

**SAMPLE CONTENT**



Comprehensive Text Book series

# INFORMATION TECHNOLOGY

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**STD. XII  
COMMERCE  
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# Information Technology

**Std. XII : (S.Y.J.C.) Commerce**

**Strictly Written According to the New Syllabus of the Maharashtra  
State Board of Secondary and Higher Secondary Education**

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## Information Technology

Std. XII : Commerce (S.Y.J.C.)

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## Preface

Dear Student,

We are extremely happy to present the book "**Information Technology (Commerce)**" to you. The topics within the chapters have been arranged in a proper sequence to ensure a smooth flow of the subject.

***The salient features of the Book are as follows:***

1. The theory is accompanied by neat and clean figures.
2. Since the exam is online, a large number of MCQs are included at the end of each chapter. The latest trend in education is the teaching of multiple choice questions. The MCQs are intended to enable students to prioritise and plan their learning through regular practise. The book contains a large number of multiple choice questions on the subject.
3. The chapter is divided into various sections and sub-sections. The entire syllabus is divided into Chapters, sections, and headings. Each paragraph has been given a unique section or subsection number which is used to explain that particular section for the students as a cross reference to enable them to refer to the related paragraph.
4. Through this book, the author has made an effort to provide a rationale for the solutions. The book, therefore, meets the expectations of the students as it answers the demand and the quest in their minds. It would give rise to real learning, which would stand in good stead for the student's career and his life.
5. The book is user-friendly and provides information in a well-structured manner. It provides a comprehensive and critical study of the various concepts of the subject matter. It is felt that the contents should be crystal clear.
6. Programmes are made simple and Outputs are displayed.



A word or suggestion from your side may help us add another feather to the cap of the subject matter of the book. The author looks forward to the comments, suggestions and criticism from the readers. Constructive suggestions and feedback from users would be greatly appreciated, gratefully acknowledged and suitably incorporated.

We are thankful to team of Target Publications and Tech Neo Publications for the encouragement and support that they have extended to us.

- Authors


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Sample Content

## CHAPTER

# 3

# Computerised Accounting with GST

## 3.1 INTRODUCTION

### 3.1.1 Introduction to Computerized Accounting Software

- i. Computerized accounting software is a type of application that helps businesses and organizations manage their **financial transactions and record-keeping** electronically. It automates various accounting tasks, making them more efficient, accurate, and time-saving compared to manual bookkeeping methods.
- ii. Computerized accounting software provides features such as general ledger, accounts payable, accounts receivable, payroll, inventory management, and financial reporting.

#### 3.1.1(A) Working of Accounting Software

- i. **Input Masters** : The first step in using accounting software is to set up input masters, which are the foundational elements of the system. These masters include:
  - a. **Chart of Accounts** : This is a list of all the accounts that a company uses to record its financial transactions. It includes categories such as **assets, liabilities, equity, revenue, and expenses**. Each account is assigned a unique account code for identification.
  - b. **Customer and Vendor Details** : Accounting software allows you to create and store information about your customers and vendors. This includes their **names, addresses, contact details, payment terms**, and other relevant information.
  - c. **Inventory Details** : If your business deals with inventory, you can input details about the items you **stock, including their names, descriptions, cost, selling price**, and quantity on hand.
  - d. **Employee Details** : If you have employees, you can input their details, such as **names, addresses, tax information, and payroll details** into the accounting software.
- ii. **Processing Entries** : Once the input masters are set up, you can start recording financial transactions. Accounting software provides various ways to input entries:
  - a. **Sales/Purchase Invoices** : You can create and issue sales or purchase invoices within the software, specifying the relevant customer or vendor, item details, quantities, prices, and any applicable taxes.
  - b. **Journal Entries** : Journal entries are used to record a transaction that doesn't involve invoices, such as adjusting entries, accruals, or depreciation. You can enter these manually or generate them automatically based on predefined rules.
  - c. **Bank Reconciliation** : Accounting software can connect to your bank accounts and import transactions, allowing you to reconcile your bank statements with the records in the software.
  - d. **Payroll Processing** : If your software includes payroll functionality, you can input employee attendance, salaries, taxes, and deductions to calculate and process payroll accurately.
- iii. **Output Reports** : One of the significant advantages of accounting software is its ability to generate various reports to provide useful financial insights. Some common reports include:
  - a. **Balance Sheet** : It summarizes a company's financial position by listing its assets, liabilities, and equity at a specific point in time.
  - b. **Income Statement** : Also known as the profit and loss statement, it shows a company's revenues, expenses, and net income over a specified period.

- c. **Cash Flow Statement :** This report provides details on the inflow and outflow of cash within a given period, helping to assess the liquidity and cash management of a business.
- d. **Accounts Receivable/Payable Aging :** These reports show the outstanding balances of customers who owe money to the business or vendors, to whom the business owes money, categorizing them based on the length of time the balances have been outstanding.
- e. **Inventory Reports :** If your business handles inventory, you can generate reports to track item quantities, values, reorder levels, and any variances.

These reports provide valuable information for decision-making, financial analysis, and compliance purposes. Computerized accounting software offers numerous advantages, such as increased accuracy, faster processing, improved organization, and better financial control. It is an essential tool for businesses of all sizes, simplifying accounting processes and enabling informed financial management.

## 6 FUNCTIONS OF ACCOUNTING SOFTWARE



**Fig. 3.1.1 : Parameters considered for Accounting Software**

## ▶▶ 3.2 PROCESS OF ACCOUNTING SOFTWARE

- i. Company Creation
- ii. Ledgers Creation
- iii. Selecting the Correct Voucher
- iv. Predefined Voucher Types
- v. GST Calculation
- vi. Posting transaction vouchers
- vii. Displaying Reports

### i. Company Creation

- a. While using accounting software, the first step is to create a company profile. This involves providing basic information about the company, such as its **name, address, contact details, fiscal year, and currency**.
- b. The software may also allow to customize settings based on your business requirements, such as tax rates, payment terms, and financial periods.

### ii. Ledgers Creation

- a. Once the company profile is set up, you need to create ledgers. Ledgers are accounts used to record specific types of transactions.
- b. Some common ledgers include:
  1. **Cash Ledger :** This ledger tracks all cash transactions, including receipts and payments.
  2. **Bank Ledger :** It is used to record transactions related to bank accounts, such as deposits, withdrawals, and bank charges.
  3. **Sales Ledger :** This ledger keeps track of all sales transactions made to customers. Each customer will have a separate account in the sales ledger.
  4. **Purchase Ledger :** This ledger records all purchase transactions made from vendors. Each vendor will have a separate account in the purchase ledger.
  5. **Expense Ledgers :** These ledgers are used to record various types of expenses, such as rent, utilities, salaries, and advertising expenses. Each type of expense can have a separate ledger account.
  6. **Asset and Liability Ledgers :** These ledgers are used to record transactions related to assets (e.g., buildings, equipment) and liabilities (e.g., loans, accounts payable).  
Creating ledgers involves providing details such as the ledger name, account code (for identification purposes), and the opening balance (if applicable).

**ii. Selecting the Correct Voucher**

- a. In accounting software, a voucher is a document used to record a financial transaction. Each type of transaction has a specific voucher associated with it. Selecting the correct voucher is crucial for accurate and organized bookkeeping.
- b. Here are some commonly used voucher types:
  1. **Receipt Voucher** : This voucher is used to record the receipt of money from customers or other sources. For example, when a customer pays an invoice, a receipt voucher is created to document the transaction.
  2. **Payment Voucher** : This voucher is used to record the payment of money to suppliers, employees, or for other expenses. It captures details such as the payee, payment method, and amount.
  3. **Sales Voucher** : This voucher is used to record sales transactions. It includes details such as the customer, items sold, quantities, prices, and any applicable taxes.
  4. **Purchase Voucher** : This voucher is used to record purchases made from vendors. It captures information such as the vendor, items purchased, quantities, prices, and taxes.
  5. **Contra Voucher** : This voucher is used to record transactions involving both cash and bank accounts, such as cash deposits or withdrawals from a bank account.
  6. **Journal Voucher** : This voucher is used to record miscellaneous transactions that do not fit into other voucher types. It is often used for adjusting entries, accruals, or other non-routine transactions. Selecting the correct voucher ensures that the transaction is recorded accurately and classified correctly in the financial statements.

**iv. Predefined Voucher Types**

- a. Accounting software often provides predefined voucher types, which are pre-configured templates for different types of transactions. These voucher types come with predefined fields and settings that make data entry easier and ensure consistency. For example, a predefined sales voucher type may include fields for customer information, item details, tax calculations, and payment terms.
- b. Using predefined voucher types saves time and reduces the chances of errors in data entry. It also ensures that all necessary information related to a specific transaction is captured in a standardized format.
- c. While using accounting software, you need to create a company profile and set up the necessary ledgers. Then, you select the appropriate voucher type to record different types of transactions accurately. Predefined voucher types streamline

**v. GST Calculation**

Goods and Services Tax (GST) is a consumption-based tax levied on the supply of goods and services. When using accounting software, the software typically handles the GST calculation automatically based on the setup and configuration. However, understanding the basic principles of GST calculation is important. Here are the key steps involved:

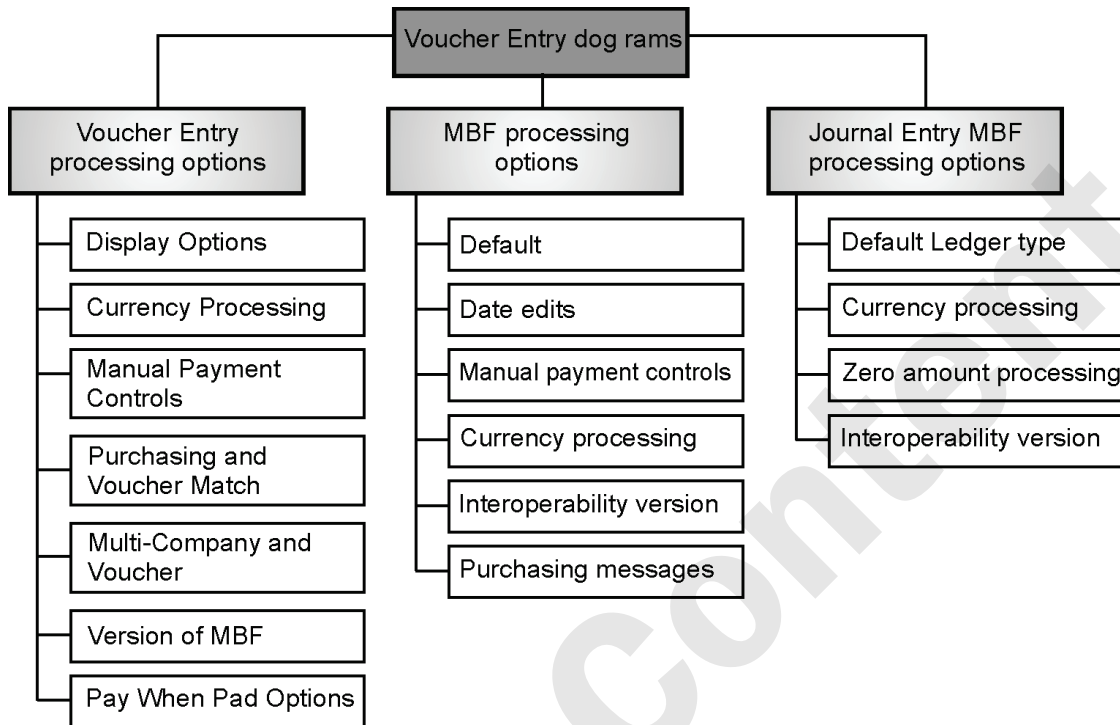
- a. **Determine the GST Rate** : Identify the applicable GST rates for the goods or services being supplied. GST rates can vary depending on the type of product or service and the jurisdiction.
- b. **Separate Taxable and Exempt Supplies** : Differentiate between taxable supplies (supplies subject to GST) and exempt supplies (supplies not subject to GST). This is important for proper classification and calculation of GST.
- c. **Calculate GST Amount** : For taxable supplies, calculate the GST amount based on the applicable GST rate. The GST amount is usually calculated as a percentage of the taxable value of the supply.
- d. **Determine the Taxable Value** : The taxable value is the price or consideration for the supply before GST is added. It is important to ensure that the taxable value is accurately calculated, as the GST amount will be calculated based on this value.
- e. **Determine Input Tax Credit** : If you are a registered GST taxpayer and have made purchases for business purposes, you may be eligible to claim input tax credit. Input tax credit allows you to offset the GST paid on purchases against the GST collected on sales.

**vi. Steps for Posting Transaction Vouchers**

Posting transaction vouchers in accounting software involves entering the relevant details of a financial transaction into the system. Here are the general steps:

- a. **Select the appropriate voucher type** : Choose the voucher type that corresponds to the transaction you want to record (e.g., receipt voucher, payment voucher, sales voucher, etc.).
- b. **Enter transaction details** : Fill in the necessary information related to the transaction, such as the date, account codes or names, amounts, tax details (if applicable), and any additional details required by the voucher type.

- c. **Verify the accuracy of data :** Double-check all the entered data to ensure accuracy and completeness. Mistakes in data entry can lead to errors in financial records and reports.
- d. **Save the voucher:** Once you have entered all the relevant details, save the voucher in the accounting software. The software will then update the relevant ledgers and accounts based on the information provided.



**Fig. 3.2.1 : Steps for Posting Transaction Vouchers**

**vii. Displaying Reports**

Accounting software provides various reports to help you analyze and understand your financial data.

**Table 3.2.1 : Voucher types**

Voucher Type	Used for Recording
Receipt	Amounts received by way of cash
Payment	Payments made by cash.
Sales	Cash and Credit sale of goods and services
Purchase	Cash and credit purchase of raw materials, semi-finished goods and finished goods and services.
Contra	Deposits or withdrawals of cash from bank or transfer of funds from one bank to another transfer of cash to pretty cash.
Journal	Rectifying entries or transfer or adjustment entries purchase of fixed assets on credit.
Sales Return/Credit Note	Return of goods by a customer. It is issued when there is reduction in the price charged to a customer.
Purchase return/Debit note	Return of goods to a supplier. It is issued when there is reduction in the price given by a supplier.

**3.3 PREDEFINED VOUCHER TYPES AND THEIR SPECIFICATIONS**

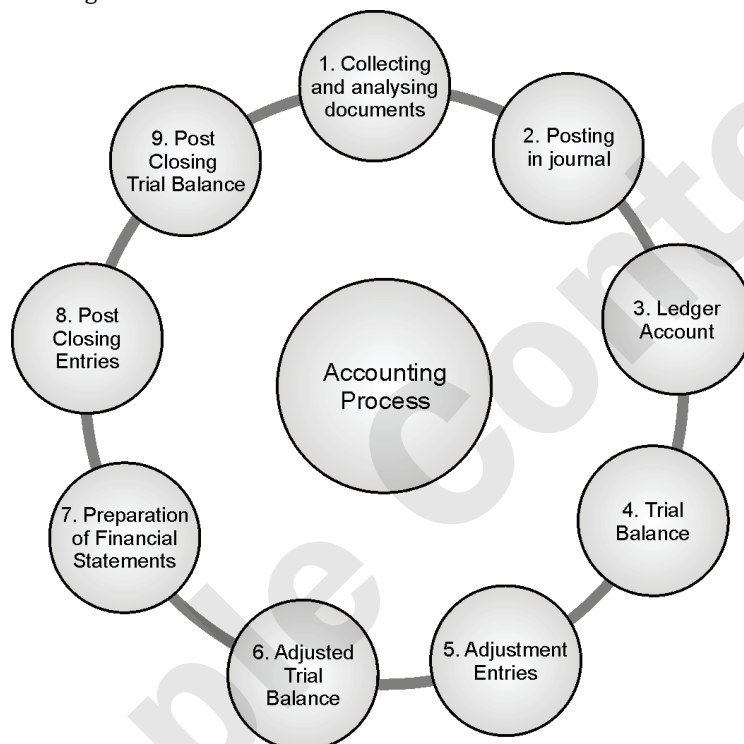
**Common report types**

Some common reports that can be generated include:

- i. **Trial Balance :** The trial balance report lists all the ledger balances for a specific period. It helps verify that debits and credits are in balance and serves as the basis for preparing financial statements.

- ii. **Profit and Loss Account :** The profit and loss account (also known as the income statement) shows the revenues, expenses, and net profit or loss of a business over a specific period.
- iii. **Balance Sheet :** The balance sheet provides a snapshot of a company's financial position at a specific date. It presents the assets, liabilities, and equity of the business, showing the overall financial health.
- iv. **Day Book :** The daybook report displays a chronological record of all the transactions entered into the accounting software. It provides a detailed view of each transaction, including dates; voucher numbers, accounts involved, and amounts.
- v. **GST Reports :** Accounting software with GST functionality generates various GST reports, such as GST invoices, GST returns, GST tax liability reports, and GST reconciliation reports. These reports help with compliance and tracking GST-related activities.

These reports provide insights into the financial performance, position, and compliance status of the business. They help business owners, accountants, and stakeholders make informed decisions and assess the overall financial health of the organization.



**Fig. 3.3.1 : Process of Accounting Software**

## ▶▶ 3.4 TALLY WITH GST (GOODS AND SERVICES TAX) PACKAGE

### 3.4.1 GST Services and Requirements

GST (Goods and Services Tax) is a value-added tax levied on the supply of goods and services in many countries worldwide. It aims to streamline and simplify the taxation system by replacing multiple indirect taxes with a single tax. Here's an overview of GST services and requirements:

#### GST Services

- i. **GST Registration :** Businesses that meet the turnover threshold specified by the tax authority are required to register for GST. GST registration enables businesses to collect and remit GST on their supplies. It involves submitting the necessary documents and information to the tax authorities.
- ii. **GST Return Filing :** Registered businesses need to file regular GST returns, typically on a monthly or quarterly basis. GST returns summarize the sales and purchases made during the period and calculate the amount of GST payable or refundable.
- iii. **GST Payment :** Businesses are required to remit the GST collected from their customers to the tax authorities within the specified timeframe. The payment is usually made electronically through designated banking channels.

- iv. **Input Tax Credit (ITC) Claim :** Registered businesses can claim input tax credit on the GST paid on their purchases and expenses. Input tax credit allows businesses to offset the GST paid on inputs against the GST liability on outputs, reducing the overall tax burden.
- v. **GST Compliance and Audits :** Businesses are expected to maintain proper records, invoices, and other relevant documents to ensure compliance with GST regulations. Tax authorities may conduct audits to verify compliance and accuracy of GST filings.

### GST Requirements

- |                                      |                   |
|--------------------------------------|-------------------|
| i. GSTIN (GST Identification Number) | ii. HSN/SAC Codes |
| iii. Invoicing Requirements          | iv. E-Way Bill    |

#### i. GSTIN (GST Identification Number)

Upon registration, businesses receive a unique GSTIN, which serves as their identification number for GST purposes. It is used for filing returns, invoicing, and communication with the tax authorities.

#### ii. HSN/SAC Codes

Businesses need to correctly classify their goods or services using Harmonized System of Nomenclature (HSN) codes for goods and Services Accounting Codes (SAC) for services. These codes help determine the applicable GST rates and facilitate accurate reporting.

#### iii. Invoicing Requirements

GST-compliant invoices must include specific details such as the seller's and buyer's GSTIN, invoice number and date, description and value of goods or services, GST rates, and the amount of GST charged.

#### iv. E-Way Bill

In certain cases, businesses need to generate an electronic waybill (e-way bill) for the movement of goods exceeding a certain value. The e-way bill contains details of the consignment, the parties involved, and the transportation vehicle.

### 3.4.2 Accounting Software Options

- |                |                          |                |
|----------------|--------------------------|----------------|
| i. Tally ERP 9 | ii. Open Source GNUKhata | iii. LedgerSMB |
| iv. GNUCash    | v. Akaunting             |                |

- i. **Tally ERP 9 :** Tally ERP 9 is a popular accounting software widely used for business management and accounting purposes. It supports GST features such as GST invoicing, return filing, and compliance. Tally ERP 9 provides comprehensive financial reporting, inventory management, and other features to streamline business operations.
- ii. **Open Source GNUKhata :** GNUKhata is an **open-source accounting software** designed for small and medium-sized businesses. It offers basic accounting features, including ledger management, invoicing, inventory tracking, and GST support. As an open-source software, it can be customized and extended based on specific requirements.
- iii. **LedgerSMB :** Ledger SMB is an **open-source accounting and enterprise resource planning (ERP)** software. It provides comprehensive financial management features, including general ledger, accounts payable and receivable, inventory, and GST compliance. LedgerSMB is suitable for businesses looking for a robust, customizable, and open-source accounting solution.
- iv. **GNUCash :** GNUCash is a **free and open-source accounting software** suitable for personal and small business use. It supports basic accounting functions and provides features for tracking income and expenses, managing accounts, and generating financial reports. While GNUCash offers some GST features, it may require customization or additional modules for comprehensive GST compliance.
- v. **Akaunting :** Akaunting is a **cloud-based accounting software** designed for small businesses and freelancers. It offers features for invoicing, expense tracking, bank reconciliation, and financial reporting. Akaunting also provides GST support with features for creating GST-compliant invoices and managing GST-related transactions.

These accounting software options provide varying levels of functionality and GST compliance. Businesses should evaluate their specific requirements and choose the software that best fits their needs and budget, while ensuring it meets the necessary GST requirements.

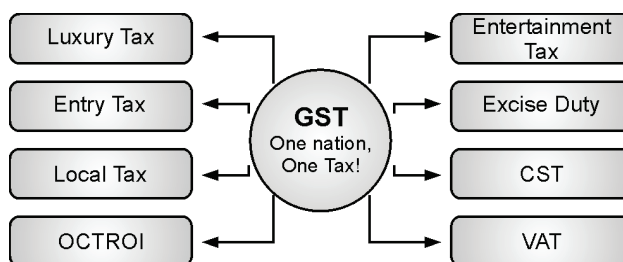


Fig. 3.4.1 : Different GST Tax sector

## 3.5 CASE STUDY

### 3.5.1 Computerized Accounting with GST Implementation for XYZ Retail Store

- i. **Background :** XYZ Retail Store is a small retail business that sells various consumer goods. The store operates in a country where Goods and Services Tax (GST) is implemented. To streamline their accounting processes and ensure GST compliance, XYZ Retail Store decides to implement computerized accounting software.
- ii. **Objectives of Computerized Accounting with GST Implementation**
  - a. Efficiently manage sales, purchases, and inventory records.
  - b. Automate GST calculation and reporting.
  - c. Generate accurate financial reports, including GST-related reports.
  - d. Ensure compliance with GST regulations and simplify return filing.
- iii. **Implementation steps of accounting software**
  - a. **Selection of Accounting Software :** XYZ Retail Store researches and evaluates various accounting software options available in the market, considering factors such as GST compliance features, ease of use, affordability, and scalability. They select a popular accounting software that offers comprehensive functionalities, including GST invoicing, tax calculations, and reporting.
  - b. **Software Setup and Configuration :** The accounting software is installed on the store's computers, and the setup process begins. XYZ Retail Store provides the necessary information, such as company details, GST registration number, tax rates, and chart of accounts. The software is configured to align with the specific GST requirements of the country.
  - c. **Chart of Accounts and Ledgers :** The chart of accounts is set up in the accounting software, including ledgers for cash, bank, sales, purchases, expenses, and GST-related accounts. Appropriate ledger codes and names are assigned to each account, ensuring easy identification and classification of transactions.
  - d. **Master Data Entry :** The master data, such as customer and vendor information, is entered into the accounting software. For each customer and vendor, the relevant details, including contact information, GSTIN (GST Identification Number), and billing addresses, are recorded. This data is crucial for generating accurate GST invoices and ensuring compliance.
  - e. **Sales and Purchase Vouchers :** For each sales transaction, the sales voucher is used to record the details, including the customer's name, invoice number, items sold, quantities, prices, and applicable GST rates. The software automatically calculates the GST amount based on the tax rates and updates the corresponding ledger accounts.  
Similarly, for purchase transactions, the purchase voucher is used to record vendor details, invoice number, items purchased, quantities, prices, and GST amounts. The software captures the GST input tax credit and updates the relevant accounts.
  - f. **GST Calculation and Reporting :** The accounting software automatically calculates the GST amount for each sales and purchase transaction based on the configured tax rates. It generates GST reports, such as GSTR-1 (outward supplies), GSTR-2 (inward supplies), GSTR-3B (summary return), and GSTR-9 (annual return), providing a consolidated view of GST-related activities.
  - g. **Financial Reporting :** The software generates standard financial reports, including the trial balance, profit and loss account, balance sheet, and cash flow statement. These reports provide insights into the store's financial performance, position, and cash flow, while also reflecting the impact of GST.
  - h. **GST Return Filing :** Based on the data captured in the accounting software, XYZ Retail Store prepares and files their periodic GST returns. The software generates the required GST return formats, ensuring accurate reporting of sales, purchases, input tax credits, and GST liabilities.



#### iv. Benefits and Outcomes of Computerized Accounting with GST Implementation

- a. **Enhanced Efficiency:** Computerized accounting streamlines the entire accounting process, reducing manual efforts and minimizing errors. The automation of GST calculations and reporting saves time and ensures accuracy.
  - b. **Improved Compliance :** The accounting software's built-in GST features facilitate compliance with GST regulations. Accurate GST invoices, proper recording of input tax credits, and timely return filing help the store meet their compliance obligations.
  - c. **Better Financial Visibility :** The generated financial reports provide a clear understanding of the store's financial performance, including GST-related aspects. This enables informed decision-making and facilitates financial planning.
  - d. **Time and Cost Savings :** By automating various accounting tasks and GST-related calculations, XYZ Retail Store saves time and reduces administrative costs. The efficiency gained allows the store to focus on core business activities and growth.
- (a) Implementing computerized accounting with GST for XYZ Retail Store has significantly improved their accounting processes and GST compliance. The software's features enable efficient management of sales, purchases, and inventory, while also simplifying GST calculations, reporting, and return filing.
  - (b) The accurate financial reports provide valuable insights into the store's financial health, aiding decision-making. Overall, the computerized accounting system with GST has proven to be an asset for XYZ Retail Store's operations and growth.

### 3.6 IMPORTANT CONCEPTS UNDER GST

#### i. GST Definition

- a. Goods and Services Tax (GST) is a comprehensive indirect tax levied on the supply of goods and services.
- b. It is implemented in many countries to replace multiple indirect taxes such as **sales tax, service tax, excise duty, and value-added tax (VAT)**.
- c. GST aims to create a unified tax structure, simplify taxation processes, and promote transparency and efficiency in the taxation system.

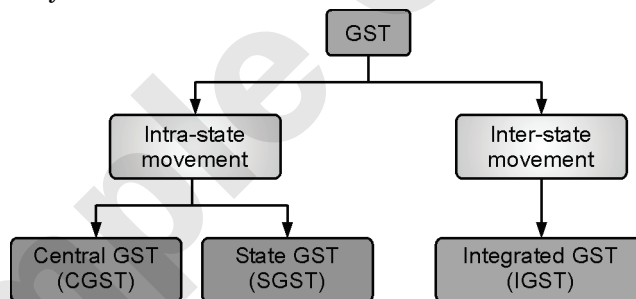


Fig. 3.6.1 : Taxes under GST

#### ii. Goods

Goods refer to tangible items that can be physically touched, seen, and transferred. Examples of goods include electronics, furniture, clothing, and automobiles.

#### iii. Services

Services are intangible activities performed by one party for another, usually involving skill, expertise, or effort. Examples of services include consulting, legal advice, healthcare, transportation, and hospitality.

#### iv. Tax

- a. Tax is a financial charge imposed by the government on individuals or entities to fund public expenditure and provide public services.
- b. Taxes can be direct (paid directly by individuals or businesses) or indirect (collected by intermediaries during the sale or consumption of goods and services).

#### v. GSTIN (Goods and Services Tax Identification Number)

- a. GSTIN stands for Goods and Services Tax Identification Number. It is a unique identification number assigned to each registered taxpayer under GST.
- b. It is a 15-digit alphanumeric code that helps identify and track taxpayers for GST compliance and reporting purposes.

**vi. HSN (Harmonized System of Nomenclature) Code**

- a. HSN (Harmonized System of Nomenclature) Code is an internationally recognized system for classifying goods.
- b. It is a numerical code assigned to each product to facilitate uniformity in the classification of goods for customs, taxation, and statistical purposes. HSN codes are used in GST to determine the applicable tax rates for goods.

**vii. SAC (Services Accounting Code) Code**

- a. SAC (Services Accounting Code) is a similar classification system for services. It is a numerical code used to categorize different types of services for taxation and reporting purposes.
- b. SAC codes are used in GST to determine the applicable tax rates for services.

**viii. CGST, SGST, and IGST**

- a. **CGST (Central Goods and Services Tax)** : It is the component of GST levied by the central government on intra-state supplies of goods and services. The revenue collected under CGST goes to the central government.
- b. **SGST (State Goods and Services Tax)** : It is the component of GST levied by the state government on intra-state supplies of goods and services. The revenue collected under SGST goes to the respective state government.
- c. **IGST (Integrated Goods and Services Tax)** : It is the component of GST levied on inter-state supplies of goods and services or imports. IGST is collected by the central government but is distributed to the destination state to ensure seamless transactions between states.
- d. **Different GST Rates under Various Slabs** : GST rates can vary depending on the nature of goods or services. In many countries, GST is structured in multiple slabs, typically including standard rates and lower rates for essential goods and services. The specific GST rates and slabs can vary from country to country and are subject to periodic revisions based on government policies and economic factors.

**ix. Input Tax and Output Tax:**

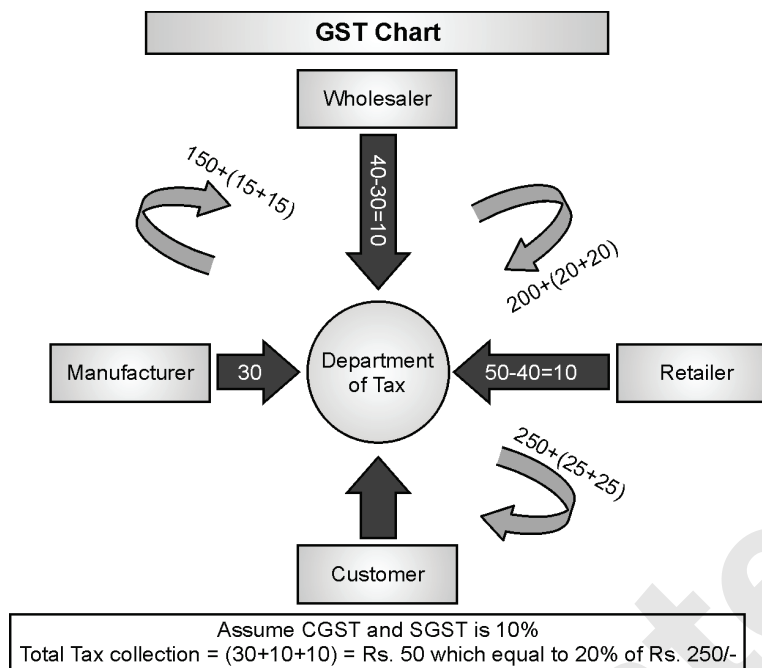
- a. **Input Tax** : Input tax refers to the GST paid on purchases of goods or services used in the course of business. It can be claimed as an input tax credit, allowing businesses to offset the GST paid on purchases against the GST collected on sales.
- b. **Output Tax** : Output tax refers to the GST collected on sales of goods or services. It is the tax liability of the business and is calculated based on the applicable GST rates.

**x. Ledgers Pertaining to GST for Supply of Goods**

- a. **Sales Ledger** : It records the sales transactions for the supply of goods, including the sales value, GST collected, and the applicable GST rate.
- b. **Purchase Ledger** : It records the purchase transactions for goods, including the purchase value, GST paid, and the applicable GST rate. Input tax credit can be claimed based on the details recorded in the purchase ledger.
- c. **Party Ledger** : It records the details of customers or vendors, including their names, addresses, GSTIN, and transaction history. It helps track the GST-related information for each party involved in the supply of goods.
- d. **CGST Ledger** : It records the CGST component of GST collected or paid on the supply of goods.
- e. **SGST Ledger** : It records the SGST component of GST collected or paid on the supply of goods.

**xi. Ledgers Pertaining to GST for Supply of Services**

- a. **Sales Ledger** : Like the sales ledger for goods, it records the sales transactions for the supply of services, including the sales value, GST collected, and the applicable GST rate.
- b. **Purchase Ledger** : Like the purchase ledger for goods, it records the purchase transactions for services, including the purchase value, GST paid, and the applicable GST rate. Input tax credit can be claimed based on the details recorded in the purchase ledger.
- c. **Party Ledger** : Like the party ledger for goods, it records the details of customers or vendors involved in the supply of services, including their names, addresses, GSTIN, and transaction history.
- d. **CGST Ledger** : Like the CGST ledger for goods, it records the CGST component of GST collected or paid on the supply of services.
- e. **SGST Ledger** : Like the SGST ledger for goods, it records the SGST component of GST collected or paid on the supply of services.
- f. **IGST Ledger** : It records the IGST component of GST collected or paid on inter-state supplies of services or imports. These ledgers help businesses maintain accurate records of GST-related transactions, calculate GST liability or input tax credit, and ensure compliance with GST regulations.



**Fig. 3.6.2 : GST Tax Calculation Chart**

**3.7 EXAMPLES OF GST CALCULATION**

**3.7.1 Example 1 : GST Calculation on Goods using Tally ERP 9**

Let's consider a scenario where a retail store sells a product for Rs. 1,000 (excluding GST). The applicable GST rate is 18%.

**Calculation using Tally ERP 9**

**Step 1 : Enter the Sales Voucher in Tally ERP 9**

Particulars	Amount (Rs.)
Sales Account (Sales Revenue)	1,000

**Step 2 : Tally ERP 9 will automatically calculate the GST amount based on the predefined GST rate**

Particulars	Amount (Rs.)
SGST (9%)	90
CGST (9%)	90

**Step 3 : The total invoice value, including GST, will be:**

Particulars	Amount (Rs.)
Total Invoice Value	1,180

**3.7.2 Example 2 : GST Calculation on Goods using GNUCash**

Consider a scenario where a manufacturing company purchases raw materials worth Rs. 50,000 (excluding GST). The applicable GST rate for raw materials is 12%.

**Calculation using GNUCash**

**Step 1 : Enter the Purchase Voucher in GNUCash**

Particulars	Amount (Rs.)
Raw Material Purchase Account	50,000

**Step 2 : GNUCash will automatically calculate the GST amount based on the predefined GST rate.**

Particulars	Amount (Rs.)
Input SGST (6%)	3,000
Input CGST (6%)	3,000

**Step 3 : The total invoice value, including GST, will be:**

Particulars	Amount (Rs.)
Total Invoice Value	56,000

### **3.7.3 Example 3 : GST Calculation on Goods using Open Source GnuKhata**

Let's consider a scenario where a wholesale distributor sells goods for Rs. 10,000 (excluding GST). The applicable GST rate is 12%.

**Calculation using GnuKhata**

**Step 1 : Enter the Sales Entry in GnuKhata**

Particulars	Amount (Rs.)
Sales Account (Revenue)	10,000

**Step 2 : GnuKhata will automatically calculate the GST amount based on the predefined GST rate.**

Particulars	Amount (Rs.)
SGST (6%)	600
CGST (6%)	600

**Step 3 : The total invoice value, including GST, will be :**

Particulars	Amount (Rs.)
Total Invoice Value	11,200

### **3.7.4 Example 4 : GST Calculation on Goods using LedgerSMB**

Consider a scenario where a furniture store sells a product for Rs. 5,000 (excluding GST). The applicable GST rate is 18%.

**Calculation using Ledger SMB**

**Step 1 : Enter the Sales Invoice in Ledger SMB**

Particulars	Amount (Rs.)
Sales Account (Revenue)	5,000

**Step 2 : Ledger SMB will automatically calculate the GST amount based on the predefined GST rate.**

Particulars	Amount (Rs.)
Output SGST (9%)	450
Output CGST (9%)	450

**Step 3 : The total invoice value, including GST, will be :**

Particulars	Amount (Rs.)
Total Invoice Value	5,900

### **3.7.5 Example 5 : GST Calculation on Goods using Akaunting**

Let's consider a scenario where a bakery sells goods for Rs. 2,500 (excluding GST). The applicable GST rate is 5%.

**Calculation using Akaunting**

**Step 1 : Enter the Sales Invoice in Akaunting**

Particulars	Amount (Rs.)
Sales Account (Revenue)	2,500

**Step 2 : Akaunting will automatically calculate the GST amount based on the predefined GST rate :**

Particulars	Amount (Rs.)
Output GST (5%)	125

**Step 3 : The total invoice value, including GST, will be:**

Particulars	Amount (Rs.)
Total Invoice Value	2,625

**Fill in the Blanks**

- A pre-numbered accounting document used for posting daily transactions is called as \_\_\_\_\_.  
**Ans. :** VouCher
- When cash is going out of business \_\_\_\_\_ type of voucher is used.  
**Ans. :** Payment
- Return of goods to a supplier comes under \_\_\_\_\_ type of voucher.  
**Ans. :** Purchase Return
- \_\_\_\_\_ was the first country to implement the GST in 1954.  
**Ans. :** France
- \_\_\_\_\_ stands for Goods and Services Tax Identification Number.  
**Ans. :** GSTIN
- GST came into force in India with effect from \_\_\_\_\_.  
**Ans. :** 1st July 2017
- Rectifying entries or transfers or adjustment entries comes under \_\_\_\_\_ voucher type.  
**Ans. :** Journal

**State whether true or false**

- Creation of company is the first step in Computerized Accounting process.  
**Ans. :** True
- All Ledger accounts have same groups in Computerized Accounting.  
**Ans. :** False
- Receipt voucher is used when the cash is accepted.  
**Ans. :** True
- Cash deposited into bank comes under bank voucher.  
**Ans. :** False
- Recording a transaction through voucher is called as voucher entry.  
**Ans. :** True
- Goods sold from Solapur to Hubli is an example of SGST.  
**Ans. :** False
- GST is focus on one nation one tax.  
**Ans. :** True
- GSTIN is PAN based registration number.  
**Ans. :** True
- CGST, SGST and IGST Ledgers are common for goods and services.  
**Ans. :** True

**Choose Single Correct Answer from the Given Options**

- Contra Voucher is used for \_\_\_\_\_. **(March 2022)**  
(a) Master Entry  
(b) Withdrawal of cash from bank,  
(c) Reports  
(d) Credit Purchase **✓ Ans. : (b)**
- Salary account comes under which of the following head \_\_\_\_\_.  
(a) Indirect Income  
(b) Indirect Expenses  
(c) Direct Income  
(d) Direct Expenses **✓ Ans. : (b)**
- In India the GST Act came into effect on \_\_\_\_\_.  
(a) July 2018 (b) 1st July 2017  
(c) 15th June 2018 (d) 1st June 2017  
**✓ Ans. : (b)**
- Sale or purchase out of state involves \_\_\_\_\_ in invoice.  
(a) OutGST (b) IGST  
(c) WithGST (d) NoGST  
**✓ Ans. : (b)**
- GSTIN is \_\_\_\_\_ digit alphanumeric number.  
(a) 13  
(b) 10  
(c) 15  
(d) None of the above **✓ Ans. : (c)**
- In GSTIN first two digits represents \_\_\_\_\_ code.  
(a) State (b) Central  
(c) Company (d) General  
**✓ Ans. : (a)**
- GST is \_\_\_\_\_ type of tax.  
(a) Regular (b) Indirect  
(c) Direct (d) Irregular  
**✓ Ans. : (b)**

**Choose Two Correct Answers from the Given Options**

- Every voucher maintained its  
(a) debit (b) in  
(c) credit (d) open  
**✓ Ans. : (a), (c)**
- Valid types of vouchers are \_\_\_\_\_ and \_\_\_\_\_.  
(a) contra (b) sales  
(c) expenditure (d) liability  
**✓ Ans. : (a), (b)**

3. \_\_\_\_\_ and \_\_\_\_\_ are ledger accounts can be created under Group Indirect Expenses.  
 (a) Insurance (b) Sale  
 (c) Rent (d) Bank Loan  
 (e) Octroi **✓Ans. : (a), (c)**
4. Codes given to Goods and Services under GST are \_\_\_\_\_.  
 (a) HSN (b) HSC  
 (c) SSC (d) SAC  
 (e) HNS **✓ Ans. : (a), (d)**

**Activity**

1. Find out the GST exemption list for various goods and services.

**Ans. :**

- i. List of Goods Exempt Under GST are:  
 ii. Live Animals Meat, Fish, Meat and Fillets, Eggs, Honey and Milk Products, Non - Edible Animal Products, Live Trees and Plants, Vegetables, Fruits and Dry Fruits.

**Fill in the Blanks**

1. Modern Computerized Accounting Systems are, based on the concept of \_\_\_\_\_.

**Ans. : Database**

2. A \_\_\_\_\_ is implemented using a database management system.

**Ans. : Database**

3. \_\_\_\_\_ functions as an Accounting Information System.

**Ans. : Accounting software**

4. Software describes a \_\_\_\_\_ type of application software that records and processes accounting transactions within functional modules.

**Ans. : Accounting**

5. \_\_\_\_\_ Involves providing basic information about the company whose books of accounts are to be maintained.

**Ans. : Creating company/Creating organization**

6. The modern way of managing accounts called concepts of accounting is being \_\_\_\_\_ followed.

**Ans. : Single ledger**

7. All financial entries are made using \_\_\_\_\_ or account heads.

**Ans. : Ledger**

8. Accounts are created to identify \_\_\_\_\_ transactions.

**Ans. : Ledger**

9. \_\_\_\_\_ in Accounting Software classify and identify account heads according their nature.

**Ans. : Groups**

10. A \_\_\_\_\_ is a pre-numbered accounting document used for recording daily transactions.

**Ans. : Voucher**

11. \_\_\_\_\_ maintains debit and credit record.

**Ans. : Voucher**

12. The \_\_\_\_\_ voucher type is used for recording amounts received by way of cash.

**Ans. : Receipt**

13. The \_\_\_\_\_ voucher type is used for recording payments made by cash.

**Ans. : Payment**

14. The \_\_\_\_\_ voucher type is used for recording cash and credit sale of goods and services

**Ans. : Sales**

15. The \_\_\_\_\_ voucher type is used for recording cash and credit purchase of raw materials and goods and services.

**Ans. : Purchase**

16. The \_\_\_\_\_ voucher -type is used for recording deposits or withdrawal of cash from bank.

**Ans. : Contra**

17. The \_\_\_\_\_ voucher type is used for recording transfer of funds from one bank to another bank.

**Ans. : Contra**

18. The \_\_\_\_\_ voucher type is used for recording rectifying entries or transfer or adjustment entries.

**Ans. : Journal**

19. Bank account ledger can be created under \_\_\_\_\_ group.

**Ans. : Bank account**

20. Discount received comes under \_\_\_\_\_ group.

**Ans. : Indirect income**

21. The \_\_\_\_\_ voucher type is used for recording return of goods by a customer.

**Ans. : Sales Return/Credit Note**

22. \_\_\_\_\_ is issued when there is reduction in the price charge to a customer.

**Ans. : Credit Note**

23. The \_\_\_\_\_ voucher type is used for recording return of goods to a supplier.

**Ans. : Purchase Return/Debit Note**

24. \_\_\_\_\_ is issued-when there is reduction in the price given by a supplier.

**Ans. :** Debit Note

25. GST stands for \_\_\_\_\_.

**Ans. :** Goods and Service Tax

26. \_\_\_\_\_ is an indirect tax which has-replaced many indirect taxes in India

**Ans. :** Goods and Services Tax (GST)

27. \_\_\_\_\_ is one nation, one tax.

**Ans. :** Goods and Services Tax (GST)

28. Posting a transaction through voucher is called\_\_\_\_\_.

**Ans. :** Voucher Entry

29. While recording a \_\_\_\_\_ transaction through the, the account to be debited and credited along with the amount.

**Ans. :** Voucher

30. \_\_\_\_\_ provides you a report with Debit and Credit balance' of all ledger accounts.

**Ans. :** Trial balance

31. \_\_\_\_\_ report gives the final working result of the business with Net profit/ Net Loss.

**Ans. :** Profit and Loss Account

32. \_\_\_\_\_ is a statement showing Assets and Liabilities of the business concern.

**Ans. :** Balance sheet

33. The \_\_\_\_\_ contains all vouchers for the day, including inventory vouchers.

**Ans. :** Day book

34. The purpose of \_\_\_\_\_ is to show you a day's transactions.

**Ans. :** Day book

35. The \_\_\_\_\_ report prints a summary of the GST received and paid by you.

**Ans. :** Goods and Services Tax(GST)

36. Reports and documents generated through \_\_\_\_\_ software can also be printed,

**Ans. :** Accounting

37. \_\_\_\_\_ helps in presenting summarised information.

**Ans. :** Groups

38. Loans-from partner comes under\_\_\_\_\_ group.

**Ans. :** Loans liability

39. In\_\_ accounting various financial inventory reports can be generated after finishing the recording of transactions.

**Ans. :** Computerised

40. \_\_\_\_\_ is one of the most widely used financial accounting software.

**Ans. :** Tally

41. \_\_\_\_\_ is a comprehensive business accounting and inventory management software.

**Ans. :** Tally

42. The \_\_\_\_\_ software offers comprehensive business management solution.

**Ans. :** Tally ERP9

43. \_\_\_\_\_ maintains all the books of accounts.

**Ans. :** Tally

44. In Tally, for deleting any ledger, group, voucher \_\_\_\_\_ key combination is- IMMEI requirements.

**Ans. :** Tally ERP9

45. \_\_\_\_\_ is one of the tools developed by KK's foundation.

**Ans. :** GNU Khata

46. \_\_\_\_\_ is personal and small business financial accounting software.

**Ans. :** GNU Cash

47. \_\_\_\_\_ is interesting online accounting software that is available for free.

**Ans. :** Accounting

48. In 2009, Tally solutions introduces the software known as \_\_\_\_\_.

**Ans. :** Tally ERP9

49. In \_\_\_\_\_ your Tally was updated to comply with the Indian Goods and Services Tax requirements.

**Ans. :** 2017

50. \_\_\_\_\_ is an Indirect tax which has replace-many Indirect Taxes in India.

**Ans. :** Goods and Services Tax (GST)

51. \_\_\_\_\_ means every kind of movable property other than money and securities.

**Ans. :** Goods

52. \_\_\_\_\_ are the activities provided by other \_people who include doctors, consultants, chartered accountants etc.

**Ans. :** Services

53. \_\_\_\_\_ is a compulsory contribution to state revenue, levied by the government.

**Ans. :** Tax

54. GSTIN stands for\_\_\_\_\_.

**Ans. :** Goods and Services Tax Identification Number

55. \_\_\_\_\_ is the registration number allotted to every registered dealer under GST Act.

**Ans. :** Goods and Services Tax Identification Number

56. The GSTIN is a \_\_\_\_\_ digit PAN based registration number.

**Ans. :** 15 (Fifteen)

57. HSN stands for \_\_\_\_\_.

**Ans. :** Harmonized System for Nomenclature

58. \_\_\_\_\_ is an internationally accepted coding system \_\_\_\_\_ developed by World Customs Organization.

**Ans. :** Harmonized System of Nomenclature (HSN)

59. SAC stands for \_\_\_\_\_.

**Ans. :** Services Accounting Code (SAC)

60. CBEC stands for \_\_\_\_\_.

**Ans. :** Central Board of Excise and Customs

61. \_\_\_\_\_ is issued by CBEC to uniformly classify each service under GST.

**Ans. :** Services Accounting Code (SAC)

62. Each service has a unique \_\_\_\_\_.

**Ans. :** Services Accounting Code (SAC)

63. CGST stands -for \_\_\_\_\_.

**Ans. :** Central Goods and Services Tax

64. SGST stands for \_\_\_\_\_.

**Ans. :** State Goods and Services Tax

65. IGST stands for \_\_\_\_\_.

**Ans. :** Integrated Goods and Services Tax

66. \_\_\_\_\_ tax is imposed on intra state supply of goods and services collected by Central Government.

**Ans. :** Central Goods, and Services Tax (CGST)

67. \_\_\_\_\_ tax is imposed on intra state supply of goods and services collected by State Government.

**Ans. :** State Goods and Services Tax (SGST)

68. \_\_\_\_\_ tax is imposed on interstate supply or import of goods and services collected by Central Government.

**Ans. :** integrated Goods and Services Tax (IGST)

69. GST on Inward supply of goods and services is known as \_\_\_\_\_ tax.

**Ans. :** Input

70. GST on outward supply of goods and services is known as \_\_\_\_\_ tax.

**Ans. :** Output

71. Separate \_\_\_\_\_ ledgers can be created for Local, Interstate and Non-taxable sales.

**Ans. :** Sales

72. Separate \_\_\_\_\_ ledgers can be created for Local purchases, Interstate purchase and Non-taxable purchases.

**Ans. :** Purchases

#### True or False

1. Modern Computerized Accounting Systems are based on the concept of database.

**Ans. :** True

2. A database is implemented using a database management system.

**Ans. :** True

3. In Computerized Accounting the transaction data is stored in well or aniseed database.

**Ans. :** True

4. Accounting Software functions as an Accounting Information System.

**Ans. :** True

5. Working of Accounting Software includes Input Masters, Processing entries and output reports.

**Ans. :** True

6. According software functions as an Accounting Information System.

**Ans. :** True

7. Deletion of company involves basic information about the company whose books of accounts on to be maintained.

**Ans. :** False

8. While creating a company fields like name of company, address, financial year begins from etc has to be entered.

**Ans. :** True

9. Password security measures can be applied to keep the data safe and secure.

**Ans. :** True

10. All financial entries are made using ledgers.

**Ans. :** True

11. Ledgers classify and identify account heads according to their nature.

**Ans. :** False

12. A voucher is a pre-numbered accounting document used for recording clan transactions.

**Ans. :** True

13. Every voucher maintains in and out record.

**Ans. :** False



14. There are pre-defined voucher types for every type of transaction.

**Ans. : True**

15. Receipt voucher is used for recording amounts received by way of cash.

**Ans. : True**

16. Payment voucher is used for recording cash sale of goods and services.

**Ans. : False**

17. Sales voucher is used for recording cash and credit sale of goods and services.

**Ans. : True**

18. Purchase voucher is used for recording cash and credit purchase o services.

**Ans. : True**

19. Contra voucher is used for recording rectifying entries

**Ans. : False**

20. Journal voucher is used for recording adjustment entries.

**Ans. : True**

21. Sales return voucher is used for recording return of goods by a customer.

**Ans. : True**

22. Debit Note is issued when there is reduction in the price charged to a customer.

**Ans. : False**

23. Credit note is generated when goods are returned by customer.

**Ans. : True**

24. Sales voucher records all cash and credit sales transactions.

**Ans. : True**

25. Purchase Return voucher is used for recording return of goods to a supplier.

**Ans. : True**

...Chapter Ends

□□□

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