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Computerised Accounting - Module 5

Creation, Alteration and Deletion of Ledgers and Groups

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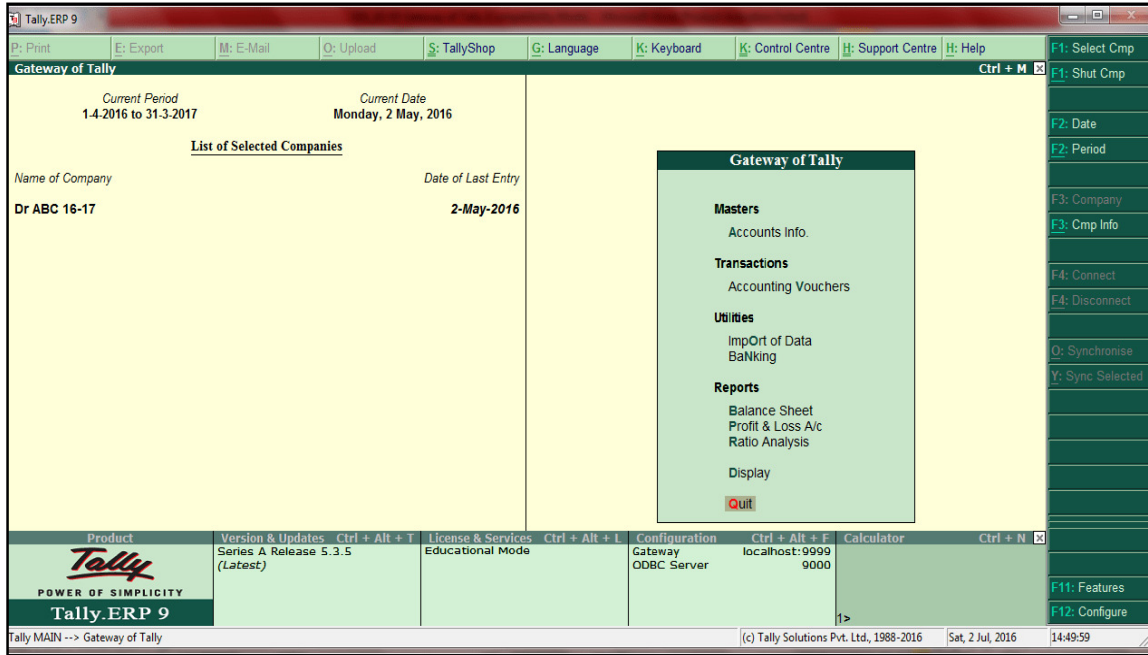
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What are Groups in Tally ERP 9?

The group is a collection of leaders of the same natures. Tally software automatically creates 28 groups that are used in the account chart. Out of 28 predefined groups in tally, primary groups are 15, and the sub-groups are 13.

The different types of groups are as follows:

- Primary Group
- Sub Group

Primary Groups

This group is the main group. Primary groups are at the top of the hierarchy. Out of the 15 Primary Groups, 9 Primary Groups appear in the Balance Sheet which are Capital in nature and 6 Primary Groups appear under Profit & Loss Account which are Revenue in nature.

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List of Primary Group in Tally

1. Branch/Division	6. Current Assets	11. Indirect Income
2. Capital Accounts	7. Fixed Assets	12. Misc. Expenses
3. Loans	8. Investments	13. Purchase Accounts
4. Suspense Account	9. Sales Accounts	14. Direct Income
5. Current Liabilities	10. Indirect Expenses	15. Direct Expenses

Group/Sub Group.

13 Sub Groups are classified under the 15 Primary Groups and they appear in the Balance Sheet.

List of Sub Group in Tally

1. Sundry Creditors	6. Secured Loans	11. Bank Accounts
2. Stock in Hand	7. Deposits	12. Cash in Hand
3. Duties & Taxes	8. Banks OD Accounts	13. Loan & Advances (Assets)
4. Unsecured Loans	9. Provisions	
5. Reserves & Surplus	10. Sundry Debtors	



What is a Ledger?

A ledger is the primary account head used in all accounting entries to identify your transactions. Ledger accounts include acquisitions, trades, sales, receipts, and other bills. Without a ledger, users cannot register any transactions. All ledgers must be classified and sorted into groups.

Ledgers use a T format, with debit on the left and credit on the right. Each side has four columns: date, particulars, reference number, and amount. However, columns for reference numbers are no longer included in the new forms.

Utility of a Ledger

- The ledger is a master record of all the accounts of a business unit.
- It is a principal book of double entry system of accounting which provides all important information.
- Separate accounts are maintained based on their nature, so all information relating to transactions may be obtained through ledgers, such as to whom what is payable, from whom what is receivable, what is the position of assets and liabilities of the business.
- Ledger helps us preparing the trial balance to ensure the arithmetical accuracy of the account.
- Moreover, ledger assists us in preparing trading, profit and loss account and Balance sheet.

How many ways to create ledgers in Tally?

There is a total of 2 major ways to create a ledger in Tally.

- One way is to create a Single Ledger.
- Another way is to create it with Multiple Ledgers.
- To create ledger from voucher screen by pressing ALT + C

Explanation: When we need to create 1 or 2 ledgers, we can create it with the help of the Single Ledger option. On the other hand, when we need to create more ledgers, we can create it easily with the help of an option called Multiple Ledgers.

Predefined Ledgers

All ledgers have to be classified into groups . These groups and ledgers are classified into profit and loss or balance sheet.

There are two pre-defined ledgers in Tally.ERP 9:

- Cash ledger
- Profit and loss account



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Cash Ledger	Profit and Loss Ledger
The cash ledger is grouped under cash-in-hand.	The profit and loss account ledger is grouped under primary.
You can enter the opening balance as on the day the books begin.	The previous year's profit or loss is entered as opening balance of the ledger. The balance entered is the opening profit/loss. It is shown in the balance sheet as opening of the profit and loss account in the liabilities.
This ledger can be altered and deleted.	This ledger can not be deleted but it can be modified.

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Method 1: Single Ledger Creation in Tally

- Step 1: From Gateway of Tally, go to Accounts Info
- Step 2: Go to Ledger
- Step 3: Under single ledger, Select the option *Create*
- Step 4: Fill the particulars in the Ledger Creation screen displayed:

Name: The first box is the Name of the ledger. Enter the name of the ledger, for example, Furniture A/c; Party ledger account (sales)

Under: Every ledger requires a group to operate in. For example, Furniture A/c will be under Fixed Assets group and party ledger account (sales) under Sundry debtors as they are receivables which the company will realise on the future point of time.

[Rule: The rule is very simple we just have to select the group that is required as per the nature of the ledger.]

Inventory values are affected: This needs to be set to yes if we have stock to be maintained

Mailing details: Details like Name, Address, Country and Bank Details for the ledger has to be filed [Note: It is for the ledgers such as debtors and creditors which require these kinds of details.]

Tax Registration Details: Tax registration details include:

PAN/IT No. : _____

Registration Type : _____

GSTIN/UIN. : _____

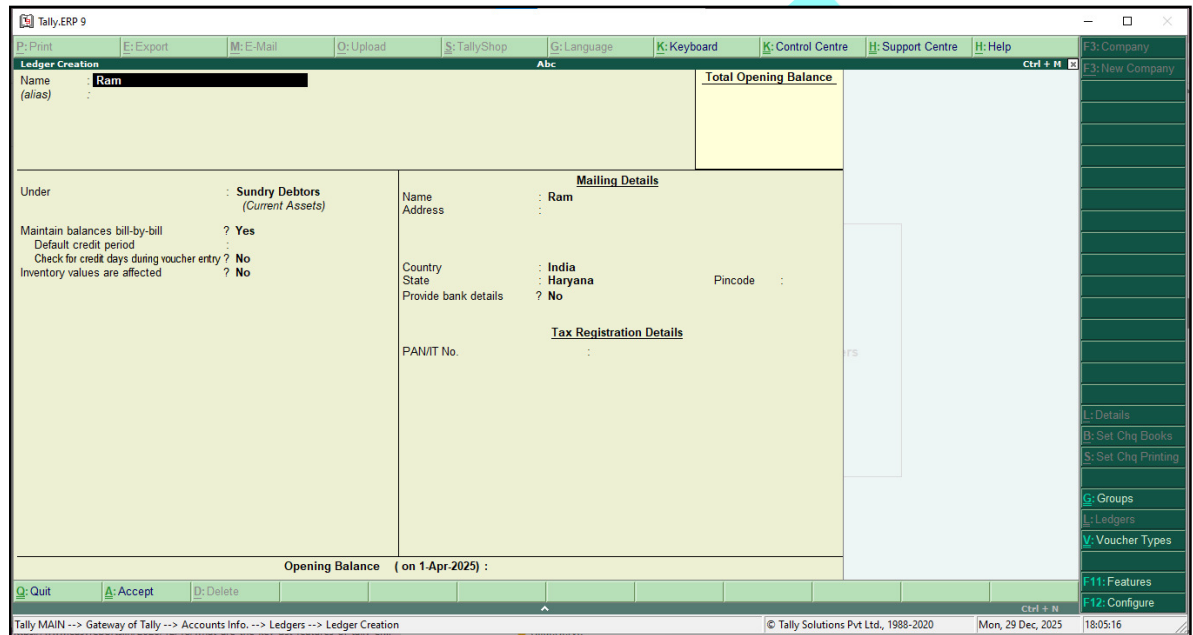
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Set/Alter GST details : _____

[Note: Similar to mailing details, these details are also of people and not for ledgers like furniture, building etc.]

Opening balance: This is the opening balance of the ledger if any. Any balance of the ledger which is being carried forward from the previous year will have to be entered as the opening balance.



Method 2: Multiple Ledger Creation in Tally

The process is almost the same as the single ledger method. Only one step is different.

- Step 1: From Gateway of Tally, go to Accounts Info.
- Step 2: Go to Ledger
- Step 3: Under Multiple ledgers, Select the option Create
- Step 4: Fill the particulars in the Ledger Creation Screen:

Under Group: This option is similar to the Under option under the Single Ledger Method.

- For example, Furniture A/c, Electrical and Fittings will be under Fixed Assets group, Investment in shares, Investment in Fixed deposit account under Investment group etc.,

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- This works well if we create ledgers under only one group.
- This type of ledger creation is also not useful for creating Sundry debtors ledger and sundry creditors ledger as we have to also fill up GST details of individual creditors and debtors while creating ledger account for them.

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Button options in Ledger master

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Buttons	Keys	Description and Usage
G: Groups	Ctrl+G	Click to create account Group from the Ledger creation screen.
E: Currency	Ctrl+C	Click to create Currency from the Ledger creation screen.
S: Cost Category	Ctrl+S	Click to create Cost Category from the Ledger creation screen.
C: Cost Centre	Ctrl+C	Click to create Cost Center from the Ledger creation screen.
B: Budget	Ctrl+B	Click to create Budget from the Ledger creation screen.
V: Voucher Types	Ctrl+V	Click to create Voucher Type from the Ledger creation screen.

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Display, Alter and Delete Ledgers

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You can alter any information of the ledger master with the except for the closing balance under the group stock-in-hand.

Display/alter a ledger

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- Go to Gateway of Tally > Accounts Info. > Ledgers > Display or Alter .

Modification of account ledgers is possible for single ledgers as well as multiple ledgers. However for multiple ledgers, all the fields are not available for alteration.

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Delete a ledger

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- Go to Gateway of Tally > Accounts Info. > Ledgers > Alter > Press Alt+D .

Note: You can delete the ledger if no vouchers have been created under it. If you want to delete a ledger for which vouchers have been created, you have to first delete all the vouchers from that ledger and then delete the ledger account.

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List of different ledgers and their groups

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Purchase Accounts

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All types of Purchase Accounts like

- Purchase Local 12 %
- Purchase Interstate 12%
- Purchase Local 0%
- Purchase Interstate 0%
- Purchase (Composition)
- Purchase Exempt (Unregistered Dealer)
- Purchase Local (Exempt Registered)
- Purchase Taxable (Unregistered Dealer)
- Purchase Nil Rated (Unregistered Dealer)
- Purchase Reverse Charge
- Purchase Import Taxable 12%
- Purchase Import Exempt
- Purchase Import Nil Rated
- Purchase (Own Branch)
- Purchase Return

Sales Account

All types of Sales Accounts like

- Sales Local 12 % (Registered)
- Sales Interstate 12%
- Sales Local Nil Rated
- Sales Interstate Nil Rated
- Sales Export With Bond
- Sales Export Taxable
- Export (0%)
- Sales Local (Exempt Registered)
- Sale To Consumer (Taxable 12%)
- Sale To Consumer (0%)
- Sale To Consumer (Exempt)
- Sales (Own Branch)
- Sale Return

Duties and Taxes

- All types of Taxes like
- INPUT CGST SGST IGST CESS
- OUTPUT GST SGST IGST CESS
- Excise Duty Payable etc
- Service Tax Payable
- TDS Payables
- Input Vat Accounts
- Output Vat Accounts

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- Cenvat Accounts
- Sale tax
- Income Tax
- VAT Payable

Direct Expenses OR Expenses (Direct)

All expenses which appear in Trading Account (except purchases) like

- Labor
- Power
- Electricity Expense (Factory)
- Loading Unloading Expense
- Warehousing Expenses
- Custom Clearing Charges
- Carriage
- Freight & Cartage
- Import duty
- Wages
- Coal & Fuel
- Coal, Gas & Water of Factory
- Consumed Material
- Export Duty
- Wages on Production
- Delivery Charges (In Purchase Bill)

Indirect Expenses OR Expense (Indirect)

- All Indirect Expenses like
- Rounded Off
- Salary
- Advertisement Expense
- Maintenance Expense
- Rent Expense
- Director Remuneration Expense
- Bad Debts
- Printing Expense
- Stationary Expense
- Foreign Exchange fluctuation
- Audit Fees
- Professional Charges
- Legal Expenses/Charges
- Depreciation Expenses
- Interest Expense
- Penalty

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- Royalty
- Bank charges
- Commission allowed
- Discount allowed
- Donation & charity
- Free sample
- Insurance premium
- Interest on loan
- Legal charge
- Loss by fire
- Postage & courier
- Repair charge
- Taxi fare
- Telephone charge
- Travelling expenses
- Outstanding expenses
- Accrued expenses
- Bad debt
- Loss on theft
- Depreciation
- Coffee Expenses
- Coke Expenses
- Manager's Commission
- UPTT
- Fuel Expenses A/c
- Liability of Expenses
- Preliminary Expenses A/c
- Professional Fees

Indirect Income OR Income (Indirect)

- All Indirect Income like
- Discount Received
- Interest on Investment

Bank Account

- All Bank Current Account
- All Bank FD Account
- (Personal Savings Account and FD not recorded)

Deposit Account

- All types of deposits like
- Security Deposit

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- Electricity Deposit
- Rent Deposit

Capital A/c

All types of Capital Account like

- Share Capital
- Partner Capital Account
- Partner Current Account
- Proprietor Account
- Drawings
- Life insurance
- Equity Capital A/c
- Partners Capital A/c

Current Assets

- Prepaid Maintenance Expense
- Prepaid Expense
- Prepaid Rent
- Prepaid Insurance Charges
- Interest Receivables
- Bill receivable
- Accrued income
- Mutual Fund
- CGST SGST IGST Credit

Current Liabilities

- Bill drawn
- Bill Payable
- CGST SGST IGST Payable

Sundry Creditor

- Any Party from Whom Goods Purchased
- Party from Whom any Bill of Expense Received

Loans and Advances (Assets)

- Any Party to whom we gave loan
- like Loan Given to Friends Relatives/Related Companies
- Any Party to whom we gave Advance
- like Advance to Supplier

Loans Liabilities

- Any Party from whom we take loan.



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- We can also put group Secured loan or Unsecured loan
- Debenture A/c
- Loans From Bank
- Loans From Outside Party
- Loans From Aravind(Friend)

Fixed Assets

All Fixed Assets on which Depreciation charged like

- Furniture
- Machine
- Plant and Machinery
- Mobile
- Computers
- Furniture and Fittings
- Car
- Scooter
- Laptops
- Office lighting
- Land & Building
- Good will
- Factory lighting
- Air Conditioner
- Accumulated depreciation

Bank OCC

- Cash Credit Limit (CC)
- taken from bank

Bank OD

- Overdraft Limit (OD)
- taken from bank

Cash in Hand

- Imprest Account
- (Cash kept with Employee)
- Petty Cash

Investments

All types of Investments like

- Investment in Shares
- Investment in Bonds
- Investment in Property/Plot etc.

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- Long term investment
- Short Term Investment

Stock-in-hand

- Stock
- Closing Stock
- Consignment Stock
- Opening Stock

Misc. Expense (ASSET)

- Preliminary Expenses
- NOT yet written off

Secured Loan

- Loans for whom Security Given
- like loan from bank/ Financial Institution

Unsecured Loan

- Loans taken for whom no Security given
- Like Short term loan from directors
- or loan from friends /relatives

Reserve & Surplus

Any type of reserve like

- General Reserve
- Capital Reserve
- Capital Reserve A/c
- Investment Allowance Reserve A/c
- Share Premium A/c
- Reverse and Surplus

Provisions

All Provisions except Provisions for bad debts

- Provision for Tax
- Provision for Expense
- Provision for Sinking Fund
- All types of Payables like Salary Payable, Audit fees Payable,

Sundry Debtors

- Any Party to Whom Sales Made
- Provision for Bad Debts

Retained Earning

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- General Reserve
- Share Premium
- Any other Reserve

Direct Incomes OR Income (Direct)

Any Income from main service like

- Freight Charges Income
- Delivery Charges Income
- Transportation Charges Income
- Professional Charges Income
- Consultancy Charges Income
- Maintenance Service Income

Assignment

1. In which group does the ledger 'Bank Loan' exist?
2. In which group does the ledger 'Office Supplies' exist?
3. In which group does the ledger 'Local Sales' exist?
4. In which group does the ledger 'Sundry Debtors' exist?
5. In which group does the ledger 'TDS Payable' exist?
6. In which group does the ledger 'Furniture and Fixtures' exist?
7. In which group does the ledger 'Cash' exist?
8. In which group does the ledger 'Interest Received' exist?
9. In which group does the ledger 'Cost of Goods Sold' exist?
10. In which group does the ledger 'Rent Expense' exist?
11. In which group does the ledger 'Capital Account' exist?
12. In which group does the ledger 'Machinery' exist?
13. In which group does the ledger 'Salaries' exist?
14. In which group does the ledger 'Sales Returns' exist?
15. In which group does the ledger 'Bank Accounts' exist?
16. In which group does the ledger 'Duties & Taxes' exist?
17. In which group does the ledger 'Commission Received' exist?
18. In which group does the ledger 'Reserves & Surplus' exist?
19. In which group does the ledger 'Sales Income' exist?
20. In which group does the ledger 'Utility Expenses' exist?