

## ACCOUNTING SOFTWARE – GNUKhata

When the size and operations of a business increases, the transactions cannot be recorded and processed manually. Here comes the role of computers in accounting with which we can process huge volume of transactions using certain application software called accounting software. Now a days even small scale business organisations can make use of accounting software.

### Commonly used Accounting Software

A number of computerised accounting software are available according to the need and use of business organisations which includes GNUKhata, SAP, Tata Ex, Peachtree, Daceasy, Tally, Fresh books, Quick books, Zoho books, Wave etc.

In the above cited list GNUKhata is a Free and Open Source Software (FOSS) and the rest are proprietary software. FOSS can be legally downloaded, copy and customise without paying anything. In this unit we are discussing about GNUKhata which is functioning in Linux platform.

### GNUKhata

GNUKhata (pronounced as *jee\_new\_khata*) developed by Digital Freedom Foundation, a public charitable trust, in association with International Centre for Free and Open Source Software (ICFOSS). It supports a wide range of applications related with accounting and inventory management. It can be easily transformed into different Indian languages.

### Features of GNUKhata

- a) It is a free and open source accounting software
- b) It is based on double entry book keeping
- c) Comprehensive financial reports are available like Ledgers, Trial balance, Profit and loss Account, Balance sheet etc.
- d) Source document can be attached along with the voucher entry.
- e) Export and import of data from Spreadsheet is possible.
- f) Password security and data audit facility provided.

### Steps for preparing final accounts using GNUKhata

1. Create Organisation.
2. Create admin and login.
3. Create sub-groups if necessary.
4. Create ledger accounts.



5. Voucher entry.
6. Enter Opening Stock and Closing Stock.
7. Display ledger accounts.
8. Display trial balance.
9. Display P&L Account.
10. Display Balance sheet.



To run GNUKhata:       **Applications → Office → GNUKhata**

**Create Organisation** – An organisation means an entity which aims either for profit or not for profit.  
 Create organisation → Enter the name and other details → Proceed

**Create Admin** – After creating organisation, it is mandatory to 'Create Admin'. Fill all the fields such as User name, Password, Confirm password, Security question and Answer to security question. Then click on 'Create & Login' to save the admin details.

### Groups And Sub-Groups

GNUKhata has predetermined Groups and Sub-Groups. It is available in 'Create Account' menu as detailed below:

Master → Create Account → Group → Select a group (Eg. Current Asset) → Subgroup (Eg. Bank)

GNUKhata has 13 predetermined account groups out of which 9 are related to the Balance sheet and 4 are related to the Profit & Loss Account or Income & Expenditure Account

### Profit & Loss or Income & Expenditure Account Groups:

Sl.No.	Group Name	Sub-Group Name
1	Direct Income   None	
2	Direct Expense   None	
3	Indirect Income   None	
4	Indirect Expense   None	

### Balance Sheet Groups

The list of Balance sheet groups and sub groups are given in Table 2

Sl.No.	Group Name	Sub-Group Name
1	Fixed Assets	Building, Furniture, Land, Plant & Machinery

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2	Investments	Bank Fixed Deposits, Shares & Debentures
3	Loans (Asset)	None
4	Current Assets	Cash, Bank, Inventory, Loans and Advances, Sundry Debtors 5 Miscellaneous Expenses None
	(Assets)	
6	Capital / Corpus	None
7	Loans (Liability)	Secured, Unsecured
8	Reserves	None
9	Current Liability	Provisions, Sundry Creditors for Expenses, Sundry Creditors for Purchases

### Description of the Groups and Sub-Groups

1. Direct Income: Income from operating activities comes under this group. For eg., sale of goods.
  2. Direct Expense: Expenses which are mainly related with purchase or manufacturing of goods. For eg., Purchases, wages, factory lighting, carriage inwards, consumables, Opening stock etc.
  3. Indirect Income: It includes rent received, interest received, discount received, commission received, dividend received etc.
  4. Indirect Expense: All office, administration, selling and distribution expenses such as salary, office telephone, electricity expenses, maintenance of vehicles, interest on loan, rent, depreciation etc. are included in this group.
  5. Fixed Assets: Accounts of all fixed assets are opened under this group. The Names of Sub-Groups are Building, Furniture, Land and Plant & Machinery.
  6. Investments: This contains accounts of investments made by the organization. It involves two Sub-Groups which are Investments in Bank Deposits, and Investments in Shares & Debentures.
  7. Loans (Asset): All long term loans issued by the organisation comes under this group.
  8. Current Assets: The amount invested in stock, debtors etc. are included in this category.
  9. Miscellaneous Expenses (Assets): Preliminary expenditure which are not written off, huge advertisement expenditure etc. come under this group.
  10. Capital / Corpus: Capital in case of business organisations and Corpus in case of not for profit organisations are included here.
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11. Loans (Liability): This contains accounts of loans taken by the organization from banks and other financial institutions.

12 Reserves: It involves retained earnings, reserves and surplus.

13. Current Liability: The sub groups and accounts of Current Liabilities are:

Provisions: Accounts of PF, ESI and TDS dues etc.

Sundry Creditors for Expenses: Accounts of outstanding expenses, such as Salary Payable, Audit Fee Payable etc. Sundry Creditors for Purchases.

We cannot create new groups, but new sub-groups can be created. Suppose we want to create an account “Vehicles” under Fixed assets, it cannot be placed under any one of the default sub-groups such as Building, Furniture, Land and Plant & Machinery. The option here is to create a new sub group of our choice say, – ‘Other fixed assets’.

**Groups and Sub-groups some peculiar items in GNUKhata:**

Item / Account Name	Group	Sub-group
Sales Return	Direct Expense	None
Purchase Return	Direct Income	None
Income Received in Advance	Current Liability	New Sub-group – Advances (Liability)
Expense Paid in Advance	Current Asset	Loans & Advances
Drawings	Capital	None

**System Generated Ledger Accounts**

When an organisation is created the software automatically creates the following ledgers. These accounts can neither be modified nor deleted.

Sl.No.	Account Name	Group Name	Sub-Group
			<b>Name</b>
1	Closing Stock	Current Assets	Inventory
2	Opening Stock	Direct Expenses	None
	Profit & Loss Account (For Profit Making Organizations:)		
3	Or Direct Income	None	
	Income & Expenditure Account (For Not for Profit Organizations )		
4	Stock at the Beginning	Current Assets	Inventory



- Cost Centre Statement
- Cash Flow
- Balance Sheet
- Consolidated Final Accounts
- Profit & Loss
- List of Accounts
- List of Deleted Vouchers
- List of Users
- Activity Log

**4. Administration** – To protect the data GNUKhata provides certain security features through this menu.

- New User
- Remove User
- Change Password
- Close Books / Roll Over
- Organisation Preferences
- Export Data
- Delete Organisation
- Import Data

## 5. Help

- Manual
- Short-cuts
- Authors etc.

**Ledger Creation** – To create a ledger account select the option **Create Account** from **Master Menu**. While creating ledger account only accounts relating to Balance Sheet group will have opening balances. There is no need to enter opening balances for income and expense account.

Multiple ledger accounts can be created by giving a check mark (✓) on “Create Multiple Accounts”.

## Display Ledger Accounts

**Report → Ledger → Account Name → Select the name of ledger → Check or uncheck the option Monthly Ledger → View**

The option 'Monthly Ledger' if checked (✓) the system will show month wise ledger and if it is unchecked it will directly open the ledger account.

**Editing Ledger Accounts** – To edit a Ledger account, select Edit Account from Master menu. Here we can change Account Name and Opening Balance, if any, but cannot change the name of Group and Sub-Group.

**Deleting Ledger Accounts** – Select **Edit Account** from **Master menu**. Select the ledger Account to be deleted, click on Delete Button and confirm the deletion. System generated account and the ledger account already used in voucher cannot be deleted.

**Creation of new sub-group** – New sub-groups can be created under pre-defined groups. But we cannot create a new account group. Once a sub-group is created it cannot be deleted.

For example, a new sub-group named 'Purchases' can be created under the main group 'Direct Expenses' and various accounts can be opened under this sub-group such as 'Purchase of Raw Materials', 'Purchase of Finished Goods' etc.

### Voucher Entry

Recording transactions through voucher interface is called voucher entry. The voucher entries are made on the basis of concerned source documents. While recording a transaction through the voucher, the account to be debited and credited along with the amount and its narration should be given. We can add any number of debits and credits in a voucher entry.

### Types of Vouchers

GNUKhata offers the following pre-defined voucher types. We cannot create a new voucher type as it is not required.

Voucher Type	Used To Record	Short cut Keys
Receipts	To record receipt of cash or cheque	F4
Payments	All payment made by cash or cheque	F5
Sales	Cash and credit sales of goods	F6
Purchase	Cash and credit purchase of goods or raw materials	F7
Contra	Deposits or withdrawals of cash from bank or transfer of funds from one bank to another and transfer of cash to petty cash	F8
Journal	Rectification entries or transfer or adjustment entries purchase or sale of fixed assets on credit	F9

Sales Return Return of goods by a customer Ctrl+1 Purchase Return Return of goods to supplier Ctrl+2

Credit Note Reduction in the amount due from a customer or Ctrl+3  
for allowances

Debit Note Reduction in the amount payable to a supplier or Ctrl+4 for allowances

### **Finding and Editing a Voucher**

To make changes in a voucher entry that we have already entered, Find/Edit option is available in GNUKhata.

Voucher – Find/Edit Voucher – Select Criteria to search – Select the transaction to be edited – Press Enter Key – Make necessary changes – Save

*(Note: In GNUKhata v4.25 edit option is not working temporarily)*

**Cloning a Voucher** – Clone a voucher means to copy a voucher. Where a number of similar entries are to be made Cloning module is used. To apply this facility find the voucher through 'Find/Edit Voucher' option from Voucher menu. Open the voucher to be copied and click on Clone button. Thereby a new voucher with similar details will be generated automatically and save it.

**Deleting a Voucher** – Voucher deletion is used when there is a duplicate entry is made. Deleted vouchers cannot be restored, but we can view a List of Deleted Vouchers through Report menu.

**Voucher – Find/Edit voucher – Select the criteria to search – Select the transaction – Press Enter Key – Press Delete Key – Yes**

