

Contents

What is Tally.....	2
Transaction in Tally.....	2
Accounting Terms.....	2
Tools of Tally.....	3
How Accounts Work in Tally.....	4
Accounts in Tally.....	4

What is Tally

Tally is a **powerful accounting and business management software** used by individuals, small businesses, and large enterprises to handle everything from basic bookkeeping to keep and maintain transactions & Accounts.

Transaction in Tally

A **transaction** in Tally is just when you record any money activity—like when you **buy something, sell something, pay someone, or get paid**.

Types of Transaction

Monetary Transactions

Those transactions which are important to keep record of

E.g. paying for goods, selling goods etc.

Non-Monetary Transaction

Those transactions which are not important for our business to record

E.g. miscellaneous cost (Tea, snacks, or refreshments for staff. Small repair charges)

Accounting Terms

1. **Assets:** are the valuable resources your business owns. They are Properties of Our Business / something we Economical Values

Fixed asset

These are long term item your business buys not for resale, but to use in operations—like furniture, computers, vehicles, or machinery

Current asset

A current asset is something your business owns that can be quickly turned into cash or used up within short period of time. Like cash in hand or inventory/stock items.

2. **Liability:** is any amount your business **owes to others**—whether it's to suppliers, banks, employees, or the government. They are borrows of our company

Fixed liability

These are **long-term borrows**—not due within a year.

E.g. Bank loans

Current liability

These are **short-term obligations**—due within a year.

E.g. shopkeeper's borrows

3. **Capital amount:** It's the **initial or additional funds** brought in by the owner to start or grow the business. **ledger account** that tracks the amount of money or assets **invested by the owner or owners** in a business is known as **Capital Account**.
4. **Sundry Creditor:** is a person or business from whom you've **purchased goods or services on credit**—meaning you haven't paid them yet. They are considered a **liability**, because you owe them money.
5. **Sundry Debtor:** is a person or business to whom you've **sold goods or services on credit**—meaning they owe you money. It's considered an **asset**, because you expect to receive payment in the future.
6. **Balance Sheet:** In Tally, a **Balance Sheet** is a key financial report that shows the **financial position/Status** of your business at a specific point in time.

What Does It Show?

Right Side (Liabilities & Capital)	Left Side (Assets)
Loans, Creditors, Outstanding Expenses, Capital	Cash, Bank, Inventory, Debtors, Fixed Assets

Profit & loss A/C

If on liability side means we are in loss & if on asset sides means we are in profit

Tools of Tally

Tally offers a robust suite of tools designed to simplify accounting, inventory, payroll, and compliance tasks for businesses of all sizes.

There are 3 tools of Tally

1. **Ledger:** is the fundamental building block of accounting—it's where all your financial transactions are recorded under specific account heads. It is an accounting book.
 - Tally has two default ledgers
 - a. Cash
 - b. Profit & loss A/c
2. **Groups:** are like folders that organize your ledgers based on their nature—making it easier to generate accurate reports and maintain a clean chart of accounts. They help classify transactions under **Assets, Liabilities, Income, and Expenses**, and are essential for structuring your financial data. They define the nature of business in tally. Tally comes with **28 predefined groups**

3. **Voucher:** is a digital document used to record every financial transaction. Each voucher type corresponds to a specific kind of transaction—like payments, receipts, sales, or purchases—and ensures your books stay accurate and organized. They are proof of our business/Transaction.

Voucher Type	Shortcut Key	Purpose
Contra (F4)	F4	For fund transfers between cash and bank accounts
Payment (F5)	F5	To record payments made (cash, cheque, bank transfer)
Receipt (F6)	F6	For money received from customers or others
Journal (F7)	F7	For adjustments, provisions, or non-cash entries
Sales (F8)	F8	To record sales of goods or services
Purchase (F9)	F9	To record purchases from suppliers
Stock journal	Alt+f7	Used to transfer stocks from location to location

How Accounts Work in Tally

- **Ledgers:** These are individual accounts under the above categories (e.g., “Rent Expense” under Nominal).
- **Groups:** Ledgers are organized into groups like *Indirect Expenses*, *Current Assets*, etc.
- **Vouchers:** Transactions are recorded using vouchers, which affect the relevant accounts.

Accounts in Tally

Accounts refer to the structured system used to record, classify, and summarize financial transactions. It's the backbone of all bookkeeping and reporting in the software.

There are two types of accounts in tally:

1. Personal Account
2. Impersonal Account