ACCOUNTANCY

COMPUTERISED ACCOUNTING SYSTEM

Textbook for Class XII
FOREWORD

The National Curriculum Framework (NCF), 2005, recommends that children’s life at school must be linked to their life outside the school. This principle marks a departure from the legacy of bookish learning which continues to shape our system and causes a gap between the school, home and community. The syllabi and textbooks developed on the basis of NCF signify an attempt to implement this basic idea. They also attempt to discourage rote learning and the maintenance of sharp boundaries between different subject areas. We hope these measures will take us significantly further in the direction of a child-centred system of education outlined in the National Policy on Education (1986).

The success of this effort depends on the steps that school principals and teachers will take to encourage children to reflect on their own learning and to pursue imaginative activities and questions. We must recognise that, given space, time and freedom, children generate new knowledge by engaging with the information passed on to them by adults. Treating the prescribed textbook as the sole basis of examination is one of the key reasons why other resources and sites of learning are ignored. Inculcating creativity and initiative is possible if we perceive and treat children as participants in learning, not as receivers of a fixed body of knowledge.

These aims imply considerable change in school routines and mode of functioning. Flexibility in the daily time-table is as necessary as rigour in implementing the annual calendar so that the required number of teaching days are actually devoted to teaching. The methods used for teaching and evaluation will also determine how effective this textbook proves for making children’s life at school a happy experience, rather than a source of stress of boredom. Syllabus designers have tried to address the problem of curricular burden by restructuring and reorienting knowledge at different stages with greater consideration for child psychology and the time available for teaching. The textbook attempts to enhance this endeavour by giving higher priority and space to opportunities for contemplation and wondering, discussion in small groups, and activities requiring hands-on experience.

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Learning Objectives
After studying this chapter you will be able to:

• Understand the need of Computerised Accounting System.

• Appreciate the impact of Information Technology on Financial Accounting System.

• Describe the major functions of Accounting Information System (AIS).

Introduction
In modern business accounting transactions are processed through computers. Usage of computers and Information Technology (IT) enables a business to quickly, accurately and timely access the information that helps in decision-making. This sharpens the competitive edge and enhances profitability. The computer systems (Figure 1.1) works with the data which is processed by the hardware commanded by the user through software. The Computerised Accounting System (CAS) has the following components:

Procedure : A logical sequence of actions to perform a task.

Data : The raw fact (as input) for any business application.

People : Users.

Hardware : Computer, associated peripherals, and their network.

Software : System software and Application software.

These are the five pillars on which Computerised Accounting System rests. This chapter discusses the concept and components of CAS along with its advantages and disadvantages. It is followed by the discussion of software packages on CAS. In this chapter we will also discuss the concept about grouping of accounts and codification methods to be used for CAS.
1.1 COMPUTERISED ACCOUNTING SYSTEM

Computerised Accounting System refers to the processing of accounting transaction through the use of hardware and software in order to produce accounting records and reports. CAS takes accounting transactions as inputs that are processed through Accounting Software to generate the following reports:

- Day books/Journals
- Ledger
- Trial Balance
- Position Statement (Balance Sheet)
- Statement of Profit and Loss (Profit and Loss Account)

**Basic flow of Accounting Transaction**

Data to Information by Business Application Software
Overview of Computerised Accounting System

Data and Information
Various elements (items) of accounting transactions are essentially the data items, which are processed through an accounting software to generate different sets of information in the form of accounting reports such as journals, ledger, etc.

A data-item (data element) is the smallest named unit of data in the information system. In accounting, a transaction consists of four data elements, such as name of account, accounting code, date of transaction and amount.

The transaction is a record of inflow and outflow of resources.

We may observe (Figure 1.3) how data (days worked and rate per day) is being (multiplied together) converted into information (amount to pay). The information may be viewed as data at one level; and when it is processed keeping in view the requirements of decision maker, it becomes the information at another level.

1.2 COMPONENTS OF CAS
The manual system of accounting is traditionally most popular method of keeping records of financial transactions of an organisation. Financial statements are the end products of the accounting process, which are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The accounting cycle means the processes involved in identifying, measuring and communicating the information. The basic phases of the cycle are as follows:

- Business transactions are analysed.
- The transactions are recorded in the journal.
- Journal entries are posted to the ledger accounts.
- A trial balance is prepared from balances of accounts.
- Accounts are reviewed and the necessary adjustments made.
- Adjustments are posted in the ledger to prepare adjusted trial balance.
- Adjusted trial balance is used to prepare the balance sheet and profit and loss account.
- Financial Statements are prepared from the finally adjusted ledger and balancing the accounts.

The above accounting cycle can be processed through the use of computers.
1.3 **SALIENT FEATURES OF CAS**

Following are the salient features required for CAS software:

1.3.1 **SIMPLE AND INTEGRATED**

CAS is designed to automate and integrate all the business operations, such as sales, finance, purchase, inventory and manufacturing. CAS is integrated to provide accurate, up-to-date business information rapidly. The CAS may be integrated with enhanced MIS (Management Information System), Multi-lingual and Data Organisation capabilities to simplify all the business processes of the organisation easily and cost-effectively.

1.3.2 **TRANSPARENCY AND CONTROL**

CAS provides sufficient time to plan, increases data accessibility and enhances user satisfaction. With computerised accounting, the organisation will have greater transparency for day-to-day business operations and access to the vital information.

1.3.3 **ACCURACY AND SPEED**

CAS provides user-definable templates (data entry screens or forms) for fast, accurate data entry of the transactions. It also helps in generalising desired documents and reports.

1.3.4 **SCALABILITY**

CAS enables in changing the volume of data processing in tune with the change in the size of the business. The software can be used for any size of the business and type of the organisation.

1.3.5 **RELIABILITY**

CAS makes sure that the generalised critical financial information is accurate, controlled and secured.

1.4 **GROUPING OF ACCOUNTS**

The increase in the number of transaction changes the volume and size of the business. Therefore it becomes necessary to have proper classification of data. The basic classifications of different accounts embodied in a transaction are resorted through accounting equation.

**Accounting Equation**

The modern accounting is based on double-entry system, which implies equality of assets and equities (liabilities and capital), i.e.

\[
A = E
\]

Where \(E = L + C\)

Now \(A = L + C\)

Where \(A = \) Assets
Overview of Computerised Accounting System

E = Equities
C = Capital
L = Liabilities

Thus, **Assets = Liabilities + Capital**

In this equation the *Liabilities* means claims on the firm by *creditors* and the *Capital* means claims of *owners*. The claims of owners keep on changing due to success (profit) or failure (loss) of the firm. This is reflected by the income statement, which provides the summary of income and expenses of business for a given accounting period. Keeping this in view, the above equation can be re-written as:

**Assets = Liabilities + Capital + (Revenues – Expenses)**

Each component of the above equation can be divided into groups of accounts as follows:

**Revenue** means inflow of resources, which results from the sale of goods or services in the normal course of business and increase in capital. Expenses imply consumption of resources in generating revenues.

- **EQUITY AND LIABILITIES**
  - **Shareholder’s Funds**
    - Share Capital
    - Reserves and Surplus
    - Money Received against Share Warrents
    - Share Application Money Pending Allotment
    - Non-Current Liabilities
    - Long Term Borrowings
    - Deferred Tax Liabilities (net)
    - Other Long Term Liabilities
    - Long Term Provisions
    - Current Liabilities
    - Short Term Borrowings
    - Trade Payables
    - Other Current Liabilities
    - Short Term Provisions
There is a hierarchical relationship between the groups and its components. In order to maintain the hierarchical relationships between a group and its sub-groups, proper codification is required to ensure neatness of classification.

1.4.1 CODIFICATION OF ACCOUNTS

According to Concise Oxford Dictionary, the term code means “a system of letter or figure with arbitrary meaning for brevity and for machine processing of information”. Thus, code is an identification mark.
Method of Codification

The coding scheme of Account-heads should be such that it leads to grouping of accounts at various levels so as to generate Position Statement (Balance Sheet) and Statement of Profit and Loss (Profit-Loss Account). For example, we may allot the codes for top-level grouping of accounts (forming the 1st digit of the Account Code) as follows:

1. Equity and Liabilities
2. Assets
3. Revenues
4. Expenses

Under Equity and Liabilities:
11. Shareholder’s funds
13. Non-Current Liabilities
14. Current Liabilities

Under Assets:
21. Non-Current Assets
23. Current Assets

Note: The gap in code in the 2nd digit (e.g. after 1, 3 instead of 2) is used to provide flexibility.

The above codification scheme utilizes the hierarchy present (used) in grouping of accounts. Major advantage of such coding is that if the account codes are listed in ascending (i.e. increasing) order, these will be automatically listed as per the desired hierarchy.

1.4.1.1 Sequential Codes

In Sequential Code, numbers and/or letters are assigned in consecutive order. These codes are applied primarily to source documents such as cheques, invoices, etc. A sequential code can facilitate document searches. This process enables in either identification of missing codes (numbers) relating to a particular document or a relevant document can be traced on the basis of code.

For examples:

<table>
<thead>
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<th>CODES</th>
<th>ACCOUNTS</th>
</tr>
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<tbody>
<tr>
<td>CL001</td>
<td>GCERT LTD</td>
</tr>
<tr>
<td>CL002</td>
<td>XYZ LTD</td>
</tr>
<tr>
<td>CL003</td>
<td>ARIL CORPORATION OF INDIA</td>
</tr>
</tbody>
</table>

1.4.1.2 Block Codes

In a block code, a range of numbers is partitioned into a desired number of sub-ranges and each sub-range is allotted to a specific group. In most of the uses of block codes, numbers within a sub-range follow
sequential coding scheme, i.e. the numbers increase consecutively. As an example, dealer codes for a trading firm could be as follows:

<table>
<thead>
<tr>
<th>CODES</th>
<th>DEALER-TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - 199</td>
<td>Small Pumps</td>
</tr>
<tr>
<td>200 - 299</td>
<td>Medium Pumps</td>
</tr>
<tr>
<td>300 - 399</td>
<td>Pipes</td>
</tr>
<tr>
<td>400 - 499</td>
<td>Motors</td>
</tr>
</tbody>
</table>

1.4.1.3 Mnemonic Codes

A mnemonic code consists of alphabets or abbreviations as symbols to codify a piece of information. SJ for “Sales Journals”, HQ for “Head Quarters” are examples of mnemonic codes. Another common example is the use of alphabetic codes in Railways in identifying railway stations such as DLH for Delhi, NDLS for New Delhi, BRC for Baroda, etc.

1.4.2 Methodology to Develop Coding Structure and Coding

Let us assume that we have to do coding for students in one of seven schools run by a trust. The first step is to develop a coding structure (scheme), which will be used to develop individual codes for each student. Development of coding structure requires identification (finalisation) of hierarchy of schooling system and that of various attributes (parameters) associated with a student. A hierarchy in such a situation could be as follows:

**Trust → School → Entry-year → Stream → Class → Section → Student**

The “Stream” could be science stream, commerce stream or general Stream. A class may be divided into more than one section when the number of admitted students increases the class capacity. We can decide the coding structure after the following considerations:

- As there is only one Trust, no provision is required in the coding structure to accommodate for Trust. Had there been multiple trusts under one organisation running a number of schools, the provision of Trust code would have been necessary in the coding structure.
- Assuming that the maximum number of Schools is not likely to exceed 99, we can allocate 2 digits for School.
- Two digits can be allocated for the Entry-year. Entry-year is necessary to maintain records of old students.
- For Stream, 1 digit is sufficient. If Stream is not relevant (applicable) as is the case for primary and secondary classes, the value 0 will be considered for Stream.
- To accommodate Classes, 2 digits are sufficient.
Overview of Computerised Accounting System

- Number of Sections in a class will not exceed 9. Hence, 1 digit is sufficient for Section.

- Two digits will be sufficient for number of Students within a section of a class, assuming that not more than 99 Students will ever be put in a section of a class.

The coding structure for Students will be as follows based on the above considerations:

- School: 2 Digits
- Entry-year: 2 Digits
- Stream: 1 Digit
- Class: 2 Digits
- Section: 1 Digit
- Student: 2 Digits

Thus, if we allocate 10 digits codes to a student, we shall be able to get the following details of a student right from the code itself:

- Which stream in which school the student is studying (had studied)?
- What were the class and its section and in which year the student had entered this class?
- List of all students who has entered a school in a given year, etc.

Once the coding structure is decided as described above, allotting of code becomes easy. For example, if a student with a Roll No. 54 had entered Section-B of Class XII in Year 2008 opting for Science Stream (Non-Biology Group) (Stream Code: 1) in the 6th School run by the Trust. Its code would be as follows:

06 08 1 12 2 54

- Roll No of the Student in the Section of Class XII
- Section Code (2 for Section-B)
- Current Class (XII)
- Stream (i.e. Science – Non-Bio)
- Entry-year to Current Class (i.e. XII)
- School Code
1.5 USING SOFTWARE OF CAS

There are two basic activities in using software of CAS – One time activities and recurring activities. One time activities include creation of Organisation details, accounting year, type of ledger (also called “creation of master files”), etc. While recurring activities include entry of transactions and generation of reports. The transactions are recorded on the basis of Cash Vouchers, Bank Vouchers, Purchase Vouchers, Sales Vouchers, Journal Vouchers, etc. Reports include generation of Day books, Ledgers, Trial Balance, Statement of Profit and Loss, Position Statement and Cash Flow Statement. (Please refer to Chapter 5 for details)

SECURITY FEATURES OF CAS SOFTWARE

Every accounting software ensures data security, safety and confidentiality. Therefore every software provides the following:

- **Password Security**: Password is a mechanism, which enables a user to access a system including data. The system facilitates defining the user rights according to organisation policy. Consequently, a person in an organisation may be given access to a particular set of data while he may be denied access to another set of data.

- **Data Audit**: This feature enables one to know as to who and what changes have been made in the original data thereby helping and fixing the responsibility of the person who has manipulated the data and also ensures data integrity. Basically, this feature is similar to Audit Trail.

- **Data Vault**: Software provides additional security through data encryption.

**Password** is the key (code) to allow the access to the system.

Data Audit: This feature enables one to know as to who and what changes have been made in the original data thereby helping and fixing the responsibility of the person who has manipulated the data and also ensures data integrity. Basically, this feature is similar to Audit Trail.

Data Vault: Software provides additional security through data encryption.

Encryption essentially scrambles the information so as to make its interpretation extremely difficult (almost impossible). Thus, Encryption ensures security of data even if it lands in wrong hands, because the receiver of data will not be able to decode and interpret it.

1.6 ADVANTAGES OF CAS

Following are the advantages of Computerised Accounting System (CAS):

1. Timely generation of reports and information in desired format.
2. Efficient record keeping.
3. Ensures effective control over the system.
Overview of Computerised Accounting System

4. Economy in the processing of accounting data.
5. Confidentiality of data is maintained.

1.7 LIMITATIONS OF CAS

Following are the limitation of CAS software:
1. Faster obsolescence of technology necessitates investment in shorter period of time.
2. Data may be lost or corrupted due to power interruptions.
3. Data are prone to hacking.
4. Un-programmed and un-specified reports cannot be generated.

1.8 ACCOUNTING INFORMATION SYSTEM (AIS)

Accounting Information System (AIS) and its various sub-systems may be implemented through Computerised Accounting System. The subsystems of AIS are briefly described below (Fig. 1.4)

1.8.1 CASH AND BANK SUB-SYSTEM

It deals with the receipt and payment of cash both physical cash and electronic fund transfer. Electronic fund transfer takes place without having the physical entry or exit of cash by using the credit cards or electronic banking.

1.8.2 SALES AND ACCOUNTS RECEIVABLE SUB-SYSTEM

It deals with recording of sales, maintaining of sales ledger and receivables. It generates periodic reports about sales, collections made,
overdue accounts and receivables position as also ageing schedule of receivables/debtors.

1.8.3 INVENTORY SUB-SYSTEM
It deals with the recording of different items purchased and issued specifying the price, quantity and date. It generates the inventory position and valuation report.

1.8.4 PURCHASE AND ACCOUNTS PAYABLE SUB-SYSTEM
It deals with the purchase and payments to creditors. It provides for ordering of goods, sorting of purchase expenses and payment to the creditors. It also generates periodic reports about the performance of suppliers, payment schedule and position of the creditors.

1.8.5 PAYROLL ACCOUNTING SUB-SYSTEM
It deals with payment of wages and salary to employees. A typical wage report details information about basic pay, dearness allowance, and other allowances and deductions from salary and wages on account of provident fund, taxes, loans, advances and other charges. The system generates reports about wage bill, overtime payment and payment on account of leave encashment, etc.

1.8.6 FIXED ASSETS ACCOUNTING SUB-SYSTEM
It deals with the recording of purchases, additions, deletions, usage of fixed assets such as land and buildings, machinery and equipments, etc. it also generates reports about the cost, depreciation, and book value of different assets.

1.8.7 EXPENSE ACCOUNTING SUB-SYSTEM
This sub-system records expenses under broad groups such as manufacturing administrative, financial, selling and distributions and others.

1.8.8 TAX ACCOUNTING SUB-SYSTEM
This sub-system deals with compliance requirement value-added tax (VAT), excise, customs and income tax. This sub-system used in large size organisation.

1.8.9 FINAL ACCOUNTS SUB-SYSTEM
This subsystem deals with the preparation of Profit and Loss accounts, Balance Sheet and cash flow statements for reporting purposes.

1.8.10 COSTING SUB-SYSTEM
It deals with the ascertainment of cost of goods produced. It has linkages with other accounting sub-systems for obtaining the necessary information about cost of material, labour, and other expenses. This system generates information about changes in the cost that takes place during the period under review.
1.8.11 **Budget Sub-system**

It deals with the preparation of budget for the coming financial year as well as comparison with the current budget of the actual performances.

1.8.12 **Management Information System**

Management Information System (MIS) deals with generation and processing of reports that are vital for management decision-making. The Information system should be so flexible as to provide customised reports to support various managerial functions such as planning, organising, staffing, oversight, control and decision-making including operational, functional and strategic nature.

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**Summary**

- In Computerised Accounting System, accounting transactions are processed using computer system. A computer system includes hardware and software. Hardware includes Central Processing Unit (CPU), Random Access Memory (RAM), Monitor (Screen), Keyboard, Mouse, Hard Disk and CD/DVD for mass storage of data and Printer, etc. Software consists of set of instructions. Software can either be a System Software (a part of Computer System) or an Application Software. CAS uses Accounting Software. Accounting Software (such as Tally) is an example of Application Software.

- Coding (for Account Head, Budget Head, Cost Centres, etc) is required in CAS. Coding first requires development of its structure. Coding Structure should be compatible with inherent structure of the element to be coded. For example, Account Head coding requires a hierarchical structure to progressively summarise the accounting information as per the requirements of Balance Sheet and Profit and Loss Account.

- Advantages of CAS include speed, efficiency, arithmetic accuracy, cost saving, confidentiality of data.

- Limitations of CAS include provision for (a) fast obsolescence of technology, (b) data loss due to either power interruptions or damage to hard disk, (c) virus and other security hazards.

- Accounting Information System is an integration of various sub-systems such as: (i) cash sub-system, (ii) sales and accounts receivable sub-system, (iii) inventory sub-system, (iv) purchase and accounts payable sub-system, (v) payroll accounting sub-system, (vi) fixed asset accounting sub-system, (vii) expense accounting sub-system, (viii) tax accounting sub-system, (ix) final accounts sub-system, (x) costing sub-system, (xi) budget sub-system, (xii) management information sub-system.
EXERCISES

Q1. MULTIPLE CHOICE QUESTIONS

1. The components of Computerised Accounting System are :
   (a) Data, Report, Ledger, Hardware, Software;
   (b) Data, People, Procedure, Hardware, Software;
   (c) People, Procedure, Ledger, Data, Chart of Accounts;
   (d) Data, Coding, Procedure, Rules, Output.

2. The Computerised Accounting System refers to :
   (a) Printing of Balance Sheet and Profit and Loss Accounts using computer;
   (b) Processing of accounting transaction through computer and produce records and reports;
   (c) Processing of accounting related data and printing reports;
   (d) None of the above.

3. The components of Computerised Accounting System refers to :
   (a) Business transactions are analysed, transactions recorded, prepare trial balance, preparation of balance sheet and profit and loss account;
   (b) From data entry to preparation of final statements;
   (c) Transformation of manual accounting system to CAS;
   (d) None of the above.

4. The CAS should be
   (a) Simple and integrated, transparent, accurate, scalability, reliability;
   (b) Complex, Accurate, Transparent, Faster to work;
   (c) Able to transform the manual accounting system to computerised accounting system;
   (d) None of the above.

5. The Grouping of Accounts means the classification of data from :
   (a) Asset, liabilities and capital
   (b) Asset, capital, liabilities, revenue and expenses
   (c) Asset, owners equity, revenue and expenses
   (d) None of the above.

6. Codification of Accounts required for the purpose of :
   (a) Hierarchical relationship between groups and components
   (b) Data processing faster and preparing of final accounts
   (c) Keeping data and information secured
   (d) None of the above.
Overview of Computerised Accounting System

7. Method of Codification should be:
   (a) Such that it leads to grouping of accounts
   (b) An identification mark
   (c) Easy to understand, cryptic, and leads to grouping of accounts
   (d) None of the above

8. The need of Codification is:
   (a) The Encryption of data
   (b) The Generation of mnemonic code
   (c) To secure the accounts, reports, etc.
   (d) Easy to process data, keeping proper records

9. What is the activity sequence of the basic information processing model?
   (a) Organise data, process data, and collect data
   (b) Collect data, organise and process data, and communicate information
   (c) Process data, organise data, and collect data
   (d) Organise data, collect data, and communicate information

10. What are internal controls designed to do?
    (a) safeguard assets and optimise the use of resource
    (b) only achieve maximum revenue
    (c) only safeguard assets
    (d) only ensure accurate accounting records

11. What is a firm’s payment to a supplier for merchandise inventory recorded in?
    (a) Cash payment journal
    (b) Purchases journal
    (c) Sales journal
    (d) Cash receipts journal

12. Where are amounts owed by customers for credit purchases found?
    (a) accounts receivable journal
    (b) general ledger
    (c) sales journal
    (d) accounts receivable subsidiary ledger

Q2. Answer the following questions
1. Why the computerisation of Financial Accounting is required and why is it useful?
2. What is coding? Why codification is required for an Accounting System?
3. What are the salient features of Computerised Accounting Software?
4. What are the phases in an accounting cycle?

5. Write differences between data and information with examples?

6. Explain various types of coding methods and the situations where each coding method is best suited?

7. Define the term transaction and elaborate with the help of examples how the transaction will be shown in chart of accounts by hierarchical grouping?

8. What is a chart of accounts? How is it arranged?

9. What is meant by Revenue and Expenses?

10. What are the limitations of CAS?

11. What are the advantages of CAS?

12. What is encryption and how is it helpful in CAS?

Q3. Skill Review

1. Topic of debate: “Intentional manipulation of accounting records is much easier in computerised accounting system than in manual accounting system”.

   Do this exercise in the class forming group of 4 students to form a team and do the presentation in the class?

2. Develop a **coding structure** for inventory items based on the following information: There are around 7000 items, which are grouped under 37 major categories. Each major category is further sub-divided into 15-40 sub-categories. Within a sub-category, the number of items will never exceed 1000.

---

**Answers**

<table>
<thead>
<tr>
<th></th>
<th>1. b</th>
<th>2. b</th>
<th>3. a</th>
<th>4. a</th>
<th>5. b</th>
<th>6. a</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7. a</td>
<td>8. a</td>
<td>9. b</td>
<td>10. a</td>
<td>11. a</td>
<td>12. d</td>
</tr>
</tbody>
</table>
A *spreadsheet* is a configuration of rows and columns. Rows are horizontal vectors while columns are vertical vectors. A spreadsheet is also known as a worksheet. It is used to record, calculate and compare numerical or financial data. Each value can either be an independent (i.e. *basic*) value or it may be derived on the basis of values of other variables. The *derived value* is the outcome of an arithmetic expression and/or a function (i.e. a formula).

Spreadsheet application (sometimes referred to simply as spreadsheet) is a computer program that allows us to add (i.e. enter) and process data. We shall understand spreadsheet with the help of *MS-Excel* (or simply, Excel), which is one of the Microsoft Office Suite of software.

The current version of Excel is Excel 2007 and has a completely redesigned user interface. The Excel 2007 is now designed with a series of horizontal tabs known as “Ribbon” (Figure 2.1). These tool bars are changed using tabs at the top. This layout is very easy to use than the previous
versions of Excel. On clicking with left button of mouse at “Office Button”; we will be able to open an old workbook or create a new one or can save the workbook or can print which were earlier available in previous version of Excel in File menu.

2.1 BASIC CONCEPTS OF SPREADSHEET

A file in Excel is known as a “Workbook”. A workbook is a collection of a number of “Worksheets” (Figure 2.2). By default, three sheets, namely Sheet 1, Sheet 2, and Sheet 3 are available to users. At a time, only one worksheet can be made as “Active Worksheet” and that worksheet is available to a user for carrying out operations. An active worksheet’s name will be shown in bold letters in the “Sheet Tab” at the bottom left of the screen. Additional sheets can be added, if required, by clicking on the icon (which works as Insert / Worksheet).

The Sheet names can be changed, if required, by right-clicking the mouse over the Sheet1 or Sheet 2 or Sheet 3 after selecting and pointing it on the sheet name (which is to be changed) and selecting “Rename” option.

Box 2.1

Basic and Derived Values

If quantity \( Q \) of an item is purchased at a price \( P \), the value of that item \( V \) is derived as follows:

\[
V = Q \times P
\]

Here, the values \( P \) and \( Q \) are Basic Values. While \( V \) is the Derived Value as it is obtained by multiplying \( Q \) with \( P \). The expression \( (Q\times P) \) is called as arithmetic expression. Additional examples of arithmetic expressions are given later in this chapter.

Note: In general, an arithmetic expression may contain one or more functions.
**Spreadsheet**

*Rows* are numbered numerically from top to bottom while *Columns* are referred by alpha characters from left to right. In Excel 2007, there are 65,536 *Rows* which are numbered as 1, 2, 3, … 65,536. These numbers are shown on the left most portion of the worksheet. *Columns* (total 256 in Excel) are identified by letters, such as A, B, C, … AA… IV, and are shown on the horizontal box just above Row 1. Thus, there are 65,536 \times 256 = 16,500,000, approximately cells, which is indeed a huge work area, sufficient for all application requirements (Figure 2.3) in one sheet.

In a spreadsheet, a value or function or an arithmetic expression is recorded in a **cell**. The intersection of a **row** and a **column** is called a **cell**. A **cell** is identified by a combination of a letter and a number corresponding to a particular location within the spreadsheet. For example, the first cell of a worksheet is identified as A1 as it shown in Figure 2.2 at row 1 and column (A). When we start Excel, the pointer (cursor) points to the first cell, i.e. A1, and this cell is called the **Active Cell**. We can move around a worksheet through four arrow keys (i.e. left, right, up, down as shown in Figure 2.4). For example, the cell having address as G8 correspond to 8th row under G column. Each cell thus has a unique identification called as **cell address**.

**Cell Reference** — A **cell reference** identifies the location of a cell or group of cells in the spreadsheet also referred as a **cell address**. **Cell references** are used in formulas, functions, charts, other Excel commands and also refer to a group or range of cells. **Ranges** are identified by the cell references of the cells in the upper left (cell A1) and lower right (cell E2) corners in Figure 2.3. The ranges are identified using colon (:) e.g. A1: E2 which tells Excel to include all the cells between these start and end points. By default cell reference is **relative**: which means that as a formula or function is copied and pasted to other cells, the cell references in the formula or function change to reflect the new location. The other cell reference is **absolute** cell reference which consists of the column letter and row number surrounded by dollar ($) signs e.g. $C$4. An absolute cell reference is used when we want a cell reference to stay fixed on specific cell, which means that when a formula or function is copied and pasted to other cells, the cell references in the formula or function do not change. A **mixed reference** is also a cell reference that holds either row or column constant when the formula or function is copied to another location e.g., $C$4 or C$4.
Computerised Accounting System

The mouse is used for all the operations required and for navigation in worksheet (or workbook) except data entry; but some of the important operations and common navigations can be performed by using key strokes (as given below). It is better to understand and know all the keys of keyboard and key strokes. Pressing a key is called key stroke but to fulfill one command for operation in the worksheet some time we require pressing two keys together to get one key stroke (Figure 2.4)

<table>
<thead>
<tr>
<th>Movement</th>
<th>Key Stroke (Press key)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One cell down</td>
<td>Down arrow key (↓) or Enter key</td>
</tr>
<tr>
<td>One cell up</td>
<td>Up arrow key (↑)</td>
</tr>
<tr>
<td>One cell left</td>
<td>Left arrow key (←)</td>
</tr>
<tr>
<td>One cell right</td>
<td>Right arrow key (→) or Tab key</td>
</tr>
</tbody>
</table>

The other navigational and operational strokes are used for faster cursor movement than one cell at a time with cluster of filled cells. Cluster of filled cells implies a set of consecutive cells in a row or in a column having some data.

Navigating In (i.e. Moving around) The Worksheet

<table>
<thead>
<tr>
<th>Movement</th>
<th>Key Stroke (Press key)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top of Worksheet (cell A1)</td>
<td>Ctrl + Home (i.e. Keep Ctrl key pressed and then press Home key)</td>
</tr>
<tr>
<td>The cell at the intersection of the last row and last column containing data</td>
<td>Ctrl + End keys</td>
</tr>
<tr>
<td>Moving consecutively to the first and the last filled cells of clusters of filled cells in a row by successive pressing of Ctrl + Right arrow key (→) or else End + Right arrow key (→)</td>
<td>Ctrl + Right arrow key (→) or else End + Right arrow key (→)</td>
</tr>
<tr>
<td>Moving consecutively to the first and the last filled cells of a cluster of filled cells in a column by successive pressing of Ctrl + Down arrow key (↓) or else End + Down arrow key (↓)</td>
<td>Ctrl + Down arrow key (↓) or else End + Down arrow key (↓)</td>
</tr>
<tr>
<td>Beginning of the Row</td>
<td>Home key</td>
</tr>
<tr>
<td>Beginning of the Column</td>
<td></td>
</tr>
</tbody>
</table>

The data that is entered in a cell may be either numeric or alpha-numeric or a date. As a data is typed in a cell, Excel is able to make out its type (i.e. numeric or alpha-numeric or date) depending on the nature of value typed in a cell.
If the value is entered as 306, its type is automatically taken as Numeric; if the value is entered as Asset, its type will be taken as alpha-numeric; while if the value is entered as 12/07/08, its type is taken as Date. (refer figure 2.5)

The first step required to use Excel for a specific application is to decide what values will be entered in which cells and also the cells which will be used for entering the relationships. Once we have decided about the cells which are to be used for the relationships; the formulas (arithmetic expressions) and data can be entered. (See Box 2.1 at page18)

**Values**

A value can be entered from the computer keyboard by directly typing into the cell itself. Alternatively, a value can be based on a formula (derived), which might perform a calculation, display the current date or time, or retrieve external data such as a stock quote or a database value.

The value rule according to computer scientist Alan Kay implies in spreadsheet. It states that a cell’s value relies solely on the formula that user has typed into the cell. The formula may rely on the value of other cells, but those cells are likewise restricted to user-entered data or formulas. There are no 'side effects' to calculating a formula: the only output is to display the calculated result inside its occupying cell. There is no natural mechanism for permanently modifying the contents of a cell unless the user manually modifies the cell’s contents. Sometime it is called a limited form of first-order functional programming.

A simple example of a spreadsheet application (Figure 2.6) is to calculate compound interest and maturity amount to be paid on fixed deposit. The first step (i.e. the Planning Step) is to define six cells with column headings:

- Principal Amount (PA in column B)
- Rate of Interest (r in column C)
- Period in years (NY)
- Period of Compounding (CP in column D)
- Compound Interest (CI in column F)
- Maturity Amount (MA in column E)

The formula for Maturity Amount (MA) and Compound Interest (CI) computations considering yearly compounding of interest are as follows:
MA = PA * (1 + R / (100 * CP)) ^ (R * CP)
CI = MA – PA

Now, we can decide the layout of the worksheet for (compound) interest calculation as shown in Figure 2.6.

It may be observed that the basic values are entered in cells (as in figure 2.6 the cells are B4, C4 and D4); the derived values (as in Figure 2.6 the cells are E4 and F4) are automatically computed (using above formula) and shown in formula bar. In case any basic values are modified, the derived values as a result are revised accordingly. This feature of Spreadsheets enables us to study various what-if scenarios.

A what-if scenario is used to generate a number of alternatives to examine the cause (if) and effect (what). Thus, it helps in analysing the impact of changes due to variations in one or more input values. Taking the above example, if all the other values are kept same, one can see how different rates of interest and different periods of compounding would affect the Compound Interest and the Maturity Amount to be received.

Before proceeding further for the above example we have to understand some of the basic terminologies and features of the spreadsheet such as:

2.1.1 Labels
A text or especial character will be treated as labels for rows or columns or descriptive information. Labels cannot be treated mathematically-multiplied, subtracted, etc. Labels include any cell contents beginning with A-Z e.g., in the above Figure 2.6 Principal Amount, Rate of Interest, Maturity amount, etc. will be taken as labels.

2.1.2 Formulas
The formula means a mathematical calculation on a set of cells. Formulas must start with an = sign (equal to sign), e.g. in the Figure 2.7 the cell E3 will have formula = D1+E1/F1*G1 which gives value 16.

When a cell contains a formula, it often contains references to other cells. Such a cell reference is a type of variable. Its value is the value of the referenced cell or some derivation of it. If that cell in turn references other cells, the value depends on the values of those.

By convention, the left hand side of equal to sign in a formula is normally considered is calculated and displayed in cell E3.

A formula identifies the calculation needed to place the result in the cell it is contained within. A cell E3 containing a formula, therefore it has two display
components; the formula itself and the resulting value. The formula is shown only when the cell is selected by "clicking" the mouse over a particular cell; otherwise it contains the result of the calculation (in this case 16).

The arithmetic operations and complex nested conditional (what-if scenario) operations can be performed by spreadsheets which follow order of mathematical (expression) operations rules.

### Order of mathematical operations (expressions)

Computer math uses the rules of Algebra. Any operation(s) contained in brackets will be carried out first followed by any exponents.

After that, Excel considers division or multiplication operations to be of equal importance, and carries out these operations in the order they occur left to right in the equation.

The same goes for the next two operations – addition and subtraction. They are considered equal in the order of operations. Whichever one appears first in an equation, either addition or subtraction is the operation carried out first.

Three easy ways to remember the order of operations is to use the acronym:

<table>
<thead>
<tr>
<th>GEMS</th>
<th>PEMDAS</th>
<th>BEMDAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>( )</td>
<td>Please</td>
<td>( ) Brackets</td>
</tr>
<tr>
<td>^</td>
<td>Exponents</td>
<td>^ Exponents</td>
</tr>
<tr>
<td>*</td>
<td>My</td>
<td>* Multiplication</td>
</tr>
<tr>
<td>/ or Division :</td>
<td>Dear</td>
<td>/ Division</td>
</tr>
<tr>
<td>-</td>
<td>Aunt</td>
<td>+ Addition</td>
</tr>
<tr>
<td>+ or Addition :</td>
<td>Sally</td>
<td>- Subtraction</td>
</tr>
</tbody>
</table>

A spreadsheet without any formulas is a collection of data which are arranged in rows and columns (a database) like a calendar, timetable or simple list, etc. There is a Formula tab on Excel ribbon (Figure 2.8(a) which contains four sections, functions library, defined names, formula auditing and calculation.

### 2.1.3 Functions

A function is a special key word which can be entered into a cell in order to perform and process the data which is appended within brackets.
Computerised Accounting System

There is a function button on the formula toolbar (f) (figure 2.8(b)); when we click with the mouse on it; a function offers assistance and useful prompts into a spreadsheet cell. Alternatively we can enter the function directly into the formula bar. A function involves four main issues:

- Name of the function
- The purpose of the function
- The function needs what argument(s) in order to carry its assignment.
- The result of the function.

A function is a built in set of formulas which starts with an “equal to sign” such as = FunctionName(Data). The data (or argument in proper terminology) includes a range of cells.

SUM (), AVERAGE () and COUNT () are common functions and relatively easy to understand. They each apply to a range of cells containing numbers (or blank but not text) and return either the arithmetic total of the numbers, the average mean value or the quantity of values in the range.

For Example: The SUM or AutoSum (Σ) function is the most basic and one of the common user functions. It is used to get the addition of various numbers or the contents of various cells. On the ribbon (Figure 2.9(a)) the AutoSum (Σ) button can be use directly for summation of values from cells. Once we click the AutoSum (Σ) at cell H1, the function adds the contents of cell range D1 to G1 and displays the answer that we want to get the sum of. If we want answer in the cell G5 (Figure 2.9(b)) use the mouse to click in the cell G5 and click AutoSum button then from keyboard type range of the cells D1:G1; the answer 17 will appear in cell G5; or we can write directly the complete function = SUM (D1: G1) appears in the formula bar above the worksheet. The AutoSum function also includes other series based functions such as AVERAGE, MIN, MAX and COUNT.
Spreadsheet

There are twelve different categories of functions available in Excel 2007 displayed on the ribbon (Figure 2.8) which are classified as per the usage e.g. The Financial, Date and Time, Lookup and References, Database, Text and Logical functions are useful in Computerised Accountancy and will be explained later subsequently.

Naming Ranges – IF Functions – Nested IF Functions

As mentioned earlier, we will now learn the arithmetic operations and complex nested conditional (what-if scenario) using name ranges, absolute cell references and mixed references in following sections.

Naming Cells and Ranges

Naming ranges in Excel will save time for writing complex formulas. The name can be used in place of cell range whenever reference it e.g. in D3 we have = SUM (B1:F1) (Figure 2.10)

The cell referenced in the function B1:F1 can be replaced with a descriptive name say Numbers (name range) which is easier to remember and in D3 it will be = SUM (Numbers)

Behind the Numbers Excel is hiding cell references, we will see how it works now.

The steps are for defining Name Ranges are as follows:

1. Select the cell(s) which are to be named (such as B1:F1 in Figure 2.10(a)).
2. Click on the ribbon on formula tab.
3. Select Define Name (Figure 2.10(b) option on the ribbon and click it.
4. This will provide a dialogue box will be opened as shown in Figure 2.10(c) to click Define Name (another option Apply Names is for previously created Range Names to select) (Figure 2.10(d)).
5. This will display a dialogue box as New Name shown in Figure 2.10(d). It will provide a window “Name” in which type “Numbers” which will represent cell ranges $\text{B1:F1}$ as shown in be “Refers to” window.

6. Click OK on the New Name dialogue box which returns to the spreadsheet. Notice that the Name Box having our heading “Numbers”.

7. To apply this name in cell D3 for summation from B1:F1 click on Apply Name and a dialogue box will be opened then click on a Name Range – Numbers (Figure 10(e)). The D3 will be having =$\text{SUM (Numbers)}$ And will display the result (Figure 10(f)). The named range can be used with other Functions such as AVERAGE (), SUMIF () etc.

Now we will use a summation of numbers using condition in the cell D3. Type the formula = $\text{SUMIF (Numbers, "<6})$ and the answer will be 9 (for the Numbers less than 6 in the named range B1:F1) (Figure 2.10(f)).

Let us understand with the help of another example in which we will be using two Named Ranges (Figure 2.11) namely Monthly_Totals for cells B2:B5

and Monthly_Tax for cells C2:C5 respectively created as described above.

The cell B6 will have value 1158 by using function as =$\text{SUM (Monthly_Totals)}$.

Similarly in Figure 2.11(a) if we use Autosum Function (Σ) from the formula tab of the ribbon at the cell C6; the function will include the Named Ranges as an argument and gives the result 238.
We will now use these two Named Ranges to calculate the **Balance** (in cell B7) after using the formula tax from monthly totals. Let us give **Total_of_Month** is the Named Range for cell B6 and similarly, the **Total_of_Tax** is the Named Range for cell C6. With these two Named Ranges; the cell B7 will have the difference of these two amounts and will be written (Figure 2.11(b)) as 

\[ \text{Balance} = \text{Total_of_Month} - \text{Total_of_Tax} \]

To prevent its recalculation and maintain the present calculated value as shown in the cells B6, C6 and B7 respectively (Figure 2.11(b) we can freeze the formula using Paste Special command. The following steps are required:

1. Select the cell(s) that contains the formula e.g. B6:C6, B7 (Figure 2.11(b))
2. Click on Home Tab and select Copy symbol (Figure 2.11(c)) to click, this will copy the values and formulas of the cells (Figure 2.11(d)).
3. Click on Paste tab and select Paste Special.
4. In the Paste Special box (Figure 2.11(d)), under paste select the radio button next to **Values** and click **OK**. This will permanently remove the formula from the workbook.

In continuation to our need of what-if-scenario now we will learn about an important logical function **IF Function**. This function can be evoked from formula tab on the ribbon. This function returns one value if a specified condition evaluated to **TRUE** and another value if it evaluates to **FALSE**. We will learn more about the usage of functions in the business applications subsequently; there are a large selection of if functions available. An IF function has the following format:

\[ \text{IF} (\text{logical_test, value_if_true, value_if_false}) \]
**logical_test**: the value or expression that is determined to be true or false; this requires the usage of a logical operator. A logical operator is one used to perform a comparison between two values and produce a result of true or false (there is no middle result: something is not half true or half false or “Don’t Know”: either it is true or it is false). For example, A1 < 20 could be used as a logical test, where symbol “<” is a logical operator “less than”. (There are many more logical operators such as =, <=, <>, >, >= etc.)

**value_if_true**: The value returned if the test is determined to be true. This value can be a value, text, or expression, formula, etc. or it can be return the value of another cell.

**value_if_false**: The value returned, if the test is determined to be false. This value can be a value, text, or expression, formula, etc. or it can return the value of another cell.

*e.g.*

1. =IF(A1 < 20, “Yes”, “No”) this function will return Yes if cell A1 < 20 and o for anything else.
2. =IF(C2 > B2, (C2+D2)/2, (B2+D2)/2) this function will compare both cell C2 > B2 and will calculate and return (C2+D2)/2 if it is true else it will calculate and return (B2+D2)/2.

**Example**: Let us calculate the amount of saving (Cell address “value”) on the basis of percentage value (Cell address “saving”) shown in figure 2.12(a)

Creating IF function using the Formula Tab and dialogue box.

1. Select the cell F4 (Figure 2.12(a) where the function is to be introduce
2. Click at the Formula tab on the ribbon and click logical option.
3. Select IF function which will provide Function Arguments dialogue box (Figure 2.12(b).
4. Type an appropriate condition in the logical_test box (e.g. E4 > 10000)
5. In the value_if_true box type the require value (e.g. 10%) if the logical test condition is met.
6. In the value_if_false box type the value (e.g. 5%) if the logical test condition is NOT met.
7. Click OK, the answer for the condition will be displayed (in cell F4 it will be 5%). Copy the function from F4 to all other cells F5:F11.

In the Formula Box the function will be displayed as

=IF(F4>10000, 10%, 5%)

This is simple use of IF function. The nested IFs can be used to look for several conditions and to look at different types of functions.
Spreadsheet

e.g. = IF (AVERAGE (A2:A6) > 10, SUM (B2:B6), 0)

This function will be able to look at the average of cells A2 to A6 and if the average is higher than 10 it will sum the value of the cells B2 to B6. if the average is equal to or less than 10 it will return to 0.

In some cases, we need to check more than one condition. In other words, check the first condition; if that condition is false, check another condition. If a nested function is used as an argument it must return the same type of value that the argument uses. For example, if the argument returns a TRUE or FALSE value, then the nested function must return a TRUE or FALSE otherwise MS Excel will display an error message #Value! in the cell.

This way we can check as many conditions as we need to. The truthfulness of each condition would lead to its own statement. If none of the conditions is true, then it executes the last statement. To implement this scenario include an IF() function inside of another. Such as:

= IF (logical_test, value_if_true, value_if_false) simple if statement.

Let us substitute other IFs

IF (logical_test, IF (logical_test, IF (logical_test, value_if_true, value_if_false), value_if_false), value_if_false)

e.g. Suppose E2 cell contains marks of a test and cell F2 will have result based on following nested IF () condition.

= IF (E2<96, IF (E2<91, IF (E2<55,"Fail"."C Grade"), "B Grade"), "A Grade")

2.1.4 Other useful Functions

In business applications the input of data usually contains dates (date of invoice preparation, date of payment, payment received date, or due date etc.), rate of interest, tax percentage and output information may require age calculation, duration, delays in payment, accumulated interest, depreciation, future value, net present value, etc.

The MS Excel provides library of such functions in which input data
can be worked as arguments and result available from the function will be output information. On the ribbon of MS Excel, the formula tab contains categorised function libraries (Figure 2.13).

a. Date and Time Function.
b. Mathematical Function.
c. Text Manipulation function.
d. Logical Function (other than IF).
e. Lookup and Reference Function.

The complete details of each function from a range of above categories including examples are available through **Help (?)** on the Ribbon. The quickest way to get help on a function whose name (e.g., SUMIF) when we entered on formula bar followed by equal to sign then double-click the function’s name that appears in the strip (as shown in the figure 2.14). We will learn some of the useful function with the help of examples.

### 2.1.4.1 Date and Time Function

1. **TODAY ()** is the function for today’s date in the blank worksheet.

   TODAY – Returns the serial number of the current date. The serial number is the **date-time** code used by Excel for date and time calculations. Times are represented as fractions of a day. By default January 1, 1900 is serial number 1. Thus, January 1, 2009 is serial number 39814 (because it is 39814 days after January 1, 1900).

2. **NOW ()** is similar function but it includes the current time also (Figure 2.15).

3. **DAY(serial_number)** function returns the day of a date as an integer ranging from 1 to 31. For example, if A5 = 16-Apr-2009 then =DAY (A2) will be 16. Similarly, two other functions **MONTH(serial_number)** returns month of a date as an integer ranging from 1 (January) to 12 (December) (Figure 2.16) and **YEAR(serial_number)** returns the year corresponding to a date as an integer ranging from 1900 – 9999.

4. **DATEVALUE (date_text)** converts a date in the form of text to a serial number e.g. =DATEVALUE (“16-04-2009”) will return a value 39919.
**Example**: To find out the age of an employee as on today is a very simple mathematical calculation in the spreadsheet, e.g. the age of a person on 16-Apr-2009 whose Date of Birth is 16-Apr-1980 can be calculated as per Figure 2.17. The difference of two dates (in D3) is divided by 365.25 to convert days into years (considered the fractional value for leap years).

### 2.1.4.2 Mathematical Function

In business applications some of the Mathematical Functions are very useful, such as:

1. **SUMIF** is the function which adds the cells as per given specified criteria the syntax of this is as follows:

   \[
   \text{SUMIF}(\text{range, criteria, sum_range})\]

   **Range** it is the range of cells to evaluate.

   **Criteria** it is the criteria in the form of a number, expression, or text that defines which cells will be added. e.g. criteria can be expressed 1500, “1500”, “>1500” or “Books”.

   **Sum_range** are the actual cells to sum.

   e.g. There are sum Asset Values (D2:D5) and related to each asset values there are depreciation values (E2:E5). Using SUMIF function we have to calculate the sum of depreciation for those Asset Values which are more than 1, 70,000/-. The function is written in the cell E7 like =SUMIF (D2:E5, ”>150000”, E2:E5) which gives result 63,000/- (Figure 2.18)

2. **ROUND** is the function to rounds a number to specified number of digits. The syntax of this function is as follows:

   \[
   \text{ROUND}(\text{number, num_digits})\]

   **Number** Is the number to round (preferably fractional number)

   **Num_digits** specifies the number of digits to round the Number. There may be some different situations for Num_digits as follows:

   a. If Num_digits is greater than 0 (zero), then number is rounded to the specified number of decimal places.

   b. If Num_digits is 0, then number is rounded to the nearest integer.
c. If Num_digits is less than 0, then number is rounded to the left of the decimal point.

**Example** - refer Figure 2.19

i. to round the number 21.5 by 1 digit (result is 2.2)
ii. to round the number 2.149 by 1 digit (result is 2.1)
iii. to round the number -1.475 by 2 digits (result is -1.48)
iv. to round the number 21.5 by -1 digit (result is 20.0)

To round a number to the nearest whole number because decimal values are not significant or round a number to multiples of 10 to simplify an approximation of amounts. There are several ways to round a number other than ROUND are:

**ROUNDP (number, num_digits)** which rounds a number up, away from 0 (zero) e.g.

- \( = \text{ROUNDP} (3.2, 0) \) Rounds 3.2 up to zero decimal places and the value is 4.
- \( = \text{ROUNDP} (76.9, 0) \) Rounds 76.9 up to zero decimal places and value is 77.
- \( = \text{ROUNDP} (3.14159, 3) \) Rounds 3.14159 up to three decimal places; value 3.142.
- \( = \text{ROUNDP} (-3.14159, 1) \) Rounds -3.14159 up to one decimal place; value -3.2.
- \( = \text{ROUNDP} (31415.92654, -2) \) Rounds 31415.92654 up to 2 decimal places to the left of the decimal; value 31500.

**ROUNDDOWN (number, num_digits)** which rounds a number down, toward zero.

- \( = \text{ROUNDDOWN} (3.2, 0) \) Rounds 3.2 down to zero decimal places; value 3.
- \( = \text{ROUNDDOWN} (76.9, 0) \) Rounds 76.9 down to zero decimal places; value 76.
- \( = \text{ROUNDDOWN} (3.14159, 3) \) Rounds 3.14159 down to three decimal places; value 3.141.
- \( = \text{ROUNDDOWN} (-3.14159, 1) \) Rounds -3.14159 down to one decimal place; value -3.1.
- \( = \text{ROUNDDOWN} (31415.92654, -2) \) Rounds 31415.92654 down to 2 decimal places to the left of the decimal; value 31400.

**3. COUNT**

This function counts the number of cells that contain numbers and counts numbers within the list of arguments. COUNT is use to get the number of the entries in a number field (including date also) i.e. in a range or array of numbers.
In Excel other than counting function COUNT; other functions are COUNTA, COUNTBLANK, and COUNTIF — which enable us to count the number of cells that contain values, are nonblank (and thus contain entries of any kind), or count only the cells in a given range that meet the user defined criteria.

The syntax for COUNT is `COUNT(value1, value2, ...)` where value1, value2, ... are 1 to 255 arguments that can be a variety of different types of data (logical values represented in numbers, numbers, dates, or text representation of numbers), but only numbers are counted.

Arguments that are error values or text that cannot be translated into numbers are ignored.

If an argument is an array or reference, only numbers in that array or reference are counted. Empty cells, logical values, text, or error values in the array or reference are ignored.

COUNTA function will be count logical values, text, or error values. The Figure 2.20 contains a named range for cells A1:B9 as Count_Data.

There are other functions also such as ROWS and COLUMNS are used. The syntax is as follows:

**ROWS (array)**

The function returns the number of rows in a reference or array; where an **Array** is an array, an array formula or a reference to a range of cells for which we want the number of rows.

**COLUMNS (array)**

This function returns the number of columns in an array or named range reference; where an **Array** is an array or array formula or a reference to a range of cells for which we want the number of columns.

**Array**: Used to build single formulas that produce multiple results or that operate on a group of arguments that are arranged in rows and columns. An array range shares a common formula; an array constant is a group of constants used as an argument.

**Array formula**: A formula that performs multiple calculations on one or more sets of values, and then returns either a single result or multiple results. Array formulas are enclosed between braces { } and are entered by pressing `CTRL+SHIFT+ENTER`.

**COUNTIF (range, criteria)** (Figure 2.21)

This function counts the number of cells within a range that meet the given criteria; in this function the **Range** is one or more cells to count, including numbers or names, arrays, or references that contain numbers. The blank cells and text values are ignored. (e.g. A2:B5)
Criteria are the form of a number, expression, cell reference, or text that defines which cells will be counted. For example, criteria can be expressed as 32, “32”, “>32”, “apples”, or B4.

2.1.4.3 Text Manipulation Function

1. TEXT

This function converts a numeric value to text in a specific number format; and the syntax is:

```
TEXT (value, format_text)
```

**Value** is a numeric value, a formula that evaluates to a numeric value, or a reference to a cell containing a numeric value.

**Format_text** is a numeric format as a text string enclosed in quotation marks. We can see various numeric formats by clicking the **Number, Date, Time, Currency, or Custom** in the **Category** box of the **Number** tab in the **Format Cells** dialog box, and then viewing the formats displayed.

This function is useful in situations where we want to display numbers in a more readable format, or want to combine numbers with text or symbols. For example, suppose cell L1 contains the number **23.5**. Suppose we want to format this number by adding with “Rs.” and convert into amount using this function:

```
=TEXT (L1, "Rs. 0.00")
```

which will be displayed as Rs. **23.50** (Figure 2.22).

We can also format numbers by using the commands in the **Number** group on the **Home** tab of the Ribbon. However, these commands work only if the entire cell is numeric. Refer Figure 2.22(a): you will find in cell A5(A6) using function combined with ‘$’ sign which can be used with other functions (such as logical).

2. CONCATENATE

This function joins two or more text strings into one text string and its syntax is:

```
CONCATENATE (text1, text2,...)
```

**text1, text2, ....** are 2 to 255 text items to be joined into a single text item. The text items can be text strings, numbers, or single-cell references.

**Example** combining First Name,
Middle Name and Surname of the employees into Full Name using CONCATENATE Function (Figure 2.22(b)).

2.1.4.4 Logical Function

We have learned earlier about IF functions in this chapter. Let us understand two more other logical functions which are very useful. When a situation arises to compare more than one condition and the result of joint conditions is used for further operations.

A logical value (true or false) outcome is the comparison of data values or results of arithmetic expressions compared with another data values or results of another arithmetical expressions using logical operator.

1. **AND** function gives only a **TRUE** or **FALSE** answer.

To determine whether the output will be **TRUE** or **FALSE**, the AND function evaluates at least one mathematical expression located in another cell in the spreadsheet. The syntax for the AND function is:

\[= \text{AND (logical-1, logical-2, ... logical-255 )}\]

where \( \text{logical-1, logical-2, ...} \) - refers to the cell reference that is being checked. Up to 255 logical values can be entered into the function. Returns **TRUE** if all its arguments evaluate to **TRUE**; returns **FALSE** if one or more arguments evaluate to **FALSE**.

**Example**

1. In the following example the outcome of two logical values is given in Result

<table>
<thead>
<tr>
<th>Formula</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>(= \text{AND (TRUE, TRUE)})</td>
<td>all arguments are TRUE</td>
<td>TRUE</td>
</tr>
<tr>
<td>(= \text{AND (TRUE, FALSE)})</td>
<td>One argument is FALSE</td>
<td>FALSE</td>
</tr>
<tr>
<td>(= \text{AND (2+2=4, 2+3=5)})</td>
<td>all arguments evaluate to TRUE</td>
<td>TRUE</td>
</tr>
</tbody>
</table>

2. In these example there are two cell values cell A2 contains 50 and cell A3 contain 104 then :

<table>
<thead>
<tr>
<th>Formula</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>(=\text{AND (A2&gt;1, A2&lt;100)})</td>
<td>Displays TRUE if the number in cell A2 is between 1 and 100. Otherwise, it displays FALSE.</td>
<td>TRUE</td>
</tr>
<tr>
<td>(=\text{IF(AND(A3&gt;1, A3&lt;100), A3, “The value is out of range.”)})</td>
<td>Displays the number in cell if it is between 1 and 100. Otherwise, it displays the message</td>
<td>“The value is out of range.”</td>
</tr>
<tr>
<td>(=\text{IF(AND(A2&gt;1, A2&lt;100), A2, “The value is out of range.”)})</td>
<td>Displays the number in cell A2 if it is between 1 and 100. Otherwise, it displays a message.</td>
<td>50</td>
</tr>
</tbody>
</table>
One common use for the **AND** function is to expand the usefulness of other functions that perform logical tests.

In the above example, the **IF** function performs a logical test and then returns one value if the test evaluates to **TRUE** and another value if the test evaluates to **FALSE**. By using the **AND** function as the **logical_test** argument of the **IF** function, we can test many different conditions.

**2. OR** function is like other logical functions, the **OR** function gives only a **TRUE** or **FALSE** answer. To determine whether the output will be **TRUE** or **FALSE**, the **OR** function evaluates at least one mathematical expression located in another cell in the spreadsheet. This function returns **TRUE** if any argument is **TRUE**; returns **FALSE** if all arguments are **FALSE**.

The syntax for the **OR** function is:

\[ = OR ( \text{logical-1, logical-2, \ldots logical-255} ) \]

**Logical-1, logical-2 \ldots** - refers to the cell references that are being checked. Up to 255 logical values can be entered into the function.

**Example**

<table>
<thead>
<tr>
<th>Formula</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.= OR (TRUE, FALSE)</td>
<td>One argument is <strong>TRUE</strong></td>
<td><strong>TRUE</strong></td>
</tr>
<tr>
<td>b.=OR ((1+1)=1,(2+2)=5)</td>
<td>All arguments evaluate to <strong>FALSE</strong></td>
<td><strong>FALSE</strong></td>
</tr>
<tr>
<td>c.=OR (TRUE,FALSE,TRUE)</td>
<td>At least one argument is <strong>TRUE</strong></td>
<td><strong>TRUE</strong></td>
</tr>
</tbody>
</table>

**2.1.4.5 Lookup and References Function**

The **LOOKUP** function returns a value either from a one-row or one-column range or from an array. The **LOOKUP** function has two syntax forms: **vector** and **array**.

The Look Up function can be used as an alternative to the **IF** function for elaborate tests or tests that exceeds the limit for nesting of **IF** functions.

**The vector form of LOOKUP looks in a one-row or one-column range (known as a vector) for a value, and then returns a value from the same position in a second one-row or one-column range.**

**The array form of LOOKUP looks in the first row or column of an array for the specified value, and then returns a value from the same position in the last row or column of the array.**

**1. LOOKUP (Vector Form)**

The syntax is **LOOKUP (lookup_value, lookup_vector, result_vector)**

- **Lookup_value** is a value that **LOOKUP** searches for in the first vector. **Lookup_value** can be a number, text, a logical value, or a name or reference that refers to a value.
• **Lookup_vector** is a range that contains only one row or one column. The values in `lookup_vector` can be text, numbers, or logical values.

It is important to know that the values in `lookup_vector` must be placed in ascending order. For example, -2, -1, 0, 1, 2 or A-Z or FALSE, TRUE else **LOOKUP** may not give the correct value.

• **Result_vector** is a range that contains only one row or column. It must be the same size as `lookup_vector`.

• If **LOOKUP** cannot find the `lookup_value`, it matches the largest value in `lookup_vector` that is less than or equal to `lookup_value`.

• If `lookup_value` is smaller than the smallest value in `lookup_vector`, **LOOKUP** gives the #N/A error value.

**Example** (Figure 2.23)

Column (A) and Column (B) depict the frequency and name of Colour respectively. The results of the use of **LOOKUP** function.

```
Function Description (Result)
=LOOKUP (4.19, A2:A6, B2:B6) Looks up 4.19 in column (A), and returns the value from column (B) that is in the same row (orange).
=LOOKUP (5.00, A2:A6, B2:B6) Looks up 5.00 in column (A), and returns the value from column (B) that is in the same row (orange).
=LOOKUP (7.66, A2:A6, B2:B6) Looks up 7.66 in column (A), matches the next smallest value (6.39), and returns the value from column (B) that is in the same row (blue).
=LOOKUP (0, A2:A6, B2:B6) Looks up 0 in column (A), and returns an error because 0 is less than the smallest value in the lookup vector A2:A7 (#N/A).
```

2. **LOOKUP** (Array Form)

The syntax is **LOOKUP (lookup_value, array)**

• `lookup_value` is a value that **LOOKUP** searches for in an array. `lookup_value` can be a number, text, a logical value, or a name or reference that refers to a value.

  • If **LOOKUP** cannot find the `lookup_value`, it uses the largest value in the array that is less than or equal to `lookup_value`.

  • If `lookup_value` is smaller than the smallest value in the first row or column (depending on the array dimensions), **LOOKUP** returns the #N/A error value.
• **Array** is a range of cells that contains text, numbers, or logical values that we want to compare with `lookup_value`.

• If **array** covers an area that is wider than it is tall (more columns than rows), `LOOKUP` searches for `lookup_value` in the first row.

• If **array** is square or is taller than it is wide (more rows than columns), `LOOKUP` searches in the first column.

**Example** *(Figure 2.23(a))*

Column (A) contains a, b, c, d some text values and Column (B) contain 10, 20, 30, and 40 some numbers. The Array is A1:B4.

The `LOOKUP` function used for different alpha character as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Description (Result)</th>
</tr>
</thead>
<tbody>
<tr>
<td>=LOOKUP(“c”, A1:B4)</td>
<td>Looks up “C” in first row of the array and returns the value in the last row that is in the same column (30).</td>
</tr>
<tr>
<td>=LOOKUP(“b”, A1:B4)</td>
<td>Looks up “b” in first row of the array and returns the value in the last column that is in the same row (20).</td>
</tr>
</tbody>
</table>

3. **VLOOKUP**

The **VLOOKUP** function, which stands for vertical lookup, helps us to find specific information in large data tables such as an inventory list of parts or a large employee contact list. The **VLOOKUP** function searches and matches first the required value from the column of a range of cells, and then returns a value from any cell on the same row of the range. The syntax is

`VLOOKUP(lookup_value, table_array, col_index_num, range_lookup)`

where

**Lookup_value** - The value to search in the first column of the table. Lookups can be a value or a reference. If lookup_value is smaller than the smallest value in the first column of table_array, **VLOOKUP** returns the #N/A error value.

**Table_array** - Two or more columns of data. Use a reference to a range or a range name. The values in the first column of table_array are the values searched by lookup_value. These values can be text, numbers, or logical values. Uppercase and lowercase texts are equivalent.

**Col_index_num** - The column number in table_array from which the matching value must be returned. A col_index_num of 1 returns the value in the first column in table_array; a col_index_num of 2 returns
Spreadsheet

the value in the second column in table_array, and so on. If col_index_num is:

- Less than 1, VLOOKUP returns the #VALUE! error value.
- Greater than the number of columns in table_array, VLOOKUP returns the #REF! Error value.

Range_lookup – A logical value that specifies whether we want VLOOKUP to find an exact match or an approximate match:

- If TRUE or omitted, an exact or approximate match is returned. If an exact match is not found, the next largest value that is less than lookup_value is returned. The values in the first column of table_array must be placed in ascending sort order; otherwise, VLOOKUP may not give the correct value.
- If FALSE, VLOOKUP will only find an exact match. In this case, the values in the first column of table_array do not need to be sorted. If there are two or more values in the first column of table_array that match the lookup_value, the first value found is used. If an exact match is not found, the error value #N/A is returned.

In the following examples we will explain the steps how the VLOOKUP function to find the specific information from the spreadsheet table.

Example - 1 (Refer Figure 2.24) to find out employee’s Basic Pay

=VLOOKUP (A3, A1:D7, 4, FALSE)

Lookup the Basic Pay for Employee Code 3456 (A3) in the first column and return the matching value in the same row of the fourth column i.e. 3453.00(d3).

Example - 2 (Refer Figure 2.25)

In this example we search the column Item-ID of baby products from the table A2 :D6 and match the values in the Cost (column number 3) and Markup (column number 4) columns to calculate prices and with different test conditions. The final result of the function is also given after description.

<table>
<thead>
<tr>
<th>Function</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>=VLOOKUP (“DI-328”, A2:D6, 3, FALSE) * (1 + VLOOKUP (“DI-328”, A2:D6, 4, FALSE)).</td>
<td>Calculates the retail price of diapers by adding the markup percentage to the cost.</td>
<td>Rs. 28.96</td>
</tr>
</tbody>
</table>

Figure 2.24

Figure 2.25
Calculates the sale price of wipes by subtracting a specified discount from the retail price. 

\[ \text{Result: } Rs. \ 5.73 \]

If the cost of an item is greater than or equal to Rs. 20.00, displays the string “Markup is \( n \)\%”; otherwise, displays the string “Cost is under Rs. 20.00”.

\[ \text{Result: Markup is 30\%} \]

If the cost of an item is greater than or equal to Rs. 20.00, displays the string “Markup is \( n \)\%”; otherwise, displays the string “Cost is Rs. \( n.nn \)”.

\[ \text{Result: Cost is Rs. } 3.56 \]

### 4. HLOOKUP

The HLOOKUP function (short name of Horizontal Lookup), searches for a value in the first row of a table array and returns the corresponding value in the same column from another row of the same table array. The syntax for HLOOKUP is as follows:

\[
\text{HLOOKUP(lookup\_value, table\_array, row\_index\_num, range\_lookup)}
\]

- **Lookup\_value** – The value to search for in the first row of the table array.
- **Table\_array** – Two or more rows of data. The values in the first row of the table\_array are the values searched for the lookup\_value. These values can be text, numbers, or logical values. Uppercase and lowercase texts are equivalent.
- **Row\_index\_num** – The row number in table\_array from which the corresponding value must be returned. A row\_index\_num of 2 returns the value in the second column in table\_array; a row\_index\_num of 3 returns the value in the third column in table\_array, and so on.
- **Range\_lookup** – A logical value that specifies whether we want HLOOKUP to find an exact match or an approximate match. If set to “FALSE”, a corresponding value will be returned only if an exact match is found. If set to “TRUE”, the nearest match will be considered if an exact one is not found.

Let us take a simple example to understand the HLOOKUP function:

**Example** (Figure 2.26 and 2.27)

**Worksheet 1** - The values for **Budget** are in Row 2 corresponding to each **Quarter** in Row 1.
Spreadsheet

Worksheet 2 - Corresponding to each Quarter (column (C)); some part of budget is Spent (column (E)) – which is listed vertically. We want to pick the budget for each quarter from the Worksheet 1 and put it in column (D) of Worksheet 2 and then calculate the amount Pending (column (F)) correspondingly. In cell D2:D5 we will enter the HLOOKUP function as follows: (as shown for D4 cell) = HLOOKUP (C4; Budget! $A$1:$E$2; 2; FALSE) where in this function.

C4 lookup value, for the quarter

budget!$B$1:$E$2 Table array, found in worksheet 1: named budget.

2 Row_index_num, is the row 2 in worksheet 1: named Budget

FALSE We want to find an exact match

Pending = D4-E4 Copy both the functions from D4 to the Cells D2, D3 and D5 and from F4 to Cells F2, F3 and F5 can be copied.

It is important to note that whenever any table array (or array) is referred in lookup functions the cell address referred (normally it is relative) must be converted in to absolute cell addresses.

2.1.2.6 Financial Functions

1. ACCRINT

This function returns the accrued interest for a security that pays periodic interest. The syntax of this is as follows:

ACCRINT (issue, first_interest, settlement, rate, par, frequency, basis, calc_method)

Dates should be entered by using the DATE function, or as results of other formulas or functions. For example, use DATE (2008, 5, 23) for the 23rd day of May, 2008. Problems can be occur if dates are entered as text.

Issue is the security's issue date.

first_interest is the security's first interest date.

Settlement is the security's settlement date. The security settlement date is the date after the issue date when the security is traded to the buyer.

Rate is the security’s annual coupon rate.

Par is the security’s par value. By default Par is 1000
Frequency is the number of coupon payments per year. For annual payments, frequency = 1; for semi-annual, frequency = 2; for quarterly, frequency = 4.

Basis is the type of day count basis to use.

Excel stores dates as sequential serial numbers so they can be used in calculations. By default, January 1, 1900 is serial number 1, and January 1, 2008 is serial number 39448 because it is 39,448 days after January 1, 1900; in Excel for the ACCRINT is calculated as follows:

\[ \text{ACCRINT} = \text{par} \times \frac{\text{rate}}{\text{frequency}} \times \sum_{i=1}^{\text{N PER}} \frac{A_i}{N L_i} \]

2. CUMIPMT

This function returns the cumulative interest paid between two periods (Refer Figure 2.28). The syntax of the function is:

\[ \text{CUMIPMT} \left( \text{rate}, \text{nper}, \text{pv}, \text{start_period}, \text{end_period}, \text{type} \right) \]

Rate is the interest rate.
Nper is the total number of payment periods.
Pv is the present value.
Start_period is the first period in the calculation. Payment periods are numbered beginning with 1.
End_period is the last period in the calculation.

Type is the timing of the payment (which may be either 0 or 1).
0 (zero) means Payment at the end of the period
1 means Payment at the beginning of the period.

3. PV

This function returns the present value of an investment. The present value is the total amount that a series of future payments is worth now. For example, when we borrow money, the loan amount is the present value (Figure 2.29). The syntax of the function is :

\[ \text{PV} \left( \text{rate}, \text{nper}, \text{pmt}, \text{fv}, \text{type} \right) \]

Rate is the interest rate per period.
For example, for an automobile loan at a
10% annual interest rate and installments are made the monthly payments, then the interest rate per month is 10%/12, or 0.83%. The value for rate into the function will be 10%/12, or 0.83%, or 0.0083.

**Nper**

is the total number of payment periods in an annuity. For example, if this loan is a four-year car loan and makes monthly payments, then loan has 4*12 (or 48) periods. The value for nper will be 48.

**Pmt**

is the payment made each period and cannot be change over the life of the annuity. Typically, pmt includes principal and interest but no other fees or taxes. For example, the monthly payments on an Rs.10,000, for four-year car loan at 12 per cent are Rs. 263.33. We have to enter -263.33 into the function as the pmt. If pmt is omitted, then fv must be included in the argument.

**Fv**

is the future value, or a cash balance to attain after the last payment is made. If fv is omitted, it is assumed to be 0 (the future value of a loan, for example, is 0). For example, if we want to save Rs. 50,000 to pay for a special project in 18 years, then Rs. 50,000 is the future value. Then it is necessary to guess an interest rate and determine how much to save each month. If fv is omitted, then pmt must be included as the argument.

**Type**

is the number 0 or 1 and indicates when payments are due. The fv and type arguments are optional. The fv argument is the future value or cash balance that we want to have after making last payment. If we omit the fv argument, Excel assumes a future value of zero. The type argument indicates whether the payment is made at the beginning or end of the period: (0 or omit the type argument when the payment is made at the end of the period and use 1 when it is made at the beginning of the period).

When using financial functions, keep in mind that the fv, pv, and pmt arguments can be positive or negative, depending on whether we are receiving the money or paying out the money. It may be noted that if we want to express the rate argument in the same units as the nper argument, so that if we make monthly payments on a loan and we express the nper as the total number of monthly payments, as in 360 (30×12) for a 30-year mortgage, we need to express the annual interest rate in monthly terms as well. Excel solves for one financial argument in terms of the others. If rate is not 0, then:

\[
pv \times (1 + rate)^{nper} + pmt(1 + rate \times type) \times \left(\frac{(1 + rate)^{nper} - 1}{rate}\right) + fv = C
\]

If rate is 0, then:

\[
(pmt \times nper) + pv + fv = 0
\]
An **annuity** is a series of constant cash payments made over a continuous period. For example, a car loan or a mortgage is an annuity.

4. **FV**

This function returns the future value of an investment based on periodic, constant payment and a constant interest rate (Figure 2.30). The syntax of the function is:

\[
FV (rate, nper, pmt, pv, type)
\]

- **Rate** is the interest rate per period.
- **Nper** is the total number of payment periods in an annuity.
- **Pmt** is the payment made each period; it cannot change over the life of the annuity. Typically, pmt contains principal and interest but no other fees or taxes. If pmt is omitted, then include the pv value in the argument.
- **Pv** is the present value, or the lump-sum amount that a series of future payments is worth right now. If pv is omitted, it is assumed to be 0 (zero), and then include the pmt value in the argument.
- **Type** is the number 0 or 1 and indicates when payments are due. If type is omitted, it is assumed to be 0.

**Example**

![Figure 2.30](image)

In the function **FV** (rate, nper, pmt, pv, type); the values are substituted as given in different cells of the worksheets and the result cell A8 is having Rs. 2581.40 first worksheet for type is 1 while in second worksheet shows the value of result Rs. 2571.18 for type is 0.
Spreadsheet

5. **PMT**

The **PMT** function calculates the periodic payment for an annuity, assuming equal payments and a constant rate of interest (Figure 2.26(d)). The syntax of PMT function is as follows:

\[
\text{= PMT(rate, nper, pv, [fv], [type]) where }
\]

- **rate** is the interest rate per period,
- **nper** is the number of periods,
- **pv** is the present value or the amount the future payments are worth presently,
- **fv** is the future value or cash balance that after the last payment is made (a future value of zero when we omit this optional argument)
- **type** is the value 0 for payments made at the end of the period or the value 1 for payments made at the beginning of the period.

The PMT function is often used to calculate the payment for mortgage loans that have a fixed rate of interest.

**Example** (Figure 2.31)

In the sample worksheet that contains a table using the PMT function to calculate loan payments for interest rate 8% per annum and principal amount Rs. 1000/-

Here we have used both values of type = 0 and 1

6. **RATE**

This function returns the interest rate per period of an annuity. RATE is calculated by iteration and can have zero or more solutions. If the successive results of RATE do not converge to within 0.0000001 after 20 iterations, RATE returns the #NUM! error value (2.32). The syntax of the function is as follows:

\[
\text{= RATE(nper, pmt, pv, [fv], type, guess) where }
\]

- **nper** is the total number of payment periods in an annuity.
- **pmt** is the payment made each period and cannot change over the life of the annuity. Typically, **pmt** includes principal and interest but no other fees or taxes. If **pmt** is omitted, then include the **fv** as argument.

**Figure 2.31**

**Figure 2.32**
**Pv** is the present value — the total amount that a series of future payments is worth now.

**Fv** is the future value, or a cash balance attain after the last payment is made.

If **Fv** is omitted, it is assumed to be 0 (the future value of a loan, for example, is 0).

**Type** is the number 0 or 1 and indicates when payments are due.

0 or omitted means payment is due at the end of the period 1 means payment is due at the beginning of the period.

**Guess** is the guess for what the rate will be. If omitted, it is assumed to be 10 per-cent.

### 7. NPV

This function calculates the net present value of an investment by using a discount rate and a series of future payments (negative values) and income (positive values). The syntax for the function is:

\[
\text{NPV (rate}, \text{ value1, value2, ...})
\]

- **Rate** is the rate of discount over the length of one period.
- **Value1, value2, ...** are 1 to 254 arguments representing the payments and income. Value1, value2, ... must be equally spaced in time and occur at the end of each period. **NPV** uses the order of value1, value2, ... to interpret the order of cash flows. It is essential that entry for payment and income values are in the correct sequence.

The **NPV** investment begins one period before the date of the value1 cash flow and ends with the last cash flow in the list. The **NPV** calculation is based on future cash flows.

\[
\text{NPV} = \sum_{t=1}^{n} \frac{\text{values}_i}{(1 + \text{rate})^t}
\]

If \(n\) is the number of cash flows in the list of values, the formula for **NPV** is:

**NPV** (Figure 2.33) is similar to the **PV** function (present value). The primary difference between **PV** and **NPV** is that **PV** allows cash flows to begin either at the end or at the beginning of the period. Unlike the variable **NPV** cash flow values, **PV** cash flows must be constant throughout the investment.

**NPV** is also related to the **IRR** function (internal rate of return). **IRR** is the rate for which **NPV** equals zero: **NPV** (IRR (...)) = 0.
2.2 DATA ENTRY, TEXT MANAGEMENT AND CELL FORMATTING

In any computerised business application, the basic requirement is to input data; which may be either for processing parameters e.g. input of data parameters such as month number and name of the month or number of working days, DA%, etc. for the processing of payroll of the company or to update various data elements. In both the cases data should be correct, accurate and should be in proper format. This means that data should be validated, corrected and can be display in proper format.

By default in spreadsheet the numbers are right aligned and texts are left aligned. The spreadsheet can distinguish different types of numbers; recognise a date, a currency, or a percentage value or text etc. For example, if we type 16/04/1980 in a cell, spreadsheet will recognise it as a date and act accordingly. The software processes the data and generates the output; which should be in specific format. For example 1.5 might represent a value for one and half teaspoon in one spreadsheet while the same 1.5 would represent constant multiplier for age in another spreadsheet etc.

2.2.1 DATA ENTRY

Excel also facilitates fast data entry; and automatically repeats data or can fill data in different cells (column wise or row wise.) For example, if we repeatedly type the days of the week in different cells instead of that we could use the built-in data fill options to fill the different cells with the days automatically. Some of the methods for data entry are mentioned below:

2.2.1.1 The data fill options

The Fill command can be used to fill data into worksheet cells (Figure 2.36 & 2.37. The Excel provides for entering data automatically to continue a series of numbers, number and text combinations, dates, or time periods, based on a pattern that we require. However, to fill quickly in several types of data series, we select cells and drag the fill handle (A Fill handle is the small black square in the lower-right corner of the selection. When we point to the fill handle, the pointer changes to a black cross (Refer Figure 2.34 and 2.35).

The fill handle is displayed by default. Click the Microsoft Office Button, and then click Excel Options.

1. Click Advanced, and then under Editing options, clear or select the Enable Fill handle and cell drag-and-drop check box to hide or display the fill handle.
2. To avoid replacing existing data when we drag the fill handle, to make sure that the **Alert before overwriting cells** check box is selected. If we don’t want to receive a message about overwriting non-blank cells, we can clear this check box.

After we drag the fill handle, the **Auto Fill Options** button appears so that we can choose how the selection is filled. For example, we can choose to fill just cell formats by clicking **Fill Formatting Only**, or we can choose to fill just the contents of a cell by clicking **Fill Without Formatting**.

**Option - 1 Drag the fill handle to fill data into adjacent cells**

(Figure 2.38)

For example, we want to enter data in A1:A10 starting value from 10 and in step of 10 we will get 10, 20, … 100 by using drag option as shown in the Figure 2.34 and Figure 2.35 respectively.

1. Select the cells that contain the data that we want to fill (A1:A2) into adjacent cells (A3:A10).
2. Drag the fill handle across the cells that we want to fill.
3. To choose how we want to fill the selection, click **Auto Fill Options**, and then click the option that we want.

**Option - 2 fill the active cell with the contents of an adjacent cell**

1. Select an empty cell (A1) enter the value 10.
2. On the **Home** tab, in the **Editing** group, click **Fill**, and then click on **Series** option.
3. The option window provides direction (row wise i.e., B1:J1 or column wise i.e., A2:A10) selection. The main option is **Step Value** (i.e. increment to the previous cell values in linear form) it is 10 in this example with respect to cell A1 and while another option is **Stop Value** (i.e. last value of the data when it is achieved the data fill stops) is 100 which may be in cell A10.

4. Once we enter the all the options and click **OK**, we get data filled in the series A1:A0 as 10:100 in step of 10.

Observe the another example for Date data we can use **fill handle** (it is important to note that all the cells of the columns or rows should be defined in (required) date data format using Format Cells). In this example we will enter date 24-11-1952 (or 24-Nov-1952) in cell A1 and 24-12-1952 (or 24-Dec-1952) in cell A2 and then use **Auto Fill Options** button between cells A3:A10; find the changes?

### 2.2.1.2 Import/Copy Data from other sources

One more method for data entry for any application we can use the following easiest method which will transfer data into required cells by copying or importing to Excel worksheet. These data files may be either in text files or non-text files format.

**Text files** can be directly read using a text editor such as Note pad in MS Windows. These files often have extension `.txt` but can have other extensions (such as `.csv` known as **Comma Separated Values** text file), easily read into Excel.

To import the data from a text file following steps are important for Figure 2.39.

1. Create data file using Notepad program of MS Windows (to get Notepad screen on desktop; click on Start button -> All Programs -> Accessories -> Notepad).

2. A comma-separated data values in one line of this text file is a row in a spreadsheet and each entry, separated by a comma, is a column entry for that row.

3. In the first line provides names for the columns of the spreadsheet.

4. In the next line onward start entering the data separate by comma as per the names given in first line.

5. It may possible that every data may not be of similar length but each data (even a blank data) should be separated by comma as per the names of the column.

6. Open a new Excel worksheet from the Office Button.
7. Select Data Tab on the Ribbon.
8. On Data tab; an option Get External Data having From Text option.
9. Click on “From Text” which will allow selecting a Notepad file (Figure 2.40 & 2.41) saved as .cvm into Excel format directly and data will be copied into respective columns and rows.
10. Each and every data from Notepad file can be saved as an Excel data file This provides a lead that Excel worksheet consists of four types of data in cells: labels, values, date and formulas and data validation.

- **Labels** (text) are descriptive data such as names, months and usually include alphabetic characters. Excel aligns text to the left side of the cell.
- **Values** (numbers) are generally raw numbers or dates.
  - Whole value: If the data is a whole value, such as 34 or 5763, Excel aligns the data to the right side of the cell.
  - Vale with a decimal: If the data is a decimal value, Excel aligns the data to the right side of the cell, including the decimal point, with the exception of a trailing 0. For example, if we enter 246.75, then 246.75 displays; such as 246.70, will display as 246.7. We can change the display appearance, column width, and alignment of data.
- **Formulas** are instructions for Excel to perform calculations.
- **Date**: If we enter a date, such 16/12, Dec 16, or 16 Dec, Excel automatically returns 16-Dec in the cell, but the Formula bar displays 16/12/2008. (The Date format is dependent to Country Specific Format selection).

**2.2.2 DATA VALIDATION**

Data validation is a feature to define restrictions on type of data entered into a cell. We can configure data validation rules for cells data that will not allow users to enter invalid data, There may be warning messages when users tries to type wrong data in the cell. The messages also guide users to what input is expected for the cell, and instructions to correct any errors.
Data validation is invaluable because it is necessary that data must be accurate and consistent. The different methods for data validation are as follows:

- **Create a Drop down List** – By this option pre-defined items names list is referred and restrict the users to select accordingly – e.g. In the organisation for a business application we want to restrict the users not to enter the names of departments other than Sales, Finance, R&D, Operation, HR and IT, etc.; for qualification of each employee not to enter other than MBA, PHD, CA, MCA, ARCHITECT and MBBS, etc., and the Sex Code should be either “Male” or “Female” for the employees. Following are the steps described how to use drop down list: A **drop-down list** can be prepared in three different ways which can be used for data validation (Figure 2.42).
  
- Type a list of values separated by commas, i.e. using delimited list e.g. Male, Female
- Select the cells on the worksheet whose values can be used directly typed in a single row or single column
- Select the data in cells and create a Named Range to refer
  
- Open a blank worksheet
- Enter the column titles e.g. Employee Name (cell A1), Department (cell B1), Qualification (cell C1) and Sex Code (cell D1) in the first row and four different columns respectively (Figure 2.42).
Computerised Accounting System

- Enter the Names of Employees in the column (a) (cells A2:A10).
- Prepare a list of department names some where in the worksheet (say G3:G9).
- Define the Named range (using Formula Tab -> Define Name on the ribbon) say DEPT.
- Select the column (b) e.g. Department (data to be validated in whole column).

- In the Data Tab of the ribbon click Data Validation on Data Tools opens three Data Validation Tabs (Figure 2.43). The first tab is Setting Tab select List for drop down list option.

- This option will display Validation Criteria and to provide valid data List in the Source where we have to type Name of the Range as =DEPT (Figure 2.44). The two more options also required clicking here one Ignore Blank box then empty or blank values won’t be allowed and other is In-cell drop down.

- To display an input message when a cell (e.g. B2 later B3:B10) is selected, click the second tab on data validation option, i.e. Input Message Tab (Figure 2.45) and enter the desired text in the Title (e.g. DEPT_T) and provide an input short message for the user (e.g. SELECT/ENTER DEPARTMENT). Also tick the option to display this message when the cell is selected (Figure 2.46).

- To set the response settings when invalid data is entered into the cell click on the third tab of data validation option (Figure 2.46) i.e. Error Alert Tab. This tab enables:

  (a) To display the error alert after invalid data is entered in the box.

  (b) Enter message allows to type the desired message for user and title for reference purpose.
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(c) In Style drop-down menu select Information, Warning or Stop as per the severity and accuracy requirement for data where.

(i) **Information**: displays a message but will prevent entry of invalid data.

(ii) **Warning**: displays a warning message but will not prevent entry of invalid data.

(iii) **Stop**: will prevent invalid entry of data.

The steps discussed above are shown below in different diagrams (Figures 2.47(a) to 2.47(d)) which are self explanatory when data for Department are to be entered in the worksheet:

![Figure 2.47 (a)](image1)

![Figure 2.47 (b)](image2)

![Figure 2.47 (c)](image3)

![Figure 2.47 (d)](image4)

To select data or redefining the limited number of data items we can type the list in the Source Box, separated by commas (Figure 2.43) e.g. as to enter the Sex Code either Male or Female for an Employee we can type as =Male, Female. This method of data validation is case sensitive; if a user types MALE, an error alert will be displayed.

- **Setting Limits** – As mentioned earlier in the Allow drop-down menu, select Whole Number, Decimal, Date, Time, or Text Length.
For example in the same worksheet we can restrict the minimum age of an employee should be 18 and maximum age should be 58 (Age can be entered as **Whole Number** or can be entered Date of Birth as **Date** selection then age is calculated).

In this example if **Age** is a data element to be entered for every employee we will validate the Age as whole number and outside a specified range in a particular cell providing value in **Setting tab** (Figure 2.48) and data in between of minimum 18 and maximum 58 respectively.

Similarly we can check the number of text characters required in Employee Name column (for every employee) i.e. the cell should not contain blank data; and error message should be displayed e.g., we can limit the minimum number of characters in the Employee Name cell to 10 or less.

- **Setting Limits with a Formula** – To validate data based on formulas or values entered in other cells (Figure 2.49). The steps are as:
  - In the **Allow** drop-down menu, select **Custom**.
  - In the **Formula** box, enter a formula that calculates a logical value. If the formula calculates TRUE entry will be valid. If the formula calculates FALSE entry will be invalid. The cell gives error message if the values are not meeting the conditions Some of the examples are as follows:
    - We can **prevent duplicate entries** in a range on the worksheet (Figure 2.50) i.e. suppose we check duplicate employee number or duplicate product code in the asset ledger or duplicate account
code for the same item entered by user it shows the error.

- We can limit the sum value for a range which will cause error if sum of the values exceeds the given total. i.e. suppose the total amount of budget is fixed and sum of the distribution of the amount for different items in the range exceeds then it shows the error (Figure 2.50(a))

- We can prevent user from adding spaces before or after the text in entry. The TRIM function removes spaces before and after the text. This formula checks that the entry is equal to trimmed entry (Figure 2.50(b)).

- We can prevent entry of dates that falls on (weekends or holidays) Saturday or Sunday (or any other day). The WEEKDAY function returns the number for the date entered in the cell. If the value is 1 (it is Sunday) and 7 (it is Saturday) then data entry is not allowed (Figure 2.50(c)) and error message will be displayed.

2.2.3 Data Validation Form

To input data into a spreadsheet, often we type the data into cells directly. That’s where data validation comes in handy. Instead of typing the same thing again and again, we can enter data into cells using

A form, whether printed or online, is a document designed with a standard structure and format that makes it easier to capture, organise, and edit information. A data form is a dialog box that displays one complete record at a time. Data forms can be used to add, change, locate, and delete records.
Computerised Accounting System

drop-down lists or using data input form. Using a data form can make data entry easier than moving from column to column when we have more columns of data than can be viewed on the screen. To create input data form it is necessary that all the data names must be entered in the first row of the worksheet, because the input form refers these data names. To create input data form we have to select the tool as Form button to the Quick Access Toolbar.

The Form button has not been included on the user interface Ribbon, but we can still use it in Excel 2007 by adding at Quick Access Toolbar using following commands:

1. Click the arrow next to the Quick Access Toolbar, and then click More Commands.
2. In the Choose commands from box, click All Commands.
3. In the list box, select the Form button, and then click Add.

Excel automatically generates a built-in data form (Figure 2.51). The data form displays all column headers as labels in a single dialog box. Each label has an adjacent blank text box in which we can enter data for each column, up to a maximum of 32 columns. In a data form, we can enter new rows, find rows by navigating or (based on cell contents) update rows and delete rows. If a cell contains a formula, the formula result is displayed in the data form, but we cannot change the formula by using the data form.

2.3 DATA FORMATTING

Formatting of spreadsheets makes easier to read and understand he important information (e.g. conditional formatting, number formatting, text and general spreadsheet formatting etc.). On the Ribbon there are several tools and shortcuts to format spreadsheets effectively. Some of them are described as follows:

2.3.1 FORMATTING TOOLS

The formatting tools for:

- Number formatting – Number formatting includes adding per cent symbols (%), commas (,), decimal places, and currency signs ($,
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Rs. etc), date, time, scientific values and as well as some special formats to a spreadsheet. The type of number format can be determined once the data is entered into the cell. Here are some examples:

- **Currency**: If we enter a financial value complete with the dollar/currency sign and two decimal places, Excel assigns a Currency format to the cell along with the entry.

- **Percentages**: If we enter a value representing a percentage as a whole number followed by the per cent sign without any decimal places, Excel assigns to the cell the percentage format that follows this pattern along with the entry.

- **Dates**: If we enter a date (dates are values, too) that follows one of the built-in Excel number formats, such as 16-04-2009 or 16-Apr-2009 the program assigns a Date format that follows the pattern of the date.

**Example** – Explaining below the steps to format range B4:E7 as currency with zero decimal places using negative preset format. The sample unformatted worksheet is shown in the Figure 2.52(a)

1. Select the range to format, i.e. B4:E7
2. From the Ribbon select, Home Tab with Number option, click on (Figure 2.52(b) to display Format Cells dialog box and choose Number tab.
3. The Category list shows all the preset formats available in Excel, grouped into categories. A sample corresponding to the current selection is shown at the top of the box.
4. Select the Category required i.e. Currency. The right hand side of the box shows the different symbols of currencies. It also shows the preset for negative values either minus sign (-) or red.
coloured number (if we do not want to display negative sign data).

→ Change the number of decimal places to Zero (0).
→ Click OK accept this format.
→ The output of these steps is shown in the Figure 2.52(c).
→ Similarly if we select the Category for the range H4:H8 as **Percentage** with Decimal Places to 2 digits. The Figure 2.52(d) will show the effect of this change.

**• Special Format Category**

**Special category** data (special numbers) such as phone numbers, zip codes, and Social Security numbers which require different format in a certain way (Figure 2.52(e). From the **Category** option we select **Special** and from corresponding drop-down box under the **Locale** we select format special numbers appropriate to specific countries.

**• Changing cell colours** -

→ Select the range to format (e.g. B4:E7 – Figure 2.52(c).
→ From the Ribbon select Home Tab with Number option, click on (Figure 2.42(b) to display **Format Cells** dialog box and choose **Fill** tab.
→ **Fill** tab provide Background Colour, Pattern Colour and Pattern Style options for the cell (or cell range to fill).
→ Select the colour required with desired pattern style and pattern colour from the Colour pallets (Figure 2.52(f).
→ Click OK and we see the result as given in Figure 2.52(g).
There is other number format tool on the Ribbon for which allows numbers to format aesthetically such as:

In the Number section, click the Comma Style button. Then the thousand digit numbers or one hundred digit numbers will be displayed with a comma sign which makes it easier to read. Excel also allows more precise with these numbers, that’s why it added two decimal values.

To remove the decimal values, in the Number section of the Ribbon, click the Decrease Decimal button. That removes one decimal value. Click the Decrease Decimal button again to remove another decimal value. Similarly we can use to Increase Decimal button twice.

To create own custom format, from the Format Cell dialog box, click the **Custom category** (Figure 2.52(h), select one of the existing formats, and then proceed to create by adding appropriate or subtracting undesired characters.

We can find out the format used in a cell or some cells of unknown worksheet and can be changed by using the Format Cells dialog. In this case Right-click the mouse button for appropriate cell (s) or column (s) and choose Format Cells. In the Category list, select one of the formats as per characteristics from the right list or select the custom format.

**Adding text formatting** – The text formatting is mostly required for presentation of final output and aesthetically reading of the information. There may be display of the text or numbers in different Fonts; Aligning in Cells, Changing Colour of Fonts, Merging of cell ranges to accommodate data etc. (Figure 2.52(i & j)) When we insert a Text box, it looks quite plain. We can format text boxes to make them stand out on the worksheet; using the options from the Ribbon; on **Insert Tab** with
the **Text dialog box**. We can use these drawing tools in dressing them up with special formatting commands (Figure 2.52(j)). These tools allow us to add decorative and explanatory material to worksheet and chart. How the **Illustrations Tools** or **Text Tools** can be used; let us understand from the example using both the tools bars together.

- **Change the font or font size in a worksheet** (Figure 2.52(j)) and Figure 2.52(j)
  1. Select the cell, **range** of cells, text, or characters that we want to format.
  2. On the **Home** tab, in the **Font** group, we will do the following:
     - To change the font, click the font that we want in the **Font** box.
     - To change the font size, click the font size that we want in the **Font Size** box, or click **Increase Font Size** or **Decrease Font Size** until the size we want is displayed in the **Font Size** box.

- **Change the cell border** (Figure 2.52(k))
  1. On a worksheet, select the cell or range of cells that we want to add a border to, change the border style on, or remove a border from.
  2. On the **Home** tab, in the **Font** group, we will do one of the following:
     - To apply a new or different border style, click the arrow next to **Borders**, and then click a border style.
     - To remove cell borders, click the arrow next to **Borders**, and then click **No Border**.

The **Borders** button displays the most recently used border style. We can click the **Borders** button (not the arrow) to apply that style.

- **Create a custom cell border** (Figure 2.52(j) Figure 2.52(i))

We can create a cell style that includes a custom border, and can apply to that cell style when we want to display the custom border around selected cells.

1. On the **Home** tab, in the **Styles** group, click **Cell Styles**.
2. Click **New Cell Style**.
3. In the **Style name** box, type an appropriate name for the new cell style.
4. Click **Format**.
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5. On the **Border** tab, under **Line**, in the **Style** box, click the line style that we want to use for the border.
6. In the **Colour** box, select the colour that we want to use.
7. Under **Border**, click the border buttons to create the border that we want to use.
8. Click **OK**.
9. In the **Style** dialog box, under **Style Includes**, clear the check boxes for any formatting that we do not want to include in the cell style.
10. Click **OK**.
11. To apply the cell style, do the following:
12. Select the cells that we want to format with the custom cell border.
13. On the **Home** tab, in the **Styles** group, click **Cell Styles**.
14. Click the cell style that we want to apply.

**Conditional Formatting**

Conditional formatting helps us for specific questions about data. We can apply conditional formatting to a cell range, a table, or a **PivotTable report**. There are important differences to understand when we use conditional formatting on a PivotTable report (Figure 2.52(k)).

**The benefits of conditional formatting** (Figure 2.52m)

To analyse data, we often ask ourselves some questions, such as:

→ Where are the exceptions in a summary of data over the past five years?
→ What is the trend in data over the past two years?
→ Who is responsible for such results during this month?
→ What is the overall age distribution of employees?
→ Which products have greater than 10% revenue increases from year to year?
→ Who are the highest performing and lowest performing students in the class?

Conditional formatting helps to answer these questions by making it easy to highlight interesting cells or ranges of cells, emphasise unusual values, and visualise data by using data bars, colour scales, and icon sets. A conditional format changes the appearance of a cell range based on a condition (or criteria). If the condition is true, the cell range is formatted based on that condition; if the conditional is false, the cell range is not formatted based on that condition.
• Format all cells by using a colour scale

Colour scales are visual guides that help us to understand data distribution and their variation. A colour scale helps us to compare a range of cells by using a gradation of different colours. The shade of the colour represents higher or lower values. For example, in a green colour are higher value cells and red colour for lower value cells.

If one or more cells in the range contain a formula that returns an error, the conditional formatting is not applied to the entire range. To ensure that the conditional formatting is applied to the entire range, use an IS or IFERROR function to return a value other than an error value.

1. Select one or more cells in a range, table, or PivotTable report.

2. On the **Home** tab, in the **Styles** group, click the arrow next to **Conditional Formatting**, and then click **Colour Scales**. (Figure 2.52(n).

3. Select a two-colour scale.

• **More than the two colours** (Figure 2.52(o)

1. Select one or more cells in a range, table, or PivotTable report.

2. On the **Home** tab, in the **Styles** group, click the arrow next to **Conditional Formatting**, and then click **Manage Rules**. The **Conditional Formatting Rules Manager** dialog box is displayed. Do one of the following:

   ▪ To add a conditional format, click **New Rule**. The **New Formatting Rule** dialog box is displayed.

   ▪ To change a conditional format, do the following:
Spreadsheet

1. Make sure that the appropriate worksheet, table, or PivotTable report is selected in the Show formatting rules for list box.

2. Optionally, change the range of cells by clicking Collapse Dialog in the Applies to box to temporarily hide the dialog box, by selecting the new range of cells on the worksheet, and then by selecting Expand Dialog.

3. Select the rule, and then click Edit rule. The Edit Formatting Rule dialog box is displayed.

4. Under Select a Rule Type, click Format all cells based on their values.

5. Under Edit the Rule Description, in the Format Style list box, select 3-Colour Scale.

6. To select a Minimum and Maximum Type do one of the following:
   - **Format lowest and highest values** Select Lowest Value and Highest Value. In this case, we do not enter a Minimum and Maximum Value.
   - **Format a number, date, or time value** Select Number, and then enter a Minimum and Maximum Value.
   - **Format a percentage** Select Per cent, and then enter a Minimum and Maximum Value. Valid values are from 0 (zero) to 100. Do not enter a per cent sign. Use a percentage when we want to visualise all values proportionally because the distribution of values is proportional.
   - **Format a percentile** Select Percentile and then enter a Minimum and Maximum Value. Valid percentiles are from 0 (zero) to 100.

Percentile is usually used we want to visualise a group of high values (such as the 20th percentile) in one colour grade proportion because they represent extreme values that might skew the visualisation of the data.

   - **Format a formula result** Select Formula, and then enter a Minimum and Maximum Value.

The formula must return a number, date, or time value. Start the formula with an equal sign (=). It’s a good idea to test the formula in the worksheet to make sure that the formula doesn’t return an error value.

- **Changing the alignment of data in cells** (Figure 4.52(p)

There are several options to change the alignment of text (data) in cells

*Text layout*

**Vertical alignment** – To specify the vertical position of the text in a shape, select an option from the list (or from the tool box).

**Text direction** – To specify the orientation of the text in a shape, select an option from the list.
2. **AutoFit**

**Resize shape to fit text** - To increase the size of the shape vertically so that the text fits inside of it, click this button.

3. **Internal margin**

The internal margin is the *distance* between the text and the outer border of a chart element. We can *increase* or *decrease* the amount of this space by using the following options.

- **Left** – To specify the distance between the left border of the selected chart element and the text, enter the margin number that we want in the **Left** box.
- **Right** – To specify the distance between the right border of the selected chart element and the text, enter the margin number that we want in the **Right** box.
- **Top** – To specify the distance between the top border of the selected chart element and the text, enter the margin number that we want in the **Top** box.
- **Bottom** – To specify the distance between the bottom border of the selected chart element and the text, enter the margin number that we want in the **Bottom** box.

**Columns** – To specify the number of columns of text in a chart element and the spacing between the columns, click this button.

The commands for this

- Select the range.
- Click on Home tab for **Alignment** options which displays the dialog box and select the alignment tab (Figure 2.38(n)(1)).
- Select **horizontal** and **vertical** as alignment required.
- There are other options to display text at angular orientation or text to be control within cell or to spread within the cell.
- Click OK.

- **Merging a range of Cells**

Merged cells are a single cell that is created by combining two or more selected cells. The cell reference for a merged cell is the upper-left cell in the original selected range. When two or more adjacent horizontal or vertical cells are merged, the cells become one large cell and displayed across multiple columns or rows. The contents of one appear in the centre of the merged cell.
Spreadsheet

1. Select two or more adjacent cells that we want to merge.

2. On the Home tab, in the Alignment group, click Merge and Centre. (Or button).

3. The cells will be merged in a row or column, and the cell contents will be centered in the merged cell. To merge cells without centering, click the arrow next to Merge and Centre, and then click Merge Across or Merge Cells. The cell address of merge cells will be the address of lower active cell.

4. To change the text alignment in the merged cell, select the cell; click any of the alignment buttons in the Alignment group on the Home tab.

- **Split a merged cell** (Figure 2.52(q))
  1. Select the merged cell.
  2. When we select a merged cell, the Merge and Centre button also appears selected in the Alignment group on the Home tab.
  3. To split the merged cell, click Merge and Centre. The contents of the merged cell will appear in the upper-left cell of the range of split cells.

- **Formatting a Table**
  There are predefined table styles (or quick styles) that we can use to quickly format a table. If the pre-defined table styles don’t meet our needs, we can create and apply a custom table style.

  The table formatting by choosing Quick Styles options for table elements, such as header and total rows, first and last columns, and banded rows and columns.

- **To choose a table style to create a table** (Figure 2.52(r))
  1. On the worksheet, select a range of cells that we want to quickly format as a table.
2. On the **Home** tab, in the **Styles** group, click **Format as Table**.

3. Under **Light**, **Medium**, or **Dark**, click the table style that we want to use.

**Apply a table style to an existing table**

1. On the worksheet, select the table to which we want to apply a table style.

2. On the **Design** tab, in the **Table Styles** group, do one of the following:
   - Click the **More** button, from the dropdown menu, click the table style (Light, Medium or Dark) that we want to use.

**Using the NOW function to add the current date to the spreadsheet**

**NOW** ( ) is the function returns the serial number of the current date and time. If the cell format was **General** before the function was entered, the result is formatted as a date.

Excel stores dates as sequential serial numbers so they can be used in calculations. By default, January 1, 1900 is serial number 1, and January 1, 2008 is serial number 39448 because it is 39,448 days after January 1, 1900. Numbers to the right of the decimal point in the serial number represent the time; numbers to the left represent the date. For example, the serial number 0.5 represents the time 12:00 noon.

**Adding Headers and Footers to Excel Spreadsheet**

In spreadsheet, headers and footers are lines of text that are printed at the top (header) and bottom (footer) of each page in the spreadsheet. They contain descriptive text such as titles, dates, and/or page numbers and are used to add information to a printed spreadsheet.

The headers and footers options are available in **Page Layout view** (Figure 2.53(a)). For other sheet types, such as chart sheets or for embedded charts we can work with headers and footers in the **Page Setup** dialog box.

Add or change the header or footer text for a worksheet in Page Layout view

1. Click the worksheet to which we want to add/change headers or footers.

2. On the **Insert** tab, in the **Text** group, click **Header and Footer**. (refer Figure 2.53(b)) Or Do one of the following:
   - To add a header or footer, click the left, centre, or right header or footer text box at the top or at the bottom of the worksheet page.
Spreadsheet

- To change a header or footer, click the header or footer text box at the top or at the bottom of the worksheet page that contains header or footer text, and then select the text that we want to change.

3. Type the text that we want.

- **Use Format Painter**
  To copy quickly formatting from one cell or group of cells to another part of the spreadsheet uses the format painter. This feature is very useful when extending a spreadsheet and we need to format the newly added cells to match the original ones.

- **Use of AutoFormat Option**
  To quickly apply a number of formatting features to a spreadsheet we can use one of the 17 AutoFormat styles available (in Excel 2007). These styles combine a number of formatting options that will instantly give our spreadsheet a professional look.

### 2.4 OUTPUT REPORTS

We can print entire or partial worksheets and workbooks, one at a time, or several at once. The MS Excel can print just the Excel table or also it provides to:

(a) Print a partial or entire worksheet or workbook.
(b) Print several worksheets at once.
(c) Print several workbooks at once.
(d) Print an Excel table.
(e) Print a workbook to a file.
(f) Print a graphic Charts and Pivot Tables.

We can also print a workbook to a file instead of to a printer. This is useful when we need to print the workbook on a different type of printer from the one to another printer. The printing option is available to print quickly or to preview the printout before printing, click **Microsoft Office Button**, click the arrow next to **Print**, and then click **Quick Print** or **Print Preview** (Figure 2.54). To print worksheet or table; basic preparation for printing is required and describe below:

#### 2.4.1 Defining the Print Area

By default, Excel prints all data on the current worksheet but for specific and formatted print we have to define print area from the Page Setup dialog box or the Print Area command from the Page Layout option of the Ribbon (Figure 2.55).
• The Print Area using Dialog Box Option

1. Select the Page Layout command tab on the Ribbon.

2. In the Page Setup group, click Page Setup. The Page Setup dialog box appears.

3. Select the Sheet tab.

4. In the Print Area text box, type the range of cells you want to print or to select the area –
   a. Click Collapse Dialog
   b. Select the desired range of cells
   c. Click Restore Dialog

5. Click OK and the print area is defined.

• The Print Area using Print Area Option

Excel keeps the print area defined until it is cleared or replaced. To set the print area:

1. Select the range of cells to print (e.g. A1:H10 of Figure 2.55)

2. Select the Page Layout command tab

3. In the Page Setup group, click Print Area « select Set Print Area. The print area is set.

4. OPTIONAL: To add more data to the print area
   a. select a range of cells
   b. In the Page Setup group, click Print Area « select Add to Print Area; the selected cells are added to any previously selected data.
   c. Repeat steps a and b as necessary.

• To clear the print area

1. In the Page Setup group, click Print Area « select Clear Print Area

Printing Ranges of Cells

We can manually select ranges of cells for printing and also have the option of selecting multiple non-contiguous ranges for printing.

• To select Print Range manually (using key board only)

1. Select the range of cells to be printed
   or

From the Name Box pull-down list, select the range name to be printed.
2. In the top left corner of the Excel window, click the **Office Button** > select **Print** or Press [Ctrl] + [P] the **Print** dialog box appears.

3. In the **Print what** section, select **Selection**.

4. Click **OK**. The specified range of cells is printed.

- **To select Print Multiple Ranges**
  Excel facilitates to print non-contiguous ranges. Selected ranges will print on separate pages.
  1. Select the first range to be printed.
  2. Press [Ctrl] + select the second range to be printed.
  3. For each additional range to be printed, repeat step 2.
  4. In the top left corner of the Excel window, click the **Office Button** – select **Print** OR Press [Ctrl] + [P]. The **Print** dialog box appears.
  5. In the **Print what** section, select **Selection**.
  6. Click **Print**. The specified range of cells is printed.

### 2.5 PREPARATION OF REPORTS USING PIVOT TABLE

A Pivot Table is way to present information in a report format. A PivotTable report often provides enhanced layout, attractive and formatted report with improved readability. This report is prepared from the spreadsheet once we add the fields with appropriate level of details, calculations and group the data as per required information. The Pivot Table uses a List Data Table (Database).

**A data table** is a range of cells that shows the results of substituting different values in one or more formulas. There are two types of data table: One-variable and two-variable.

**One-variable data table** (Figure 2.56(a)) Formula used in a one-variable data table must refer to an input cell. The input cell is a cell used by Excel in which each input value from a data table is substituted (column-oriented, i.e. input cell down one column or row-oriented, i.e. across one-row).

**Two-variable data table** (Figure 2.56(b)) use only one formula with two lists of input values. The formula must refer two different input cells.

#### 2.5.1 One-variable data table

- C1 cell is an input cell. We will create one-variable data table which calculates the increase in the budget corresponding to each of the possible increase in costs.
- If the data table is column-oriented, type the formula (=A2*C1) in the row (row number 4) above the first value (in cell B5) and one cell to the right (in cell C4) of the column of values (Figure 2.56).
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2.5.2 Two-variable Data Table (Figure 2.57)

This we will learn by one simplest example generating a mathematical table in which two input cells uses B1 and C1 to generate a 15 x 15 multiplication table by multiplying each other.

- In a cell B2 on the worksheet, enter the formula (=B1*C1) that refers to the two input cells.
Type one list of input values in the same column below the (or fill the series from 1 to 15 in B3:B17).

Type the second list in the same row (or fill the series from 1 to 15 in C3:Q3), to the right of the formula.

Select the range of cells that contains the formula and both the row and column of values i.e. B2:Q17.

On the Data tab on the Ribbon, in the Data Tools group, click What-if-Analysis, and then click Data Table.

In the Row input cell box enter $B$1.

In the Column input cell box, enter $C$1.

Click OK to generate table (Figure 2.57(a))

2.5.3 Pivot Tables

The Pivot Table feature allows us to create a cross tabulation summary of data in which heading can subsequently moved to give different views of the data. We will understand with the help of following example.

Example: A spreadsheet (Figure 2.58) provides the data for consumption from D2:D37 (in Metric Tons) of three different vegetables namely Carrot, Onions and Potatoes during the three days of the week in four different metro cities. The quota of consumption is fixed by Food Department to supply of these vegetables in the city. The spread sheet shows the Actual Consumption and Surplus (i.e. = actual - quota).

Click the data from A1: E37

On the Insert tab on the Ribbon, in the Tables group, click Pivot Table, and then click Pivot Table to start Pivot Table Report interactive options (Figure 2.58(a) as Create Pivot Report (Figure 2.58(b)).

Enter the data location

Choose to place the Pivot table on an Existing worksheet (say G19).
• Click OK to display a blank Pivot table and **field list** (Figure 2.58(c) and Excel displays the Pivot Table Toolbar

1. Drag the Field Names (From location number 1) to the require positions in the pivot table (location Number 6).
2. Report Filter “Day”
3. Column Label “Vegetable”
4. Row Label “City”
5. Values “Sum of Actual” and the final result will be displayed (Figure 2.58(d)).
6. In the above selections at Row Label we give “City” and then “Vegetable”; while in column Label if we do not enter any selection. The Pivot Report will be as shown in Figure 2.58(e).

The Pivot Table tool bar (Figure 2.58(f)) provides various flexibility to work on data.
Advantages of Pivot Table (Report)

A PivotTable report is an interactive way to quickly summarise large amounts of data. Use a PivotTable report to analyse numerical data in depth and to answer unanticipated questions about data. A PivotTable report designed for:

- Querying large amounts of data in user-friendly ways. Sub totaling and aggregating numeric data, summarising data by categories and subcategories, and creating custom calculations and formulas.
- Expanding and collapsing levels of data to focus on results, and providing from details to the summary of data for areas of interest.
- Moving rows to column or columns to rows (or “pivoting”) to see different summaries of the source data.
- Filtering, sorting, grouping, and conditionally formatting the most useful and the interesting subset of data to enable us to focus on the information that we want.
- Presenting concise, attractive, and annotated online or printed reports.
- The use of a PivotTable report is to analyse related totals, when we have a long list of figures to sum and to compare several facts about each figure.

2.6. COMMON ERRORS (MESSAGES) IN SPREADSHEET

4.1.1 Mark common formula errors

1. Click the Microsoft Office Button, click Excel Options, and then click the Formulas category.

2. In the Error Checking section, select the Enable background error checking check box.

3. To change the colour of the triangle that marks where an error occurs, in the Indicate errors using the colour box, select a new colour.

4. Select a cell with a triangle in the top-left corner of a cell.

5. Next to the cell, click the Error Checking button that appears, and then click the option that we want. The commands are different for each type of error, and the first entry describes the error. If we click Ignore Error, the error is marked to be ignored for each consecutive check.

6. Repeat the two previous steps.

- Correct an error value

If a formula cannot properly evaluate a result, Excel will display an error value. Each error type has different causes, and different solutions. Some are discussed here to understand them properly before redo the operation.
• **Correct a ##### error**

This error occurs when a column is not wide enough, or a negative date or time is used.

**Reason:** The column is not wide enough to display the content

1. Select the column by clicking the column header.
2. On the **Home** tab, in the **Cells** group, click **Format**, and then click **AutoFit Column Width**. Alternatively, also we can double-click the boundary to the right of the column heading.
3. Select the column.
4. On the **Home** tab, in the **Cells** group, click **Format**, click **Format Cells**, and then click the **Alignment** tab.
5. Select the **Shrink to fit** check box.

---

**Dates and times are negative numbers**

When a date or time is typed in a cell, it appears in a default date and time format. The default date and time format is based on the Regional date and time settings that are specified in Windows Control Panel, and changes when changes are made to those settings. We can display numbers in several other dates and time formats, most of which are not affected by Control Panel settings.

- If we are using the 1900 date system, dates and times in Excel must be positive values.

- **When we subtract dates and times, make sure that we build the formula correctly.**

- **If the formula is correct but the result is still a negative value, we can display the value by formatting the cell with a format that is not a date or time format.**

  1. On the **Home** tab, in the **Cells** group, click **Format**, click **Format Cells**, and then click the **Number** tab.
  2. Select a format that is not a date or time format.

---

**Apply a different number format**

In some cases, we can change the cell’s number format to make the number fit within the existing cell width. For example, we can decrease the number of decimal places after the decimal point.

• **Correct a #DIV/0! Error**

This error occurs when a number is divided by zero (0).

1. Optionally, click the cell that displays the error, click the button that appears, and then click **Show Calculation Steps** if it is appears.

**Reasons**

a. Entering a formula that contains explicit division by zero (0) — for example, =5/0.
b. Using the cell reference to a blank cell or to a cell that contains zero as a divisor.

**Solutions**

- Change the cell reference to another cell.
- Enter a value other than zero in the cell used as a divisor.
- Enter the value **#N/A** into the cell referenced as the divisor, which changes the result of the formula to **#N/A** from **#DIV/0!** To denote that the divisor value is not available.
- Prevent the error value from displaying by using the IF worksheet function. For example, if the formula that creates the error is =A5/B5, use =IF (B5=0,"", A5/B5) instead. The two quotation marks represent an empty text string.

**Correct a #N/A error**

This error occurs when a value is not available to a function or formula.

1. Optionally, click the cell that displays the error, click the button that appears, and then click **Show Calculation Steps** if it appears.

**Reasons and Solutions**

a. Missing data, and **#N/A** or NA() has been entered in its place.

b. Giving an inappropriate value for lookup function as an argument such functions may be HLOOKUP, VLOOKUP, MATCH or LOOKUP.

c. Using these lookup functions to locate the value in an unsorted table.

d. Using an argument in the array formula that is not in the same number of rows or columns as the range that contains the array formula.

**Correct a #NAME? Error**

This error occurs when Excel doesn’t recognize text in a formula.

**Reasons:**

a. The EUROCONVERT function without the Euro Currency Tools add-in being loaded.

**Solutions**

1. Click the **Microsoft Office Button**, click **Excel Options**, and then click the **Add-ins** category.

2. Select **Excel Add-ins** in the **Manage** list box, and then click **Go**.

3. In the **Add-Ins available** list, select the **Euro Currency Tools** check box, and then click **OK**.

**Correct #NULL! Error**

This error occurs when we specify an intersection of two areas that do not intersect. The intersection operator is a space between references.
1. Optionally, click the cell that displays the error, click the button that appears, and then click **Show Calculation Steps** if it appears.

2. Possible causes and solutions.

**Incorrect range operator**

- To refer to a contiguous range of cells, use a colon (:) to separate the reference to the first cell in the range from the reference to the last cell in the range. For example, \( \text{SUM (A1:A10)} \) refers to the range from cell A1 to cell A10 inclusive.

- To refer to two areas that don’t intersect, use the union operator, the comma (,). For example, if the formula sums two ranges make sure that a comma separates the two ranges (\( \text{SUM (A1:A10, C1:C10)} \)).

**Ranges do not intersect**

- If there are no squares at each corner of the **colour-coded border**, then the reference is to a named range.

- If there are squares at each corner of the colour-coded border, then the reference is not to a **named range**.

5. Double-click the cell that contains the formula we want to change. **Excel highlights** each cell or range of cells with a different colour.

6. Do one of the following:

   - To move a cell or range reference to a different cell or **range**, **drag** the **colour-coded** border of the cell or range to the new cell or range.

   - To include more or **fewer cells** in a reference, drag a corner of the border.

   - In the **formula**, select the reference, and **type** a new one.

7. Press **ENTER**.

8. Do one of the following:

   - Select the range of cells that **contains formulas** in which we want to replace references with names.

   - Select a single cell to change the references to names in all formulas on the **worksheet**.

9. On the **Formulas** tab, in the **Defined Names** group, click the arrow next to **Define Name**, and then click **Apply Names**.

10. In the **Apply Names** box, click one or more names.

**Correct #NUM! Error**

This error occurs with invalid numeric values in a formula or function.

1. Optionally, click the cell that displays the error, click the button that appears, and then click **Show Calculation Steps** if it appears.

2. Review the following possible causes and solutions:
Spreadsheet

- Using an unacceptable argument in a function that requires a numeric argument.
- Make sure that the arguments (argument: The values that a function uses to perform operations or calculations. The type of argument a function uses is specific to the function. Common arguments that are used within functions include numbers, text, cell references, and names.) used in the function are numbers. For example, even if the value we want to enter is $1,000, enter 1000 in the formula.
- Using a worksheet function that iterates, such as IRR or RATE, and the function cannot find a result.
- Use a different starting value for the worksheet function.
- Change the number of times Microsoft Office Excel iterates formulas.
  1. Click the Microsoft Office Button, click Excel Options, and then click the Formulas category.
  2. In the Calculation options section, select the Enable iterative calculations check box.
  3. To set the maximum number of times that Excel will recalculate, type the number of iterations in the Maximum Iterations box. The higher the number of iterations, the more time that Excel needs to calculate a worksheet.
  4. To set the maximum amount of change that we will accept between calculation results, type the amount in the Maximum Change box. The smaller the number, the more accurate the result and the more time that Excel needs to calculate a worksheet. Entering a formula that produces a number that is too large or too small to be represented in Excel.

- Correct a #REF! Error

This error occurs when a cell reference (cell reference: The set of coordinates that a cell occupies on a worksheet. For example, the reference of the cell that appears at the intersection of column B and row 3 is B3.) is not valid.
  1. Optionally, click the cell that displays the error, click the button that appears, and then click Show Calculation Steps if it appears.
  2. Review the following possible causes and solutions:
     - Deleting cells referred to by other formulas, or pasting moved cells over cells referred to by other formulas.
     - Change the formulas, or restore the cells on the worksheet by clicking Undo immediately after we delete or paste the cells.
     - Using an Object Linking and Embedding (OLE) link to a program that is not running.
     - Start the program.
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- Linking to a Dynamic Data Exchange (DDE) topic such as “system” that is not available.
- Make sure that we’re using the correct DDE topic.
- Running a macro that enters a function that returns #REF!

**Correct a #VALUE! Error**

This error occurs when the wrong type of argument (argument: The values that a function uses to perform operations or calculations. The type of argument a function uses is specific to the function. Common arguments that are used within functions include numbers, text, cell references, and names.) or operand (operand: Items on either side of an operator in a formula. In Excel, operands can be values, cell references, names, labels, and functions.) is used.

1. Optionally, click the cell that displays the error, click the button that appears, and then click **Show Calculation Steps** if it appears.
2. Review the following possible causes and solutions.
   - Entering text when the formula requires a number or a logical value, such as TRUE or FALSE.
   - Microsoft Office Excel cannot translate the text into the correct data type. Make sure that the formula or function is correct for the required operand or argument, and that the cells that are referenced by the formula contain valid values. For example, if cell A5 contains a number and cell A6 contains the text “Not available”, the formula =A5+A6 will return the error #VALUE!.
   - Entering or editing an array formula, and then pressing ENTER.
   - Select the cell or range of cells that contains the array formula (array formula: A formula that performs multiple calculations on one or more sets of values, and then returns either a single result or multiple results. Array formulas are enclosed between braces {} and are entered by pressing CTRL+SHIFT+ENTER.), press F2 to edit the formula, and then press CTRL+SHIFT+ENTER.
   - Entering a cell reference, a formula, or a function as an array constant.
   - Make sure that the array constant (constant: A value that is not calculated and, therefore, does not change. For example, the number 210, and the text “Quarterly Earnings” are constants. An expression, or a value resulting from an expression, is not a constant.) is not a cell reference, formula, or function.
   - Supplying a range to an operator or a function that requires a single value, not a range.
   - Change the range to a single value.
   - Change the range to include either the same row or the same column that contains the formula.
Summary

- Setting up a spreadsheet can be fairly time consuming, although templates, or sample spreadsheets, are available with most of software packages. The computered spreadsheet can be formatted with different print layouts. It allows working with rows and columns of numbers and use formula to do "what if" calculations. The spreadsheet gives considerable power and flexibility in entering and editing information, setting up calculations with formula and functions, and printing the results. It has rows that are horizontal lines of information that are numbered on the left-hand side of the Excel workbook. Columns are vertical lines of information and are identified by letters along the top of the spreadsheet. Rows and columns intersect to form cells. A cell is addressed by the column and row position, for example B4 is the intersection of column b and row 4.

- In the earliest spreadsheets, cells were a simple two-dimensional grid. Over time, the model has been expanded to include a third dimension, and in some cases a series of named grids, called sheets.

- In any worksheet or spreadsheet a cell is the smallest element which may contain a value or a formula or a function or it may simply be left empty. To use formula or function in the cell; usually begin with = sign by convention.

- A cell reference is the name cell in the spreadsheet. Most cell references indicate another cell in the same spreadsheet, but a cell reference can also refer to a cell in a different sheet within the same spreadsheet or to a value from a remote application. A typical cell reference consists the column followed by a row number is called relative cell reference. Both column and row number; either part can be relative changes when the cell or formula in it is moved or copied from other cell or absolute (indicated with $ in front of the part concerned of the cell reference). The older “R1C1” reference style consists of the letter R, the row number, the letter C, and the column number; relative row or column numbers are indicated by enclosing the number in square brackets. Most current spreadsheets use the A1 style, some providing the R1C1 style as a compatibility option. When the computer calculates a formula in one cell to update the displayed value of that cell, cell reference(s) in that cell, naming some other cell(s), cause the computer to fetch the value of the named cell(s).

- A reference to a range of cells is typically of the form (A1:A6) which specifies all the cells in the range A1 through to A6. A formula such as “=SUM (A1:A6)” would add all the cells specified and put the result in the cell containing the formula itself.

- A function is a special key word which can be entered into a cell in order to perform and process the data which is appended within brackets. There is a function button on the formula toolbar (fx); which function offers assistance
and useful prompts into a spreadsheet cell. Alternatively we can enter the function directly into the formula bar. A function involves four main issues:

- Name of the function.
- The purpose of the function.
- The function needs what argument(s) in order to carry its assignment.
- The result of the function.

• **Formatting** of spreadsheets makes easier to read and understand the important information (e.g. conditional formatting, number formatting, text and general spreadsheet formatting etc.). A cell or range can optionally be defined to specify how the value is displayed. The default display format is usually set by its initial content if not specifically previously set, so that for example “24/11/1952” or “24 Nov 1952” would default to the cell format of “date”. Similarly adding a % sign after a numeric value would tag the cell as a percentage cell format. The cell contents are not changed by this format, only the displayed value.

• To **print** an entire spreadsheet choose **Page Setup** from the **File Menu**. **Choose** the appropriate **options** in terms of horizontal (landscape) or vertical (portrait) printing, Excel prints entire spreadsheet document, if the document is too wide to fit on a page, Excel will print the remaining columns on subsequent pages before continuing to print the remaining rows.

• We can **save our document every 5 minutes**. The first time we save, go to the **File Menu** and pull to **Save**, **make sure the document is in the correct folder** and on the **correct drive**, type the name for what we want to save it as, and click in the **save** box.
Q1. MULTIPLE CHOICE QUESTIONS

1. The best way to get started in Excel 2007 is to click the _____.
   a. View toolbar.
   b. Home tab.
   c. Microsoft Office Button.
   d. None of the above.

2. Which key combination collapses the ribbon?
   a. [Ctrl]+[F1]
   b. [Ctrl]+[F3]
   c. [Ctrl]+[F5]
   d. [Ctrl]+[F7]

3. Which view shows margins and the rulers?
   a. Normal
   b. Page Layout
   c. Page Setup
   d. Review

4. As you type a number in a cell, what mode appears in the status bar?
   a. Enter mode
   b. Ready mode
   c. Edit mode
   d. Record mode

5. Where is the address of the active cell displayed?
   a. Row heading
   b. Status bar
   c. Name Box
   d. Formula bar

6. Which command reverses the last action performed in the worksheet?
   a. Cut
   b. Undo
7. When navigating in a workbook, which command is used to move to the beginning of the current row?
   a. [Ctrl]+[Home]
   b. [Page Up]
   c. [Home]
   d. [Ctrl]+[Backspace]

8. Which key when pressed displays the access keys?
   a. [Alt]
   b. [Ctrl]
   c. [Shift]
   d. [Esc]

9. Which command allows you to reverse an Undo command?
   a. Redo
   b. Repeat
   c. Reset
   d. Reverse

10. Which function results can be displayed in AutoCalculate?
    a. SUM and AVERAGE
    b. MAX and LOOK
    c. LABEL and AVERAGE
    d. MIN and BLANK

11. Which cell alignment is assigned to most values by default?
    a. Right
    b. Left
    c. Centre
    d. Decimal

12. Which function automatically totals a column or row of values?
    a. TOTAL
    b. ADD
    c. SUM
    d. AVG
Spreadsheet

13. Which mathematical operator is represented by an asterisk (*)?
   a. Exponentiation
   b. Addition
   c. Subtraction
   d. Multiplication

14. Which step completes an entry and moves the pointer to the cell to the right?
   a. Pressing [Enter]
   b. Pressing [Tab]
   c. Pressing [Shift]+[Tab]
   d. Pressing [Shift]+[Enter]

15. How many blank worksheets are shown when a new workbook is created?
   a. One
   b. Two
   c. Three
   d. Four

Q2. Answer the followings Questions

1. Define spreadsheet and its salient features?
2. Write any five advantages using electronic spreadsheet in place of manual spreadsheet.
3. Define workbook and worksheet. What is the difference between them?
4. Explain active worksheet?
5. Using Fill: Series command in Excel write down the steps to fill data from 120, 320.....2300 in Column A.
6. Define Data Range, Name Range and How these are created and selected?
7. Write down the steps for the use of Custom Lists.
8. Explain the purpose of Format, Conditional Formatting and Auto Format.
9. What is Wrap Text feature of Excel, Merging of Cells and what will be the cell address of merged cells?
10. Explain the purpose of using Print Preview?
11. Explain difference between relative reference and absolute reference?
12. Discuss IF function and nested IF functions giving example?
13. Write down examples for any two financial functions you know with their proper syntax.
14. What is the use of PMT function?
15. How many ways Data Entry is possible in Spread Sheet?
16. Define one-variable Table and Two-variable table. Explain these with examples.
17. Define Pivot Table and explain usage?
18. What are formulas and how they are created?
19. Write down the differences between formula and function?

Q3. Skill Review

A. You had started your own online business to sale and find out the sales for the first week is as follows:

<table>
<thead>
<tr>
<th>Day</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>Rs.120.45</td>
</tr>
<tr>
<td>Tuesday</td>
<td>Rs.187.43</td>
</tr>
<tr>
<td>Wednesday</td>
<td>Rs.106.87</td>
</tr>
<tr>
<td>Thursday</td>
<td>Rs.143.69</td>
</tr>
<tr>
<td>Friday</td>
<td>Rs.117.52</td>
</tr>
<tr>
<td>Saturday</td>
<td>Rs.87.93</td>
</tr>
<tr>
<td>Sunday</td>
<td>Rs.92.12</td>
</tr>
</tbody>
</table>

Use a function to work out how much you earned, on average, each day.

B. Use a Days360 function to work out how many days are left before your next birthday. Instead of typing out the current date in say cell A2, you can use this inbuilt function:

=Now ( )

The Now function doesn't need anything between the round brackets. Once you have today's date, you can enter your birthday in say cell B2.

C. Create an Activity Report (Weekly) for a Sales Representative working in a reputed home appliances manufacturing company. Details recorded should contain Date of Visit, Day of Visit, Name of Shop/Dealer Visited, Address, Phone Number, Name of Product (Dealing), Type of Response (by the Dealer), Demand of Product and Duration Spent (in hrs).

a. Fill data in Date of Visit, Day of Visit using Fill Series.

b. Name the worksheet created above as Weekly Visit Report.

c. Create Product-wise, Dealer-wise Monthly Report which should include Total Hours Spent.

d. Count total number of dealers visited and dealers who gave positive response.
Create a worksheet to record sales of home appliances sold by M/s Home Maker Ltd. In the following format:

<table>
<thead>
<tr>
<th>Date of Sales</th>
<th>Name of Customers</th>
<th>Name of Products</th>
<th>Make</th>
<th>Quantity</th>
<th>Sales Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The product list includes Television sets, Refrigerators, Microwave ovens, Water Coolers, Air Coolers, Geezers and Air conditioners of different Makes (and models). The cost of price of television is ranging from Rs. 10,000 to Rs. 56,000; refrigerator is Rs. 13,000 to Rs. 45,000, microwave ovens, water coolers, geezers and air coolers are from Rs. 8,000 to Rs. 25,000 and Air Conditioners are from Rs. 18,000 to Rs. 55,000. The shopkeeper sells these products adding 17.25% more on cost price. He provides a discount of 4.35% on total amount if any customer purchases two products on the same date. Enter 30 records of different dates (for a month) and different customers accordingly. Calculate the following:

a. Product wise weekly sales and discount.
b. Calculate the profit of shopkeeper.
c. Product wise total sales of the month and discount offered.

D. Create a worksheet to keep track of revenue collected and expenses done in conducting tour programs at different tourist places during 2004 to 2008. Format the numeric data in currency format, prepare year wise columns for revenue and expenses for each tourist place and calculate the difference. The calculated difference may be negative, the format of negative balance may be red coloured. Use conditional formatting for higher and lower values of revenue and expenses. Align entire text in centre. The font of tourist place is Arial with 14 point while the font of year is Times Roman with 14 points.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manali</td>
<td>123</td>
<td>55</td>
<td>234</td>
<td>123</td>
<td>345</td>
<td>333</td>
<td>333</td>
<td>365</td>
<td>365</td>
<td>453</td>
</tr>
<tr>
<td>Kashmir</td>
<td>234</td>
<td>123</td>
<td>123</td>
<td>55</td>
<td>365</td>
<td>453</td>
<td>345</td>
<td>333</td>
<td>333</td>
<td>365</td>
</tr>
<tr>
<td>Shilong</td>
<td>345</td>
<td>333</td>
<td>333</td>
<td>365</td>
<td>123</td>
<td>55</td>
<td>234</td>
<td>123</td>
<td>123</td>
<td>55</td>
</tr>
<tr>
<td>Kerala</td>
<td>333</td>
<td>365</td>
<td>365</td>
<td>453</td>
<td>234</td>
<td>123</td>
<td>123</td>
<td>55</td>
<td>345</td>
<td>333</td>
</tr>
</tbody>
</table>
**Computerised Accounting System**

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>c</td>
<td>2.</td>
<td>a</td>
<td>3.</td>
<td>b</td>
<td>4.</td>
</tr>
<tr>
<td>7.</td>
<td>c</td>
<td>8.</td>
<td>a</td>
<td>9.</td>
<td>a</td>
<td>10.</td>
</tr>
<tr>
<td>13.</td>
<td>d</td>
<td>14.</td>
<td>b</td>
<td>15.</td>
<td>c</td>
<td></td>
</tr>
</tbody>
</table>
Use of Spreadsheet in Business Applications

Learning Objectives
After studying this chapter you will be able to use spreadsheet for:

- Calculation of depreciation by various methods.
- Loan repayment, interest calculation.

Introduction
In the previous chapter, we have learned about the spreadsheet and its several features that can be used in business applications. In this chapter, we shall discuss the applications of spreadsheet (using Excel) to Payroll Accounting and some other select applications (Asset Management, and Loan Repayment).

3.1 PAYROLL ACCOUNTING
Every employee is paid salary on a pre-determined date within the framework of employee contract and related personnel policy in force from time to time in an organisation.

The computation of salary payment is based on the number of days an employee has worked, rate per grade of pay, rate of applied allowances and deductions to be made therefrom.

The preparation of salary bill should provide for the following:

- Maintaining payroll related data such as Employee No., Name, Attendance, Basic Pay, applicable Dearness and other Allowances, deductions to be made.
- Periodic payroll computations: the payroll computation includes the calculation of various earning and deduction heads, which are to be derived from basic values (such as basic salary, number of days under leave without pay (LWP) and unauthorised absence, etc) as per the formulae.
• Preparation of salary statement and employees salary slips
• Generation of advice to bank: It contains the net salary to be transferred to individual bank account of employees and other salary related statutory payments such as provident fund, tax, etc.

3.1.1 Payroll Components
Every employee is under contractual relationship of service with an organisation, and is paid salary accordingly. The following elements are important for salary computation and its payment:

• Current Payroll Period (Month and Year)

• Earnings
  • Basic Pay (BP): It is the pay in the pay scale plus Grade Pay, but does not include Special Pay.
  • Grade Pay (GP): It is the pay to be added to the Basic Pay according to the Designation of the employee and applicable pay band or scale of pay.
  • Dearness Pay (DP): It is that portion of Dearness Allowance, which has been declared and deemed to have been merged with the Basic Pay.
  • Dearness Allowance (DA): It is a compensation for erosion in the purchasing power of wage earner due to price rise. It is granted by the Government periodically as a percentage of (Basic Pay + Dearness Pay, if applicable).
  • House Rent Allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation.
  • Transport Allowance (TRA): It is an amount to facilitate commuting to the the place of work, i.e. Delhi, Bhopal, Haridwar, etc.
  • Any Other Earning: It may include any other allowance not included above but declared from time to time, such as Education Allowance, Medical Allowance, Washing Allowance, etc.

• Deductions
  • Professional Tax (Applicable in some states) (PT): It is a statutory deduction according to the legislature of the State Government.
  • Provident Fund (PF): It is a statutory deduction, as part of social security. It is decided by the Government under the Provident Fund Act and is computed as a percentage of (Basic Pay + Dearness Pay, if applicable).
  • Tax Deduction at Source (TDS): It is a statutory deduction, which is deducted monthly towards Income Tax liability of an employee. It is essentially an apportionment of yearly Income Tax liability over 12 months.
Use of Spreadsheet in Business Application

- **Recovery of Loan Instalment (LOAN)**: Any amount signified by the employee for deduction on account of any loan taken up by him/her.

- **Any Other Deduction**: It may include any other deduction not included above such as Recovery of “Advance against Salary”, deductions on account of “Food Grain Advance”, “Festival Advance”, etc.

### 3.1.2 Elements Used in Payroll Calculation

**Basic Pay Earned (BPE)** – Basic Pay Earned of an employee is the Basic Pay calculated with reference to Number of Effective Days present (NOEDP) during the month.

\[
BPE = BP \times \frac{NOEDP}{NODM}
\]

**Number of Effective Days Present (NOEDP)** – is the Number of Days in a Month Minus Leave without Pay minus Unauthorised Absence, i.e.

\[
NOEDP = (Number \ of \ Days \ in \ a \ Month) - (Leave \ without \ Pay) - (Unauthorised \ Absence); \ where \ (Number \ of \ Days \ in \ a \ Month) \ may \ be \ denoted \ by \ NODM.
\]

**Dearness Allowance (DA)** –

\[
DA = BPE \times (Applicable \ Rate \ of \ DA \ for \ the \ Month)
\]

**House Rent Allowance (HRA)** –

\[
HRA = BPE \times (Applicable \ Rate \ of \ HRA \ for \ the \ Month)
\]

**Transport Allowance (TRA)** –

\[
TRA = (Fixed \ Amount) \ or \ (On \ Percentage \ Basis)
\]

**Total Earnings (TE)** – It is the aggregate of all the above earning elements. Thus,

\[
TE = BPE + DA + HRA + TRA
\]

** Provident Fund (PF)** : This can be calculated as

\[
PF = BPE \times PF \ Rate
\]

**Tax Deduction at Source (TDS)** : It is usually a fixed amount deducted every month on account of TDS. In the last quarter of a year, the investment details, which are permissible for tax deduction, are received from employees to compute the quarterly and yearly income tax liability more accurately.

**Recovery of Loan Instalments (LOAN)** : It is a fixed amount to be deducted on account of Loan Installment as part of loan recovery.

**Total Deductions (TD)** : It is the total of all the above deductions. Thus,

\[
TD = PF + TDS + LOAN
\]
The Net Salary (NS) is the amount payable to an employee. It is obtained by deducting Total Deductions (TD) from Total Earnings (TE) as given below:

\[
\text{Net Salary (NS)} = \text{Total Earnings (TE)} - \text{Total Deductions (TD)}
\]

3.1.2.1 Template Design

Whenever we have to use a spreadsheet for any computations, the first step is to plan its layout and the template specifying the sequence of various columns, etc. The template also includes identification of cells, which will contain formulae. The advantage of preparing the template is that as a user puts in the values in the spreadsheet, the calculated results are shown correspondingly. A table giving the contents of various columns is a helpful tool to represent the template of a spreadsheet. The following example will explain this process.

**Example**

There are 14 employees in M/s XYZ Enterprise. The payroll calculations of these employees are given in the spreadsheet shown in Figure 3.3 (a) and Figure 3.3 (b). These figures show the layout of the spreadsheet. In a column, either a value is entered directly or else it is computed using a formula. Such data are given in Figure 3.1. The rules for computing some of the payroll elements used above are given in Figure 3.2.

Different data elements are arranged in the spreadsheet as follows:

- No. of Days in a Month (NODM) is entered in the cell G3
- DA Rate (in %) is entered in the cell G4
- HRA Rates (in %) for Supervisory (Emp Type = “Sup”) and Non-supervisory (Emp Type = “Nsup”) are entered in the cells G5 and G6, respectively.
- Transport Allowance for Supervisory (Emp Type = “Sup”) and Non-supervisory (Emp Type = “Nsup”) are entered in the cells G7 and G8, respectively.
- PF Rate (in %) is entered in the cell G9.

**Notes**

- In columns I and J, nested-if function (i.e. an “IF” function within another “IF” function) has been used. If function has been introduced in Chapter 2.
- The formulae in column-F and column-G use absolute address ($G$3) for cell G3 rather than using the relative address (G3). The absolute address is used for those cells whose reference should not change while the formula is to be copied into other cells. The concept of relative and absolute addressing of cells has been explained in Chapter 2 earlier. Absolute addresses are also used in the formulae used in columns H, I, and J.
Use of Spreadsheet in Business Application

<table>
<thead>
<tr>
<th>Column</th>
<th>Column Heading</th>
<th>Abbrev Ref</th>
<th>First line shows Required Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Second line refers the cell content</td>
</tr>
<tr>
<td>A</td>
<td>Employee No</td>
<td>Emp No</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>B</td>
<td>Employee Name</td>
<td>Emp Name</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>C</td>
<td>Employee Type</td>
<td>Emp Type</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>D</td>
<td>Deduction Days</td>
<td>Ded Days</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>E</td>
<td>Basic Pay</td>
<td>BP</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>F</td>
<td>No. of Effective Days Present</td>
<td>NOEP</td>
<td>= NODM – (Ded Days) = $I$3-D12</td>
</tr>
<tr>
<td>G</td>
<td>Basic Pay Earned</td>
<td>BPE</td>
<td>= BP * NOEP/NODM = E12*F12/$I$3</td>
</tr>
<tr>
<td>H</td>
<td>Dearness Allowance</td>
<td>DA</td>
<td>= BPE * DA Rate (in %) = G12*$I$4</td>
</tr>
<tr>
<td>I</td>
<td>House Rent Allowance</td>
<td>HRA</td>
<td>= If (Emp Typ = “Sup” then 40% of BPE else if (Emp Typ = “Nsup” then 30% of BPE else 0)) = IF(C12=&quot;Sup&quot;, G12*$I$5, IF(C12=&quot;Nsup&quot;, G12*$I$6,0))</td>
</tr>
<tr>
<td>J</td>
<td>Transport Allowance</td>
<td>TRA</td>
<td>= If (Emp Typ = “Sup” then 1000 else if (Emp Typ = “Nsup” then 500 else 0)) = IF(C12=&quot;Sup&quot;,$I$7,IF(C12=&quot;Nsup&quot;,0))</td>
</tr>
<tr>
<td>K</td>
<td>Gross Salary</td>
<td>TE</td>
<td>= BPE + DA + HRA + TRA = G12+H12+I12+J12</td>
</tr>
<tr>
<td>N</td>
<td>Provident Fund</td>
<td>PF</td>
<td>= BPE * PF Rate (in %) = G12*$I$9</td>
</tr>
<tr>
<td>O</td>
<td>Tax Deduction at Source</td>
<td>TDS</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>P</td>
<td>Loan Repayment Inst.</td>
<td>LOAN</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>Q</td>
<td>Total Deductions</td>
<td>TD</td>
<td>= PF + TDS + LOAN= N12+O12+P12</td>
</tr>
<tr>
<td>R</td>
<td>Net Salary</td>
<td>NS</td>
<td>= TE – TD= K12-Q12</td>
</tr>
</tbody>
</table>

Figure 3.1: Spreadsheet Columns and the Cells Content in Spreadsheet shown in Figure 3.3 A

<table>
<thead>
<tr>
<th>Variable/Type of Employee</th>
<th>Value in % or Fix Value</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dearness Allowance (DA)</td>
<td>35% of Basic Pay</td>
<td>I4</td>
</tr>
<tr>
<td>House Rent Allowance (HRA)--;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisory Employee (Sup)</td>
<td>40% of Basic Pay</td>
<td>I5</td>
</tr>
<tr>
<td>Non-supervisory Employee (Nsup)</td>
<td>30% of Basic Pay</td>
<td>I6</td>
</tr>
<tr>
<td>Consultant or Contract Employee</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Provident Fund (PF)</td>
<td>12% of BP +DA</td>
<td>I9</td>
</tr>
</tbody>
</table>

Figure 3.2: Rules for Computing Some of Payroll Elements
The following spreadsheet shows columns A to K in Figure 3.3 a; while columns L to P are shown in Figure 3.3 b. For reference, columns A and B are repeated in columns L and M in Figure 3.3 b for reference only.

![Figure 3.3 a: Partial Spreadsheet Showing Payroll List upto Gross Salary](image)

![Figure 3.3 (b): Partial Spreadsheet for calculation of Deductions & Net Salary](image)
3.2 ASSET ACCOUNTING

In this section, we shall be discussing the computation of amount of depreciation to be charged on assets.

3.2.1 INTRODUCTION

Assets are resources of the organisation, which can be classified into fixed and current assets. Fixed assets are long-term assets and provide productive capability to the firm. The examples of fixed assets are land, building, plant & machinery, etc. It includes both tangible and intangible assets. Tangible assets are physical in nature, which have form, shape and size. Intangible assets are resources capable of adding value but do not have a physical dimension such as patents, copyrights, trade mark, etc.

The depreciation on fixed assets is provided to recognise the cost of the asset consumed during an accounting period since the life of such assets extends beyond single accounting year. Usually, depreciation is not provided on free hold land.

Total Amount of Depreciation = Acquisition Cost – Salvage Value (Over Life of the Asset)

Year-to-date depreciation is the accumulated depreciation from the date to which the asset is put to use till the current accounting year.

Year-to-date depreciation is the accumulated depreciation from the date to which the asset is put to use till the current accounting year.

Depreciation is calculated according to the policy of the organisation. There are basically two methods, namely the Straight Line Method (SLM) and the Written Down Value Method (WDV). We had studied depreciation in our previous standard (XIth Standard) in Accountancy Book Part I.

We will recall that asset accounting requires maintenance of asset register, computation of depreciation and preparation of schedule of fixed assets for reporting in the balance sheet as part of the annual accounts. In order to prepare this report the depreciation calculation sheet is also to be prepared.

3.2.2 COMPUTERISED ASSET ACCOUNTING

Assets are classified into the following categories:

- Goodwill
- Land: Free-hold land and Lease-hold land
- Building: Factory building, Office building, and Residential building
• Plant and Machinery
• Furniture and Fixtures
• Vehicles
• Capital work in progress
• Others

The Companies Act, 1956 in Schedule-14 lists the rate of depreciation to be used for different class of assets under Straight Line Method (SLM) and Written Down Value Method (WDV). The prescribed rates are different under two methods. For reporting purposes, corporate enterprises may use either of the method and applicable rates. Let us now understand the computation of depreciation using the two methods.

3.2.2.1 Straight Line Method (SLM)

The following is the formula for computation of depreciation:

• Acquisition Cost = Purchase Value + Other expenses, such as Transportation Expenses, Installation Expenses and Pre-operating Expenses
• Total Depreciable Amount = Acquisition Cost - Salvage Value

The salvage value of an asset is the value, which is realisable at the end of its useful life.

• Straight Line Depreciation = \( \frac{\text{Total Depreciable Amount}}{\text{Expected Useful Life}} \)

• Rate of Depreciation = \( \frac{\text{Straight Line Depreciation}}{\text{Total Depreciable Amount}} \times 100 \)

Example

The depreciation calculation (using SLM) is done using the Excel spreadsheet, which is shown in Fig. 3.5 a and Fig. 3.5 b in two parts due to the limitation of the page width. In each of the spreadsheet column, either a value is entered directly or else it is computed using a formula. Such data are given in Figure 3.4.

Different data elements are arranged in the spreadsheet as follows:
• Year Beginning Date is entered in cell-C3
• Year End Date is entered in cell-F3
• First-Half Year End Date is entered in cell-E3
Use of Spreadsheet in Business Application

<table>
<thead>
<tr>
<th>Column</th>
<th>Column Heading</th>
<th>Abbrev Ref</th>
<th>First line shows Required Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Asset Name</td>
<td>Asset Name</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>B</td>
<td>Date of Purchase</td>
<td>Pur. Date</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>C</td>
<td>Date of Installation</td>
<td>Inst. Date</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>D</td>
<td>Cost of Purchase</td>
<td>Pur. Cost</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>E</td>
<td>Installation Expenses</td>
<td>Inst. Exp.</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>F</td>
<td>Pre-operating Expenses</td>
<td>Pre-op Exp</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>G</td>
<td>Cost to Use</td>
<td>Cost to Use</td>
<td>(= (\text{Cost of Purchase}) + (\text{Installation Expenses}) + (\text{Pre-operating Expenses}) = D5+E5+F5)</td>
</tr>
<tr>
<td>H</td>
<td>Salvage Value</td>
<td>Salvage Val</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>I</td>
<td>Life of Asset in Years</td>
<td>Life in Yrs</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>K</td>
<td>Depreciation Amount</td>
<td>Depr.</td>
<td>(=\text{SLN}(G5,H11,I11))</td>
</tr>
</tbody>
</table>

The depreciation is computed by straightline method using the built-in spreadsheet function SLN in column-K. The spreadsheets are shown in Figure 3.5(a) and Figure 3.5(b).

The above-mentioned computations and spreadsheets (shown in two parts due to the constraint in the page width) give an idea of the process of depreciation calculation using SLM function. The spreadsheet

3.2.2.2 Written Down Value (WDV) Method

Written Down Value (WDV) method uses the current book value as the base for computing the depreciation for the next period. It is also called Declining Balance (DB) method and uses the Excel function DB to compute the depreciation. The parameters of the function DB are as follows (Figure 3.6):

<table>
<thead>
<tr>
<th>Column</th>
<th>Parameter</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>Cost</td>
<td>Initial cost of the asset</td>
</tr>
<tr>
<td>H</td>
<td>Salvage</td>
<td>Salvage value</td>
</tr>
<tr>
<td>I</td>
<td>Life</td>
<td>Life (in years) of the asset</td>
</tr>
<tr>
<td>J</td>
<td>Period</td>
<td>Period (in years) for which the depreciation is calculated</td>
</tr>
<tr>
<td>K</td>
<td>Month</td>
<td>No. of months in the 1st year</td>
</tr>
</tbody>
</table>

In a column, either a value is entered directly or else it is computed using a formula. Such data are given in Figure 3.7.

Different data elements are arranged in the spreadsheet as follows:

- Year Beginning Date is entered in cell-C3
- Year End Date is entered in cell-F3
- First-Half Year End Date is entered in cell-I3

<table>
<thead>
<tr>
<th>Column</th>
<th>Column Heading</th>
<th>Abbre. Ref</th>
<th>First line shows Required Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Asset Name</td>
<td>Asset Name</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>B</td>
<td>Date of Purchase</td>
<td>Pur. Date</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>C</td>
<td>Date of Installation</td>
<td>Inst. Date</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>D</td>
<td>Cost of Purchase</td>
<td>Pur. Cost</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>E</td>
<td>Instalation Expenses</td>
<td>Inst. Exp.</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>F</td>
<td>Pre-operating Expenses</td>
<td>Pre-op Exp</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>G</td>
<td>Cost to Use</td>
<td>Cost to Use</td>
<td>= (Cost of Purchase) + (Instalation Expenses) + (Pre-operating Expenses) = D5+E5+F5</td>
</tr>
<tr>
<td>H</td>
<td>Salvage Value</td>
<td>Salvage Val</td>
<td>Value entered directly</td>
</tr>
</tbody>
</table>
### Use of Spreadsheet in Business Application

<table>
<thead>
<tr>
<th>Column</th>
<th>Column Heading</th>
<th>Abbre. Ref</th>
<th>First line shows Required Formula</th>
<th>Second line refers the cell content</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Life of Asset in Years</td>
<td>Life in Yrs</td>
<td>Value entered directly</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Period (in Years) for which Depr. is to be computed</td>
<td>Period</td>
<td>If (Instalation of asset was done after March) then take (Current Year) – (Year of Instalation) else take one addl. Year. = IF (MONTH(C5) &gt; 3,(YEAR($F$3)-YEAR(C5)),(YEAR($F$3)-YEAR(C5))+1)</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Months in 1st Year (i.e. the year of installation)</td>
<td>Months in 1st Yr</td>
<td>No. of months between (Yr-End-Dt in 1st Yr) &amp; (Inst.Date) = ROUND((L5-C5)/30,0)</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Year-end Date in 1st Year (Reqd. to compute column-K)</td>
<td>Yr-End-Dt in 1st Yr</td>
<td>If (Inst. Date) was Between Jan and Mar, Take it as 31st Mar of (Year of Inst. Date) Else Take it as Next Year. = IF(AND(MONTH(C5)&gt;0,MONTH(C5) &lt;4),DATE(YEAR(C5),3,31),DATE(YEAR(C5)+1,3,31))</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Depreciation</td>
<td>Depr.</td>
<td>Parameters of DB function as explained above = DB(G5,H5,I5,J5,K5)</td>
<td></td>
</tr>
</tbody>
</table>

*Figure 3.7: Column Items and their Contents used in Spreadsheet (in Figure 3.8 a and b)*

The spreadsheet is divided in two parts; first part shows columns A to G in Figure 3.8 a; while second part shows columns H to M are shown in Figure 3.8 b. The “Asset Name” is repeated in both the figures:

*Figure 3.8 a : Partial Spreadsheet Columns for Calculation of Depreciation by WDV Method*

*Figure 3.8 b : Partial Spreadsheet Columns for Calculation of Depreciation by WDV Method*
Computerised Accounting System

The above-mentioned computations and spreadsheets (shown in two parts due to the constraint in the page width) give an idea of the process of depreciation calculation using WDV function. The spreadsheet calculation includes “Salvage Value”, “Life in Years”, “Allowed Depreciation”, and “Depreciation” Columns with previous spreadsheet “Asset Name” Column for Reference.

### 3.2.2.3 Schedule Forming Part of the Balance Sheet

The details of various columns are given in the following table:

<table>
<thead>
<tr>
<th>Column</th>
<th>Column Heading</th>
<th>Under</th>
<th>First line shows Required Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Description</td>
<td></td>
<td>Value entered directly</td>
</tr>
<tr>
<td>B</td>
<td>As at Apr 1, 2008</td>
<td>Gross Block</td>
<td>= Op. Bal + Additions/Adjustments = B8+C8-D8</td>
</tr>
<tr>
<td>C</td>
<td>Additions/Adjustments</td>
<td>Gross Block</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>D</td>
<td>Deductions/Adjustments</td>
<td>Gross Block</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>E</td>
<td>As at Mar 31, 2009</td>
<td>Gross Block</td>
<td>= Op. Bal + Additions/Adjustments = B8+C8-D8</td>
</tr>
<tr>
<td>F</td>
<td>As at Apr 1, 2008</td>
<td>Depreciation</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>G</td>
<td>Additions</td>
<td>Depreciation</td>
<td>Value Transferred from Depreciation Computation Spreadsheet</td>
</tr>
<tr>
<td>H</td>
<td>Deductions</td>
<td>Depreciation</td>
<td>Value entered directly</td>
</tr>
<tr>
<td>J</td>
<td>As at Apr 1, 2008</td>
<td>Net Block</td>
<td>= Gross Block – Depreciation as on Apr 1, 2008 = B7-F7</td>
</tr>
<tr>
<td>K</td>
<td>As at Mar 31, 2009</td>
<td>Net Block</td>
<td>= Gross Block – Depreciation as on Mar 31, 2009 = E7-I7</td>
</tr>
</tbody>
</table>

*Figure 3.9: Column Items and their Contents used in Spreadsheet (in Figure 3.10 a and b)*

The spreadsheet is divided in two parts; first part shows columns A to E in Figure 3.10 a; while second part shows columns F to K are shown in Figure 3.10 b. The “Asset Name” is repeated in both the figures:

*Figure 3.10 a: Spreadsheet Containing Fixed Asset Schedule Showing Gross Block*
The above-mentioned computations and spreadsheets (shown in two parts due to the constraint in the page width) give an idea of the process of Schedule Forming Part of the balance sheet.

### 3.3 LOAN REPAYMENT SCHEDULE

#### 3.3.1 Loan

Loan is a sum of borrowed money (termed as principal amount) for a specified period at a pre-specified rate of interest. The loan is repaid through a number of periodic (usually monthly) repayment instalments over the loan repayment period.

#### 3.3.1.1 Calculating Interest and Repayments of Loan

Computation of repayment installments is an iterative process. The Excel's built-in function, PMT can be used to compute monthly instalments of repayment of loan. The parameters of the function PMT are as follows:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>Interest rate per period for the loan</td>
</tr>
<tr>
<td>Nper</td>
<td>Total number of payments for the loan. Its unit (e.g. year) should match with the unit of the interest rate.</td>
</tr>
<tr>
<td>Pv</td>
<td>Present value, i.e. the loan amount</td>
</tr>
<tr>
<td>Fv</td>
<td>Future value, which is taken as 0, is the balance at the end of the loan period</td>
</tr>
<tr>
<td>Type</td>
<td>Whether payment is made at the beginning (value=1) or at the end (value=0) of the period</td>
</tr>
</tbody>
</table>

The layout of the spreadsheet for loan repayment calculation is given in Figure 3.13. In each column of the spreadsheet, either a value is entered directly or else it is computed using a formula. Such data are given in Figure 3.12.
The following two examples are considered for computation of repayment schedule in the spreadsheet shown in Figure 3.13.

**Example 1**
A bank has given loan of Rs. 1,00,000 to a customer for the purchase of a Plasma TV on April 1, 2007 @ 10% interest rate for a period of two years. The loan is to be repaid in 24 monthly instalments.

**Example 2**
Ajay has been sanctioned the bank loan of Rs. 2,50,000 for the purchase of a car on May 15, 2008. The loan carries the rate of interest @ 11% and it is to be repaid in 36 monthly instalments.

---

**Why is FV taken as zero (0) in the above calculations?**

At the end of the loan period, the (balance) amount payable will be zero assuming that the repayments are made on regular basis. Therefore, the future value (FV) is taken as zero.

---

The following two examples are considered for computation of repayment schedule in the spreadsheet shown in Figure 3.13.

**Example 1**
A bank has given loan of Rs. 1,00,000 to a customer for the purchase of a Plasma TV on April 1, 2007 @ 10% interest rate for a period of two years. The loan is to be repaid in 24 monthly instalments.

**Example 2**
Ajay has been sanctioned the bank loan of Rs. 2,50,000 for the purchase of a car on May 15, 2008. The loan carries the rate of interest @ 11% and it is to be repaid in 36 monthly instalments.
Summary

- MS-Excel is an easy and useful tool for various calculations carried out on spreadsheets. In this chapter, three examples have been taken to illustrate the ease and utility of spreadsheets. These examples are Payroll Calculation, Fixed Asset Accounting, and Loan Repayment Schedule.

- The first step in using spreadsheet is to list out the elements of the application. For each element, it is determined whether a direct value is to be entered or else it is to be computed using a formula.

- Excel has a rich library of various built-in functions including financial functions, which can be directly used to carry out various (otherwise complex) calculations. A formula may use one or more such functions.

- In these applications, some of the formulae use absolute address. The absolute address is used for those cells whose content should not change while the formula containing such cells is copied to other cells.

- If-function is also used in these applications. If-function is used to implement different action corresponding to different conditions.

- The Excel functions SLN and DB are used for computation of depreciation using Straight Line Method (SLM) and Written Down Value Method (WDVM), respectively. WDV Method is also termed as declining balance (DB) method.

- The function PMT is used to compute the loan repayment schedule.

EXERCISE

Q1. Multiple Choice Questions

1. Which of the following options in a financial function indicates the interest for a period?
   a. FV.
   b. PV.
   c. Nper.
   d. Rate.

2. Which of the following arguments in a financial function represents the total number of payments?
   a. FV.
   b. PV.
   c. Nper.
   d. Rate.
3. What category of functions is used in this formula:
\[=\text{PMT}(C10/12,C8,C9,1)\]
a. Logical.
b. Financial.
c. Payment.
d. Statistical.

4. When Extend Selection is active, what is the keyboard shortcut for selecting all data up to and including the last row?
a. [Ctrl]+[Down Arrow].
b. [Ctrl]+[Home].
c. [Ctrl]+[Shift].
d. [Ctrl]+[Up Arrow].

5. Which formula would result in TRUE if C4 is less than 10 and D4 is less than 100?
a. \[=\text{AND}(C4>10, \ D4>10)\].
b. \[=\text{AND}(C4>10, \ C4<100)\].
c. \[=\text{AND}(C4>10, \ D4<10)\].
d. \[=\text{AND}(C4<10, \ D4<100)\].

6. Which of these is not an argument of the IF function?
a. Logical_test.
b. Value_if_false.
c. Value_when_false.
d. Value_if_true.

7. In what cell is the Rate for PMT function where \[=\text{PMT}(C8, C9, C10, C11, C12)\]?
a. C8.
c. C10.
d. C12.

Q2. Answer the following Questions
1. What is the meaning of PV?
2. State the usage of FV?
3. What is the purpose of DB function?
4. If an investment of Rs. 1,000 is made today, ascertain its Future Value (FV) after 2 years if the rate of interest is taken as 10%?

5. If a sum of Rs. 1,000 is likely to be earned after 3 years, calculate its present value (PV).

6. What is the difference between WDV method and SLM method of depreciation?

7. Describe the two basic methods of depreciation. What functions of Excel are used for computation of depreciation?

8. Explain the importance of absolute and relative addresses. What is the basis of using relative address and absolute address?

**SKILL REVIEW**

1. In columns F, G, H, I, J, and N of the Payroll spreadsheet shown in Figure 3.3 (a) and Figure 3.3 (b) the absolute addresses are used. What will happen if relative addresses are used instead of absolute addresses?

2. In columns g of the spreadsheet shown in Figure 3.8 b for the depreciation calculation using WDV method (i.e. using DB function), the absolute addresses of cell F3 is used. Taking relative address of F3 instead of its absolute address will lead to wrong result when the formula is copied. Explain the reason and write down the values copied along with the correct values, which should have been copied.

3. Prepare attendance record in a spreadsheet for a class of 25 student’s month wise for 10 months. Calculate the percentage of presence for each student every month. Prepare a month wise summary of every student and calculate the overall percentage of presence.

4. Use spreadsheet to prepare class timetable. It should compute and check the total number of lectures, tutorials and lab practical sessions allocated for each subject. It should also compute and check the total number of hours of engagement for each teacher.

5. Prepare the worksheets yourself for examples used in sections 3.1, 3.2, 3.3 and 3.4 respectively. Add two new more records in each worksheet (with your own assumed values) and verify whether the computations are correct.

6. Create a worksheet to keep a record of employees of M/s Opportunities Company. Employee details should include Name of Employee, Designation and Basic Salary. Enter 50 records. Calculate Dearness Allowance (DA) as 37.5% of Basic Salary, House Rent Allowance (HRA) 22.5% of Basic Salary, Provident Fund (PF) as 12% of Basic Salary, Gross Salary as Basic Salary + DA+HRA, The Income Tax (IT) as 20% of Gross Salary and Net Salary is Gross Salary – (PF+IT) for each employee. Calculate also Total Salary, Average Salary, Maximum Salary and Minimum Salary paid by the company.

7. In Section-3.3, the loan instalment is computed for a given amount of loan repayable over a specified period at a specified rate of interest. Modify this exercise by fixing the loan instalment amount and compute the loan period using the PMT function.
**Computersed Accounting System**

**Answers**

1. b  
2. c  
3. b  
4. c  
5. d  
6. c  
7. a
**Introduction**

In the previous chapter, you were introduced to the basic features of spreadsheet and use of spreadsheet in accounting. Quite often, we have to present the data for communication of the accounting information. If mass of data is presented in the raw form, it may not be easily understandable. It is rightly said, “A picture is worth more than thousand words”. This chapter seeks to explain the method of preparing graphs, charts and diagrams showing the data through the use of Excel as a tool.

**4.1 GRAPHS AND CHARTS**

A graph is a pictorial representation of data, which has at least 2 dimensional relationship. Therefore, a graph has at least two axes, X and Y. X-axis is usually horizontal while Y-axis is vertical. A graph may either be a single-line graph or a multiple-line graph. For ease and enhancing of clarity, different types of lines and different shades of Colours can be used for preparing a multiple-line graph.

A pie chart represents multiple sub-groups of single variable. A bar diagram depicts two or more variables.

---

**Learning Objectives**

After studying this chapter, you will be able to:

- represent data in graphical form in charts & diagrams through Excel.
- use accounting data for graphical representation.
Figure 4.1 shows different types of graphs and charts which can be prepared with the help of the commands or standard tools given in toolbar.

Using the MS Excel 2007 we can create a basic chart by clicking the chart type that we want on the Microsoft Office Fluent user interface Ribbon, as shown in Figure 4.2. Remember these following steps which are already explained in previous chapter.
1. On the screen of the computer mouse click on **Start** Icon

2. On clicking of **Start** symbol we will get **Programs** option; which will provide us access to a list of programs installed on the computer.

3. On selecting MS Excel 2007 program it will provide a blank workbook with a Ribbon displayed at the top as shown in Figure 4.2.

4. Click on Insert tab to get tools for chart as shown in Figure 4.3.

   We will learn how to draw graphs, charts and diagrams for the following worksheet data see Figure 4.4.

   Using the following two steps we can create any type of chart / graph that displays the details that we want.

### 4.2 BASICS STEPS FOR GRAPHS/CHARTS/DIAGRAMS USING EXCEL

**Step - 1**

To create a chart in Excel; we will enter sales related data for each quarter sales (namely QTR1 to QTR4) of the year 2007-08 for six different products manufactured by ABC Manufacturing Company Ltd. (as given in Figure 4.4) The row totals (row number 11) gives the quarter wise total sales of products and the column totals (column number G) gives product wise total sales. The cell G11 gives over all total sales of the products for the year are entered in a worksheet.

**Step - 2a**

In this step we will select to plot the data **Product wise Total sales** (see in Figure 4.4 and independently shown as Step 2a) into a chart by selecting the chart type that we want to use from the Ribbon. The steps are also described earlier in section 4.1 (use **Insert** tab and click on **Charts** group). Let us draw the Bar Chart for the data of step - 2a.

**Step - 2b**

To draw a chart/graph for the given data by Excel the above steps are essential and important. From the tab on the ribbon we can see that Excel supports many features.
types of charts to display data in meaningful ways.

Let us prepare a new chart from the same worksheet to display total sales for each quarter. The data in the worksheet is to be reorganised for the purpose of chart preparation and as mentioned above, graph/chart will be prepared in similar two steps as described above (Figure 4.5).

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtr1</td>
<td>25844</td>
</tr>
<tr>
<td>Qtr2</td>
<td>11295</td>
</tr>
<tr>
<td>Qtr3</td>
<td>14744</td>
</tr>
<tr>
<td>Qtr4</td>
<td>21886</td>
</tr>
<tr>
<td>Total</td>
<td>73769</td>
</tr>
</tbody>
</table>

To create a chart or to change an existing chart, we select variety of chart types (such as a column chart or pie chart) and their sub-types (such as a stacked column chart or a pie in 3-D chart) from the ribbon. We can also create a combination of chart by using more than one chart type in any chart. This could be possible once we understand the elements of the chart and the formatting of the chart.

**4.2.1 ELEMENTS OF A CHART/GRAph**

A chart/graph are a pictorial presentation of data. To understand and explain the chart/graph we will learn all basic elements of the chart. These chart/graph elements are given in Figures 4.6 and 4.7.

1. **The chart area:** The entire chart including all elements.

2. **The plot area:** In a 2-D chart, the area is bounded by the X and Y axes. In a 3-D chart, the area is bounded by the three (X, Y and Z) axes.
3. **The data points**: Individual values plotted in a chart and represented by bars, columns, lines, pie or various other shapes are called **data markers**. Data markers of the same colour constitute a **data series**. The data series are related **data points** that are plotted in the chart/graph. Each data series in a chart is shown in a unique colour or pattern or both. Its identification is given by the legend. There may be more than one data series in a chart/graph.

4. **The horizontal (category) and vertical (value) axis**: The x-axis is usually the horizontal line which contains categories (independent values or categories) and y-axis is usually the verticals which contains data (dependent values).

5. **The legend**: It is an identifier of a piece of information shown in the chart/graph. The legends are assigned to the data series or different categories in a chart (Figure 4.7).

6. **A chart and axes titles**: Descriptive text for chart title (6-A) and axis title (6-B) as shown in Figure 4.6.

7. **A data label**: This provides additional information about a data marker to identify the details of data point in a data series.

Some of the elements are displayed by default when we prepare the chart/graph; others can be added as needed. It is also possible to change the format or display of the chart/graph as desired.

---

### 4.2.2 Formatting of Chart

#### 4.2.2.1 Formatting the Chart (using design option)

As referred in earlier section 4.2.1 above; in this section we will learn how the elements of a chart such as plot area, X-axis, Y-axis, data,
Computerised Accounting System

titles, labels, legends and gridline as shown in Figure 4.7 can be formatted and edited as per the requirement. Click anywhere in the chart. This will display the Chart Tools, adding the Design, Layout, and Format tabs (Figure 4.8a).

![Figure 4.8(a)](image)

Using Design option we can change the look of a chart. In the Design dialog box, we can click to change chart type, chart layouts and chart styles. One of the options provide for 2-d chart to swap the column data to row data and row data to column data. The steps are as follows:

In a chart (Figure 4.7) click the chart element to change, or do the following to select the chart element from a list of chart elements:

1. Click anywhere in the chart (Figure 4.7). This will display the Chart Tools, adding the Design, Layout, and Format tabs.

2. On the Design tab, in the Data group, click the arrow at the Switch Row/Column box.

3. This will swap the chart/graph from X-axis (Product) to X-axis (Quarterly)[Figure 4.8(b)].

### 4.2.2.2 Changing the format of a selected chart element

In the same chart, click the chart element to change, or do the following to select the chart element from a list of chart elements:

![Figure 4.8(b)](image)

1. Click anywhere in the chart. This will display the Chart Tools, adding the Design, Layout, and Format tabs (Figure 4.8(c)).

![Figure 4.8(c)](image)
2. On the **Format** tab, in the **Current Selection** group, click the arrow next to the **Chart Elements** box, and then select the chart element which requires to format.

3. On the **Format** tab, in the **Current Selection** group, click the **Format Selection** (Figure 4.8(d)).

4. In the **Format <Chart Element>** dialog box, click a category, and then select the formatting options.

**Changing the shape style**

1. On the **Format** tab, in the **Shape Styles** group, do one of the following:
   - To see all available shape styles, click the **More** button.
   - To apply a pre-defined shape style, in the shape style box, click the style that we want.
   - To apply a different shape fill, click **Shape Fill**, and then do one of the following: (Figure 4.8(e))
     - To use a different fill Colour, under Theme Colours or Standard Colours, left click the select Colour.
     - To remove the Colour from the selected chart element, click **No Fill**.
     - To use a fill Colour that is not available under Theme Colours or Standard Colours click **More Fill Colours**. In the **Colours** dialog box, specify the Colour that we want to use on the **Standard** or **Custom** tab, and then click **OK**. Custom fill Colours are added under Recent Colours can also be used.
     - To fill the shape with a picture, click **Picture**. In the **Insert Picture** dialog box, click the picture to use, and then click **Insert**.
     - To use a gradient effect for the selected fill Colour, click **Gradient**, and then under Variations, click the gradient style to be used. For additional gradient styles, click **More Gradients**, and then in the Fill category, click the gradient options that to use.
     - To use a texture fill, click **Texture**, and then click the texture to use.

**Changing the Shape Outline**

- To apply a different shape outline, click **Shape Outline**, and then do one of the following:
  - To use a different outline Colour, under Theme Colours or Standard Colours, click the Colour to use.
To remove the outline Colour from the selected chart element, click **No Outline**. If the selected element is a line, the line will no longer be visible on the chart.

To use an outline Colour that is not available under **Theme Colours** or **Standard Colours** click **More Outline Colours**. In the **Colours** dialog box, specify the Colour that to use on the **Standard** or **Custom** tab, and then click **OK**. Custom outline Colours are added under **Recent Colours** can be used again.

To change the weight (thickness) of a line or border, click **Weight** option, and then select the line that we wish to use. For additional line style or border style options, click on **More Lines**, and then click the line style or border style options.

To use broken line (dash–dash) or border, click **Dashes**, and then click the dash type to use. For additional dash-type options, click on **More Lines**, and then click the selected dash.

To add arrows to lines, click **Arrows**, and then click the arrow style for borders cannot be used. For additional arrow style or border style options, click **More Arrows**, and then click the arrow setting.

To apply a different shape effect, click **Shape Effects**, click an chosen effect, and then select the type of effect.

The **shape effects** depend on the chart element that we select such as **Pre-set, reflection, and bevel**. The **shape effects** are not available for all chart elements.

**Changing the text format**

To format the text in chart elements, we can use regular text formatting options, or we can apply a **WordArt format**.

1. Click the chart element that contains the text to format.
2. Right-click the text or select the text to format, and then do one of the following:
   - Click the formatting options that we want on the **Mini toolbar**.
   - On the **Home** tab, in the **Font** group, click the formatting buttons that we want to use.

To use **WordArt styles** to **format text** use chart elements in the following steps: (Figure 4.8(f))

1. In a chart, click the chart element that contains the text to be changed, or do the following to select the chart element from a list of chart elements:
2. Click anywhere in the chart.
3. This displays the **Chart Tools**, adding the **Design**, **Layout**, and **Format** tabs.
Graphs and Charts for Business Data

4. On the **Format** tab, in the **Current Selection** group, click the arrow next to the **Chart Elements** box, and then select the chart element that to format.

5. On the **Format** tab, in the **WordArt Styles** group, do one of the following: (Figure 4.8(g))
   - To see all available WordArt styles, click the **More** button.
     We get options for Text related formatting
     - Text Fill
     - Text Outline
     - Shadow
     - 3-D Format
     - 3-D Rotation
     - Text Box

4.2.2.3 **Changing the layout of the chart element**

In the same chart, click the chart element to change, or do the following to select the chart element from a list of chart elements:

1. On the **Layout** tab, we can insert different Clip Arts, Picture, data labels, grids etc.

2. In the **Format <Chart Element>** dialog box, click a category, and then select the formatting options.

4.2.3 **Change the Chart Type**

A chart can be changed to another type of chart to get different look and purpose. For example, the chart shown in Figure 4.5 can be changed to Pie a chart (Figure 4.9) by using the chart tool as given on the Ribbon interface and in Figure 4.2. The every Pie of the chart represents the size of total sales in each quarter proportionately and whole Pie chart displays sum of all the Pies equals to 100%.

This is the easiest method to change from column chart or bar chart to Pie chart because
• Only one data series is used to plot.
• The plotted data values are positive.
• The data values are not equal to zero also.

Note that in Excel software Pie chart cannot plot more than seven categories. The categories represent the parts of whole Pie.

**Steps for creating a Pie Chart**

1. Enter the data in a worksheet.
2. Select the data from two (consecutive) columns only.
3. Select the chart type Pie from the ribbon.
4. Under Pie types select 3-D Pie option
5. Click the plot area of Pie chart this displays the Chart Tools, adding the Design, Layout, and Format tabs.
6. On the Design tab, in the Chart Layouts group, select the layout to use.
7. On the Design tab, in the Chart Styles group, click the chart style.
8. On the Format tab, in the Shape Styles group, click Shape Effects, and then click Bevel.
9. Click 3-D Options, and then under Bevel, click the Top and Bottom bevel options.
10. In the Width and Height boxes for Top and Bottom bevel options, type the point size.
11. Under Surface, click Material, and then click the material option.
12. Click Close.
13. On the Format tab, in the Shape Styles group, click Shape Effects, and then click Shadow.
14. Under Outer, Inner, or Perspective, click the shadow option.
15. To rotate the chart for a better perspective, select the plot area, and then on the Format tab in the Current Selection group, click Format Selection.
16. Under **Angle of first slice**, drag the slider to the degree of rotation that you want, or type a value between 0 (zero) and 360 to specify the angle of the first slice to appear, and then click **Close**.

17. Click the chart area of the chart.

18. On the **Format** tab, in the **Shape Styles** group, click **Shape Effects**, and then click **Bevel**.

19. Under **Bevel**, select the bevel option.

20. To use theme colors that are different from the default theme that is applied the workbook, do the following:
   a. On the **Page Layout** tab, in the **Themes** group, click **Themes**.
   b. Under **Built-in**, click the theme to use.

### 4.2.4 Resizing of Chart/Graph

Resizing of the chart means changing size of the chart as desired. This option can be used independently for the fonts, title, legends easily. The first step is to select the chart by clicking the left button of the mouse. Move the cursor on the corners or middle of the borders of the chart/graph which will provide the figure (the cursor will take the shape of a two headed arrow). By pressing the left button and drag/pull as desired to resize the chart as shown by the red circle in the Figure 4.9a.

### 4.2.5 2D - 3D Charts/Graphs

To create graphs we use data which are plotted in two dimensional (2D) format (X-axis and Y-axis) as shown in the Figure 4.7. Where as

- Horizontal dimension is X-axis(contains categories)
- Vertical dimension is Y-axis(contains data)

When we plot the data on 2-D type of graph; the known value goes on the X-axis (independent) and derived (dependent variable) value on Y-axis. For example monthly demand of products (in Rs.); then on X-axis we will put Month and on Y-axis we will put the data values for demand.

In the graph sometimes we have to present negative values also, which can be put on the opposite side of the axes from origin (Figure 4.10). The intersection of both the axes (X-axis and Y-axis) is called the origin (O) of the graph. We can put on the right side of the origin positive values and on left side of the origin negative values of data on X-axis. Similarly upper ward side of origin shows positive values and down ward side of the origin shows negative values of data Y-axis. For example, if we have data about monthly profit and loss to be plotted on graph;
here profit will be positive data values and loss will have negative data values.

2-D types of graphs/charts are line graphs, bar, area, surface column (horizontal or vertical), multiple line charts, radar chart, XY (scatter) or bubble chart.

The 2-D Charts typically have two axes (axis: A line bordering the chart plot area used as a frame of reference for measurement. The Y axis is usually the vertical axis and contains data. The X-axis is usually the horizontal axis and contains categories.) that are used to measure and categorise data: a vertical axis (also known as derived value axis or Y axis), and a horizontal axis (also known as category axis or X axis).

Sometimes graphs/charts can be prepared with three dimensional (3-D) effects. 3-D charts have a third axis, the depth axis (also known as series axis or Z axis), so that data can be plotted along the depth of a chart. In this type the third dimension is represented by Z-axis (Figure 4.11(a) & (b)).

For example to represent the volume we require three parameters height (Y-axis), length (X-axis) and breadth (Z-axis).

2. Horizontal (category) axis – (X-axis).
3. Depth (series) axis – (Z-axis).

Sometime we would like to draw the charts for comparison of values. Data that is arranged in columns or rows on a worksheet can be plotted in a radar chart. Radar charts do not have horizontal (category) axes, and similarly pie and doughnut charts do not have any axes. In Figure 4.12 radar chart is drawn for the comparison of highest and lowest values of sales of different products. Radar charts compare the aggregate values of a number of data series (data series: Related data points that are plotted in a chart. Each data series in a chart has a unique color or pattern and is represented in the chart legend. You can plot one or more data series in a chart. Pie charts have only one data series.).
Similarly data can be arranged in columns or rows only on a worksheet and can be plotted in a doughnut chart. Like a pie chart, a doughnut chart shows the relationship of parts to a whole, but it can contain more than one.

Doughnut charts (Figure 4.13) are not easy to read. We may use a stacked column or stacked bar chart instead.

**Doughnut charts have the following chart subtypes**

**Doughnut** Doughnut charts display data in rings, where each ring represents a data series. For example, in the previous chart, the inner ring represents gas tax revenues, and the outer ring represents property tax revenues.

**Exploded Doughnut** Much like exploded pie charts, exploded doughnut charts display the contribution of each value to a total while emphasising individual values, but they can contain more than one data series.

### 4.3 ADVANTAGES IN USING GRAPH/CHART

**Help to Explore:** Many times we would like to see if there is a relationship between variables. Suppose, that we wanted to determine if there is a relationship between: a country’s GNP and the infant mortality rate, between age and between genders. It may be quicker and easier to create a chart immediately to see the possible relationship of variables to one another, rather than paging through raw data.

**Help to Present:** We want to provide information in as little time as possible. Graphing plays a key role. It seems that there is no longer any time to sit and read a newspaper in order to find out what is going on. However, newspapers, such as The Economics Times and India Today magazines (which were early users of charting techniques), seem to understand this phenomena and provide graphs to convey and sum up ideas that they are making in their articles.

**Help to Convince:** The same way that a graph can be used to present and explore different characteristics of data, it can also be used to convince. Graphs have the ability to take large amounts of information and make them into exhibitions that are easily used to persuade.
Summary

• A **graph** is a pictorial representation of data. Graphs are usually 2-dimensional. Sometimes 3-dimensional graphs are also used.

• A graph may be either a **singleline graph** or a **multi-line graph**. Multi-line in a graph are distinguished either by using different shapes of line or different shapes and colors.

• Other popular pictorial representations include **Pie Chart** and **Bar Chart**. Pie charts depict relative share of different elements. Bar charts are used to depict the comparison of absolute values of data (e.g. sales, production, etc.) at discrete points (e.g. time intervals, products, etc.).

• **MS-Excel 2007** (or simply Excel) provides a convenient facility to draw graphs and charts. The nomenclature used in Excel for charts (charts include graphs) is as follows:
  a. The Chart Area,
  b. The Plot Area covering the plot of values in the selected type of chart,
  c. The Data Points,
  d. The Horizontal (Base Values, e.g. category) and Vertical (Derived Values) Axes,
  e. The Legend to specify distinguishing criteria in case of multiple lines, pies, bars, etc.
  f. Chart and Axes Titles
  g. Data Labels

• Every elements of a chart – such as plot area, X-axis, Y-axis, **data**, **titles**, **labels**, **legends**, and **gridlines** – can be formatted using the Design, Layout and Format dialog box in Excel.

• Chart’s size can also be changed as per requirements.

• For multiple visualisations of the same data through different types of charts, we can change the chart type (say, from line graph to barchart, or bar chart to pie chart, etc) wherever required for better presentation as per the nature of data.

• Graphs and charts help in easy visualisation of any trends present in data. In highly random data such as stock prices, textual description may not be easily possible to explain the price or other fluctuations, but graphs and charts overcome this constraint as they can be comprehended more easily by human beings.
Following are the steps prepare a chart:

Step – 1: Enter data in a worksheet with proper column and row titles.

Step – 2: Create a basic chart using the pattern from the panel available on top of worksheet in Chart groups’ option.

Step – 3: Change the layout or style of chart.
   - Apply a predefined chart layout.
   - Apply a predefined chart style.
   - Change the layout of chart elements.
   - Change the format of chart elements.

Step – 4: Add or remove titles or data labels.
   - Add (Remove) a chart title.
   - Add (Remove) axis titles.
   - Link a title to a worksheet cell.
   - Add (Remove) data labels.

Step – 5: Show or hide a legend.

Step – 6: Display or hide chart axes or gridlines.
   - Display (hide) primary axes
   - Display (hide) secondary axes
   - Display (hide) gridlines

Step – 7: Move (resize) a chart

Step – 8: Save a chart
EXERCISE

Q1. MULTIPLE CHOICE QUESTIONS

1. To change the location of a chart, right-click the chart and select:
   a. Chart Type.
   b. Source Data.
   c. Chart Options.
   d. Move here.

2. The Ribbon allows us to:
   a. Create either an embedded chart or a chart sheet chart:
   b. Create only an embedded chart.
   c. Create only a chart sheet chart.
   d. Change the data values used to create the chart.

3. Once we have created a chart we may change _____:
   a. the formatting for text like titles and data labels.
   b. only by going back through the ribbon.
   c. everything about the chart.
   d. the data series patterns only.

4. In Excel the chart tools provides three different options _____, ______ and ______ for formatting:
   a. Layout, Format, Data Marker.
   c. Chart Layouts, Chart Style, Label.
   d. Format, Layout, Label.

5. Pie chart don’t have more than ______ categories:
   a. Ten.
   b. Twenty Five.
   c. Seven.
   d. Three.

6. Column charts are useful for ________________:
   a. Showing data changes over a period of time.
   b. Illustrating comparisons among items.
   c. Both a and b.
   d. None of the above.
7. Doughnut charts:
   a. Contains more than one data series.
   b. Comparable with Pie chart.
   c. Both a and b.
   d. None of the above.

8. The 2D graph using ______, ______ axes and in 3D graph ______ axis is also used.
   a. Category, value, vertical.
   b. Horizontal, vertical, depth.
   c. Category, value, series.
   d. b and c both.

9. Excel automatically redraws the chart ________:
   a. If any change is made in data.
   b. If any change is made in the range data.
   c. a and b both.
   d. None of the above.

10. Legend can be repositioned on the chart:
    a. anywhere.
    b. on right side only.
    c. on the bottom of X-axis.
    d. on the corner only.

11. Which chart element details the data values and categories below the chart?
    a. Data point.
    b. Data labels.
    c. Data marker.
    d. Data table.

12. From what command tab is the font size for an axis in a chart changed?
    a. Home.
    b. Insert.
    c. Format.
    d. Design.
13. Which of these purposes does not pertain to charts?
   a. Identifying trends.
   b. Selecting values.
   c. Recognising patterns.
   d. Making comparisons.

14. What do you see if you move over the mouse over a chart object?
   a. KeyTip.
   b. ScreenTip.
   c. ChartTip.
   d. ChartKey.

15. Which group on the Chart Tools Format tab shows the name of the selected element?
   a. Arrange Objects.
   b. Chart Objects.
   c. Choose Selection.
   d. Current Selection.

Q2. Answer the following questions

1. Define charts, graphs and how they are useful in business decisions?

2. Write down the usage and purpose of column chart, pie chart and line chart.

3. Describe about data series, legend, and data labels?

4. Describe use of Excel for preparation of chart.

5. Differentiate between pie charts, line charts and column charts respectively?

6. Describe the steps to move, resizing and reposition a chart.

7. What does percentage in chart represent and how it being calculated by the software?

8. What are the differences between
   a. Area, XY chart and doughnut
   b. 2-D Charts and 3-D Charts

9. What is pie chart and what are percentage values means in pie chart?

10. Different types of charts which can be prepared using Excel?


Graphs and Charts for Business Data

Q3. **Skill Review**

A. Create a trend chart after filling data in to the worksheet.
   (Population of India/State in Millions to be enter)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male(1)</th>
<th>Female (2)</th>
<th>Total(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Literate</td>
<td>Illiterate</td>
<td>Literate</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
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<td></td>
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<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: *Total Literate = Values of Male Literate + Values of Female Literate
Total Illiterate = Values of Male Illiterate + Values of Female Illiterate*

B. Create a Pie chart to compare data from above table for Total (column number 3).

C. Draw a Trend charts for each male, female and totals separately.

D. Draw a Column Chart for the above data for each (male, female and total) separately for Literate and Illiterate.

E. Prepare a Pie chart and Column chart for the 10 different plots areas 5, 7, 8, 9, 10, 4, 6, 7 and 3 hectares respectively.

F. Draw a Pie chart for the following data on vehicles registered in the **RTO** department during 2007-08 in your city.

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Bus</th>
<th>Trucks</th>
<th>Auto Rixa</th>
<th>Cars</th>
<th>Two Wheelers</th>
<th>Heavy Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Vehicles</td>
<td>575</td>
<td>5889</td>
<td>12345</td>
<td>9765</td>
<td>23456</td>
<td>65</td>
</tr>
</tbody>
</table>

G. Draw a Column chart for the following data.

<table>
<thead>
<tr>
<th>Marks</th>
<th>0-20</th>
<th>21-40</th>
<th>41-60</th>
<th>61-80</th>
<th>81-100</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Students</td>
<td>113</td>
<td>180</td>
<td>350</td>
<td>232</td>
<td>125</td>
<td>1000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>1</td>
<td>d</td>
<td>2</td>
<td>d</td>
<td>3</td>
<td>a</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>c</td>
<td>8</td>
<td>e</td>
<td>9</td>
<td>c</td>
<td>10</td>
</tr>
<tr>
<td>13</td>
<td>b</td>
<td>14</td>
<td>c</td>
<td>15</td>
<td>d</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Computerised Accounting System
Learning Objectives

After studying this chapter you will be able to use Tally Accounting Software for:

- Creating Book of Accounts.
- Print Profit and Loss Account
- Print Balance Sheet as on date
- Prepare Bank Reconciliation statement as on date
- Print MIS Reports on Accounting

Introduction

We have discussed various aspects of computerisation of Accounting in earlier previous chapters. Here, we will discuss one of the general two accounting software packages, which are often used in the business applications. They are Tally 9.0 by Tally Solution Pvt. Ltd. and EX Next Generation by Tata Consultancy Services. The aim of this chapter is not to teach an accounting package, but to focus on how the features of accounting software are implemented in each of these packages.

The Tally Accounting package has different modules related to Accounting Systems in the package. It also describe as to how various phases of accounting cycle can be incorporated in the flow. It also co-relates the manual phases of accounting cycle with each of these modules and describes how different reports can be generated at the end of each of these modules.

Features of accounting software

Tally is an accounts and inventory management software which has many other features too. With the latest version of this software Tally 9 you can-

1. do all basic accounting functions,
2. manage your stores,
3. do the job costing,
4. manage payroll,
5. get many MIS (Management information reports which are useful for day-to-day functions,
6. file your tax returns like prepare balance sheet, profit and loss statement, VAT forms, TDS returns, Service tax returns, e-TDS filing, Excise forms, FBT reports and forms,
7. maintain budgets, scenarios,
8. calculate interest on pending amount,
9. manage data over different locations and synchronize it and many more other features.

5.1 STEPS IN INSTALLATION OF C.A.S

For installation of computerised accounting system the following steps are required:

1. Insert CD in the system;
2. After inserting CD select the option in following steps:
   a. Select any (C: or E: or D: ) from My Computer icon on the desktop.
      Double click on install.exe
   OR
   b. Select start > run > type the file name E:\install.exe
3. After the above process the default directories of application, data and Configuration opens in a window. In case, the user wants to change the default directories then it can be changed by providing the desired drive and file name/directory name for example: D:\software name, instead of C:\accounting software (default name)
4. Click on install and installation process begins, accounting software displays the Message of successful installation, then this CD can be removed.

5.2 USE OF ACCOUNTING SOFTWARE

Tally is a widely used accounting software which can be used for book keeping purposes by any size of organisation. In the accounting software Tally user can create any independent set of accounts to be maintained
Accounting Software Package: Tally

by a company, partnership firm, individual or even a Branch account. To work with Tally first you will start with Gateway of Tally as it is the control centre of the software. Here under, now we explain various components of Gateway of Tally.

5.2.1 Gateway of Tally

Gateway of Tally is the control centre of Tally. Following are the components of gateway (Figure 5.2).

- **Product Info**: Software name & version (eg: Tally 9.0)
- **Horizontal Button Bar**: It contain two sets of Button with hot key.
  - Report management: Print, e-mail etc.
  - Language: To set up language for display.
- **Current status**: It means current date, current period, selected company etc.
- **Tally Menu**: At right part of the Gateway screen of Tally menu shows the list of options. We can select an item to initiate a task.
- **Vertical Button Bar**: The button bar shows several buttons with function key/hot key to provide quick and direct access to various options and tasks.

![Figure 5.2: Gateway of Tally](image-url)
Computerised Accounting System

- **Tally Calculator/Command Line**: While working with Tally, if we press Ctrl+N Calculator is activated to make arithmetical calculations. The same can also be pasted in any numerical field.

- **Current Screen Bar**: At the bottom, you get the Current Screen bar showing the following details about the current screen being display.

  ![Current Screen Bar](image)

  **Change Period**
  - From: 1-4-2008
  - To: 31-3-2009

  **Current Date**
  - 1-6-2008

  *Figure 5.3: Periods and date Entries*

- **Current Period**: In the current period user enters the starting date of the financial year and closing date of the financial year. The Figure 5.3 shows how user enters starting opening and closing date of accounting period.

- **Current Date**: Current date is date of your last working. It is also known as voucher date. In the Figure 5.3, on the left side of Gateway you can get the following information about Current Period, Date, Active Company and Selected Company (Figure 5.4).

  ![Active and Selected Companies](image)

  *Figure 5.4: Active and Selected Companies*

- **Active Company**: When you have selected multiple companies, the last selected company becomes the active company.

- **Selected Companies**: In selected companies Tally displays the list of all selected companies along with the date of last voucher entered.
5.2.2 COMPANY CREATION

In order to create a Company by using Gateway of Tally, initiate the following steps:

- Click on the <Select Cmp>
- You get Company info and click on <Select company>
- If you click on <Shut Cmp> option, then you click on <Create Company>

To create a Company profile in Tally, click Create Company at Company info menu (Figure 5.5) to get Company Creation screen (Figure 5.6).

In the Company Creation screen (Figure 5.6) the user should fill the necessary information:

- **COMPANY NAME**: Enter the Name of the Company at Name field. This name is displayed at all company selection lists and internal documents.
- **COMPANY MAILING ADDRESS**: Enter the Name of the Company at Name field (same as Company Name) which is printed in all External documents.

![Figure 5.5: Company Creation](image)
**COMPANY ADDRESS**: Enter the Complete mailing address line by line which is mentioned in internal and external document of the company.

**I.T. NUMBER**: Enter the Income Tax number allotted by Income Tax Department.

**ACCOUNTING MODULE**: To maintain Financial Accounts only, at Maintain field, Select Accounts Only.

**FINANCIAL YEAR**: At the Financial year field; entered the Beginning and closing date of the financial year.

**SAVING THE COMPANY PROFILE**: Finally, Tally ask for your confirmation to save the Company Profile. Tally Save the Company Profile in data bank.

**SELECTION OF ACTIVE COMPANY AND START FROM GATEWAY OF TALLY**

The last selected company (Figure 5.2) becomes the Active Company and such company is shown in the bold letter of Gateway screen and we start creation chart of Accounts. (Figure 5.7)
5.2.3 Chart of Accounts

Chart of Accounts is the segmentation of Liabilities and Assets of Balance Sheet and Income & Expenses of Profit and Loss Account. In the accounting software such chart of accounts is classified into two categories, such as Ledger Accounts, Accounts Group.

- **Ledger Account**: Ledger Accounts represents the assorted, summarised and balanced transactions of similar nature. For example, the ledger account Conveyance represents the set of transactions related to conveyance expenses and their summarised net figure. All Accounting transactions are linked to Ledger account.
- **Account Group**: Account Group is a convenient method of organising the Ledger Accounts into a tree-structured hierarchical view for better understanding and interpretation.

5.2.3.1 Hierarchy of Account Head

In the accounting system accounts is the segmentation of liabilities and assets of balance sheet and income and expenses of profit & loss account. It represents the hierarchical arrangement of account groups and ledger accounts.

5.2.3.2 Group of Account

Group of account is a method of organising the large number of ledger accounts into sequential arrangement for recording and summarisation of accounting data.
In accounting software the pre-defined groups and these existing groups cannot be altered. In the account groups there are 28 pre-defined groups, out of these groups 15 are primary groups and 13 are sub-groups.

- **Primary Group**: It is a basic grouping of the set of sub-groups into major account heads according to their listing in balance-sheet and profit and loss account.

- **Sub-Group**: A sub-group is a set of accounts opened in the ledger of recording of related transactions. For example, to record a refund of loan accounting to Rs. 1,000 to Ansal first click on <Loan Liabilities> and the <list of ledger> will appear. Here we click on <Ansal> to open this account for recording.

### 5.2.3.3 Account Group of Balance Sheet

- **ACCOUNTS GROUP OF LIABILITIES**
  - **Capital**: Ledger Account for Owner’s Capital may be placed under the capital group, for example, Partners capital account, Equity share capital, Preference share capital.
Reserves and Surplus: It is a sub-group of capital account. All reserves are placed under Capital group, for example, General Reserve, Capital Reserve, etc.

ACCOUNT GROUP – LOANS (LIABILITIES) – It contains following sub-groups:
- Bank Overdraft: In computerized accounting system, Current Bank Account, Bank Overdraft, and Cash Credit is sub-group of Loan (Liabilities) because Bank Overdraft and Cash Credit operation on day-to-day basis should be placed under this group.
- Secured Loans: Secured Loan’s are fully secured loan against security like (mortgage, hypothecation, pledge, etc ) should be placed under this group .
- Unsecured Loans: Such loan’s are without any security: Example of such loans are: Loan from outside parties, Directors, Friends and Relatives, etc.

ACCOUNTS GROUP – (CURRENT LIABILITIES)
- Duties and Taxes: Under this head all duties and taxes that you collect or pay through sales service and purchase transactions.
- Provisions: In this head all provisions made for meeting the future liabilities such as provision for tax , proposed dividends (like Bad Debts, etc ).
- Sundry Creditors: Sundry Creditors are all trade creditors/suppliers and creditors for expenses. For example, if you purchase, on credit basis then create one ledger account for sundry creditors.
- Other Current Liabilities: Place all other current liability account like employees contribution for Employees State Insurance/Provident Fund/Tax Deducted at Source (TDS), etc.

ACCOUNT GROUP OF ASSETS:
- ACCOUNTS GROUP (FIXED ASSETS)
- Fixed assets: Fixed assets directly related with immovable properties like Patent, Trade Right, W.I.P, Goodwill, Building, Plant, Equipment, Furniture, etc
- ACCOUNTS GROUP (INVESTMENT)
- Investment: Investment ledger account relates to the investment in Share Bonds, Govt. Securities and Investments in other company
- ACCOUNTS GROUP (CURRENT ASSETS): Those assets which consumed in operations are known as current assets. Examples of current assets are Stock on hand, Deposits, Loan and Advances, Sundry Debtors, Bank Account, Cash in hand.
Computerised Accounting System

- **Stock on Hand**: Such ledger accounts show Raw Material, Work-in-Progress and Finished goods.

- **Loans and Advances**: Such loans and advances are of non-trading nature, for example, Advance against Salary, Loan to employee, Advance for Fixed Assets.

- **Sundry Debtors**: Sundry Debtors are directly related to the parties to whom goods has been sold on credit.

- **Bank Account**: It includes bank deposits made by the company such as balance of current and saving account, fixed deposits security deposits, rental deposits, etc.

- **Cash in Hand**: Cash Ledger account directly relates with cash transactions, Cash in transit, patty cash, and cash at bank.

- **Miscellaneous Expenditure**: For limited company, preliminary, pre-operative and similar expenses (to the extent not written-off to the profit and loss account placed here. Also the accumulated loss as of the company and negative balance of profit & loss account is also placed in this category.

**PROFIT AND LOSS ACCOUNT**

- **Sales Account**: For different sales accounts, the segregation is based on tax slabs or type of sales. This also becomes a simple mechanism for preparation of tax returns. For example, Sales account is classified as following such-groups: domestic sales, export sales, You may even open sales returns account under the group domestic sales to view net sales after returns (or the returns may be directly recorded through journal against the specific sales account).

- **Purchase Account**: This is similar to sales accounts, except for the purpose of the transaction.

- **Direct Income [Income Direct]** All trade income accounts fall under sales accounts. You may wish to use this group for accounts like servicing contract charges that follow after the sales of equipment.

- **Indirect Income [Income Indirect]** These are the miscellaneous non-sale income accounts, e.g., rent received and interest received.

- **Direct Expenses [Expenses Direct]** These accounts determine the Gross Profit of the company.

- **Indirect Expenses [Expenses Indirect]** These include all other administrative, selling or non-direct expenses.

Tally automatically opens the profit and loss account which is a reserved primary account. You may use this account to record adjustment entries through journal vouchers e.g., transfer of profit or loss to capital or reserve account.
5.2.4 Account Master

- Accounts Group Creations

Select Accounts info at Tally Main Menu (Figure 5.9) to get <Accounts info Menu>, which contains options for all Accounts Masters.

After selecting Create option under Single Group to reach to the Account Group creation screen. Now enter as shown in Figure 5.10.

- Account Group Name: At name field, enter unique Account Group Name.
- Parent Group Name: At under field, select the Parent Group from list of Group.
- **ACCOUNTS LEDGER CREATION:** Tally automatically creates two ledgers, one Cash and another Profit and Loss Accounts. You have to create all other Ledger Accounts (Figure 5.11).
  - **Account Ledger Name:** Enter a unique Name of the ledger
  - at Under field select the parent Group of the ledger from list of Group.
  - In the Opening Balance field enter the opening balance at the Books Beginning from Date.

Figure 5.11: Account Ledger

Figure 5.12 displays the user Account Group and Ledger after creation. The next step is the Creation of necessary ledgers, via creation of vouchers.

### 5.2.5 Voucher Entry

After creation of accounts the user enters accounting voucher entry in the books of accounts. In the computerized accounting system, the transactions are recorded through a voucher entry. Normally, a transaction is supported by a document that may be a supplier's bill, pay-in-slip, pay register entry of cheque book, etc. Thus, basically voucher contains details of a transaction. In accounting software, Voucher creation displays its own screen which is self-explanatory. The vouchers are three types —:

- **Memo Voucher:** Memo voucher is a non accounting voucher. It does not affect accounts of the user. These entries are stated/recorded in a separate register, but not as a part of ledger.
Accounting Software Package: Tally

- **Post Dated voucher:** Some accounting software allows the user to enter the voucher for future transactions which are usually similar as the previous once.

- **User defined Voucher:** In accounting software there are 23 pre-defined vouchers. It allows the user to define or create new accounting or inventory vouchers as per the requirement. In the voucher entry, entry can be classified into three basic categories.

- **Opening Entry:** In order to begin the new financial year, balances of accounts of the previous year are brought forward. For this opening entry in the journal is recorded. It is to record the opening balance of various accounts that are being transferred from the books of the previous year to the books of the new financial year. All those accounts which shows the assets of a business are debited and all the accounts showing amounts owed by the business (liabilities) are credited. If capital amount is not given, it can be easily ascertained by deducting liabilities from assets (capital = assets – other liabilities) and Capital account is also credited. The entry would be:

```
<table>
<thead>
<tr>
<th>Account</th>
<th>Dr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash account</td>
<td></td>
</tr>
<tr>
<td>Cash at Bank account</td>
<td></td>
</tr>
<tr>
<td>Sundry Debtors account</td>
<td></td>
</tr>
<tr>
<td>Stock account</td>
<td></td>
</tr>
<tr>
<td>Furniture account</td>
<td></td>
</tr>
<tr>
<td>Office Equipment account</td>
<td></td>
</tr>
<tr>
<td>To Sundry Creditors account</td>
<td></td>
</tr>
<tr>
<td>To Capital account</td>
<td></td>
</tr>
</tbody>
</table>
```

- **Closing Entry:** The closing entries for completing the profit and loss account are:

1. Debit Profit and Loss account.  
   Credit the various Expenses account appearing in the Trail Balance.

2. Debit account showing incomes or gains  
   Credit the profit and loss account

This will close the profit and loss account. Entries required to make the trading account and profit and loss account are known as closing entries because their effect is to close the books of account for the year concerned.
• **Adjusting Entry**: The Adjusting entry is recorded to relate the figures to the trading period. Suppose, premises have been sublet on March 31, and three months’ rent, has been received in advance amounting to Rs. 9000. While preparing accounts up to 31st March, one should take into account only one month’s rent for preparing the profit and loss account (accounting period concept); the rest two month’s rent, already received is for the next year and will be credited to profit and loss account next year. The adjusting entry will be:

**Rent Account** Dr.

**To Advance Rent Account**

Rent Received in advance Account is a ‘Liability’ and is shown in the balance sheet.

**Method of Voucher Numbering**: This is, perhaps, one reason for your opting for a new voucher type. For this purpose, the following methods are available:

- **Manual**
  
  This method will allow you to number vouchers yourself. However it does not check for sequence of the numbers and permits you to specify anything you wish in the voucher number field. However, you may choose to prevent entry of duplicate numbers. If you do, enable the next field ‘Prevent Duplicates’ — options Prevention of Duplicates is possible if you enable the option at the time of creation. You may enable it later (by alteration) only if there are no transactions of this voucher type.

- **Automatic**
  
  This method is both; *flexible* and *exhaustive*. Automatic system instructs Tally to number the vouchers of this type incrementing automatically.

**Starting number**

Give the number for the first voucher. Usually it is 1. You can set it to any number you want. Tally will auto-increment from this number for subsequent vouchers. However, the numbering of vouchers also depends on other variables supplied by you, which follow hereafter.

In the voucher entry, Tally create certain rules to trap mistakes. These rules are validated during voucher entry and any violation is trapped immediately. Tally divides a voucher in three basic categories,

- **Contra Voucher**: Contra voucher is used for Fund Transfer between Cash and Bank account only. For example, Rs 5,000 Cash withdrawn from Bank of India.

  Cash A/C Dr  5,000.00

  To   Bank of India  5,000.00

  (Cash withdrawn from bank)
Accounting Software Package: Tally

- **Receipts Voucher**: All inflow of money is recorded through Receipt Voucher. Such receipts may be towards any income such as receipts from debtors, loan/advance taken or refund of loan/advance for example: Rama and Co. to whom goods were sold earlier on credit, paid against Bill No 54 for Rs 4,500 Cash Discount is Rs 500.

  Cash A/C Dr 4,500.00
  Cash Discount A/C Dr 500.00
  To Rama & Co. Cr 5,000.00
  (Cash Payment Received against Bill no 54)

- **Payment Voucher**: All outflow of money is recorded through Payment Voucher. Such payment may be towards any purchase, Expenses, due to creditors, loan/advances, etc. For example: - Salary paid to A.K Gupta through Bank.

  Salary A/C Dr 15,000.00
  To Bank Cr 15,000.00
  (Salary Paid to Mr A.K Gupta through Bank)

- **Journal Voucher**: Journal is an adjustment voucher, normally used for non-cash transactions like adjustment between the ledgers. For example:

  Deprecation A/C Dr 5,000.00
  To Machinery 5,000.00
  (Being Depreciation charged on Machinery)

**Display**: Some top level reports like Balance Sheet, Profit and Loss Account etc may be available at main menu, while other reports are available through Display option at main menu.
5.2.6 Trial Balance

This report shows the trial balance of a Primary Group.

*Select Display > Trial Balance.*

In Primary Group trial balance (Figure 5.13), **Click F1:** obtain detail trial balance and trial balance shows the closing balance of accounts group/Ledger. After all voucher entry have been done, it can be seen how every amount that is placed on the debit side of an account has a corresponding entry on the credit side of some other account. This is the technical aspect of the principle of double system. This being the case, that the total of the debit balances hold agree with the total of all the credit balances. In fact all businesses periodically tabulate the debit and credit balances separately in a statement to find out whether the total of debit balances agree with the total of credit balances or not. Such a statement is known as the trial balance.

5.2.7 Balance Sheet and Profit and Loss Account

The Profit and Loss account is constructed by simply posting all items of income and expense from the journal entry. The current year’s profit is determined by balancing the accounts and carried forward to the appropriation section of the profit and loss account. All balances remaining in any ledger account after the profit and loss account is drawn up are listed in the balance sheet. Generally the assets and liabilities are stated in decreasing order of permanence.

All expenses (direct or indirect) are related to profit and loss account and revenues and incomes are credited to it. If an expense has been incurred but not yet paid for, is a liability for the unpaid amount and must be created before the account can be said to show a true picture.

![Figure 5.13: Trial Balance](image-url)
## BALANCE SHEET OF M/S XYZ LTD AS ON 31-03-2009

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Fixed assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorised Capital</td>
<td></td>
<td>Goodwill</td>
</tr>
<tr>
<td>Paid up Capital</td>
<td></td>
<td>Land and Building</td>
</tr>
<tr>
<td>Reserve and Surplus</td>
<td></td>
<td>Plant and Machinery</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td></td>
<td>Furniture and Fixture</td>
</tr>
<tr>
<td>Other Surplus</td>
<td></td>
<td>Investment</td>
</tr>
<tr>
<td>Secured Loans</td>
<td></td>
<td>Govt securities</td>
</tr>
<tr>
<td>Debentures</td>
<td></td>
<td>Share Bond and Debenture</td>
</tr>
<tr>
<td>Loans from Bank</td>
<td></td>
<td>Current Assets</td>
</tr>
<tr>
<td>Other Loans</td>
<td></td>
<td>Loan and Advances</td>
</tr>
<tr>
<td>Unsecured Loans</td>
<td></td>
<td>Sundry Debtors</td>
</tr>
<tr>
<td>Fixed Deposits</td>
<td></td>
<td>Cash and Bank</td>
</tr>
<tr>
<td>Advances from Bank</td>
<td></td>
<td>Stock in Trade</td>
</tr>
<tr>
<td>Other Loans</td>
<td></td>
<td>Accrued Interest</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td>Loan and Advances</td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td></td>
<td>Bill of Exchange</td>
</tr>
<tr>
<td>Advances from Bank</td>
<td></td>
<td>Miscellaneous Expenditure</td>
</tr>
</tbody>
</table>
5.2.8 Display of Report

Once all the transactions are entered, you can generate different statements like trial balance, balance sheet and profit and loss account. There are no intermediate steps of entering subsidiary books and ledgers. Thus the process of accounting becomes quite easy and simple. At the same time speed also improves and consistency is maintained. Also no redundant data is stored at multiple places. Also the respective register such as purchase register, sales register, journal proper are automatically maintained on the basis of data entered in the form of vouchers. These registered can be viewed by

- Selecting Gateway of Tally > Report > Display > Accounts Books > Sales register.
- Selecting Gateway of Tally > Report > Display > Trial Balance.
- Selecting Gateway of Tally > Report > Display > Cash flow.
- Pressing Alt + P or selecting print option for button bar

5.2.9 A Small Project With Bank Reconciliation Statement (BRS)

The following are the steps to construct BRS in Tally:

- Bring up the monthly summary of any Bank Book. (You can do this from the Balance Sheet, Trial Balance, or Display/Account Books/Bank Books, and selecting a Bank).
- Bring your cursor to the first month (typically April), and press Enter. This brings up the Vouchers for the month of April. Since this is a Bank Account, an ‘additional’ button F5: Reconcile will be visible on the right, Press F5.
- The display now becomes an ‘Edit’ screen in ‘Reconciliation’ mode. The primary components are: A column for the ‘Bankers Date’.
- The ‘Reconciliation’ at the bottom of the screen.
- Balance as per Company Books
- Amounts not reflected in Banks
- Balance as per Bank
The Balance as per Company Books reflects your Balance as on the last date (in our example case, April 31).

The amount not reflected in bank is the debit and credit sums of all those vouchers whose Bank Date in either BLANK, or GREATER that April 30 (i.e. these vouchers have not yet been reflected in the bank Statement).

The Balance as per bank is the Net Balance.

You will find, as you mark of the individual vouchers by setting the ‘Bank Date’, that the Reconciliation at the bottom of screen keeps reflecting those changes instantly.

Upon completion, press+A (or press Enter as many times as necessary to skip over the unmarked vouchers), and accepted the screen. The next time you reconcile, you will be presented only with those vouchers with remain unrecognised. Thus, the task keeps becoming simpler.

5.3 NEED AND SECURITY FEATURE OF THE SYSTEM

Every accounting software provides data security; safety and confidentially; so every software provides of data security in three ways:

- **Password security**
- **Data Audit**
- **Data Vault**
**Password Security**  Password is widely accepted security control to access the data. Only the authorised person can access the data. Any user who does not know the password cannot retrieve information from the system. It ensures data integrity. It uses a binary encoding format of storage and offers access to the database.

**Data Audit:** Audit feature of accounting software provides the user with administrator right in order to keep track of unauthorised access to the database. It audit for the correctness of entries. Once entries are audited with alternations, if any the software displays all entries along with the name of the auditor user and date and time of alteration.

**Data Vault:** Software provides additional security for the inputed data and this feature is referred as data vault. Data vault ensures that original information is presented and is not tampered. Data vault password cannot be broken. Some software uses data encryption method.

### Function Key Combination

<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>To select a company</td>
<td>At all masters menu screen</td>
</tr>
<tr>
<td></td>
<td>To select the Accounts Button and Inventory buttons</td>
<td>At the Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F2</td>
<td>To change the menu period</td>
<td>At almost all screens in TALLY</td>
</tr>
<tr>
<td>F3</td>
<td>To select the company</td>
<td>At almost all screens in TALLY</td>
</tr>
<tr>
<td>F4</td>
<td>To select the Contra voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F5</td>
<td>To select the Payment voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F6</td>
<td>To select the Receipt voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F7</td>
<td>To select the Journal voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F8</td>
<td>To select the Sales voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F8 (CTRL+F8)</td>
<td>To select the Credit Note voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F9</td>
<td>To select the Purchase voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
<tr>
<td>F9 (CTRL+F9)</td>
<td>To select the Debit Note voucher</td>
<td>At Accounting/Inventory Voucher creation and alteration screen</td>
</tr>
</tbody>
</table>
Accounting Software Package: Tally

<table>
<thead>
<tr>
<th>Key</th>
<th>Function</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>F10</td>
<td>To select the Reversing Journal At Accounting/Inventory Voucher creation and alteration screen</td>
<td></td>
</tr>
<tr>
<td>F10</td>
<td>To select the Memorandum voucher At Accounting/Inventory Voucher creation and alteration screen</td>
<td></td>
</tr>
<tr>
<td>F11</td>
<td>To select the Functions and Features screen At almost all screens in TALLY</td>
<td></td>
</tr>
<tr>
<td>F12</td>
<td>To select the Configure screen At almost all screens in TALLY</td>
<td></td>
</tr>
</tbody>
</table>

**Special Key Combination**

<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALT + 2</td>
<td>To Duplicate a voucher.</td>
<td>At List of Vouchers – creates a voucher similar to the one where you positioned the cursor and used this key combination.</td>
</tr>
<tr>
<td>ALT + A</td>
<td>To Add a voucher.</td>
<td>At List of Vouchers – adds a voucher after the one where you positioned the cursor and used this key combination.</td>
</tr>
<tr>
<td>ALT + C</td>
<td>To create a master at a voucher screen (if it has not been already assigned a different function, as in reports like Balance Sheet, where it adds a new column to the report).</td>
<td>At voucher entry and alteration screens, at a field where you have to select a master from a list. If the necessary account has not been created already, use this key combination to create the master without quitting from the voucher screen.</td>
</tr>
<tr>
<td>ALT + D</td>
<td>To delete a voucher. To delete a master. (if it has not been already assigned a different function, as explained above).</td>
<td>At Voucher and Master (Single) alteration screens. Masters can be deleted subject to conditions, as explained in the manual.</td>
</tr>
<tr>
<td>ALT + E</td>
<td>To export the report in ASCII, SDF, HTML OR XML format.</td>
<td>At all reports screens in TALLY.</td>
</tr>
<tr>
<td>ALT + I</td>
<td>To insert a voucher.</td>
<td>At List of Vouchers – inserts a voucher before the one where you positioned the cursor and used this key combination.</td>
</tr>
<tr>
<td>ALT + O</td>
<td>To upload the report at your website.</td>
<td>At all reports screens in TALLY.</td>
</tr>
<tr>
<td>ALT + M</td>
<td>To Email the report.</td>
<td>At all reports screens in TALLY.</td>
</tr>
<tr>
<td>ALT + P</td>
<td>To print the report.</td>
<td>At all reports screens in TALLY.</td>
</tr>
<tr>
<td>ALT + R</td>
<td>To remove a line in a report.</td>
<td>At all reports screens in TALLY.</td>
</tr>
<tr>
<td>ALT + S</td>
<td>To bring back a line you removed</td>
<td>At all reports screens in TALLY. using ALT + R.</td>
</tr>
</tbody>
</table>
| ALT + V | From Invoice screen to bring Stock Journal screen. Press Alt + V to select the Stock Journal. | At Invoice screen/Quantity Field/
<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALT + W</td>
<td>To view the Tally Web browser.</td>
<td>At all reports screens in TALLY.</td>
</tr>
<tr>
<td>ALT + X</td>
<td>To cancel a voucher in Day Book/List of Vouchers.</td>
<td>At all voucher screens in TALLY.</td>
</tr>
<tr>
<td>ALT + R</td>
<td>To Register Tally.</td>
<td>At Licensing Menu in TALLY.</td>
</tr>
<tr>
<td>CTRL + A</td>
<td>To accept a form – wherever you use this key combination, that screen or report gets accepted as it is.</td>
<td>At almost all screens in TALLY, except where a specific detail has to be given before accepting.</td>
</tr>
<tr>
<td>CTRL + B</td>
<td>To select the Budget.</td>
<td>At Groups/Ledgers/Cost Centres/Budgets/Scenarios/Voucher Types/Currencies (Accounts Info) creation and alteration screen.</td>
</tr>
<tr>
<td>CTRL + C</td>
<td>To select the Cost Centre.</td>
<td>At Groups/Ledgers/Cost Centres/Budgets/Scenarios/Voucher Types/Currencies (Accounts Info) creation and alteration screen.</td>
</tr>
<tr>
<td>CTRL + I</td>
<td>To select the Stock Items.</td>
<td>At Stock Group/Stock Categories/Stock Items/Reorder Levels/Godowns/Voucher Types/Units of Measure (Inventory Info) creation/alteration screen.</td>
</tr>
<tr>
<td>CTRL + L</td>
<td>To select the Ledger.</td>
<td>At Groups/Ledgers/Cost Centres/Budgets/Scenarios/Voucher Types/Currencies (Accounts Info) creation and alteration screen.</td>
</tr>
<tr>
<td>CTRL + O</td>
<td>To select the Godowns.</td>
<td>At Stock Group/Stock Categories/Stock Items/Reorder Levels/Godowns/Voucher Types/Units of Measure (Inventory Info) creation/alteration screen.</td>
</tr>
</tbody>
</table>
### Windows Functionality Availability

<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTRL + Q</td>
<td>To abandon a form – wherever you use this key combination, it quits that screen without making any changes to it.</td>
<td>At almost all screens in TALLY.</td>
</tr>
<tr>
<td>CTRL + Alt + R</td>
<td>Rewrite data for a Company.</td>
<td>From Gateway of Tally screen.</td>
</tr>
<tr>
<td>CTRL + S</td>
<td>Allows you to alter Stock Item master.</td>
<td>At Stock Voucher Report and Godown Voucher Report.</td>
</tr>
<tr>
<td>CTRL + U</td>
<td>To select the Units.</td>
<td>At Stock Groups/Stock Categories/Stock Items/Reorder Levels/Godowns/Voucher Types/Units of Measure (Inventory Info) creation/alteration screen.</td>
</tr>
<tr>
<td>Ctrl + V</td>
<td>To select the Voucher Types.</td>
<td>At Groups/Ledgers/Cost Centres/Budgets/Scenarios/Voucher Types/Currencies (Accounts Info) creation and alteration screen. Special Function Key Combination</td>
</tr>
</tbody>
</table>

### Special Key Combination

<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALT + F1</td>
<td>To close a company. To explode a line into its details. To view detailed report.</td>
<td>At all the menu screen. At almost all report screen. At almost all screens in TALLY.</td>
</tr>
<tr>
<td>ALT + F2</td>
<td>To change the system period.</td>
<td>At almost all screens in TALLY.</td>
</tr>
<tr>
<td>ALT + F3</td>
<td>To select the company info menu. At Gateway of Tally screen.</td>
<td>To create/alter/shut a Company.</td>
</tr>
<tr>
<td>ALT + F4</td>
<td>To select the Purchase Order Voucher Type.</td>
<td>At Accounting/Inventory Voucher creation and alteration screen.</td>
</tr>
<tr>
<td>ALT + F5</td>
<td>To select the Sales Order Voucher Type. To view monthly and quarterly report.</td>
<td>At Accounting/Inventory Voucher creation and alteration screen. At almost all report screens in TALLY.</td>
</tr>
<tr>
<td>ALT + F6</td>
<td>To select the Rejection Out Voucher Type. To change the Sales Order Voucher Type.</td>
<td>At Accounting/Inventory Voucher creation and alteration screen.</td>
</tr>
<tr>
<td>ALT + F7</td>
<td>To select the Stock Journal Voucher Type To accept all the Audit lists</td>
<td>At Accounting/Inventory Voucher creation and alteration screen. At TallyAudit Listing screen</td>
</tr>
<tr>
<td>ALT + F8</td>
<td>To select the Delivery Note Voucher Type. To view the Columnar report.</td>
<td>At Accounting/Inventory Voucher creation and alteration screen. At Ledger Voucher screen.</td>
</tr>
</tbody>
</table>
### Computerised Accounting System

<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALT + F9</td>
<td>To select the Receipt Note Voucher Type.</td>
<td>At Accounting/Inventory Voucher creation and alteration screen.</td>
</tr>
<tr>
<td>ALT + F10</td>
<td>To select the Physical Stock Voucher Type.</td>
<td>At Accounting/Inventory Voucher creation and alteration screen.</td>
</tr>
<tr>
<td>ALT + F12</td>
<td>To filter the information based on monetary value.</td>
<td>At almost all report screens.</td>
</tr>
<tr>
<td>CTRL + ALT + F12</td>
<td>Advanced Config.</td>
<td>At Gateway of Tally.</td>
</tr>
</tbody>
</table>

#### Key Combination used for navigation

<table>
<thead>
<tr>
<th>Windows</th>
<th>Functionality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>PgUp</td>
<td>Display previous voucher during voucher entry/alter.</td>
<td>At voucher entry and alteration screens.</td>
</tr>
<tr>
<td>PgDn</td>
<td>Display next voucher during voucher entry/alter.</td>
<td>At voucher entry and alteration screens.</td>
</tr>
<tr>
<td>ENTER</td>
<td>To accept anything you type into a field. To accept a voucher or master.</td>
<td>You have to use this key at most areas in TALLY.</td>
</tr>
<tr>
<td></td>
<td>To get a report with further details of an item in a report.</td>
<td>At the receivables report – press Enter at a pending bill to get transactions relating to this bill (e.g., original sale bill, receipts and payments against this bill, etc.).</td>
</tr>
<tr>
<td>ESC</td>
<td>To remove what you typed into a field. To come out of a screen. To indicate you do not want to accept a voucher or master.</td>
<td>At almost all screens in TALLY.</td>
</tr>
<tr>
<td>SHIFT + ENTER</td>
<td>Collapse next level details.</td>
<td>At Voucher Register screen and Trial Balance report.</td>
</tr>
<tr>
<td>CTRL + ENTER</td>
<td>To alter a master while making an entry or viewing a report.</td>
<td>At voucher entry and alteration screens At all reports.</td>
</tr>
</tbody>
</table>
Summary

- In computerised accounting system, accounting transactions are journalised by two methods (1) manually (2) computerised. In the present computerized accounting system are more and more effective in comparison of manual system of accounting. There are different type of accounting softwares in market but Tally 9.0 is more effective accounting software. Tally 9.0 software have a different features these are:
  
i) **Gateway** - Gateway is the starting of Tally. In other words we can say that gateway is the gate to enter in Tally.

ii) **Company creation** - Before inputing accounting transactions, first we create a company through company creation.

iii) **Chart of accounts** - Chart of accounts is the segmentation of Liabilities and Assets of Balance Sheet and preparation of Profit and Loss account.

iv) **Account master** - Account master basically used for account group and ledger.

v) **Voucher entry** - After creation of account user inputs accounting voucher entry in the book of accounts. In computerised accounting system all entries are inputed through a voucher entry.

vi) **Trial Balance** - Trial balance is the statement of different closing balances of ledger.

vii) **Balance Sheet** - The balance sheet is constructed by simply posting all items of liabilities and assets for the finalisation of journal entry.

- **Report printing** - Report printing is the last step of accounting process.

- Accounting software can be used to successfully maintain the financial transactions of any organisation. Besides data maintenance, these prove to be very efficient when we have to generate accounting reports, which are crucial for decision making in an organisation. These software packages have many more features, which can be explored and used depending on the type of transaction details you require.
EXERCISE

Q. 1. MULTIPLE CHOICE QUESTIONS

A. To create group which menu is used?
   a. Gateway of Tally > master > accounts info > create
   b. Gateway of Tally > master > accounts info > alter
   c. Gateway of Tally > master > accounts info > display
   d. Gateway of Tally > master > accounts info > edit

B. To create ledger which menu is used?
   a. Gateway of Tally > master > accounts info > ledger > create
   b. Gateway of Tally > master > accounts info > ledger > alter
   c. Gateway of Tally > master > accounts info > ledger > display
   d. Gateway of Tally > master > accounts info > ledger > edit

C. Which shortcut is used to shift “company information menu” from gateway of Tally?
   a. Alt + F3
   b. Alt + Escape
   c. Shift + F3
   d. Shift + F1

D. In which group will you record the expense of light bill of Factory?
   a. Direct income
   b. Direct Expense
   c. Indirect income
   d. Indirect Expense

E. While recording the voucher entry if it is necessary to create a new ledger for that which commands is used in Tally?
   a. Ctrl + C
   b. Ctrl + G
   c. Alt + C
   d. Alt + G

F. While creating ledger if you want to create new group which key is pressed?
   a. Ctrl + C
   b. Ctrl + G
**Accounting Software Package: Tally**

c. Alt + C
d. Alt + G

G. ................. works as a platform to work with Tally
   a. Gateway of Tally
   b. Outway of Tally
   c. Company information
d. All the above

H. How many characters are used to create company’s short name?
   a. 2
   b. 4
c. 3
d. 5

**Q. 2. Answer the following Questions**

1. How do you begin using Tally accounting software?
2. What menu option is available on the gateway of Tally screen?
3. What is the use of Button bar in Tally accounting package?
4. What are the contents of Balance Sheet in Tally?
5. What do you mean by Account Info?
6. Explain the process of Company Creation?
7. “Report generating is not a easy task” Is this statement true or false Explain?
8. Describe the various contents of Profit and Loss Account?
9. Describe the process of creating a Group company and how would you Display and Alter a Group account?
10. Describe Tally 9.0 and what are the new features of 9.0, and explain the various items of the Tally screen?

**Q. 3. Skill Review**

1. From the following transactions of Ashirwad Ltd, post the voucher entries in the respective ledger accounts, prepare a trial balance and balance sheet. 
   i. Started a business with cash Rs 40,000
   ii. Goods of Rs 10,000/- were purchased at 10% trade discount
   iii. Goods of Rs 5,000/- were sold with a profit of 40% to Arjun
   iv. Commission received Rs 500
   v. Cash deposited Rs 7,000 in a bank
vi. Return of goods Rs 1,500
vii. Salary paid Rs 2,500
viii. Wages paid Rs 350

**Answers**

1. a  
2. a  
3. a  
4. d  
5. c  
6. b  
7. a  
8. b
Learning Objectives

After studying this unit you will be able to:

- Understand how to Structure database as per requirement. Design and create database tables.
- Make use of Microsoft Access for simple database applications involving creation of back-end database and the front-end forms for capturing, processing and retrieval of data.

Introduction

One of the major factors for realising the need of Computerised Accounting System is the overwhelming quantity of data in our organisations. The conventionally used paper filing system, text documents, and even spread-sheets may not suffice for the growing needs of tracking this voluminous and critical information. A simple solution to this situation is available in the form of a Database Management System (DBMS) (e.g. ‘Access’, ‘Oracle’, ‘SQL Server’, etc.) that provides a variety of software tools for organising, processing and querying data in a flexible manner.

As we now proceed to look into practical applications of computers in generating, storing, processing, and retrieving of accounting information, we will make an assumption that you are fairly conversant with the accounting framework and operating procedure – i.e. you have the required domain knowledge. We also assume that you have adequate exposure to handling of computers and the concepts of database. However, we do not wish to make knowledge of the database management a pre-requisite for understanding of this chapter, and hence, we will restrict ourselves to the simpler and easy to comprehend ‘MS Access’ program for developing some practical accounting applications. In doing so, we will focus on the three major components of Access, namely, ‘tables’, ‘queries’ and ‘forms’. Having done that, we will examine the methods of generating reports. This basically builds on the concepts of DBMS already learnt by you in class XI.
6.1 UNDERSTANDING AND DEFINING THE DATABASE REQUIREMENT

With the continuous improvements in computer’s processing speed, storage capacity, networking techniques, operating systems, etc, the capabilities of computer applications have also gone up many folds. Various computer applications that are commercially available today not only provide fairly comprehensive tools for all conceivable needs but also have become extensively user friendly. So, when we look forward to putting into use database applications such as ‘Access’, we really do not need much of programming skills. Nevertheless, any programming knowledge may improve our efficiency and effectiveness in handling such applications. On the other hand, before we develop any database application, we ought to have a complete understanding of our requirements expected from the application. This is one area where the application itself may not extend much help. Further, the correct understanding of our requirement also has a bearing on the choice of Database Management Systems (DBMS) – i.e. whether to go for a ‘desktop database’ or to choose the ‘server database’.

**Box - 6.1**

In most of the cases, database is not directly accessible to users. Any addition, modification or retrieval of information from database is done by the user-friendly programs. Database is thus rightly referred to as ‘back-end’ while the interactive program is termed as ‘front-end’ of a database application.

While the desktop databases – residing on standard personal computers – are oriented toward single-user applications, ‘server databases’ are geared toward multi-user applications. Understandably the ‘server database’, containing additional provisions for ensuring reliability and consistency of data in a multi-user environment, are substantially costlier than the ‘desktop database’. Hence, it is imperative to do a careful analysis of our requirements before investing in a database solution. Some of the questions that need to be answered in this regard are:

- What all data is required to be stored in the database?
- Who will capture or modify the data, and how frequently the data will be modified?
- Who all will be using the database, and what all tasks will they perform?
- Will the database (backend) be used by any other front-end application?
- Will access to database be given over LAN (Local Area Network)/Internet, and for what purposes?
- What level of hardware and operating system is available?
If our requirement entails approach to database by many users, or if it involves simultaneous updating of data by different users, then perhaps server databases such as ‘Microsoft SQL Server’, ‘Oracle’ or ‘IBM DB2’ will provide desired solutions.

Although carrying high price tags, a server-based database can give you several advantages in terms of flexibility for the choice of front-end applications, powerful performance independent of platform, and scalability to handle rapidly expanding number of users as well as amount of data.

**Box - 6.2**

*Quite often, same database is required to be used by different applications. For example, an organisation may have automated attendance recording system which will record the arrival and departure time of employees. A variety of such systems (e.g. Card-swipe, Biometric, etc.) are available in the market, and all of them come with their own (back-end) database and requisite (front-end) programs. This attendance information may be required for generating salary bills of the employees. The payroll application of the organisation, with its own *(back-end)* database and *(front-end)* program, will also access the database of attendance recording application.*

Comparatively, the desktop databases offer an inexpensive and simple solution to many of our business data storage and processing requirements. The ‘Microsoft Access’ is one such database - which comes with the licensed copy of Microsoft Office Professional – providing one of the simplest and most flexible DBMS solutions today, besides giving the advantages of familiar ‘Windows’ look and integration with other Microsoft Office products such as ‘Excel’.

Before opting for any of the database management system, it will be necessary to ensure that your hardware as well as operating system meets the minimum system requirements of the desired DBMS. As stated earlier, we will be enumerating examples of ‘Access’ applications, and hence it is imperative that your computer lab is equipped with the licensed copy of ‘MS Access’ with compatible configuration of the hardware. The illustrations contained in this book are based on Access-2007, which may feel a little different from what you are working with in case your application is of a different version.

**Box - 6.3**

*Access 2007 usually comes as part of Microsoft Office 2007. However, it can also be purchased separately as a standalone program. In order to run this program, your computer should have a minimum configuration of 500 MHz Processor, 256 megabyte RAM, 1.5 gigabyte Hard disk, and Windows XP Operating system.*
Even on same version of the ‘Access’, marginal differences may appear in the illustrated diagrams and the views on your computer and this may happen on account of variations in the customised settings of the application. However, these variations are not expected to hamper your understanding of the contents of this chapter.

6.2 IDENTIFICATION OF DATA TO BE STORED IN TABLES

By now we understand that a database is simply an organised collection of data with ‘tables’ as its fundamental building blocks. Tables allow us to create the framework for storing information in the database. Each column (also called ‘field’) of the table corresponds to a specific characteristic (or ‘attribute’ in database terms) of the stored information. Each row (also called ‘record’) corresponds to a particular instance of the information.

**Box - 6.4**

In Access 2007, the entire database is encompassed in a file (with extension .accdb) which can be stored in your hard-drive or CD. There can be multiple tables (each storing a specific set of data) within this file. Then there are multiple fields in each table according to different categories (types) of data within the table. And at every instance (occurrence) of a collection of data covering all fields, a row/record gets created.

A set of tables often with well established relationships between them constitutes the database covering total spectrum of stored information. The term ‘database design’ can be used to describe the structure of different parts of the overall database.

**Box - 6.5**

Identification of various attributes of a database is generally considered as part of requirement analysis. Such a process may entail database designer to elicit needed information from those with the domain knowledge.

We may get a better understanding of database design by referring to practical example of an accounting problem. We may take up the case of payroll accounting, concepts of which have already been examined while studying spreadsheet applications in the earlier chapter (refer chapter 3). You have already seen how different employees draw different amounts of pay based on the nature and levels of their employment, even while subjected to a definite pattern of ‘pay rules’ prevalent in the organisation. Since pay rules vary widely from organisations to organisations, the database design for them will also
Differ considerably. For our illustration in this chapter, we will consider
the simplified pay pattern for an assumed organisation XYZ Pvt. Ltd.

Let us begin by identifying various attributes of information that
are required to be stored in our Payroll database. We may have a set of
attributes pertaining to employee’s personal details such as: ‘Employee
ID’, ‘Name’, ‘Designation’, and ‘Location’. On the other hand we may
also deal with such attributes pertaining to employee’s pay as: ‘Basic
Pay’, ‘Dearness Allowance (DA)’, ‘House Rent Allowance (HRA),
‘Transport Allowance (TA)’, ‘Provident Fund (PF) Deduction’, etc. We
may also want to know the attributes of ‘Gross Salary’ and ‘Net Salary’
which is obtained by subtracting ‘PF Deductions’ from ‘Gross Salary’.
However, ‘Gross Salary’ and ‘Net Salary’ attributes may not require
being stored in the database as they are merely computational outcomes
from other attributes. We may also require some attributes concerning
pay formulations such as % Rate of DA which may fluctuate month to
month, % Rate of HRA varying with the location of employee, and ‘TA
Slabs’ varying with the designation of employee.

**Box - 6.6**

At this stage you may like to know the limitations of ‘Excel’ in payroll
accounting. If you look back at payroll example in Excel spreadsheet,
you will notice that you have created pay information of a set of
employees for a particular month. For generating information concerning
next month, you will have to change employee specific data such as
‘Actual Basic Pay’, ‘days of attendance’, etc in respective cells.
However, the moment you do this, the information of previous month
will be lost. Understandably, ‘Excel’ is merely providing a template for
certain calculations concerning salaries, and storing single (monthly)
instance of the derived information. Excel eliminates redundant data
and hence multiple instances of information cannot be stored in a
single Excel sheet. You may avoid this situation by effecting changes
in a different copy of the sheet. In this manner you are creating different
spread sheet for different months. This is a cumbersome task, and
furthermore the information in such a case will not be residing in a
single table, or a set of related tables, from where it may be retrieved
for generation of ‘annual income’ or ‘income tax’ information.

Now the main question is how to store these attributes in our
database tables. Shall we make all of above attributes as part of one
table, or shall we opt for multiple tables. The ‘Access’ as such will not
put any constraint on the number of tables we opt for, or the type of
data we chose to put in any table. It will have to be entirely our decision,
based on logical structuring of data that we seek to apply. You may
also appreciate the fact that the purpose of a database is not so much
for the storage of information, as for its quick retrieval. Hence, you
ought to structure your database in such a manner that it can be
queried quickly and efficiently.
6.3 LOGICAL STRUCTURING OF DATA IN TABLES

Suppose, we seek the simplest structure of a single table containing all attributes listed above. The rows of this table (see Figure-6.1) will contain both employee’s personal details as well as employee’s pay details for every instance of the salary drawn by him or her. Since, the information will be generated on monthly basis, multiple records will be created for each employee in the table. Understandably for any particular employee, we may expect variations in the pay attributes recorded under different rows - i.e. different pay components and the resulting gross/net salary may vary from month to month. However, we do not expect monthly variations in the personal attributes of the same person under different rows. Evidently thus, the structure of single table may not be an efficient one as it will entail unwarranted recording of the same personal data multiple times.

<table>
<thead>
<tr>
<th>Month &amp; Year</th>
<th>Emp Name</th>
<th>Desig.</th>
<th>Locat.</th>
<th>%DA Rate</th>
<th>%HRA Rate</th>
<th>Basic</th>
<th>DA</th>
<th>HRA</th>
<th>TA</th>
<th>Gross Salary</th>
<th>PF Ded.</th>
<th>Net Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 2007</td>
<td>Ram</td>
<td>Chief</td>
<td>Delhi</td>
<td>26</td>
<td>30</td>
<td>25000</td>
<td>6500</td>
<td>7500</td>
<td>7000</td>
<td>46000</td>
<td>5000</td>
<td>41000</td>
</tr>
<tr>
<td>Dec. 2007</td>
<td>Ram</td>
<td>Chief</td>
<td>Delhi</td>
<td>26</td>
<td>30</td>
<td>25000</td>
<td>6500</td>
<td>7500</td>
<td>7000</td>
<td>46000</td>
<td>7000</td>
<td>39000</td>
</tr>
<tr>
<td>Jan. 2008</td>
<td>Ram</td>
<td>Chief</td>
<td>Delhi</td>
<td>30</td>
<td>30</td>
<td>25000</td>
<td>7500</td>
<td>7500</td>
<td>7000</td>
<td>47000</td>
<td>6000</td>
<td>41000</td>
</tr>
</tbody>
</table>

Repeating personal data

With the understanding of the limitations of a single table, let us now examine a better approach involving creation of multiple tables. For example, we may have separate tables for personal attributes (i.e. name, designation, location etc.), pay formulation parameters (i.e. %DA rate, % HRA rate, etc.) and the pay attributes (i.e. basic pay, DA,
HRA, TA, etc.). Personal details table may be used for recording personal attributes of every employee, consuming only one row of data (i.e. record) for each employee. The pay details table may contain records of pay attributes for all employees, with a new row of data created for an employee for every instance of the monthly salary drawn by him or her. Other tables may also be created for recording different parameters used in pay formulations of employees. Thus, we may have separate tables for storing the ‘% DA rate’ for different months, ‘% HRA rate’ for different locations, and the fixed quantum of ‘Transport Allowances’ for different designations of employees.

In order to establish relationship between any two tables, we will have to insert columns with matching values in the two related tables. Thus, we may have ‘employee name’ appearing in both ‘personal table’ as well as in ‘pay table’. After establishing a relationship between these two tables, rows with a common value in ‘employee name’ field of both the tables get related. The two common fields used in a relationship between tables are called the key fields. In our example, any ‘employee name’ in the personal table appears only once (i.e. unique row); and hence this field of personal table is a primary key of the relationship. On the other hand, an ‘employee name’ in the pay table appears in multiple rows; and hence this field of pay table is a foreign key of the relationship. The Figure-6.2 below illustrates the relationship of some such tables, wherein the lines connecting rows of two tables represent relationships.
For our practical example, let us take the multiple-tables route. We will have altogether five tables. Our first table, with the name 'TabEmpDetails', will store employee's personal attributes in the fields of 'EmpName', 'Designation ID' and 'Location ID'. In addition we will also have a field of 'EmpID' for storing unique values of employee number. So this field will be identified as Primary Key for the 'TabEmpDetails' table; and thereby database will not permit storing of two similar values in this field. The 'DesignationID' field will merely store the ID of employee's Designation, further details of which will be stored in a separate table. Understandably, this field will have multiple repetitions of some of the values. This field will form one of the foreign keys of 'TabEmpDetails' table with the establishment of its relationship with the table containing details of Designations. The 'LocationID' field will get similar treatment with another table containing details of Locations.

You may notice that we have used combinations of shortened words for identification of table name and the names of its different fields. This is done so as not to make headings of the table unnecessarily long, at the same time leaving sufficient scope for easy identification of intended attributes. You may also mark that no blank (gap) is left in between a name. We have also used both upper and lower cases for improving our readability of these names, though Access program as such is case insensitive. Read Box-6.9 to know more about the naming convention.

Our second table will be named 'TabDesignations' containing fields of 'DesgID', 'Designation', and 'TA'. Evidently, the field of 'DesgID' will form the Primary Key for this table. The third table with the name of 'TabLocations' and containing fields of 'LocationID', 'Location' and
Our fourth table will be used for storing the percentage rate of DA for different months of salary and it will be named as 'TabDARates'. It will have fields of 'MonthID', 'SalMonth' and 'RateOfDA' with the field of 'MonthID' forming the Primary Key. Now our last table will be used for storing the salary information that will be generated for different employees in different months. This table, named as 'TabMonthlySalary' will contain fields of 'SalaryID', 'MonthID', 'EmpID', 'Basic', and 'DedForPF' (Deduction for Provident Fund). The field of 'SalaryID' will be used for making each salary record as unique data and hence it will form the Primary Key of the table. The 'MonthID' (forming relationship with 'TabDARates') and 'EmpID' (forming relationship with 'TabEmpDetails') will be the two foreign keys of this table. In this table, the field of 'Basic' will be entered by the Pay-clerk for every instance of salary generation for an employee, depending upon the level of employee and his or her attendance record for the month. The Pay-clerk will also record the amount of PF deduction based on the choice given by individual employee, subject to prevalent rules. You may notice that out five tables, only the 'TabMonthlySal' table will grow every month with the addition of as many records as the number of employees drawing salary for the given month.

By now, you may have noticed that we have not given any fields in any of the table for storing attributes of 'DA', 'HRA', 'TA', 'GrossSalary' and 'NetSalary'. These fields are computed fields; and as such the Pay-clerk is not required to enter any data for these fields. Then why store them unnecessarily. Rather we will generate these fields in a Query, which is another Access object designed to extract data form one or more tables. Queries also allow computational facilities and present the outcome in a tabulated manner, as we shall see in a short while.

---

**Box - 6.9**

For writing a field name you can use up to 64 characters including letters, numbers and blank spaces. However it is advisable to avoid blanks as it entails irritating and unnecessary use of additional identifiers while using names in SQL and programming components (e.g. “Emp ID” will be written as [Emp ID] or Emp_ID, whereas it could have been easily written as EmpID in both database as well as programming). A name cannot start with a blank. You can include punctuation characters except a period (.), an exclamation mark (!), or brackets ([ ]). You cannot use a field name twice in the same table. It is also advisable to avoid use of standard words that define Access functions and properties or are part of VB language. Same rules apply for naming objects like Tables, Queries and Forms; however, no two objects of the same type can have same name.
6.4 CREATING DATABASE TABLES IN MICROSOFT ACCESS

Before we take up the task of database design using Access, we will have to first start up the Microsoft Access Application. For this, click on the Start button on the Windows Taskbar. Now point to All Programs; then point to Microsoft Office; and then click Microsoft Office Access 2007. (Henceforth in this chapter we will notify such sequential operations in a simplified manner as: Start > All Programs > Microsoft Office > Microsoft Access 2007). You will be taken to the ‘Getting Started with Microsoft Access’ Screen as shown in Figure-6.3. This screen is divided into three sections. The ‘Template Categories’ section on the left is for previewing and downloading standard database templates. In the centre you will see the ‘New Blank Database’ section for starting straightaway with a new database. On the right side is the ‘Open Recent Database’ section for opening the existing database files.

Click on Blank Database under central section. This will open up a dialogue box on the right section asking for database file name. This dialogue box could have also been opened by Clicking on the Office button located at the upper left corner of the screen and then Clicking New at the drop down menu (see Figure - 6.3). Enter the file name ‘PayRollApplication’ and then click on the Create button as shown in Figure – 6.4.

Box - 6.10
If you have so far worked only with Microsoft Office 97-2003 or its earlier versions, then the window style that you may find now may look little unfamiliar. However, this style is now common in all Microsoft Office 2007 applications. Herein Microsoft makes use of a new results-oriented user interface through which commands and features that were often buried in complex menus and toolbars are now easier to find. The user interface now includes task-oriented tabs that contain logical groups of commands and features in a standard area called Ribbon.
Instead of the default location for your database file, you can also identify your own location by clicking on the Browse icon given on the right side of file name. In New File dialogue box, you can also accept the suggested name (in default folder My Documents) and later on rename the file and move it to any other folder of your choice. File name can be of any length, and it can include spaces and even most of the punctuation marks. Also note that even if you do not type the default extension “.accdb” with the file name, it will be automatically added by the application.

`Box - 6.11`

‘Access’ as such is a fully complete application development system that includes Visual Basic (VB) Programming language and several other tools for setting up sophisticated applications. Even if you do not know many of the programming concepts, you can still maximise use of Access with the help of Access Wizards that will guide you through several steps for automatic creation of a database of your choice as well as linked queries and forms. For better understanding of underlying concepts, we will mostly use the design tools, and in some cases the route of Wizards as well as.

Clicking Create button on the New file dialogue box takes you directly to the new database window with the Tab for Datasheet opened up. The Figure 5 illustrates different components of this active database window of Access. In the left side Navigation Pane you will see that a default table (Table 6.1) has already been created and the same is also opened up in the working area of the window.
We can straight away start working on this table assuming it to be our first table. All we have to do is to type an employee name (say 'Ram Kishore') in the second column and click enter (or use Tab) to move to third column; type a designation ID (say ‘1’) followed by enter; and finally move to fourth column and type a location ID (say ‘1’) - as illustrated in Figure - 6. In this case, Access will automatically set a data type for each field based on the type of data entered into each column. You will see that headings of these columns are named as ‘Field1’, ‘Field2’ and ‘Field3’. Move the mouse pointer over the column heading ‘Field1’ and then double-click to select the column heading. Type ‘EmpName’ and press enter to change the column name from ‘Field1’ to ‘EmpName’. Similary, change the names of columns ‘Field2’ and ‘Field3’ to ‘DesgID’ and ‘LocationID’. You might have noticed by now that the first column of the table has the name ‘Id’ which was created automatically. This is an AutoNumber field in which the field value is assigned automatically by Access as we enter a new record. You may see your first record starting with a number different from the expected ‘1’. Even this number will be replace by the next number if you delete the record and start afresh. Ignore this limitation as it may not have any impact on our application. Move the mouse pointer over ‘Id’ heading; double click to select this heading, and changes its value to ‘EmpID’.

The structure of the ‘Table1’ that you see presently in the Datasheet View is already complete. At this stage, you can chose to enter the values of the other records as well. If you are not contended with the width of any column in your table then with the insertion point positioned in any record of this column click Home Tab > More (under Records Group) > Column Width. In the dialogue box that appears with the present value of column width, you can enter a different value and click Ok; else click BestFit to set the width of column to
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accommodate the longest entry (See Figure 6.7). You can also do this operation in a simple manner using mouse while in Datasheet View. Position the pointer on the right column boundary of the selected column in the header row till the pointer changes to a vertical line with a left-right-pointing arrow; then double click the left mouse-button to get the best fit.

Did you notice that our first table is still named ‘Table1’ and it has not been saved yet. Click on the Save button on the Quick Access toolbar on left hand top corner of window. A Save As dialogue box will
appear with the default table name of ‘Table1’ as shown in Figure - 6.8. Replace the name with ‘TabEmpDetails’ and press enter or click OK button to save the table with the intended name.

Now let us look at this table in **Design View**. Click on the **View** button placed on the left end of the ribbon (in View group) under the Datasheet Tab as indicated in Figure - 6.8. The design view of the current table will appear in the working area of the window as shown in Figure – 9. In Design View, you can tell Access which all fields will go into the table by entering desired attributes in the column titled ‘Field Name’. The type of data corresponding to each attribute can be identified in the column ‘Data Type’. Presently in our case for ‘TabEmpDetails’ table, the field name as well as data type are already filled up for all intended fields. You may also notice a icon of ‘Key’ appearing before the ‘EmpID’ field indicating it to be the Primary Key of the table.

For the benefit of laterday referencing, you may choose to record a brief description of different attributes in the column ‘Description’. Filling up of description of fields is optional, and has no bearing on the design of table. Even then it is desirable, especially if your database is likely to be used by other programers as well. Besides the data type, there are several other properties that can be set independently for each field. Appearing as ‘Field Properties’ at bottom part of the design

![Design View of the Table](image)

*Figure 6.9 : Design View of the Table*
view, these parameters of a field will vary with the choice of data type. A narration of each property (when you click the desired property) also appears in a hint box on right hand side, which makes understanding of field properties quiet simple. However, we will stick to default properties of all fields, and ignore this area altogether.

Having fully completed the structure and data of our first table and also having understood the various concepts related to its design, we can now move on and create rest of the four tables. Click on Create Tab > Table Button as illustrated in Figure – 10. The Data Sheet view of the default table (Table1) will appear again. You can choose this view or the Design View to create the rest of the tables and save them under intended names. For your convenience, the field names and data types of all five tables are summarised as under:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Field Name</th>
<th>Data Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>TabEmpID</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EmpID</td>
<td>AutoNumber</td>
<td>Unique employee ID – Primary Key.</td>
</tr>
<tr>
<td></td>
<td>EmpName</td>
<td>Text</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DesgID</td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LocationID</td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>TabDesignations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DesgID</td>
<td>AutoNumber</td>
<td>Unique Designation ID – Primary Key.</td>
</tr>
</tbody>
</table>
Having completed the designs of all data tables, we will now move on to the task of establishing relationships between different tables. Click on the **Database Tools** Tab and then **Relationships** button under **Show/Hide**.
In the working area, a Show Table dialogue box will appear as shown in Figure - 6.12. In case you do not see this dialogue box click on Design > Show Table. In the Show Table dialogue box, select a table and click Add button to add it in the relationship window. Add all the five tables in this manner. Close the Show Table dialogue box by clicking on Close button.

In the working area you will see all five table objects, each detailing the fields within them. You can reposition these table objects anywhere within the relationship window. To do this, point the mouse pointer in the caption area of the selected table object, hold down the left mouse button and then drag the mouse to shift table to its new location as shown in Figure -6.13. Now to create a relationship between TabMonthlySalary and TabDARates, position the mouse pointer over MonthID in the TabMonthlySalary table object, hold down the left mouse button, drag the pointer right to MonthID in the TabDARates, and then release the mouse button. A Edit Relationships dialogue box will appear as soon as you release the mouse button. You will notice that the dialogue box shows relationship type as One-To-Many (see Figure-6.13).
Computerised Accounting System

Access has determined the relationship type based on the fields selected for joining the two tables. Click on the **Create** button. A black line will appear joining the two tables at the common field. This line, also referred to as **Join Line**, establishes the relationship between TabMonthlySalary and TabDARates using the common field of MonthID. Remember, MonthID forms Primary Key in TabDARates and Foreign Key in TabMonthlySalary and hence is the relationship One-To-Many type. You may now repeat above steps to establish other relationship between the tables as indicated in Figure - 6.13. The overall relationship between different tables are summarised as under:

<table>
<thead>
<tr>
<th>Table</th>
<th>Related Table</th>
<th>Common Field</th>
<th>Relationship Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>TabDARates</td>
<td>TabMonthlySalary</td>
<td>MonthID</td>
<td>One-To-Many</td>
</tr>
<tr>
<td>TabEmpDetails</td>
<td>TabMonthlySalary</td>
<td>EmplID</td>
<td>One-To-Many</td>
</tr>
<tr>
<td>TabDesignations</td>
<td>TabEmpDetails</td>
<td>DesgnID</td>
<td>One-To-Many</td>
</tr>
<tr>
<td>TabLocations</td>
<td>TabEmpDetails</td>
<td>LocationID</td>
<td>One-To-Many</td>
</tr>
</tbody>
</table>

### 6.5 CREATION OF QUERY IN MICROSOFT ACCESS

As discussed in Section 4.0, we will now get on to the task of handling computational fields of ‘DA’, ‘HRA’, ‘TA’, ‘GrossSalary’ and ‘NetSalary’ using **Queries**. The Queries provide the real power to a database in terms of its capabilities to answer more complex requests (or **queries**). In case of Access, Queries provide the capability of combining data from multiple tables and placing specific conditions for the
retrieval of data. In its simplest form, you may consider a Query to be another tabular view of your data showing information from one or more tables.

Click on Create > Query Design. A Show Table dialogue box will appear with a Query Table in the background as shown in Figure – 6.14. In case you do not see this dialogue box click on Design > Show Table. In the Show Table dialogue box, select a table and click Add button to add it in the relationship window. Add all the five tables in this manner. Close the Show Table dialogue box by clicking on Close button. In working area above the Query Table, you will see all five table objects (with complete list of their fields) along with the one-to-one relationship that has been established between tables earlier. You can reposition these table objects in the manner discussed earlier. In the portion below Table objects, you will see blank columns that represent columns in the Query results datasheet. These columns (see Figure – 6.14) are also referred to as the Design Grid.

![Figure 6.14 : Creation of Query](image-url)
In the first column of the design grid, click on the Table row. A dropdown button will appear on this cell. Click on the button to get the dropdown list of tables and click on ‘TabMonthlySal’. Now in the same column, click on Field row and get the dropdown list of all fields in ‘TabMonthlySal’. Click on the ‘SalaryID’ field. In this manner the SalaryID from TabMonthlySal has been selected for view in the Query. The above operation could have also been done simply by double clicking the ‘SalaryID’ in the list box of TabMonthlySal object. You could have also done this by positioning the mouse pointer on the identified field of a table object, held down the left mouse button, and dragged it to the field row of the desired column of the design grid, and then released the mouse button.

You shall take care to fill different fields from Table object into the Design Grid in the same order in which you want to display these fields in the Query Results data sheet. Now select any of the described methods to fill other columns of the design grid in the specified order with fields of Month ID (TabMonthlySalary), SalMonth (TabDARates), EmpName (TabEmpDetails), and Basic (TabMonthlySalary) as illustrated in Figure - 6.15. In case you may not require the need of displaying MonthID, you may click on this field at the row marked as ‘Show’ to uncheck the show-check-box. At this stage, if you click on the Run button under Results group of Design Tab, you will see the result of Query displayed with the fields of SalaryID, SalMonth, EmpName, and Basic. Clicking of ‘Run’ actually tells the Access to
execute all instructions stored by you in the Query, and to display the results. You may adjust the column widths by any of the methods described earlier for Tables. Click on the Save button on the Quick Access toolbar. At the Save As dialogue box, type QueryMonthlySalary and click OK to save our Query.

Evidently our Query is not complete as we are not seeing the computational fields and the field of DedForPF in the DataSheet View. Go back to the Design Grid view by clicking on Design View under Home Tab. In the Design Grid, Click on the Field row of the first blank column (after Basic) and type ‘DA: [Basic]*[TabDARates.RateOfDA]/100’. In this expression, the word ‘DA’ coming before the column() will be treated as the name of the computational field which will appear as heading of the column. The rest of the typed part will form the actual expression which will be evaluated and its value displayed on clicking of Run command. You may notice that in our expression for ‘DA’, we have made use of ‘Basic’ field which is already forming a part of Query by taking it within the square parenthesis ([ ]). We have also made use of ‘RateOfDA’ field which is not appearing in the Query columns; and for this we recorded the corresponding Table name as well as Field name separated by a period (.) within the square parenthesis. It may be easily comprehensible that the operator ‘*’ and ‘/’ stand for multiplication and division respectively. At this stage if you click on the Run command, you will notice the last field for ‘DA’ with its computed values for different employees as per the % DA Rates for different months.

Come back to the design view (by Clicking Design View button under Views Group) and repeat above listed procedure to fill up the next field of Query for computing HRA using the expression ‘HRA: [Basic]*[TabLocations.RateOfHRA]/100’. The next column in the Query is for the TA field, which is to be included as such from the Table ‘TabDesignations’ using any of the methods enumerated earlier. Next, create the field for ‘Gross Salary’ by typing the expression ‘GrossSalary: [Basic]+[DA]+[HRA]+[TA]’. Now we can also include the field of ‘DedForPF’ from the ‘TabMonthlySalary’. Finally, we shall include the field of NetSalary using the simple expression ‘NetSalary: [GrossSalary]-[DedForPF]’. At this stage, save your Query as instructed earlier and also run the Run command to look back the outcome of your effort in the Data Sheet View.

While Figure -6.15 gives an illustration of the Design View of our Query, the Figure - 6.16 shows the Datasheet View of the Query. Your view may be little different based on the actual data that you have entered in different tables. As shown in Figure 6.16, you may notice that the total dataset of the Query is composed of all data rows corresponding to the Table ‘TabMonthlySalary’. You may restrict the dataset to any restricted values for any of the specified field. For example, we may want only the data corresponding to November 2007,
for which the MonthID is ‘6’. With this objective, click on the **Criteria** row under **MonthID** field and type ‘=6’ as shown in Figure - 6.17. Now if you click on ‘**Run**’ command, you will see the data records corresponding only to the month (SalMonth) of Nov 2007.

![Datasheet View of the Query](image1.png)

*Figure 6.16: Datasheet View of the Query*

![Setting of Criteria and Sorting of Data in a Query](image2.png)

*Figure 6.17: Setting of Criteria and Sorting of Data in a Query*
For a better presentation, you may also like to sort the records in ascending or descending order against a chosen field of the Query. Thus, we may like to arrange the records of Nov.2007 as per alphabetically ordered names. For this, click on the **Sort** row below the EmpName field. Now Click on the pull down button that appears on the end of the cell and select **Ascending** (see Figure – 6.17). Run the Query and notice that the records are alphabetically arranged as per names of the employees.

### 6.6 CREATION OF FORMS IN MICROSOFT ACCESS

So far, we have learned the concepts behind organising the information in a database using Tables and retrieving such information using Queries. Now we will look into the mechanisms for placing information into the tables as and when the need arises. The Microsoft Access provides two primary mechanisms to achieve this goal. The first method, which we are already familiar with, is to simply bring up the table in a window by double-clicking on it and adding information to the new blank row at the bottom. We can also make changes in any other row as one would do in case of a spreadsheet. You can save the changes in the table by clicking on the **Save** button on the Quick Access toolbar.

#### Box - 6.12

*The Access 2007 provides facility for creation of a **Simple Form** wherein you can enter information for one record at a time. Access also provides tools for creation of a **Split Form** which shows the underlying datasheet in one half of the section and a Form in other half for entering information in the record selected in the datasheet. The two views in this form are synchronised so that scrolling in one view causes the scrolling of other view to same location of the record.*

As second mechanism for information handling (i.e. for addition, modification and deletion), the Access provides a user-friendly **Forms** interface that allows users to enter information in a graphical form, and this information transparently passes to the underlying database. This method is more user-friendly for the data entry operator, though it may entail a little more work on the part of the database designer.

For our Pays Roll Application, let us create a simple Form for the Table **TabMonthlySalary** – which is one table likely to be used more frequently by the bill clerk. In the Navigation Pane of *PayRollApplication*, Click once on the **TabMonthlySalary**. Having selected the intended Table thus, Click on **Create Tab** and then on **Form** under Forms Group. The Form View of the TabMonthlySalary will appear in the working area of Window showing first record of the Table as illustrated in Figure 18. At the bottom of the Form you will see Navigation bar with buttons for ‘First Record’, ‘Previous Record’.  

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‘Next Record’, ‘Last Record’ and ‘New Record’. In the middle of Navigation bar, you will also see the number of current record (e.g. 1 of 24). Click on the buttons for Next Record a few times to scroll through a few records in Form View. You may also click other buttons to understand their functions. If you click on New Record button, you will notice that a new record will get displayed with ‘SalaryID’ displaying (New) while all other fields remaining blank. You may recall that SalaryID is the Primary Key of this table with AutoNumber as its data type.

We can make some changes in the size of data boxes and their location within the Form. With this objective, let us first change the view of Form to Design View by clicking on Home > Design View. In the Design View, click on any of the Text Boxes. Move the mouse pointer to right end of the highlighted boundary of the Box till a Left-Right arrow appears. Press the Left Mouse button, and holding it there move the mouse towards left to reduce the width of Text Box to desired size. You will notice that the sizes of all Text Boxes have reduced automatically. Now select all text boxes by clicking once on each box while pressing the Shift key. Now move the Mouse pointer over any of the box till a sign with four arrows (similar to a + sign) appears. Press the Left Mouse button, and holding it there move the mouse towards right to shift the Text Boxes to a more central location.
We know that in TabMonthlySalary, the field of MonthID is a Foreign Key. In order to have meaningful values in our final Query (i.e. QueryMonthlySalary), this field shall contain only those values that are already stored in TabDARates. We can impose this condition in the Form while we are in Design View. Click and select the MonthID Text Box. Keeping the mouse pointer within this Box, click the right mouse button and select *Change To > Combo Box* as illustrated in Figure –19. You will notice that the Text Box of MonthID field will change to a Combo Box with a pull down button appended at the end of box. With the *MonthID* ComboBox still selected, click on the *Property Sheet* Button under *Tools* Group. This will open up the Property Sheet of the *MonthID* Combo Box as shown in Figure - 6.20. In the *Data* Tab of Property Sheet (which may be already open before you), click on the *combo* button against ‘Row Source’ property to see the pull down list of Tables; and select ‘TabDARates’. Note that you will be able to see the Combo option under ‘Row Source’ property, only if, the ‘Row Source Type’ property is selected as ‘Table/Query’. Ensure that the ‘Bound Column’ property has a value of ‘1’, which corresponds to the First Column – i.e. ‘MonthID’ – of the ‘TabDARates’. Having thus reset the property of MonthID field of the form, change the view to *Form View*. You will notice that the Form now shows a Combo Box against the MonthID field and in its pull down list only those MonthIDs will appear which are already stored in the TabDARates. You may realise that in TabMonthlySalary, the field of EmpID also needs to be given similar treatment; and its values shall be restricted to the values of ‘EmpID’ given in the TabEmpDetails.

Figure 6.19 : Changing of Textbox to a Combo Box in the Form Design View
Many more changes can possibly be done in our Form to make it more user-friendly. However, these may entail the use of ‘Macro Builder’, ‘Query/Expression Builder’ and ‘Code Builder’. These topics are beyond the scope this book, though you may explore them gradually after developing familiarity with presently covered areas of Access programming. You may also develop suitable designs of Forms for other Tables of the Payroll application.

6.7 CREATION OF REPORTS IN MICROSOFT ACCESS

Information stored in a Table or Query can be easily printed while it is in Datasheet view. This can be done by using Print command given under Office Button on left hand top corner of the window. Even a Form view can be directly printed in similar manner. A Report is also used for the print purpose, though it allows for more flexibility in selecting the fields to print, and to have more control on the overall layout and format of the print output. The Report in Access is thus another object which is designed to print information from the database on to the screen, or to a file or directly to the printer.

Here also you can take the elaborate route of step-by-step design as was done in case of Tables, Query or Form. However in this case, you may find the Report Wizard becoming a more favorable tool as it guides the designer through a series of dialogue boxes to create the most suitable Report.
Evidently in our case, we will be interested in generating the Report for the ‘QueryMonthlySalary’. With this intent, Click on ‘QueryMonthlySalary’ in the Navigation Pane, then click on Create Tab, and then on Report Wizard under Reports Group. In the dialogue box that appears with QueryMonthlySalary Query already selected, move all fields from the Available Fields List Box to the Selected Fields List Box using appropriate Arrow button as shown in Figure - 6.21. Click Next to see the second dialogue box asking for Grouping Levels. Here select ‘SalMonth’ and click on the Arrow button (else double click the ‘SalMonth’) to print data in groups of different salary months (See Figure – 6.21). Click Next to reach the third dialogue box asking for sorting order of the records. Here you can click on the Pull-down Arrow next to the first text box and then select ‘SalaryID’ from the drop down list so as to arrange the records in ascending order of the salary ID within each data group - as illustrated in Figure - 6.22. Click Next to see the dialogue box for layout of the Report. Retain the default ‘Stepped’ layout but change the orientation of Report to ‘Landscape’ so as to see all the columns of the Report in a single page view (see Figure - 6.22). Again Click Next to see the dialogue box for selecting style of Report. You may choose any style and later on experiment with the others as well. One more click of Next will take you to the dialogue box seeking the name of Report object. Type ReportMonthlySalary and click on the Finish button to see the Report appearing in working area of window in its Print Preview form.
You may notice that the extent of data in above designed Report is limited as per the **Criteria** laid down in our Query ‘**QueryMonthlySalary**’. By changing the Query suitably, we can modify the Report for generating monthly as well as annual Pay Rolls. We can also change the Criteria of our Query to get individual Report for each month (i.e. Pay Slip) or for the whole of year (i.e. Annual Statement).

**Figure 6.22** : Report Wizard Dialogue Boxes

**Figure 6.23** : Adding of Sum Expression in the Report
We may like to improve the Report further by getting sum total of all the values under different columns for each group. For example, we may want to see the total Basic of all employees for November 2007 group. For such modification, open the Report in Design View by Clicking on Home Tab and then clicking on Design View under Views Group. In the design view as shown in Figure - 6.23, select the field Basic by clicking it once. Now click on Totals under ‘Grouping and Totals’ Group of Design Tab. In the pull down menu that appears, click on ‘Sum’. You will notice that an expression ‘=Sum([Basic])’ will appear below the Basic Text Box. You can repeat above steps with other fields containing numerical (both stored as well as computed) values. Now if you click on View button (i.e. click Design  > Report View), you will see the sum total of each column (with in each group) appearing in the report as illustrated in Figure 6.24.

At this stage, close the Report by clicking on the Cross button immediately above the report. Save the application once again by clicking on the Save button under Quick Access Bar. Our PayRoll Application in Access has been completed and saved. You may now close your application by clicking on the Close button under ‘Office Button’ or by simply clicking on the Cross button at right-hand top corner of the window.
Summary

• Database Management System (DBMS) provides a variety of software tools for organising, processing and querying data in a flexible manner. MS-Access, Oracle, SQL Server, IBM-DB2 are examples of DBMS software.

• In DBMS, data is organised in tables (similar to a file). A table has a number of rows (or records) and columns (or fields or attributes). Each row contains a record of information, for example of an account head or a party or a transaction as per the need. The information in a row consists of a sequence of columns or attributes, such as transaction number, transaction date, etc, or it could be party's name, party's address, etc.

• One of the tasks in analysis of requirement is to identify and list out the information required including its elements. These elements of information become columns (attributes) in appropriate tables.

• Data (set of attributes) should be logically structured so as to put them in various tables. The goal of such structuring is to reduce data redundancy, to achieve data consistency as well as to enhance efficiency for adding, updating and querying operations on database.

• Normalisation is the process for removing data redundancy.

• Since the data stored in different tables may be related, such relationship is implemented by establishing links between tables. The database created on the basis of such relationships between different tables is called relational database.

• Relationship between tables is established with the help of primary key and foreign key. Primary key consists of minimum possible one or more than one attributes of a table, which uniquely identifies each row of that table. Foreign key consists of set of attributes, which from primary key in another (related) table.

• Most of Computerised Accounting Systems are multi-user systems. These systems use ‘server database’ unlike single-user (or desktop) systems using ‘desktop database’. In a multi user system, a user interacts with the software through the user interface, which is also termed as ‘front-end’. Database, which is kept on a server, is termed as a ‘back-end’.

• MS-Access is an example of ‘desktop database’. Oracle, SQL Server, IBM-DB2 is examples of ‘server databases’. Desktop databases may be satisfactory for SOHO (Small Office Home Office) organisations as they offer inexpensive and simple solutions to many of business data storage and processing requirements.

• In order to provide security and consistency of data, database is not directly accessible to users. Any addition or retrieval of information from database is done by user-friendly programs. Database is thus rightly referred to as ‘back-end’ while the interactive program, that includes user interface, is termed as ‘front-end’ of a database application.
EXERCISE

Q1. MULTIPLE CHOICE QUESTIONS

1. ‘DBMS’ stands for:
   a. Drawing Board Management Software
   b. Dividend Based Marking System
   c. Data Base Management System
   d. Data Base Marking Software.

2. MS Access is a:
   a. Word processing Software
   b. Presentation Software
   c. Spread sheet Software
   d. Data Base Management Software.

3. The term ‘field’ as applied to database table means:
   a. Vertical column of the table
   b. Size of the table
   c. Horizontal row of the table
   d. Name of the table.

4. The term ‘record’ as applied to a database table mean:
   a. Vertical column of the table
   b. Size of the table
   c. Horizontal row of the table
   d. Name of the table.

5. The common fields used in a relationship between tables are called:
   a. Joint fields
   b. Main fields
   c. Key fields
   d. Table fields.

6. The existence of data in a Primary key field is:
   a. Not necessarily required
   b. Required but need not be unique
   c. Required and must be unique
   d. All of above
7. The existence of data in a secondary key field is:
   a. Not necessarily required
   b. Required but need not be unique
   c. Required and must be unique
   d. All of above

8. SQL stands for:
   a. Simple Questions Language
   b. Simple Que line up
   c. Singular Quantity Loading
   d. Structured Que Language

9. The default extension of MS Access (2007) file is:
   a. .accbd
   b. .exl
   c. .doc
   d. .exe

10. Wizards in MS Access means
    a. Person who developing programme
    b. Tools for simplifying the programme usage
    c. Relating between tables
    d. Reporting generated by programme.

11. ‘Join line’ in the context of Access Tables means:
    a. Graphical representation of relationship between tables
    b. Lines bonding the data within table
    c. Line connecting two fields of a table
    d. Line connecting two record of a table.

12. In order to retrieve select data meeting a specified criteria from two different tables of Access database, we may make use of:
    a. Table
    b. Query
    c. Form
    d. Report.
13. To expect a well formatted printable data from Access database, we may use:
   a. Table
   b. Query
   c. Form
   d. Report.

Q2. Answer the Following Questions

1. What do you understand by DBMS. Give names of two commonly available DBMS softwares?
2. Differentiate between ‘Desktop database’ and ‘Server database’. List the criteria that may help you in selecting appropriate database?
3. With suitable example illustrate the meaning of ‘attributes’ as applied to database?
4. Why do we seek to split up in formation into different tables rather than confine it to a single table?
5. What do you understand by terms ‘key field’, ‘primary key’ and ‘secondary key’ in a database?
6. List the conventions that you will follow, while naming different fields of a table?
7. What are the uses of ‘query’ object in Access program?
8. What do you understand by ‘Form’ object in Access and how are they useful?
9. What is the purpose of ‘report’ object in Access program?
10. What do you understand by database? What are the ways in which data is stored and queried in an Access database?
11. What are the advantages of Access over Excel?
12. Describe in brief the function of ‘Table’, ‘Query’, ‘Form’ and ‘Report’ object of Access program?

Q3. Skill Review

1. You are starting to plan ahead for your job search. You decide to maintain a database of company information in Access.
2. Search for at least eight companies. You wish to apply for include company name, address, telephone and fax numbers. If possible, also include the name of contact person in their human resource department.
3. Create job search company safer, accounting database.
4. Open the company information table.
5. Enter at least records for the companies you researched.
6. Adjust column widths, as necessary.
7. Sort the records in ascending order of Name of Company.
8. Preview Table
9. Format all record to a smaller font size.
10. Change the page layout so that entire table fit on the page.
11. Close company information table.

**Answer**

9.1.  
1. c.  2. d.  3. a.  4. c  5. c  6. c.  7. a  
8. d.  9. a.  10. b.  11. a.  12. b.  13. d.