#### Introduction to accounting software :

In computerised accounting complete book keeping is done which enables user to record all types of transactions including receipts, payments, income and expenses, sales and purchases, debit notes, credit notes, adjustment journals, memorandum journals and reversing journals. Various open-source accounting software are available in market such as GNUKhata, GNUCash, Turbo Cash, Ledger SMB, Money Manager You can use any accounting software. This book has introduced GNUkhata which is one of the open source software.

#### **Golden rules of accounting :**

There are three types of account

**1. Personal Account :** Personal account is related with Individual's, Organizations and Institutions accounts. Example Persons capital account, Bank account etc.

**Rules of Personal account** 

**Debit the Receiver** 

**Credit the Giver** 

- 2. Real Account : Accounts relating to assets of business are called Real account. Real accounts which are tangible or intangible in nature. Example Furniture, Goodwill, Trademark etc.
  - Rules of Real account
  - Debit what comes in
  - Credit what goes out
- **3.** Nominal Account : Nominal Account is related with all the expenses, losses, and incomes and gains of the business. Example wages, salary, advertisement, interest received etc.

**Rules of Nominal Account** 

**Debit all Expenses and Losses** 

**Credit all Incomes and Gains** 

# **Open source accounting software package-GNUKhata**

GNUKhata is a free and flexible software for accounting and inventory management. It provides solutions for basic book keeping. It has various version such as GNUKhata 4.0, GNUKhata 5.0 and GNUKhata 6.0. We will be using GNUKhata 6.0 in this textbook. This software freely available on https://www.gnukhata.in.

#### **Features of Gnukhata :**

- **1.** Gnukhata is free and open source accounting software.
- 2. Gnukhata is based on double entry book keeping.
- **3.** Gnukhata allows you to comprehensive financial reports-ledgers, trial balance, profit and loss account, balance sheet.
- 4. Gnukhata provides source document attachment facility in vouchers.
- **5.** Gnukhata gives linking facility. To linking of sales and purchase transactions to invoices.
- 6. Gnukhata allows you to export and import spreadsheet
- 7. Gnukhata gives password security and data audit facility.
- 8. Unique dual ledger facility.
- 9. Inventory includes invoicing and cash memo.
- **10.** It can be easily transformed into Indian languages.
- **11.** It is GST complaint

# **Opening screen of GNUkhata**

When we open GNUkhata for the first time it is called opening screen or welcome screen of GNUkhata.

GNUKhata v6.0 × +			🥹 😫 ti 🗄	n, ℁ 🖂 🗊 ♠)) 11:22 AM	2
← → C <sup>4</sup> ŵ © localhost Z Dm Hi M ▶ BG ⊕ Name ⊕ C ● ted ₹	G 😂 S 🎘 Esri 🙆 R 🤎 E 🙆 Mhada	☺ ☆ Q Search ▲ SEO	<u>≙</u> ∞Q ☆ ∞boost <b>⊡</b> T <b>∑</b> H <b>○</b> C <b>⊙</b> I		III
GNUKhata v6.0			Select Existing Company	Company Setup Wizard	0
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	Select Company				
	Company Name :				
	Select Company				
	Select Financial Year :				
	Select Financial Year		1		
	-				
	- Meat				
T	Fig. 1 Opening Sc	creen Of CN	UKhata		

# 1) Company Setup wizard

**1. Create Company :** The first step in GNUKhata is to create an organization. Click on 'Company Setup Wizard' (or press Shift + Control + C).

GNUKhata v6.0	Select Existing Company Company Setup Wizard
BALBHARTI (Profit Making)	Financial Year : 01-04-2019 to 31-03-2020
Company Setup Wizard This wizard will help you setup GNUKhata just the way you wish to manage your business.	
Company Name :	How would you like to use GNUKhata?
ABC PVT LTD	Accounting only.
Case :	<ul> <li>Invoicing with Billwise Accounting.</li> <li>Inventory with Invoicing and Billwise Accounting.</li> </ul>
Upper Case -	Use Up' & Down' arrow keys lo mavigale and press Enler' key to proceed
Company Type : O Profit Making Not For Profit	Use Simple Mode for Receipt and Payment Vouchers.
Financial Year :	
01 04 2019 <b>To</b> 31 03 2020	Use System Generated Voucher Numbering.
	→ <u>P</u> roceed

# Fig 2: Company Setup Wizard

While creating a company the following details are to be given :

- **Company Name :** Enter the name of the company.
- **Company Case :** Select appropriate case for example as-is, upper case, lower case or title case.
- **Company type :** Select the company Type either 'Profit Making' or 'Not For Profit'.
- Financial year : Enter financial Year of the company.
- How Would you like to use GNUKhata? It displays following three options, select Accounting only.
  - Accounting only.
  - Invoicing with Billwise Accounting.
  - Inventory with Invoicing and Billwise Accounting.
- Uncheck 'Use Simple Mode for Receipt and Payment Vouchers' and 'Use System Generated Voucher Numbering'.
- Proceed Button:-It allows you to proceed to create company profile .

# 2. Company Profile :

Registration Number :       1111111111         PCRA Registration Number :       1111111111         PCRA Registration Number :       01         PCRA Registration :       02         PCRA	CINLICItata v6.0				Select Exis	ting Company	y Company Setup Wiza
Description       Date of Registration :       01 <th01< th="">       01       01</th01<>				+			
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FCRA Registration Number 1       1222222222         Address 1       Pume         City 1       Fune         Fune       Fax Number 1         State 1       Manarashtra         Country 1       India         Postal Code 1       Saloo4         Contact Number 1       Soloos         State 1       Saloo4         Country 1       Saloo4         Soloos 2       Saloo4         Contact Number 1       Soloos 2         Soloos 2       Saloo4         Soloos 2       Saloos 2         Soloos 2       Saloos 2         Soloos 2       Saloos 2         Soloos 2       Saloos 2         Soloos 2 <td>Registration Number :</td> <td>33113311111</td> <td></td> <td>Date Of Registration :</td> <td>01</td> <td>01</td> <td>2019</td>	Registration Number :	33113311111		Date Of Registration :	01	01	2019
Address ;       Pune       Email ;       info@Abc.com         City :       Pune       Pax Number ;       postal code ;       pax 1       postal code ;       association (association (associati	FCRA Registration Number :	10100000000		Date of FCRA Registration :	01	02	2019
Dity :       Pune       Pax Number :       0222222         State :       Waharashtra       PAN :       Asco224421         Dountry :       Judia       Service Tax Number :       0333553533535         Postal Code :       43304       OSTIN :       + Asc 0224421         Contact Number :       0500000000000000000000000000000000000	Address :	Pune		Email :	infold	be,com	
State :     Manashtrá     PAN :     AcCO2464:1       DOUNTY :     India     Service Tax Number :     DOSDOUTY       Postal Code :     disbos     GSTIN :     + Anc GITIN       Contact Number :     Ssoossoss     + And Numg Installs       website :     www.abc.com     Select GST natio(s); the software will orgate GST Isdy maccount(s); soft mates:     Select GST mates:	City :	Pune		Fax Number :	222222	22	
Country :     India     Service Tax Number :     SSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSS	State :	Maharashtra	•	PAN :	ABCD23	4682)	
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Contact Number : 9920925555 Bank Details : + Add Numg Details : + + Add Numg Details : + + Add Numg Details : + + + + + + + + + + + + + + + + + +	Postal code :	411004		GSTIN :	+ A00	GSTIN	
ebbilte : Solect dif rate(s), the software will prease dif ledger account(s). dif Rates: as as a contract of ledger account(s). Cess Rates:	Contact Number :	00000000		Bank Details :	+ Add	Bank Deta	111
507 Bares: 050 0200 0200 0200 0200 0200 0200	website 1	www.abc.com		Select GST rate(s), the software will creat	e GST ledger accou		
				657 Rates: 05% 012% 016% 028%	- Co and cons		Coss Rates: Aud
							-

Fig 3: Company profile screen

Enter appropriate company information in the above fields.

**3.** Create Admin : The next step is the 'Create Admin' which is mandatory. Fill all the fields and click on 'Create & Login'.

reate Admin	6
Username :	
admin	
Password :	
Confirm Password :	
Security Question :	
what is your place of birth	
Answer to Security Question :	
Sec.	

# Fig. 4 Admin Creation Screen

# 4. Admin Dashboard : After login, following admin dashboard appears.



**Fig. 5 : Admin Dashboard** 

# 2) Select Existing Company

You can select already created company using 'Select Existing Company' Option on Opening Screen as shown in **Fig. 1** 

	Select Existing Company	Company Setup Wizard
Select Company		
Company Name :		
ABC PVT LTD, Not For Profit	•	
Select <u>F</u> inancial Year :		
01-04-2019 to 31-03-2020	•	

Fig. 6 : Select Existing Company

# 3) Delete Existing Company

Click on Hamburger Menu on left top corner of dashboard. Click on 'Administration

 $\rightarrow$  Delete Company'.

# Groups and sub-groups in GNUKhata

Group is a type of account. Groups are helpful for classifying and identifying account head and also to get summarized information. Group of account is a method of organizing the large number of ledger accounts into sequential arrangement. GNUKhata has 13 groups.

# **BALANCE SHEET GROUPS, SUB-GROUPS AND LEDGER ACCOUNTS**

The summary of balance sheet groups, sub-groups and ledger accounts are given below.

Group Name	Sub-Group Name	Ledger Account
(1) Capital / Corpus	None	Capital Account
		Partner's Capital Account
		Share Capital Account
		Capital Fund
(2) Current Assets	(1) Cash as Bank	Bank Account
	(2) Cash in hand	Cash Account
	(3) Inventory	Petty Cash Account
	(4) Louis and Advance	Closing Stock (System Generated)
		Stock at the Beginning
		(System Generated Ledger Account)
		<ul> <li>Short Term Loans and Advances given to Employees</li> </ul>
		Prenaid Expenses
		All Debtors/Customers Account
(3) Current Liability	(6) Provisions	Account of PE ESL TDS dues etc.
	(7) Sundry Creditors for	<ul> <li>Provision for Bad debts</li> </ul>
	Expenses	<ul> <li>Provision for Income Tax</li> </ul>
(8) Sundry Creditors 1 Purchases	(8) Sundry Creditors for	<ul> <li>Outstanding Expenses</li> </ul>
	Purchases	All Suppliers / Creditors
		Account
(4) Fixed Assets	(9) Building	Building Account
		Office Building Account
		Factory Building Account
	(10) Furniture	Furniture Account
	(11) Land	Shop Furniture Account
	(12) Plant & Machinery	Land Account
		Machinery Account
		Plant Account
		Plant & Machinery Account
(5) Investments	(13) Investment in	Bank Fixed Deposit
Bank Deposits (14) Investment in Shares & Deben-	Bank Deposits	• Investment in Shares
	(14) Investment in	• Investment in Debentures
	Shares & Deben-	
(6) Loans (Asset)	None	Accounts of all Long Term Loans
		given by the organisation
		J

Group Name	Sub-Group Name	Ledger Account
(7) Loans (Liabil-	(15) Secured	Bank Loan
ity)	(16) Unsecured	Other secured loans
		Loan from Partners
		• Loan from Manager(s), etc.
(8)Miscellaneous	None	Preliminary Expenses
Expenses (Assets)		• Pre-operation Expenses, etc
(9) Reserves	None	Retained Earnings
		General Reserves
		Reserves and Surplus

# Table 1 : Summary of Balance Sheet groups

# **PROFIT & LOSS OR INCOME & EXPENDITURE ACCOUNT GROUPS, SUB- GROUPS AND LEDGER ACCOUNTS**

The summary of Profit and Loss account groups and sub groups are given in Table

Group Name	Sub-Group Name	Ledger Account
(1) Direct Income	None	<ul> <li>Sales</li> <li>Professional Fees</li> <li>Profit and Loss Account or Income &amp; Expenditure Account (System Generated Ledger Account)</li> </ul>
(2) Indirect Income	None	<ul> <li>Bad debt received</li> <li>Commission Received</li> <li>Discount Received</li> <li>Income from Investment</li> <li>Rent Received</li> <li>Interest Received, etc</li> </ul>
(3) Direct Expense	None	<ul> <li>Wages Carriage Inward</li> <li>Coal,Gas &amp; Water of Factory</li> <li>Factory Expenses (Lighting,Power,etc)</li> <li>Freight</li> <li>Import Duty</li> <li>Octroi</li> <li>Factory Expenses</li> <li>Opening Stock Account (System Generated Ledger Account)</li> <li>Purchases</li> <li>Sales Return, etc</li> </ul>

Group Name	Sub-Group Name	Ledger Account
(4) Indirect Expense	None	Office Expenses Salary
		• Rent
		• Insurance
		• Audit Fee
		• Electricity
		Depreciation
		Bad debt
		Telephone Charge
		Commission Allowed
		Discount Allowed
		Export Duty
		Interest on Loan
		Legal Expenses
		Postage and Telegram
		Printing and stationery, etc

# Table 2. Summary of Profit and Loss groups, Sub-groups and Ledgers

# Ledger :

A Ledger account contains a record of all transactions relating to an asset, liability, capital, and an item of expenditure or revenue. It has to be created under any of this group.

# How to create a account (Ledger account) using GNUKhata

Dashboard
Master -
Account
Project
Budget
Edit Company Profile
Bank Reconciliation Statement
Tax News
Voucher -
Report
Administration -
Help 🕶

# Fig. 7 Admin Dashboard Menu

Click on the Master  $\rightarrow$  Account. It allows you to create account as shown in **fig. 8.** 

PVT LTD (Not For Profit) admin (Aamin)			01-04	-2019 to 31-03-2
ate Account Edit Account List of Accounts				
reate Account	0	CORPUS & LIABILITIES		
		EPhone have	Ma. of Assessits	Group Balar
Group Name :		Corpus	1	0.
Corpus	-	Reserves	0	0.
Sub-Group Name		Loans(Liability)	0	0.
have a second seco	-	Current Liabilities	4	0.
PROVE		Total		0.
Create Multiple Accounts		PROPERTY & ASSETS		
Account Name :		stanp same	an at Arrests	From Sele
Partners Capital Account		Fixed Assets	2	0.
		Investments	0	0.
Opening Balance :		Loans(Asset)	0	0.
	0.00	Current Assets	4	0.
Constant de la constante		Total		0.
STE-We resulting		Difference in Balance		0.

# Fig. 8 Group Creation Screen

Select appropriate group name, sub-group name and enter account name and click on save. You can also create Multiple Accounts.

#### Note :

- **1.** You can not create a new Group but you can create a new Sub-Group of any Group in addition to the existing ones or where there is none.
- 2. You can not delete a Group or Sub-Group. Having created a new Sub-Group you may not use it.
- 3. You can not create Sub-Group of Sub-Group.
- 2. Edit Account : To edit/delete account, click on 'Edit Account' and select appropriate account from 'List of Accounts' drop-down.
- 3. List Accounts : To view all the accounts, click on 'List Accounts'.

# Skill Set 4 - Accounting Package

**SOP 1 : Use of Accounting Package to create a company.** 

# Create a company with the following particulars.

Company Name	:	<b>B.B</b> Enterprises
Case	:	Upper Case
Company Type	:	Profit Making
Financial Year	:	01-04-2019 to 31-03-2020
Use GNUKhata for	:	Accounting Only

# Create profile with relevant data for any company. Create Admin account for the company.

# **SOP 2 : Create ledger accounts using accounting Package.**

Create ledger accounts for the following and allocate proper groups.

- **1.** Import duty
- 2. Insurance
- 3. Machinery
- **4.** Audit Fee
- 5. Purchase
- 6. Sales
- 7. Telephone charges
- 8. Interest Recieved
- 9. Salary
- **10.** Professional fees