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Accounting Software Applications

Course Code: COM5FS112 (2) • Module 4 Notes

MODULE IV: REPORT GENERATION & STATUTORY COMPLIANCE

MODULE OVERVIEW & STRATEGIC IMPORTANCE

The ultimate objective of recording transactions and maintaining inventory in accounting software is the generation of timely, error-free, and legally compliant financial telemetry. While manual accounting required weeks of laborious cross-posting, ledger balancing, and manual reconciliation at year-end, computerized accounting engines dynamically synthesize raw vouchers into real-time financial statements, diagnostic ratio matrices, statutory Goods and Services Tax (GST) returns, and forward-looking budgetary variance models. Module IV explores the complete reporting ecosystem: primary registers (Cash/Bank Books, Ledger Accounts), statutory financial statements (Trial Balance, Profit & Loss Account, Balance Sheet under Schedule III of the Companies Act, 2013), diagnostic ratio analysis and Cash Flow Statements (AS-3 / Ind AS 7), multi-format data exports (PDF, Excel, XML), end-to-end GST accounting (GSTR-1, GSTR-3B, e-Invoicing, e-Way Bills), and managerial budgeting and forecasting frameworks.

UNIT 11: CASH BOOK, LEDGER ACCOUNTS, TRIAL BALANCE, P&L ACCOUNT & BALANCE SHEET

In software environments like Tally Prime, financial statements are not static documents compiled manually at the end of the fiscal year; they are **dynamic relational views** computed instantaneously from transaction tables. Entering a single voucher propagates immediately across the Cash Book, Debtor/Creditor ledgers, Trial Balance, Income Statement, and Balance Sheet.

1. Primary Books: Cash Book, Bank Books & Ledger Accounts

Primary accounting registers provide chronologically ordered and account-specific records of financial transactions:

- **Cash Book (`Gateway of Tally → Display More Reports → Account Books → Cash/Bank Book(s)`):** Displays the opening cash balance, all inward cash receipts, outward cash disbursements, and the closing physical cash position. Modern software supports multi-currency cash accounts, petty cash imprest sub-ledgers, and daily cash flow summaries. Negative cash balances are highlighted as severe control warnings.
- **Bank Books & Bank Reconciliation Telemetry:** Tracks transactions processed through commercial banking channels. Pressing `Alt + R` opens the integrated Bank Reconciliation Statement (BRS) module, allowing accountants to match digital book entries against bank statement clearance dates, isolating unpresented cheques, uncredited deposits, and automated bank charges.
- **Ledger Accounts (`Gateway of Tally → Display More Reports → Account Books → Ledger`):** The foundational sub-ledger displaying all debit and credit entries posted to a specific ledger. Features include:

- **Columnar Ledger Display (`F8`):** Breaks down line items by voucher type, voucher number, reference number, quantity, rate, gross amount, and tax breakdowns.
- **Bill-by-Bill Clearing Status:** For Sundry Debtors and Creditors, pressing `Alt + B` displays unpaid bills, payment due dates, overdue aging buckets, and accrued interest.
- **Daily / Monthly Summary:** Aggregates transactions into monthly totals to identify seasonal sales spikes or expenditure anomalies.

2. Trial Balance: The Arithmetical Equilibrium Benchmark

A **Trial Balance** (`Gateway of Tally → Display More Reports → Trial Balance`) is a consolidated schedule of all ledger debit and credit closing balances at a specific point in time. In computerized systems based on strict double-entry mechanics, the total of all debit balances mathematically equals the total of all credit balances at all times.

TRIAL BALANCE ARCHITECTURAL PRESENTATION MODES

EQUILIBRIUM ENGINE

TOTAL DEBITS (Assets + Expenses + Losses) = TOTAL CREDITS (Liabilities + Capital + Incomes + Gains)

Core Display Configurations in Tally Prime:

- **Grouped View vs Detailed View (`Alt + F1 / Alt + F5`):** Grouped view shows high-level Primary Groups (Capital Account, Current Assets, Current Liabilities, Sales Accounts, Purchase Accounts). Expanding the view reveals nested subgroups and atomic ledger accounts.
- **Ledger-wise Trial Balance (`F5`):** Flattens the hierarchical group structure to present all active ledgers alphabetically, providing a fast audit checklist.
- **Columnar / Four-Column Trial Balance (`F12`):** Displays Opening Balance, Debit Transactions during the period, Credit Transactions during the period, and Net Closing Balance for every account.
- **Difference in Trial Balance (Suspense Account):** While standard dual-entry prevents mathematical inequality, opening balance entry errors or corrupted database tables can create a discrepancy. Tally Prime automatically isolates this difference and displays it at the bottom of the Trial Balance until resolved.

3. Profit and Loss Account (Income Statement)

The **Profit and Loss Account** (`Gateway of Tally → Profit & Loss A/c`) measures the operational and commercial financial performance of the enterprise over a specified accounting period. It calculates Gross Profit, Operating Profit, and Net Profit.

1. Trading Account Section (Gross Profit)

Captures direct manufacturing and trading operations:
• **Debit Side:** Opening Stock, Direct Purchases (net of returns), Direct Expenses (Wages, Factory Freight, Power, Fuel).
• **Credit Side:** Sales Revenue (net of returns and trade discounts), Closing Stock valuation (from inventory sub-ledger).
• **Gross Profit Margin:** Gross Profit = Net Revenue from Operations - Cost of Goods Sold (COGS).

2. Profit & Loss Section (Net Profit)

Captures operational overheads, financial costs, and non-operating income:
• **Debit Side:** Indirect Expenses (Administrative Salaries, Office Rent, Marketing, Depreciation, Bank Interest, Bad Debts).
• **Credit Side:** Gross Profit brought down, Indirect Incomes (Interest Received, Dividend Income, Discount Received, Scrap Sales).
• **Net Profit / Net Loss:** Transferred dynamically to Capital Account / Reserves & Surplus on the Balance Sheet.

Presentation Styles: Tally Prime allows toggling between the traditional **Horizontal T-Format** (Debit on Left, Credit on Right) and the **Vertical Format** prescribed under Schedule III of the Companies Act, 2013 for corporate statutory reporting (`F12 → Show Vertical P&L = Yes`).

4. Balance Sheet: Statement of Financial Position

The **Balance Sheet** (`Gateway of Tally → Balance Sheet`) summarizes the financial condition of the enterprise at a specific date, presenting the fundamental accounting identity:

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The Fundamental Accounting Equation:
ASSETS = LIABILITIES + SHAREHOLDERS' EQUITY (CAPITAL)
Fixed Assets + Non-Current Investments + Current Assets = Capital / Share Capital +
Reserves & Surplus + Non-Current Liabilities + Current Liabilities
```

Marshalling of Balance Sheet: Accounting software supports both methods of ordering assets and liabilities:

- **Order of Liquidity:** Assets are presented in descending order of their convertibility into cash (Cash in Hand → Bank Balances → Marketable Securities → Sundry Debtors → Closing Stock → Fixed Assets). Best suited for banking, trading, and financial institutions.
- **Order of Permanence:** Assets are presented starting with the most permanent long-term investments (Goodwill & Land → Plant & Machinery → Furniture → Long-term Investments → Stock → Debtors → Cash). Mandated for manufacturing companies and joint-stock corporations under Schedule III.

Relational Drill-Down Navigation Power in Tally Prime:
One of the greatest advantages of computerized accounting over paper ledgers is multidimensional interactive drill-down:
• On the Balance Sheet, highlighting *Sundry Debtors* and pressing `Enter` displays the group-wise breakdown of all corporate debtors.
• Selecting an individual customer ledger and pressing `Enter` reveals the monthly transactional summary.
• Selecting a specific month displays all vouchers recorded during that month.
• Selecting a specific Sales Invoice opens the original root transaction voucher, allowing immediate verification or audit alteration.

UNIT 12: RATIO ANALYSIS, CASH FLOW STATEMENT & MULTI-FORMAT DATA EXPORTS

Modern corporate executives, commercial lenders, credit rating agencies, and statutory auditors require higher-order analytical telemetry beyond raw financial statements. Accounting software packages automate the continuous computation of diagnostic financial ratios, generate standardized Cash Flow Statements, and facilitate enterprise data interoperability through multi-format exports.

1. Financial Ratio Analysis Architecture

In Tally Prime, the **Ratio Analysis** dashboard (`Gateway of Tally → Ratio Analysis`) automatically calculates and presents core financial metrics updated with every voucher:

Ratio Category	Mathematical Formulation	Executive Analytical Interpretation
Current Ratio (Liquidity)	`Current Assets / Current Liabilities`	Measures short-term debt servicing capability. Standard benchmark is **2:1**. A ratio below 1.5 indicates liquidity stress; a ratio above 3.0 indicates idle, unproductive working capital.
Quick / Acid-Test Ratio (Liquidity)	`(Current Assets - Inventory - Prepaid Expenses) / Current Liabilities`	Measures instant liquidity without relying on the liquidation of physical stock. Standard benchmark is **1:1**. Essential for assessing solvency during sudden commercial downturns.
Debt-to-Equity Ratio (Solvency / Leverage)	`Total Long-Term Debt / Shareholders' Equity`	Evaluates financial leverage and capital risk. Standard norm is **2:1** or lower. High leverage magnifies insolvency risk during rising interest rate cycles.
Inventory Turnover Ratio (Activity / Efficiency)	`Cost of Goods Sold (COGS) / Average Inventory`	Measures the velocity at which physical inventory is converted into sales. Higher turnover reflects agile supply chain management and reduced carrying holding costs.
Debtors Turnover & Days Sales Outstanding (DSO)	`Net Credit Sales / Average Debtors` `DSO = (Average Debtors / Credit Sales) × 365 Days`	Measures the average collection period. A high DSO indicates loose credit policies, delayed collections, and elevated risk of bad debts.
Return on Capital Employed (ROCE)	`Earnings Before Interest and Taxes (EBIT) / Capital Employed`	Evaluates the profitability and asset efficiency of total capital deployed across equity and debt. Must comfortably exceed the weighted average cost of capital (WACC).

2. Cash Flow Statement (Accounting Standard 3 & Ind AS 7)

While the Profit & Loss Account measures accounting profitability on an accrual basis, profitable companies can easily collapse into bankruptcy if operating profits are tied up in unsold inventory or overdue accounts receivable. The **Cash Flow Statement** (`Gateway of Tally → Display More Reports → Cash Flow`) tracks actual physical liquidity inflows and outflows across three mandatory economic streams:

1. Operating Activities	2. Investing Activities	3. Financing Activities
Core cash generated from primary business revenue: • Cash receipts from customers. • Cash paid to suppliers & staff. • Income tax paid. • Adjustments for non-cash items (Depreciation, Amortization) and working capital changes.	Cash flows from capital asset management: • Purchase of Fixed Assets (CapEx: plant, property, machinery, IT infrastructure). • Proceeds from sale of old equipment. • Purchase or sale of long-term marketable investments.	Cash flows from capital structure changes: • Inflow from share capital issuance. • Inflow from long-term bank borrowings or debentures. • Outflow for loan principal repayment, lease liabilities, and dividend payouts.

3. Enterprise Data Exporting & Digital Interoperability

Financial statements must be exported for board presentations, external auditing, tax filing, and data analytics. Tally Prime provides versatile multi-format export capabilities (`Alt + E → Current`):

- **PDF (Portable Document Format):** Read-only, tamper-resistant format preserving exact layout typography. Widely used for emailing customer tax invoices, supplier purchase orders, and audited financial statements. Supports cryptographic digital signatures.
- **Microsoft Excel (XLS / XLSX):** Exports formatted or raw tabular data. Crucial for financial analysts performing sensitivity modeling, scenario planning, regression analysis, and pivot table synthesis.
- **XML (Extensible Markup Language):** Structured hierarchical data format used for system-to-system automated data integration (e.g., syncing Tally transactions directly with Salesforce, SAP, or web e-commerce backends).
- **HTML (Web Page):** Exports formatted web documents suitable for intranet publishing and internal corporate dashboards.
- **CSV / ASCII (Plain Text):** Comma-delimited plain text files used for bulk data migration into relational SQL databases or government e-filing utilities.

UNIT 13: ACCOUNTING FOR GOODS AND SERVICES TAX (GST)

The implementation of the Goods and Services Tax (GST) in India on July 1, 2017 revolutionized indirect taxation by subsuming multiple central and state levies (Excise Duty, Service Tax, VAT, Central Sales Tax, Luxury Tax) into a unified destination-based tax system. Accounting software packages serve as the primary engine for statutory GST compliance, tax invoicing, input credit reconciliation, and e-filing.

1. Statutory Architecture: CGST, SGST, UTGST & IGST

The Indian GST structure operates under a dual federal model:

- **Intra-State Supply (Within Same State):** Incurs **Central GST (CGST)** collected by the Central Government and **State GST (SGST)** (or UTGST for Union Territories) collected by the State Government in equal 50:50 proportions. For an 18% GST item sold within Kerala, 9% is booked to CGST and 9% to SGST.
- **Inter-State Supply (Between Two Different States):** Incurs **Integrated GST (IGST)** collected entirely by the Central Government and subsequently apportioned to the destination consumption state. For an 18% GST item sold from Kochi (Kerala) to Bangalore (Karnataka), 18% is booked to IGST.

- **GSTIN (Goods and Services Tax Identification Number):** A 15-character alphanumeric identifier:
  • Digits 1–2: State Code (e.g., 32 for Kerala, 29 for Karnataka, 27 for Maharashtra).
  • Digits 3–12: 10-digit Permanent Account Number (PAN) of the business entity.
  • Digit 13: Entity number of the same PAN holder within the state.
  • Digit 14: Default character Z.
  • Digit 15: Check digit for cryptographic checksum validation.
- **HSN / SAC Codes:** 8-digit Harmonized System of Nomenclature (HSN) codes for physical goods and 6-digit Services Accounting Codes (SAC) for professional services. Mandated on all B2B tax invoices.

2. Master Configuration for GST in Tally Prime

Activating and configuring statutory GST requires precise setup across four operational tiers:

Tier 1: Company Features Activation (`F11 → Enable Goods and Services Tax (GST) = Yes`):
• Select State (e.g., *Kerala*).
• Registration Type: *Regular* (standard input tax credit mechanism) or *Composition* (flat turnover tax for small traders without ITC).
• Enter 15-digit GSTIN, Periodicity of GSTR-1 (*Monthly* for turnover > ₹5 Crores; *Quarterly under QRMP* for smaller entities), and e-Invoicing applicability.

Tier 2: Tax Ledger Masters (`Gateway of Tally → Create → Ledger`):
• **CGST Ledger:** Grouped Under `Duties & Taxes` → Type of Duty: `GST` → Tax Type: `Central Tax`.
• **SGST Ledger:** Grouped Under `Duties & Taxes` → Type of Duty: `GST` → Tax Type: `State Tax`.
• **IGST Ledger:** Grouped Under `Duties & Taxes` → Type of Duty: `GST` → Tax Type: `Integrated Tax`.

Tier 3: Commercial Party Ledgers:
• **Sundry Debtors & Creditors:** Configure official State, Registration Type (*Regular*, *Composition*, *Unregistered*, *Consumer*), and verified 15-digit GSTIN.

Tier 4: Stock Item Masters & Tax Rate Mapping:
• Input accurate HSN code and configure taxability as *Taxable*, *Exempt*, or *Nil Rated*.
• Enter the integrated tax percentage (e.g., 18%). The software automatically divides it into 9% CGST and 9% SGST during intra-state billing.

3. Inward & Outward GST Vouchering Mechanics

During voucher entry (`F8: Sales` and `F9: Purchase`), Tally Prime's statutory tax engine automatically validates tax applicability:

- **Automated Tax Calculation:** Selecting the customer party ledger informs Tally of the destination state. If the buyer's state matches the seller's state, selecting CGST and SGST ledgers automatically populates the exact tax amounts. Attempting to select an IGST ledger on a local transaction results in a zero-value entry, preventing statutory billing errors.
- **Reverse Charge Mechanism (RCM):** For specified goods and services (e.g., freight transport by Goods Transport Agencies - GTA, legal services from advocates), liability to pay tax shifts from the supplier to the recipient. Tally automatically tracks reverse charge liability and creates input tax credit offsets upon tax payment.

4. Statutory GST Returns & The Triangulation Engine

Tally Prime features an intelligent **Triangulation Reporting Engine** that audits tax data before statutory returns are generated:

TALLY PRIME GST TRIANGULATION & AUDIT ARCHITECTURE STATUTORY ENGINE

TOTAL VOUCHERS → INCLUDED IN RETURN → UNCERTAIN TRANSACTIONS (CORRECTIONS NEEDED) → JSON EXPORT

Core Return Frameworks:

- **GSTR-1 (** `Gateway of Tally → Display More Reports → Statutory Reports → GST → GSTR-1` **):** The statutory monthly/quarterly return of outward supplies. Categorizes sales into:
  • *Table 4: B2B Invoices:* Taxable sales to registered entities with GSTIN.
  • *Table 5: B2C (Large) Invoices:* Interstate sales to unregistered consumers exceeding ₹2.5 Lakhs.
  • *Table 7: B2C (Small) Invoices:* All local consumer sales and interstate sales below ₹2.5 Lakhs.
  • *Table 9: Credit / Debit Notes:* Post-sale price adjustments, discounts, and sales returns.
  • *Table 12: HSN Summary:* Mandatory HSN-wise quantity and tax rate breakdown.
- **GSTR-3B (** `GST Reports → GSTR-3B` **):** The monthly summary return for tax payment. Synthesizes total outward taxable supplies, computes net tax payable, calculates eligible Input Tax Credit (ITC), and matches ITC against auto-populated **GSTR-2B** vendor portal feeds to prevent ineligible ITC claims.
- **Resolving Uncertain Transactions:** If an invoice contains an invalid GSTIN, missing HSN code, or tax rate mismatch, Tally isolates it in the "*Uncertain Transactions (Corrections needed)*" section, preventing corrupted or defective JSON return filing.

5. E-Invoicing & E-Way Bill Integration

Under statutory mandates notified by the Central Board of Indirect Taxes and Customs (CBIC), registered businesses exceeding specified turnover thresholds must comply with digital invoicing and transport tracking:

- **E-Invoicing:** Businesses generate invoices in JSON format and transmit them directly to the government's Invoice Registration Portal (IRP). The IRP validates the document, signs it cryptographically, and generates a unique 64-character **Invoice Reference Number (IRN)** along with a machine-readable **QR Code** containing invoice metadata. Tally Prime integrates directly with the IRP via API, printing the IRN and QR code directly onto tax invoices seamlessly.
- **E-Way Bill:** An electronic documentation required for transporting physical consignments of goods exceeding ₹50,000 in value. It comprises:
  • *Part A:* Consignor GSTIN, Consignee GSTIN, Delivery Pin Code, Invoice Number, HSN Code, and Consignment Value.
  • *Part B:* Transporter ID, Vehicle Number, and Railway/Air/Ship receipt number.
  Tally Prime compiles e-Way Bill data automatically, generating direct JSON payloads for instantaneous upload to the national e-Way Bill portal.

UNIT 14: BUDGETING AND FORECASTING USING ACCOUNTING SOFTWARE

While retrospective financial accounting records historical performance, managerial accounting requires proactive financial planning, operational targets, and dynamic variance tracking. Accounting software bridges this gap through integrated **Budgets and Scenarios**.

1. Budgetary Control Architecture

A **Budget** in accounting software is a quantified, time-bound financial plan establishing projected expenditure limits and revenue expectations for specific ledger accounts, account groups, or operational cost centers (`Gateway of Tally → Create → Budget`).

1. Budget Types & Scopes

• **Corporate Operating Budgets:** Establishes company-wide revenue and operating expenditure ceilings.
• **Departmental / Cost Center Budgets:** Allocates distinct spending limits to specific departments (e.g., Marketing, R&D, Human Resources, Production).
• **Capital Expenditure (CapEx) Budgets:** Governs multi-year plant and IT infrastructure investments.

2. Budget Basis Configuration

• **On Net Transactions Basis:** Evaluates net debits minus credits incurred strictly during the budget period (ideal for revenue and expense ledgers like Advertising, Travel, Salaries).
• **On Closing Balance Basis:** Evaluates the cumulative ending account balance (mandated for Balance Sheet accounts like Bank Overdrafts, Term Loans, or Inventory Balances).

2. Automated Variance Analysis & Management Control

Once budgets are established, accounting software continuously compares actual ledger transactions against budgeted benchmarks, generating real-time **Budget vs Actual Variance Reports**:

```
Variance Analysis Mathematical Formulation:
REVENUE VARIANCE = Actual Revenue - Budgeted Revenue
— Positive Result = Favorable Variance (F); Negative Result = Adverse / Unfavorable
Variance (A)
EXPENDITURE VARIANCE = Budgeted Expenditure - Actual Expenditure
— Positive Result = Favorable Variance (Under Budget); Negative Result = Adverse
Variance (Over Budget / Cost Overrun)
VARIANCE PERCENTAGE = (Absolute Variance / Budgeted Benchmark) × 100
```

In Tally Prime, pressing `Alt + C` in the Trial Balance or Profit & Loss Account allows adding a parallel comparative column displaying the active Budget alongside Actuals, accompanied by exact Rupee Variance and Percentage Variance columns. This enables **Management by Exception (MBE)**, directing executive attention only to departments with severe adverse variances exceeding pre-set tolerance thresholds.

3. Financial Forecasting & Scenario Management

Corporate planners often need to model hypothetical economic conditions (e.g., raw material price surges, currency devaluation, tax rate increases) without polluting the official books of accounts. Accounting software achieves this via **Scenario Management** (`Gateway of Tally → Create → Scenario`):

- **Optional Vouchers:** Regular vouchers marked as "*Optional*" (`Ctrl + L`). They do not affect financial ledgers, inventory counts, or statutory reports. They are visible only when explicitly included in provisional scenario reports.
- **Reversing Journals (`F10`):** Special temporary vouchers that auto-reverse on a specified expiry date. Widely used for interim monthly depreciation estimates, unbilled revenue accruals, or projected year-end bonuses.
- **What-If Scenario Synthesis:** Management can create a Scenario named "*Worst Case Expansion*" combining official actuals with optional marketing vouchers and reversing interest accruals to evaluate debt coverage viability before executing commercial capital expansion.

ENTERPRISE CASE BENCHMARK: STATUTORY GST & BUDGETARY RESTRUCTURING

Malabar Agro-Processing Corporation: An export-oriented agro-processing firm in Kozhikode operating across four manufacturing plants suffered from recurring GST audit penalties of ₹18 Lakhs annually due to manual calculation of inverted duty structures, missing supplier GSTINs, and untracked Input Tax Credit mismatches. Furthermore, factory maintenance costs consistently exceeded administrative forecasts by 35%.
• By migrating fully to Tally Prime's integrated Statutory GST subsystem and Cost-Center Budgeting:
• The Triangulation Engine identified 142 mismatched vendor invoices prior to GSTR-3B filing, ensuring 100% ITC claim accuracy against GSTR-2B and eliminating statutory penalties entirely.
• Plant-level maintenance budgets were configured on a Net Transactions basis. Automated variance alerts triggered whenever a plant consumed 80% of its monthly maintenance quota before the 20th of the month.
Business Result: Statutory tax compliance reached 100% audit perfection, while controllable plant operating expenses were compressed by 22% in the first fiscal year.

COMPREHENSIVE CORPORATE SIMULATION: END-TO-END FINANCIAL REPORTING & STATUTORY AUDIT

To master all core concepts in Unit 11 through Unit 14, examine the complete annual financial closing and statutory audit simulation for **Zenith Infotech Solutions Pvt Ltd** (a business software developer and hardware distributor based in Ernakulam, Kerala):

Phase 1: Transaction Recording & Trial Balance Verification
• **Gross Revenues:** Total sales of ₹1,20,00,000 recorded across IT Services (SAC 9983) and Enterprise Hardware (HSN 8471).
• **Procurement & Overheads:** Hardware purchases of ₹60,00,000, Employee Salaries of ₹25,00,000, Office Rent of ₹6,00,000, and Server Cloud Infrastructure of ₹4,00,000.
• **Trial Balance Extraction:** Verified on March 31. Total Debits (₹1,55,00,000) equal Total Credits (₹1,55,00,000). Difference in Trial Balance is ₹0.00.

Phase 2: Financial Statements & Ratio Diagnostic Audit
• **Trading & Profit & Loss Statement:** Gross Profit computed as ₹60,00,000 (50% Gross Margin). After deducting Operating Overheads (₹35,00,000) and Depreciation (₹3,00,000), Operating Net Profit Before Tax is ₹22,00,000.
• **Balance Sheet Marshalling:** Formatted under Schedule III Order of Permanence. Non-Current Assets: ₹45,00,000; Current Assets (Bank + Debtors + Closing Stock): ₹55,00,000. Total Assets = ₹1,00,00,000 matched against Equity Share Capital (₹50,00,000), Retained Earnings (₹30,00,000), and Current Liabilities (₹20,00,000).
• **Ratio Dashboard Validation:**
— Current Ratio = Current Assets (₹55L) / Current Liabilities (₹20L) = **2.75 : 1** (Healthy liquidity buffer).
— Quick Ratio = (₹55L - ₹15L Stock) / ₹20L = **2.00 : 1** (Excellent solvency).
— Debt-to-Equity Ratio = **0.00** (Zero long-term debt; entirely equity funded).

Phase 3: Statutory GST Reconciliation & E-Filing
• **Outward Tax Analysis:** Output CGST (9%) = ₹10,80,000; Output SGST (9%) = ₹10,80,000 (Total Outward Tax = ₹21,60,000).
• **Input Tax Credit (ITC) Validation:** Input CGST = ₹5,40,000; Input SGST = ₹5,40,000 (Total ITC = ₹10,80,000).
• **Triangulation Audit:** 100% of outward invoices successfully reconciled with zero uncertain transactions. GSTR-1 JSON generated and verified. GSTR-3B tax liability calculated: Net Cash Tax Payable = ₹21,60,000 - ₹10,80,000 = ₹10,80,000 settled via electronic cash ledger payment.

Phase 4: Budgetary Variance Evaluation & Board Export

• **Annual Variance Review:** Cloud Server Hosting was budgeted at ₹3,00,000; actual expenditure was ₹4,00,000. Unfavorable variance of ₹1,00,000 (33.3% overrun) flagged for IT infrastructure optimization.

• **Multi-Format Export:** Final audited Balance Sheet and Profit & Loss exported to **PDF** with 256-bit encryption for bank credit renewal, and raw monthly ledger schedules exported to **Microsoft Excel (.XLSX)** for statutory tax audit certification.

MODULE IV COMPREHENSIVE MASTERY SUMMARY

EXECUTIVE SUMMARY

TRIAL BALANCE + STATUTORY STATEMENTS + RATIO TELEMETRY + GST COMPLIANCE + BUDGETARY CONTROL

Domain	Core Technical Capability	Strategic Business Impact
Financial Books & Statements	Trial Balance, P&L, Balance Sheet with Schedule III marshalling and drill-down.	Delivers real-time corporate financial condition and statutory shareholder transparency.
Financial Diagnostics	Automated Liquidity, Solvency, Turnover, and Profitability ratios; Cash Flow (AS-3).	Evaluates operational health, prevents bankruptcy risk, and guides capital allocation.
Data Interoperability	Multi-format exports (PDF, Excel, XML, HTML, CSV) with digital signature support.	Enables frictionless external auditing, banking reviews, and enterprise ERP integration.
Statutory GST Engine	CGST/SGST/IGST setup, GSTR-1, GSTR-3B, Triangulation error resolution, e-Invoicing.	Guarantees total statutory tax compliance and maximizes Input Tax Credit realization.
Budgeting & Forecasting	Ledger/Group budgets, Variance Analysis (MBE), Scenarios with Optional vouchers.	Empowers management to enforce expenditure control and model strategic expansion.