4   Accounting Packages (GNUKhata)

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 accoounting 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.
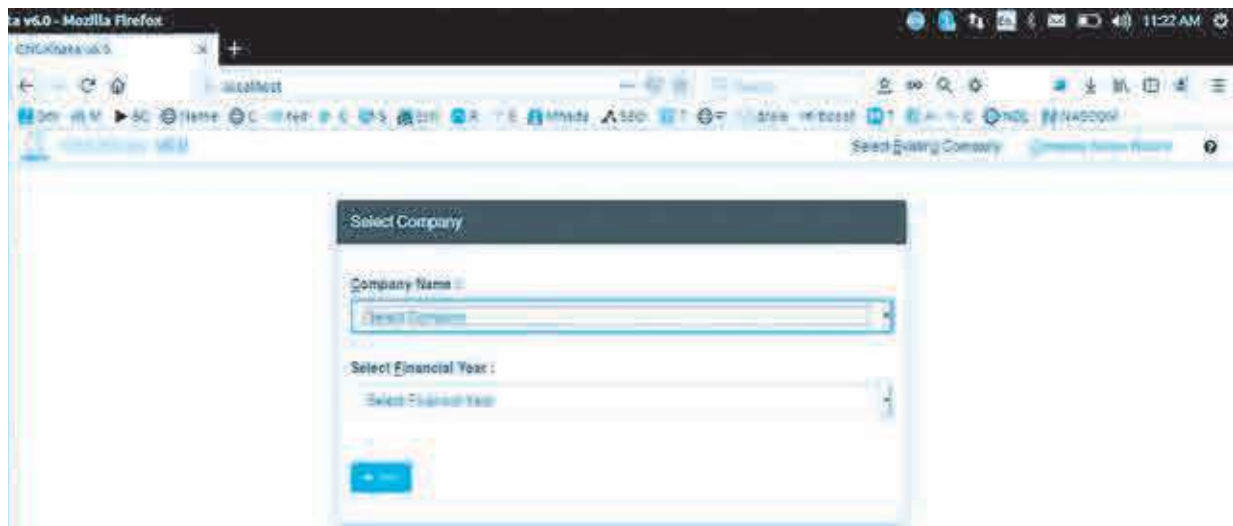

Fig. 1 Opening Screen Of GNUKhata

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).
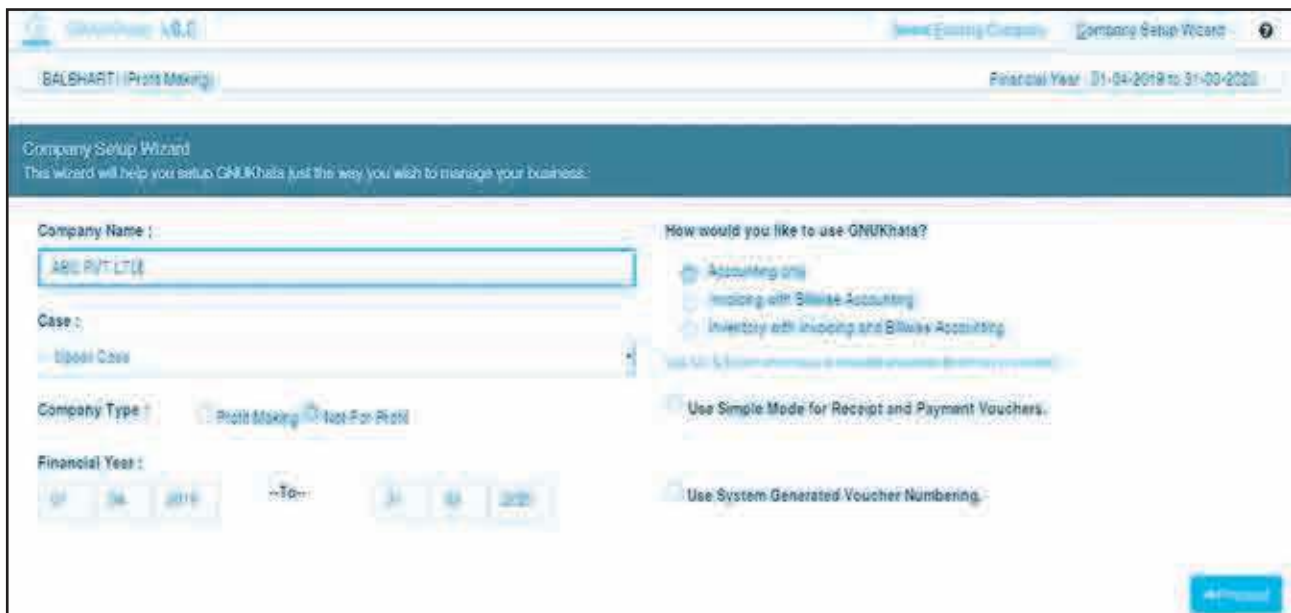

Fig 2: Company Setup Wizard

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 :

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'.

Fig. 4 Admin Creation Screen

4. Admin Dashboard : After login, following admin dashboard appears.
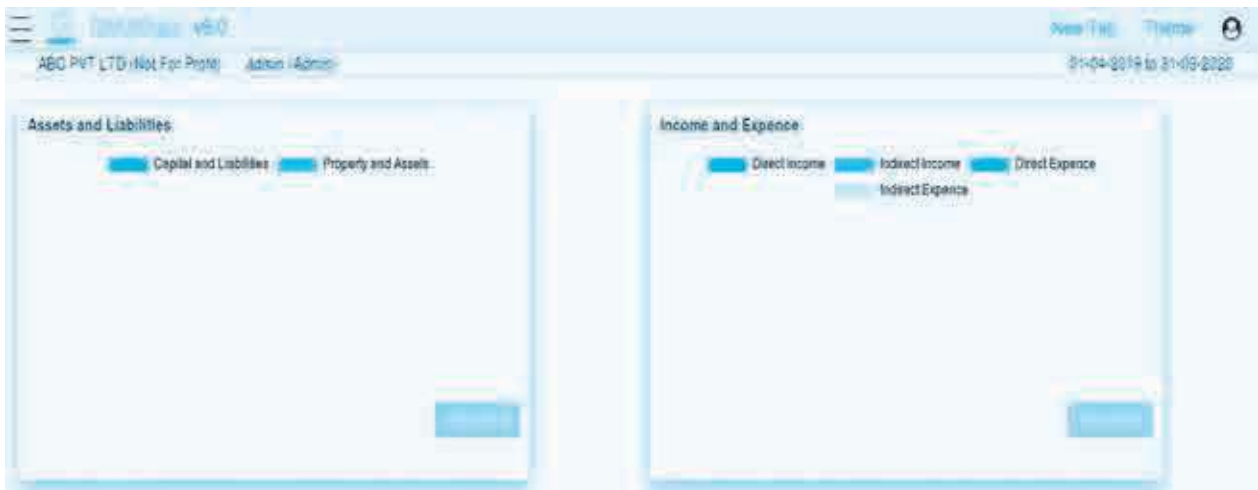
Fig. 5 : Admin Dashboard

2) Select Existing Company

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

Fig. 6 : Select Existing Company

3) Delete Existing Company

Click on Hamburger Menu on left top corner of dashboard. Click on 'Administration → 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 (2) Cash in hand (3) Inventory (4) Loans and Advance (5) Sundry Debtors	• Bank Account • Cash Account • Petty Cash Account • Closing Stock (System Generated) • Stock at the Beginning (System Generated Ledger Account) • Short Term Loans and Advances given to Employees. • Prepaid Expenses • All Debtors/Customers Account
(3) Current Liability	(6) Provisions (7) Sundry Creditors for Expenses (8) Sundry Creditors for Purchases	• Account of PF, ESI, TDS dues, etc. • Provision for Bad debts • Provision for Income Tax • Outstanding Expenses • All Suppliers / Creditors Account
(4) Fixed Assets	(9) Building	• Building Account • Office Building Account • Factory Building Account
	(10) Furniture (11) Land (12) Plant & Machinery	• Furniture Account • Shop Furniture Account • Land Account • Machinery Account • Plant Account • Plant & Machinery Account
(5) Investments	(13) Investment in Bank Deposits (14) Investment in Shares & Debentures	• Bank Fixed Deposit • Investment in Shares • Investment in Debentures
(6) Loans (Asset)	None	• Accounts of all Long Term Loans given by the organisation

Group Name	Sub-Group Name	Ledger Account
(7) Loans (Liability)	(15) Secured (16) Unsecured	• Bank Loan • Other secured loans • Loan from Partners • Loan from Manager(s), etc.
(8) Miscellaneous Expenses (Assets)	None	• Preliminary Expenses • 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	• Sales • Professional Fees • Profit and Loss Account or Income & Expenditure Account (System Generated Ledger Account)
(2) Indirect Income	None	• Bad debt received • Commission Received • Discount Received • Income from Investment • Rent Received • Interest Received, etc..
(3) Direct Expense	None	• Wages Carriage Inward • Coal,Gas & Water of Factory • Factory Expenses (Lighting,Power,etc) • Freight • Import Duty • Octroi • Factory Expenses • Opening Stock Account (System Generated Ledger Account) • Purchases • Sales Return, etc..

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

1. **Create an account :** GNUKhata allows you to create single account at a time. Click on Hamburger Menu (☰) available at left top corner of the dashboard. It displays the options as shown in **fig. no. 7.**
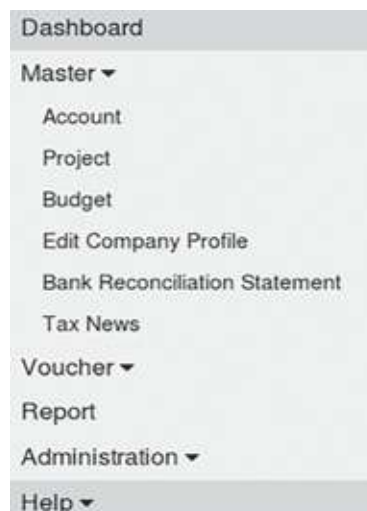

Dashboard
Master ▾
 Account
 Project
 Budget
 Edit Company Profile
 Bank Reconciliation Statement
 Tax News
Voucher ▾
Report
Administration ▾
Help ▾

Fig. 7 Admin Dashboard Menu

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

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.

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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 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

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