to its management or owners.

**Preparing the Final accounts are as follows:**

1. Determining the profit or loss incurred by a business in the financial year.
2. Determining the financial position of the business.
3. Providing information to the users of accounting information (such as owners, creditors, investors and other stakeholders) about the solvency of the business.

### **3. Write the procedure to prepare balance sheet.**

#### **A. Necessary procedure for carrying out property debt collection:**

##### **Preparation of Property Debenture:**

A table showing systematically the assets, capital and other liabilities of a company at a date is called Assets and Liabilities.

A company's financial condition is made up of this bar. Financial condition means assets and liabilities of the company. This bar shows the amounts owed (debts) and assets (assets) to that other company on a given date.

##### **Benefits**

1. The company discloses the actual financial condition.
2. Know the assets and liabilities of the organization.
3. Useful for lenders and financial institutions to know the financial strength of the company. This information will be useful to them at the time of lending to that institution.
4. This bond indicates the firm's ability to pay its outstanding debts in full.

##### **Arrangement of Property Debts:**

The method of arranging assets and liabilities in the asset debt bar is called arrangement. The table of property debts is divided into two parts. Left part, right part. The left side is called liabilities and the right side is called assets. A property mortgage can be prepared by any of the following methods.

1. Liquidity method
2. Stability method

**1. Liquidity method:** Liquidity is the conversion of assets into cash. The most liquid monetary assets are shown first. The rest of the assets are shown in the same order. Debts are shown on short term and long term basis.

**2. Consistency method:** Fixed assets are shown first followed by liquid assets. On the liabilities side, long-term loans are shown first, followed by short-term loans.

### **Classification of Assets–Liabilities:**

**Assets:** Assets can be classified as follows:

#### **1. Fixed Assets:**

Fixed assets are assets held for the purpose of running a business and not for resale. Eg : Land, buildings, machinery, furniture, fixed assets can be re-classified as follows.

a) **Visible Assets:** Assets that can be seen with the eye.

Ex: Furniture, Machinery.

b) **Intangible assets:** goodwill, patents, trade marks etc.

**2 Current Assets:** These assets are either sold or converted into cash in the future.

#### **B. Debts – Definition:**

Amounts owed on financial obligations of a company are called liabilities

##### **1. Current liabilities**

Debts payable by a business entity during the year. Eg: Payment Hundis, Trade Lenders Bank.

##### **2. Long term debts**

The company pays off these debts in the long run. Eg: Debentures, loans of financial institutions.



### 3. Capital, own uses :

a) **Capital:** The amount of assets in excess of liabilities is called capital. It is the amount invested by the owner in the company.

Capital = Assets - Liabilities **Or**

Assets = Amounts owed to others + Capital.

b) **Proprietary Uses:** Cash and goods used by the owner from the company for his own needs are called proprietary uses. These own uses are deducted from the capital on the debt side of the property debt bar.

#### **Important points about property mortgages:**

1. The words "To", "By", "Dr.", "Cr." should not be used in the title of property.
  2. Property debt is divided into two parts. The left side is called the debit side and the right side is called that side.
  3. Generally the items given in the numeration appear only once in the final calculations. That is, they appear only once either in the trading account, in the profit and loss account or in the property debt bar.
  4. The adjustments given under the figure should normally be taken into account twice in the final calculations. For the first time the adjustment amount should be adjusted in trading account or profit and loss account. The second asset should show either the assets side or the liabilities side in the liabilities column.
-

## Unit-X

### Tally

#### Short Answer Type Questions

#### 1. What is Tally?

**A. Tally:** Tally is a financial accounting package. Accounts were one of the earliest applications to be Computerized in business firms.

#### 2. What are the uses of Function Keys in Tally?

A.	F1: Select a company	F1: Shut company
	F2: Date	F3: Company information
	F4: Contra	F5: Payment
	F6: Receipt	F7: Journal
	F8: sales	F8: Credit note
	F9: purchase	F9: Debit note
	F10: Rev Jrnl	F10: Memos
	F11: Features	F12: Configuration

#### 3. How to create new group in Tally?

**A. Create of Groups:** To create group select account information MENU at tally main menu and follow the steps:

1. Select groups from accounts info MENU
2. Select create from single group option to get account group creation screen.
3. At group name field enter a unique group name of groups, the new groups placed under the selected parent group and will inherit its properties .

#### 4. What is the use of Accounts Information ?

**A. Use of Accounts Information:** From Account Information we can get all type of accounts or information means we can create accounting groups and also ledger accounts. Trial balance and also voucher creation, voucher types can be created .

Groups ledgers, trial balance and vouchers these three are interlinked all their accounts will have one to one attachment in between them.

## 5. What is inventory information ? What options are available ?

**A. Inventory information** means stock or goods details information showing how much stock we brought into company . How much we sold , what the balance is left over in the go down . How much stock has to be ordered . The stock options available are :

- 1 . Stock groups
- 2 . Stock items
- 3 . Voucher types
- 4 . Unit of Major
- 5 . Go downs
- 6 . Buttons

## 6. What is a Ledger ? How to create in Tally ?

**A. Tally** gathers transaction data through voucher entry process. For voucher entry the user must create ledgers , the user has to specify the account group it. Tally automatically creates two ledgers Cash and Profit & Loss A / c .

1. Ledger Name
2. Under – Select Group of ledger from the list of ledgers .
3. Opening Balance – Enter Amount

Tally shows the Opening Balance at the right side with Dr. for Assets and Expenses Cr . For Liabilities and Income.

## 7. How to display Reports ?

**A. Display Reports:** After the voucher entry the effect is recalled in various reports. Tally provides power display facility to view reports at various levels of details and contents of the screen.

1. Balance Sheet
2. Profit & Loss A / c
3. Stock Summery
4. Ratio Analysis

## 8. What are the different reports viewed in Tally ?

### A. Display Menu from Main Menu :

1. Accounting Group Summary
2. Primary Group Summary
3. Ledger Summary
4. Trial Balance
5. Trading Account
- 6 . Trading and Profit & Loss A/c
7. Balance Sheet
- 8 . Cash Flow
  - a. Funds Flow
  - b. Stock Flow

## 9. What is Trial Balance ?

**A. Trial Balance:** Trial Balance is a statement in which debit and credit balance of all the ledger accounts shown test the Arithmetical Accuracy of the books of accounts. Trial balance is not conclusive proof of accuracy of books of accounts.

## 10. What is a Cash flow statement?

**A. Cash flow statement:** It is a statement which describes the inflows (sources) and outflows (uses) Of cash equivalents in an enterprise during a specified period of time. A Cash flow statement summarizes the causes of changes in cash position of a business enterprise between two periods of two balance sheets.

## 11. What is a Funds flow statement?

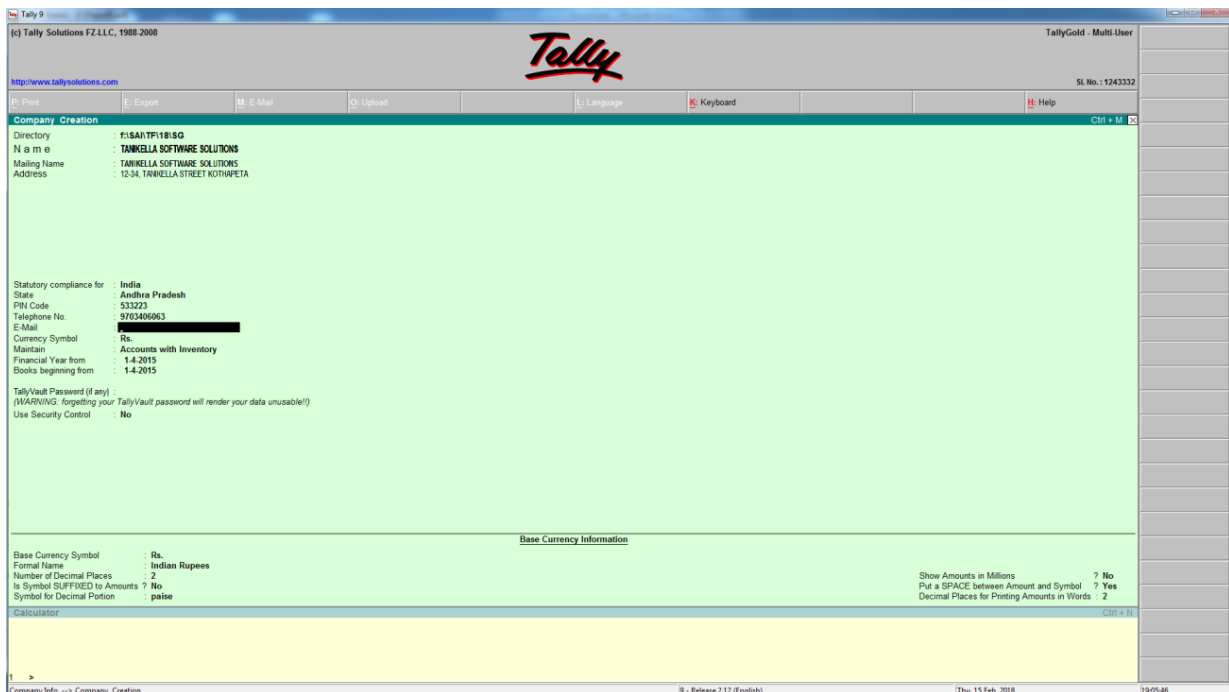
**A. Funds flow statement:** Funds Flow provides the information of Movement of funds, i.e. source and utilization of Fund showing the increase or decrease in Working Capital. It is a report of the financial operations of the business undertaking.

## Long Answer Type Questions

1. Write the procedure to create company in Tally.

A. The new company can be created using the following steps

1. Start programs tally 9.2.
2. Double click on tally icon on desktop.
3. Select the option create company from company information screen'.
4. The company creation window gets opened and user can enter all the details of company like Name of company, mail name, company address, Email address VAT Regd no. if any, using of currency symbols as Rs the financial year of company.

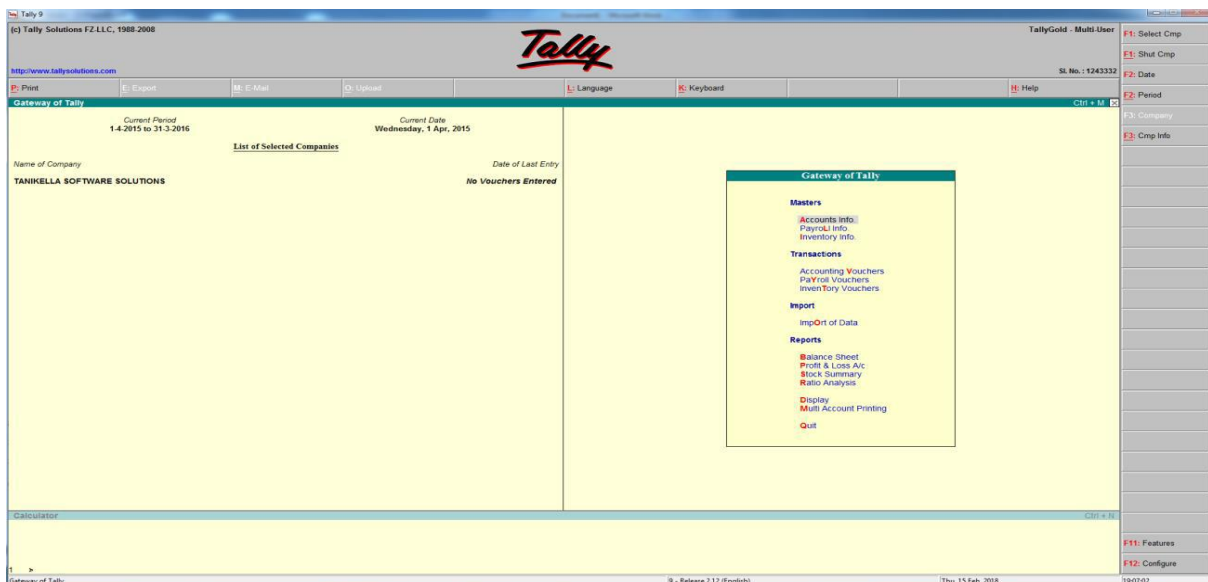


The screenshot shows the 'Company Creation' window in Tally 9. The window title is 'Tally 9' and the application is 'TallyGold - Multi User'. The main area is divided into several sections:

- Company Creation:** Directory: F:\SAITPR18\SG; Name: TANIKELLA SOFTWARE SOLUTIONS; Mailing Name: TANIKELLA SOFTWARE SOLUTIONS; Address: 12/34, TANIKELLA STREET KOTIAPETA.
- Statutory compliance for:** India; State: Andhra Pradesh; PIN Code: 533223; Telephone No.: 9783406863; E-Mail: [REDACTED]; Currency Symbol: Rs; Maintain: Accounts with Inventory; Financial Year from: 1-4-2015; Books beginning from: 1-4-2015.
- Base Currency Information:** Base Currency Symbol: Rs.; Formal Name: Indian Rupees; Number of Decimal Places: 2; Is Symbol SUFFIXED to Amounts?: No; Symbol for Decimal Portion: paise; Show Amounts in Millions: No; Put a SPACE between Amount and Symbol: Yes; Decimal Places for Printing Amounts in Words: 2.

The bottom status bar shows 'Company Info. -> Company Creation', '9 - Release 2.12 (English)', 'Thu, 15 Feb, 2018', and '10:05:46'.

Then click on yes button to accept the details, and company gets created.



The screenshot shows the 'Gateway of Tally' window in Tally 9. The window title is 'Tally 9' and the application is 'TallyGold - Multi User'. The main area is divided into several sections:

- Current Period:** 1-4-2015 to 31-3-2016; **Current Date:** Wednesday, 1 Apr, 2015.
- List of Selected Companies:** Name of Company: TANIKELLA SOFTWARE SOLUTIONS; Date of Last Entry: No Vouchers Entered.
- Gateway of Tally:** Masters (Accounts Info, Payroll Info, Inventory Info); Transactions (Accounting Vouchers, Payroll Vouchers, Inventory Vouchers); Import (Imp/Out of Data); Reports (Balance Sheet, Profit & Loss A/c, Stock Summary, Ratio Analysis); Display (Multi Account Printing); Quit.

The bottom status bar shows 'Gateway of Tally', '9 - Release 2.12 (English)', 'Thu, 15 Feb, 2018', and '10:07:02'.

## 2. What is Tally Characteristics?

### A. Tally Characteristics

1. **Simple** : Tally is very simple and user friendly.
2. **Codeless System** : It is Codeless enterprise system All jobs may be performed through the name Master. The name may be altered at any time without any effect.
3. **Quick Entry / Alteration of Masters** : Master Creation is simple and fast . It provides special master entry / alteration module through several masters may be entered and altered in one screen.
4. **E-mail Capability** : Any report can be sent using this software, without using any external e- mail software.
5. **Web Publishing** : User can publish any report at any Website or FTP site in HTML format to view from any place.
6. **Export of data** : Any Report including masters and Vouchers may be exported in Any Format for import into another system ( Tally / Non tally).
7. **Encrypted form** : The data of any Company can be stored in highly secured encrypted form and is impossible to break open the data.
8. **Accounting period** : You may extend the Accounting period to several Financial Years, and may keep the Accounts of a project for 5 years at one place. At any point of time one can split them to Financial years.
9. **Operations Audit** : Tally keeps a record of user name for creation / alteration of all masters & voucher data.
10. **Group Companies** : To get consolidate report of a Group of Companies, one can create a Group Company of several constituent companies.

11. **Printing** : All Tally reports can be directed for printing and can be previewed before printing.
12. **Data connectivity** : Tally data can provide ODBC connectivity to generate any report.
13. Tally prepares final accounts from regular Voucher data.
14. **Single Mode Voucher Entry**: Any lay man not knowing Debit and Credit can also use this package. Just enter the figures and tally does the rest.
15. Day to day business transactions can be recorded using Ledgers, Journals etc.
16. **Ratio Analysis**: Tally can be used for ratio Analysis for better financial management and interpretation of state of affairs of Company.
17. Cash Flow and Funds Flow statements can be easily generated with working Capital figures for proper utilization & Control of liquid resources of the Company.
18. Helps in maintaining Inventory

### 3. Explain Accounting Vouchers in Tally with function keys.

#### A. Tally Account Voucher Types:

As per the accounting principle all accounting transaction transactions are entered in journal voucher. The following are the types of voucher used by all kinds of business units, irrespective of their nature, size or booking keeping methods.

1. Contra
2. Receipt
3. Payment
4. Journal

## 4. What is a Balance sheet? How to configure it and display the report?

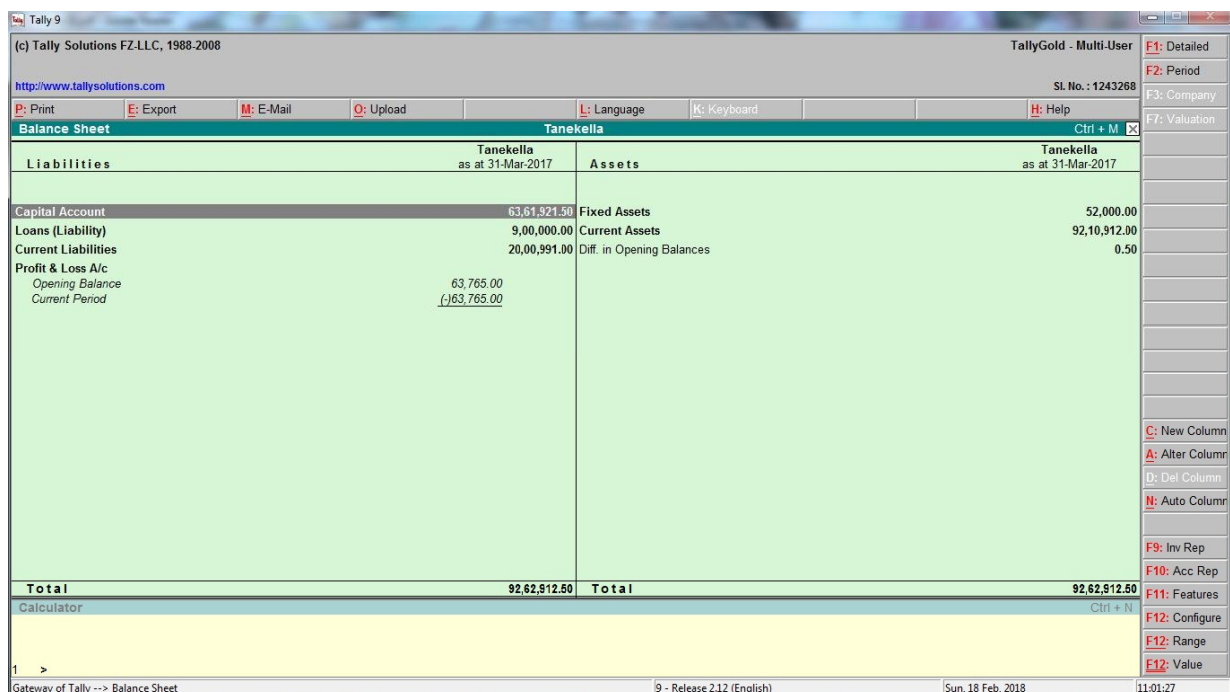
### A. Balance Sheet

Balance Sheet is the top most Financial Statement that reveals the State of Affairs of a company as on the date of the Report. Assets side shows what the Company Owns and Liabilities side lists what is Owes. All Real and Personal Accounts appear in Balance Sheet.

### Primary Balance Sheet

It shows with closing balance for Primary Group of Liabilities in one side, Assets on the other in horizontal (T) format.

Selec Balance Sheet at Gateway Tally to get Primary Balance Sheet.



Liabilities		Assets	
Tanekella as at 31-Mar-2017		Tanekella as at 31-Mar-2017	
Capital Account	63,61,921.50	Fixed Assets	52,000.00
Loans (Liability)	9,00,000.00	Current Assets	92,10,912.00
Current Liabilities	20,00,991.00	Diff. in Opening Balances	0.50
Profit & Loss A/c			
Opening Balance	63,765.00		
Current Period	(-183,765.00)		
<b>Total</b>	<b>92,62,912.50</b>	<b>Total</b>	<b>92,62,912.50</b>

### Detailed Balance Sheet

In Primary Balance Sheet, click Alt + F1 : Detailed toggle button to get Detailed Balance sheet showing next level Group/Ledger details.

### Balance sheet Configuration

In Balance Sheet, Click F12 : Configure to get Balance Sheet Configuration, set Yes at show Vertical Balance Sheet at Configuration options.



5. What is ratio Analysis? What are the Principal groups you see in a report and how does it help the organization?

**A. Ratio Analysis:** Ratio Analysis is technique of analysis and interpretation of financial statements. It is the process of establishing and Interpreting and helping in making certain decisions. Financial accounting system contains massive data relating to P & L Statement Balance Sheet and contains substantial data in the form of amount only. To get intrinsic view about health, liquidity or earning capability of an enterprise,. Financial analysts look for some key figures & ratios to assess the strength & performance of an enterprise.

- Classification of Ratios
- Long term Solvency and Leverage ratios or
- Financial operating Ratios
- Activity Ratios
- Profitability Ratios
- Creation of Ratio Analysis
- Principal Groups
- At the left part some principal groups are shown

**Working Capital:** It is computed as Current Assets – Current Liabilities.

Current Assets include 6 reserves Groups namely, Stock-in-Hand, Bank Accounts, Loans and Advances (assets), Deposits and Sundry Debtors

.While Current Liabilities consists of 3 Reserved Groups namely, Duties & Taxes, Provisions and Sundry Creditors.

Normally Working Capital balance of a running concern is a positive figure. Low working Capital is an indicator of Insolvency while high level is indicator of under –Trading.

#### **Cash-In- Hand & Bank Accounts**

- |                       |                               |
|-----------------------|-------------------------------|
| 1. Bank OCC Balance   | 2. Sundry Debtors & Creditors |
| 3. Sales & Purchases  | 4. Stock-in-hand              |
| 5. Net Profit or Loss | 6. Working Capital turnover   |
| 7. Inventory Turnover |                               |

## Principal Ratios

1. Current ratio
2. Quick Ratio
3. Debt / Equity ratio
4. Gross Profit %
5. Net Profit %
6. Operating Cost %
7. Receivables Turnover
8. Return on Investment %
9. Return on Working Capital %

## 6. What are Cash flows and Funds Flow statement and how to obtain reports?

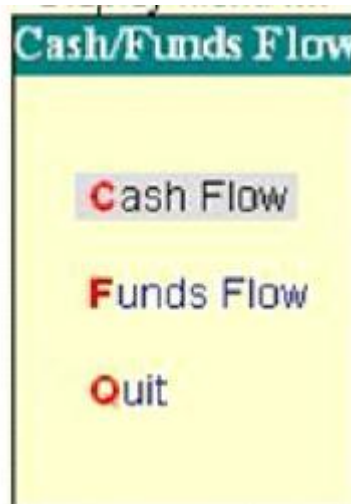
### A. Cash / Funds Flow

Cash & Funds flow indicates the movement of resources into various forms of Assets and Liabilities.

#### Cash Flow Statement

It is a statement which describes the inflows (sources) and outflows (uses) of cash equivalents in an enterprise during a specified period of time. A Cash flow statement summarizes the causes of changes in cash position of a business enterprise between two periods of two balance sheets.

Select Display > Cash & Funds Flow to Cash & Funds flow menu



#### Cash Flow

Select Cash flow at the menu to get Cash Flow Statement showing movement of money In and Out in your Business.

## **Funds Flow**

Funds Flow provides the information of Movement of funds, i.e. source and utilization of Fund showing the increase or decrease in Working Capital. It is a report of the financial operations of the business undertaking. It indicates various means by which funds were obtained during a particular period and ways in which these funds are employed.

### **7. How to display Reports?**

**A. Display Report:** After the voucher entry the effect is recalled in various reports. Tally provides power fail display facility levels of details and contents of the screen.

1. Balance Sheet
2. Profit & Loss A/c
3. Stock Summery
4. Ratio Analysis

---

## **QUESTION BANK**

### **Accountancy & Tally**

#### **UNIT-I**

#### **Introduction**

#### **Short Questions**

1. What is Book-keeping?
2. Define Accountancy.
3. What is Debit & Credit?
4. Define Debtors and Creditors.
5. What is Capital?
6. What are the Drawings?
7. What do you mean by Assets?
8. What are Fixed Assets?
10. What are Asset? Describe classification of Assets.

## Long Questions

1. Explain different Accounting Concepts in detail.
  2. What are the Accounting Conventions and explain them.
- 

## UNIT-II

### Double Entry System

## Short Questions

1. What is Double entry system?
2. What is an Account?
3. Write about different types of accounts.
4. Define Single Entry System of Account

## Long Questions

1. Define Double Entry System and Explain with it's Feature.
  2. Explain the advantages of Double Entry System
  3. Explain various types of account? (Or)  
Explain in detail about different types of account. (Or)  
Explain the principles of double entry system. (Or)  
What is an Account? Explain different types of accounts with their rules.
  4. Write the advantages of double entry system
  5. What are the Differences between Single Entry System And Double Entry System?
- 

## UNIT-III

### Journal

## Short Questions

1. Define Journal.
  2. Define Journal Entry?
-

## UNIT-IV

### Ledger

#### Short Questions

1. What is Ledger?
2. What do you mean by posting?

#### Long Questions

1. Write the procedure of Ledger posting?
  2. Explain different types of Ledger in details.
  3. Write the advantages of Ledger in detail.
  4. Explain the procedure of balancing the ledger.
- 

## UNIT-V

### Subsidiary Books

#### Short Questions

1. What is Subsidiary Books?
2. What is Debit Note?
3. What is Credit Note?
4. How many types of Subsidiary Books? What are those?
5. Define Invoice.
6. Define Journal Proper.
7. What is Trade Discount?

#### Long Questions

1. Explain different types of Subsidiary Books in detail.
  2. Explain about advantages of subsidiary book.
-

**UNIT-VI**  
**CASH BOOK**

**Short Questions**

1. What is Cash book? Write different types of Cash books.
2. Define Trade Discount and Cash Discount?
3. What is Contra entry?
4. Define Analytical Petty cash book.

**Long Questions**

1. Explain the kinds of cashbooks.
  2. Explain the advantages of cash book?
  3. Explain the importance of cashbook.
- 

**UNIT-VII**

**Bank Reconciliation Statement**

**Short Questions**

1. Define Pass Book.
2. Define Bank Reconciliation Statement.
3. Define Over draft.

**Long Question**

1. Explain the importance of Bank Reconciliation Statement.
- 

**UNIT-VIII**

**Trial Balance And Rectification**

**Short Questions**

1. Define Trial Balance.
2. Define Suspense Account.
3. Define Error.

**Long Questions**

1. Explain the errors disclosed and not disclosed by trial balance.
2. What are objectives of Trial Balance?
3. How trial is balanced prepared? Explain with examples.

4. What is Balance Sheet? How is it prepared? (Or)

What are the steps taken while preparing Balance Sheet?

5. What are the differences between Trial Balance and Balance Sheet?

---

## UNIT-IX

### Final Accounts

#### Short Questions

1. What is Final Accounts?
2. What is Opening Entry?
3. What is Trading Account?
4. Define Profit and Loss Account.
5. What is Balance Sheet?
6. What is Adjustment?
7. Define Depreciation.
8. Define Bad Debts.

#### Long Questions

1. Write the procedure to prepare final accounts.
  2. What is Final Accounts ? How to Prepare Final Accounts.
  3. Write the procedure to prepare balance sheet.
- 

## UNIT-X

### TALLY

#### Short Questions

1. What is Tally?
2. What are the Function Keys used in tally?
3. How to Create new group in tally?
4. What is the use of Accounts information?
5. What is Inventory Information? What options are available?
6. What is a Ledger? How to create in tally?
7. How to display Reports?
8. What are the different report viewed in Tally?

- 9 . What is Trial Balance?
10. What is a Cash flow statement?
11. What is a Funds flow statement?

**Long Questions**

1. Write the procedure to create company in Tally.
2. What is Tally Characteristics?
3. Explain Accounting Vouchers in Tally with function keys.
4. What is a Balance sheet? How to configure it and display the report?
5. What is ratio Analysis? What are the Principal groups you see in a report and how does it help the organization?
6. What are Cash flows and Funds Flow statement and how to obtain reports?
7. How to display Reports?

-----HARD WORK IS SECRETE OF SUCCESS-----