

# Financial Accounting with Tally

## Unit-I

### Meaning of Accounting

Accounting can be defined as the process of systematically recording, analyzing, summarizing, and reporting financial transactions and information about a business or organization. It involves organizing financial data in a way that allows for the interpretation of a company's financial health, performance, and position. The main motive of accounting is to ascertain the profit & loss of the business.

### Process of Accounting

**Identifying Transactions:** The process begins with identifying and recognizing all financial transactions that occur within the organization. These transactions can include sales, purchases, expenses, revenues, investments, borrowings, and more.

**Measurement:** Accounting measurement is the representation of data in terms of a specific method, such as currency, hours, or units. The same data can be measured in a variety of ways.

**Recording Transactions:** Once identified, transactions are recorded systematically using the principles of double-entry accounting. Each transaction affects at least two accounts, with one account debited and another credited. This step ensures that the accounting equation ( $\text{Assets} = \text{Liabilities} + \text{Equity}$ ) remains balanced.

**Classifying Transactions:** After recording, transactions are classified into appropriate accounts based on their nature (e.g., cash, accounts receivable, inventory, accounts payable, etc.). This classification helps organize financial data for analysis and reporting purposes.

**Summarizing Transactions:** Periodically, typically at the end of an accounting period (e.g., monthly, quarterly, or annually), transactions are summarized into financial statements. The most common financial statements include the balance sheet, income statement, and cash flow statement.

**Analyzing Financial Data:** Financial statements are analyzed to assess the financial performance, position, and health of the organization. This analysis may involve comparing current financial data with historical data, industry benchmarks, or competitor performance to identify trends, strengths, weaknesses, opportunities, and threats.

**Interpreting Results:** The analyzed financial data is interpreted to derive meaningful insights and conclusions. This interpretation helps stakeholders, including management, investors, creditors, regulators, and others, understand the organization's financial standing and make informed decisions.

**Communicating:** Finally, the results of the accounting process are communicated to stakeholders through various financial reports and statements. These reports provide transparency and accountability and are essential for decision-making, compliance, and external communication.

## Objectives of Accounting

**Recording Transactions:** One of the fundamental objectives of accounting is to systematically record all financial transactions that occur within an organization. This process ensures that a comprehensive and accurate record of business activities is maintained.

**Financial Reporting:** Accounting aims to generate financial reports and statements, such as the balance sheet, income statement, and cash flow statement, to provide stakeholders with relevant and timely information about the organization's financial performance, position, and cash flows.

**Decision Making:** Accounting information plays a crucial role in decision-making processes for management, investors, creditors, and other stakeholders. By providing insights into the financial health and performance of the organization, accounting assists in evaluating investment opportunities, formulating strategies, setting goals, and allocating resources effectively.

**Facilitating Planning and Control:** Accounting helps organizations plan for the future by providing historical data and financial forecasts. It also aids in controlling and monitoring financial activities by comparing actual results with budgeted figures, identifying variances, and implementing corrective measures as necessary.

**Ensuring Accountability and Transparency:** Accounting promotes accountability and transparency by providing a clear and accurate representation of the organization's financial affairs. Financial reports and statements enable stakeholders to evaluate the organization's stewardship of resources and hold management accountable for their actions.

**Facilitating Communication:** Accounting serves as a common language for communicating financial information to various stakeholders, including investors, creditors, employees, regulators, and the public. Clear and understandable financial reports enable effective communication and foster trust and confidence in the organization.

## Scope of Financial Accounting

### Records Financial Transactions

Financial accounting records each and every financial transaction taking place in the business organization. It maintains a clear and systematic record of all information in the form of journals and various subsidiary books. It avoids any confusion or loss because if any problem arises these records can be easily checked. All transaction cannot be just memorized by humans without recording them and that makes the financial accounting important part of every business.

### Classify and Summarize Information

Information collected and recorded by financial accounting is properly categorized according to their nature. Financial accounting involves classifying and summarizing all financial information recorded at the initial step. All transactions of similar nature are grouped together under one head by making accounts like Sales, Purchase, Rent, Salaries, Interest etc. Grouping of same nature transactions together adds convenience in understanding of information collected.

### **Prepares Financial Statements**

Financial accounting prepares financial statements like cash flow statement, income statement, balance sheet etc. These financial statements depict the true financial position of business. Financial statements are the result of various information collected and analysed in overall process of financial accounting. All financial strength and weakness of business are determined by preparation of financial statements.

### **Interprets Financial Information**

Financial accounting interprets information from several analysis conducted and financial statements prepared. It understands and explains the results of several relationships establishes by analysis to different users for easy understanding and decision making. It simplifies the accounting information so that it is well understood by persons having limited or no knowledge of accounting subject.

### **Communicates All Outcomes**

Financial accounting serves the needs of all external stakeholders by delivering them true and accurate picture of the company's financial affairs. It communicates them all financial information by providing them with financial reports routinely. All interested parties to business are fully aware of all business financial matters and this helps them in making conclusions. It helps them in knowing profitability and future growth aspects through these reports.

### **Determines and Maintains Financial Position**

Financial accounting determines fair and actual image of financial position of business. Finance is termed as lifeline of business activities and its management is quite important for every organization. Mismanagement of financial resources may have adverse effects on the company's performance. Financial accounting records and analyzes each financial aspect of business.

## **Nature of Financial Accounting**

### **Accounting Is First Step**

Accounting is start when a financial transaction takes place. It records the financial transaction after that communicates this information to its users. Then the user this information for their decision making.

### **Accounting Is An Art And Science:**

Accounting is an Art and Science as well. Accounting is an art of recording, classifying and summarizing of financial transactions. Accounting is science as well as it requires certain principles (accounting principle).

### **Accounting Is a Process**

Accounting is a process recording of financial transaction, summarizing, analyzing, and reporting to the user of accounting information.

## Limitation of Accounting

**Historical Data:** Accounting primarily deals with past transactions and events. While historical data is valuable for decision-making, it may not always accurately predict future performance or market trends.

**Complexity:** Accounting standards can be complex and challenging to understand, especially for individuals without a financial background. This complexity can lead to errors or misinterpretation of financial statements.

**Costs vs. Benefits:** The cost of implementing sophisticated accounting systems and hiring qualified accountants can be high for small businesses, potentially outweighing the benefits.

**Non-Financial Factors:** Accounting primarily focuses on financial transactions and may not fully capture non-financial factors such as employee morale, customer satisfaction, or brand reputation, which can also impact an organization's performance.

**Manipulation:** Despite regulations and auditing processes, there is still a risk of manipulation or creative accounting practices aimed at presenting financial statements in a more favorable light, leading to potential fraud or misleading information.

**External Factors:** Accounting does not exist in a vacuum and can be influenced by external factors such as changes in regulations, economic conditions, or technological advancements, which may not always be accurately reflected in financial statements.

**Limited Scope:** While accounting provides valuable insights into financial performance, it may not encompass all aspects of an organization's operations or impact on society, such as environmental sustainability or social responsibility.

## Branches of Accounting

Here are some of the main branches of accounting:

**Financial Accounting:** This branch focuses on the preparation of financial statements for external users, such as investors, creditors, regulators, and the general public. Financial accounting ensures that the financial information presented is accurate, reliable, and in accordance with generally accepted accounting principles (GAAP) or international financial reporting standards (IFRS).

**Managerial Accounting:** Also known as management accounting, this branch involves the preparation of financial information and reports for internal use by management to aid in

decision-making, planning, and control. Managerial accountants analyze costs, budgets, forecasts, and performance metrics to help management make informed business decisions.

**Cost Accounting:** Cost accounting is a subset of managerial accounting that focuses specifically on the analysis, allocation, and control of costs associated with producing goods or services. It helps businesses determine the cost of producing a product or providing a service, and aids in cost control and cost optimization strategies.

## Accounting Standards

Accounting standards are a set of guidelines, rules, and principles that dictate how financial statements should be prepared, presented, and disclosed. These standards ensure consistency, transparency, and comparability in financial reporting, allowing stakeholders to make informed decisions based on the financial information provided. Some of the key accounting standards include:

### Advantages of accounting standards

Accounting standards offer several advantages to various stakeholders in the financial reporting process. Here are some of the key advantages:

**Consistency and Comparability:** Accounting standards provide a uniform framework for preparing and presenting financial statements, ensuring consistency in reporting practices across different companies, industries, and countries. This consistency facilitates comparability, allowing users of financial statements to assess the financial performance and position of companies more effectively.

**Transparency and Disclosure:** Accounting standards require companies to disclose relevant financial information in their financial statements, notes, and disclosures. This transparency enhances the quality and reliability of financial reporting, enabling stakeholders to make well-informed decisions based on accurate and comprehensive information.

**Improved Decision-Making:** By promoting consistency, comparability, and transparency in financial reporting, accounting standards help investors, creditors, analysts, and other users of financial information make better decisions regarding investment, lending, and other economic activities. Access to reliable and relevant financial information reduces uncertainty and enhances confidence in decision-making processes.

**Enhanced Credibility and Trust:** Adherence to accounting standards enhances the credibility and trustworthiness of financial statements and reports. Companies that follow recognized accounting standards demonstrate a commitment to high-quality financial reporting practices, which can strengthen their reputation and relationships with investors, creditors, customers, and other stakeholders.

**Facilitation of Capital Allocation:** Accounting standards facilitate the allocation of capital by providing investors and creditors with consistent and reliable financial information about companies. This information allows capital providers to assess the risk and return characteristics of investment opportunities, allocate resources efficiently, and support the functioning of capital markets.

## Accounting Principles

Here are some key **Accounting Concepts**:

**Entity Concept:** The entity concept states that a business or organization is separate from its owners or stakeholders. It means that the financial transactions of the business should be recorded and reported separately from the personal transactions of its owners.

**Going Concern Concept:** The going concern concept assumes that a business will continue to operate indefinitely, unless there is evidence to the contrary. This concept underlies the preparation of financial statements, which are typically prepared on the assumption that the business will continue its operations for the foreseeable future.

**Money Measurement Concept:** The money measurement concept states that only transactions and events that can be expressed in monetary terms should be recorded in the accounting records. This concept allows for the quantification and measurement of financial transactions, facilitating their recording and reporting.

**Cost Concept (or Historical Cost Concept):** The cost concept states that assets should be recorded in the accounting records at their original cost, i.e., the amount paid to acquire them. This concept provides a reliable and objective basis for valuing assets and avoids subjective estimates of value.

**Dual Aspect Concept (or Dual Entry Concept):** The dual aspect concept is based on the accounting equation, which states that assets equal liabilities plus owners' equity. According to this concept, every transaction has two aspects: a debit and a credit, which are recorded in equal amounts to maintain the balance of the accounting equation.

**Revenue Recognition Concept or Realization Concept:** The revenue recognition concept specifies when revenue should be recognized in the accounting records. Generally, revenue is recognized when it is earned and realized or realizable, regardless of when cash is received. This concept ensures that revenue is recorded in the appropriate accounting period.

**Matching Concept (or Expense Matching Concept):** The matching concept states that expenses should be matched with the revenues they help generate in the same accounting period. This ensures that the costs associated with earning revenue are recognized in the same period as the revenue itself, facilitating accurate measurement of profitability.

**Conservatism Concept:** The conservatism concept advises accountants to err on the side of caution when making accounting estimates or judgments. It suggests that potential losses should be recognized as soon as they are reasonably possible, while potential gains should only be recognized when realized.

**Accounting period concept:** An accounting period concept is any time frame used for financial reporting. Transactions that fall within a given date range form part of the statements or reports for that accounting period. An accounting period, or reporting period, is often 12 months. There may be different accounting periods for various business tasks.

### **Accounting conventions**

**Consistency Convention:** The consistency convention states that once a company adopts an accounting method or practice, it should continue to use that method consistently from one period to another. Consistency enhances comparability of financial information over time, allowing users to analyze trends and make informed decisions.

**Materiality Convention:** The materiality convention suggests that financial information should only be disclosed if its omission or misstatement could influence the economic decisions of users of the financial statements. Materiality is assessed based on both quantitative and qualitative factors and immaterial items may be aggregated or omitted from disclosure.

**Full Disclosure Convention:** The full disclosure convention requires that all material information relevant to the financial statements be disclosed in the footnotes or supplementary notes accompanying the financial statements. This convention promotes transparency and helps users understand the financial position and performance of the business.

**Conservatism Convention:** The conservatism convention advises accountants to err on the side of caution when making accounting estimates or judgments. It suggests that potential losses should be recognized as soon as they are reasonably possible, while potential gains should only be recognized when realized. This convention helps prevent overstatement of assets and income.

## **What is Double-Entry System of Accounting?**

Double entry system started by Italian merchant named Lucas Pacioli. Double-entry accounting is a system of bookkeeping where every financial transaction is recorded in at least two accounts. A double-entry system provides a check and balance for each transaction, which helps ensure accuracy and prevent fraud. This accounting system also allows you to track business finances more effectively, and make better decisions about where to allocate your resources.



Under the double-entry system of accounting, each business transaction affects at least two accounts. One of these accounts must be debited and the other credited both with equal amounts. The total of all debit entries, therefore, is always equal to the total of all credit entries.

## Importance or Advantages of Double Entry System of Book-Keeping

The following are the main importance or advantages of double entry system of book-keeping:

1. **Keeps complete records of each transaction:** it is complete system of book-keeping. It records not only each and every transaction but also each aspect of the financial transaction.
2. **Ascertain the result of business operation:** This system helps to ascertain the true profit or loss of a business by preparing profit and loss account for the given period.
3. **Present financial position:** This system help to prepare balance sheet by providing details of assets and liabilities of the business, which helps to present the financial position of business.
4. **Check arithmetical accuracy:** It helps to check the arithmetical accuracy of recorded financial transaction by preparing a summary report called trial balance
5. **Facilitate comparison:** Under this system, separate recording is made for each year's transaction. It facilitates comparison of one item of one year with the similar item of previous year and help to know its progress from year to year.
6. **Reduce errors and other irregularities:** In this system, a transaction is recorded in two accounts. Therefore, it reduces the possibility of frauds, errors and manipulation of account.
7. **Decision making:** This system provides necessary information of business operation to the various users such as managers and creditors for their decision making purpose.
8. **Scientific system:** This system is scientific system of book-keeping. It has its own set of principles and rules. Under those principles and rules, two aspects of every financial transaction are recorded.
9. **Systematic system:** A systematic technique is followed in recording financial transaction in double entry system of book keeping. It record financial transaction in systematic and chronological order with suitable narration of financial transaction.
10. **Reliability:** Under this system, transactions are recorded in a scientific and systematic manner. Therefore, it provides an authentic record of all he transactions of business, which is accepted by the court, tax authority etc. as an authentic documents.

## Disadvantages of the Double Entry System

The double-entry accounting system is the standard for businesses worldwide but has disadvantages. Here are some of the drawbacks associated with the double-entry system:

1. **Complexity:** The double-entry system is a formalized accounting system that requires specialized training to use correctly. It is more complex than many other accounting systems and requires a higher level of expertise to ensure that all transactions are recorded accurately.
2. **Cost:** The complexity of the double-entry system means that it can be more expensive. It usually requires more staff to operate and maintain, which increases the overhead costs associated with the system.
3. **Time:** The double-entry system is a time-consuming process. It requires the entry of a lot of information and can be tedious to go through each transaction. It can be a significant drag on the overall efficiency of a business.



4. **Errors:** The double-entry system is vulnerable to errors, such as double-entry or recording errors. It can have a considerable impact on the accuracy of the accounting records and can lead to incorrect financial statements.
5. **Security:** The double-entry system is vulnerable to fraud, requiring two entries for each transaction. If one of the entries needs to be corrected, we can only detect it with a thorough review of the records.

## Bookkeeping accounting and accountancy

### Book-keeping

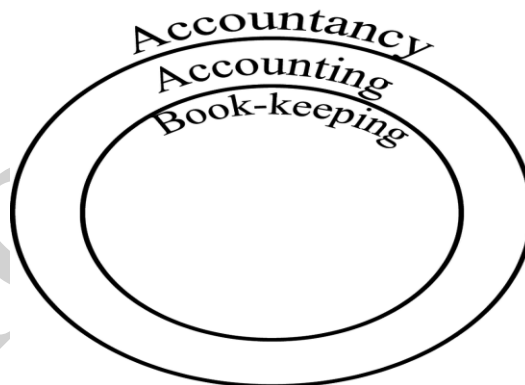
Book-keeping is an art of recording in the books of accounts, the monetary aspect of commercial and financial transactions. It is a part of accounting. It is concerned with identifying, recording and classifying economic transactions and events.

### Accounting

Accounting is a wider concept than book-keeping. It starts where book-keeping ends. It is concerned with summarizing the economic transactions, analysis, and interpretation of economic transactions and events and communicating the results of final users.

### Accountancy

'Accountancy' refers to the entire body of the theoretical knowledge of accounting. It is the theory part of accounting, whereas accounting relates to applying the knowledge of accountancy. Diagrammatically, the relationship can be viewed as:

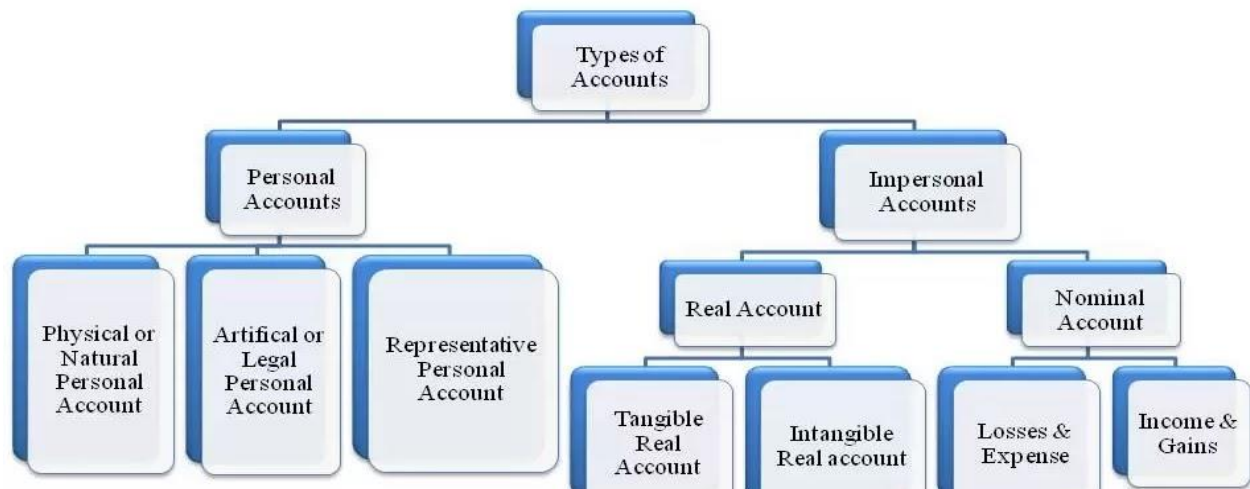


## Account

An account is a detailed description of the transactions carried out by a certain business in relation to a specific person, company, or their representatives or objects. When a business conducts transactions with both consumers and suppliers, for example, both suppliers and customers are referred to as separate accounts. Similarly, businesses may purchase physical

goods like land, machinery, plants, buildings, and so on, and each of these tangibles is considered as a separate account, even if they are all tied to things.

## Types of Account



### Personal Account

- Personal Representative Account
- Personal Artificial Account
- Personal Natural Account

### Real Account

- Real Intangible Account
- Real Tangible Account

### Nominal Account

### Personal Account

As previously said, personal accounts are accounts that are associated with an individual, a company, a firm, or a collection of associations, among other things. These people could be natural people, artificial people, or representatives, depending on the situation. Eg. Charitable trusts, ABC Bank Ltd, X company Ltd., etc. Company Ltd., etc.

### Rules for This Account

- The Receiver is debited

- The Giver is credited.

### **Real Account**

Accounts that deal with assets, properties, or possessions are known as real accounts. These properties could be physical or non-physical in nature. This necessitates the development of two different sorts of genuine accounts: Intangible Real Accounts and Tangible Real Account

### **Rules for this Account**

- What comes in is to be debited
- What goes out is to be credited.

### **Nominal Account**

Nominal accounts are those that are associated with any type of revenue or spending, gain or loss. For instance, rent a/c, salary a/c, wage a/c, and so on.

### **Rules for this Account**

- Expenses and losses related to the business must be debited in full.
- All forms of business income and gains, if any, must be credited.

## **Journal**

A journal is a detailed record of all transactions done by a business. The information recorded in a journal is used to reconcile accounts. Entries are usually recorded using a double-entry method. The double-entry method records a transaction in two (or more) entries.

### **Rules for Journalize the Transactions**

Bookkeeping is only one aspect of financial accounting. Every transaction in accounting has two entries: debit and credit. It is critical to determine which accounts must be credited and which must be debited. This is the dual entry accounting system.

#### **1) Rule One**

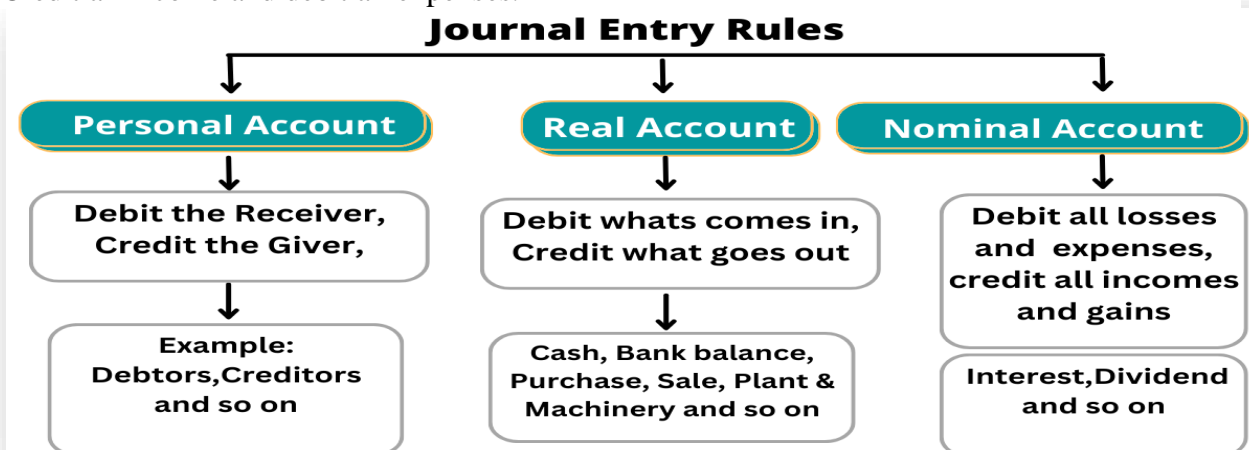
"Debit what comes in - credit what goes out."

#### **2) Rule Two**

"Credit the giver and Debit the Receiver."

#### **3) Rule Three**

"Credit all income and debit all expenses."



## What is the format of the journal?

The standard format contains five columns:

**Journal Entries**

Date	Particulars	L.F.	Amount(Dr.)	Amount(Cr.)
Year Month Date	<div style="display: flex; justify-content: space-between;"> <span>Name of the Account to be Debited</span> <span>Dr.</span> </div> <div style="display: flex; justify-content: space-between;"> <span>To Name of the Account to be Credited</span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>(.....Narration.....)</span> <span></span> </div>		XXXX	XXXX

**Journal Entry Format**

JOURNAL				
Date	Particulars of Business Transactions	Folio	Debit (USD)	Credit (USD)
15-Oct-19	Furniture A/c Dr.		\$1,000.00	
	To Bank A/c Cr.			\$1,000.00
	(Furniture Purchased for Business)			

JOURNAL				
Date	Particulars of Business Transactions	Folio	Debit (USD)	Credit (USD)
7-Feb-19	Rent A/c Dr.		\$250.00	
	Insurance A/c Dr.		\$400.00	
	To Bank A/c Cr.			\$650.00
	(Rent and Insurance Paid)			

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## Ledger Posting

The process of transferring the entries from journal to respective ledger accounts is called ledger posting. Balancing of ledgers is carried to find out differences at the end of the year. Ledger posting is entering information in the ledger, in respective accounts from the journal for individual records.

### What is the rule of ledger?

The amount shown on the credit side in the journal must be posted on the credit side of the general ledger. The amount shown on the debit side in the journal must be posted on the debit side of the general ledger. In particulars, the account head must start with the “To” and “By.”

### Format of Ledger

Dr.				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Feb. 1	To balance b/d		8,000	Feb. 5	By Telephone		750
3	To Sales A/c		700		Charges A/c		
6	To Interest A/c		600	9	By Purchases A/c		800
8	To Jayashree's A/c		1,500	28	By Balance c/d		9,250
			10,800				10,800
Mar. 1	To Balance b/d		9,250				

### What is Trial Balance?

A trial balance is a bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals that are equal. A company prepares a trial balance periodically, usually at the end of every reporting period. The word trial means a test of the performance, qualities, or suitability of someone or something.

The rules for preparing a trial balance are as follows:

Debit side	Credit Side
All Assets Purchases Sales Return Drawings All expenses & losses Opening Stock	All Liabilities Sales Purchases Return Capital All Income & Gain XXXXXXXX

### Format of Trial Balance

S. No.	Name of the account	L.F.	Debit balance ₹	Credit balance ₹
1.	Opening stock		1,00,000	
2.	Salaries		36,000	
3.	Creditors			1,32,000
4.	Bank		35,000	
5.	Carriage inwards		18,000	
6.	Rent received			9,000
7.	Discount allowed		6,000	
8.	Purchases		3,48,000	
9.	Bills payable			60,000
10.	Debtors		45,000	
11.	Carriage outwards		15,000	
12.	Capital			1,63,000
13.	Return inward		9,000	
14.	Discount received			12,000
15.	Trade expenses		18,000	
16.	Sales			3,68,000
17.	Building		1,14,000	
	<b>Total</b>		<b>7,44,000</b>	<b>7,44,000</b>

## Final Accounts/Financial statement

Final accounts refer to the financial statements and reports prepared at the end of an accounting period to summarize the financial performance and position of a business. These accounts are crucial for stakeholders, including management, investors, creditors, and regulatory authorities, to understand the financial health and profitability of the organization.

Final accounts typically include the following:

1. **Trading Account:** This account is used primarily by manufacturing and trading businesses to calculate the gross profit or loss for the period. It includes revenue from sales and the cost of goods sold (COGS).
2. **Profit and Loss Account (Income Statement):** This account shows the net profit or loss by accounting for all revenues and expenses over the accounting period. It provides insight into the operational efficiency of the business.
3. **Balance Sheet:** This statement provides a snapshot of the company's financial position at a specific point in time. It lists the company's assets, liabilities, and equity, showing what the company owns and owes.

## Format of Final Accounts:

Trading and Profit and Loss Account as on 31st March, 2011			
Dr			Cr
Particulars	Amt. (₹)	Particulars	Amt. (₹)
To Opening Stock	50,000	By Sales	4,21,000
To Purchase	3,50,000	(-) Sales Return	5,000
To Carriage on Purchase	12,000	By Closing Stock	2,500
To Wages	8,000	By Gross Loss c/d (b/f)	1,500
	4,20,000		4,20,000
To Gross Loss b/d	1,500	By Commission	4,000
To Rent	15,000	By Net Loss	41,500
To Bad Debts	7,000		
To Stationery	6,000		
To Travelling Expenses	2,000		
To Insurance	7,000		
To Discount	5,000		
To Office Expenses	2,000		
	45,500		45,500

Balance Sheet as on 31st March, 2011			
Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital	3,00,000	Cash in Hand	32,000
(-) Net Loss	41,500	Furniture	1,28,000
	2,58,500	Debtors	1,40,000
(-) Drawings	24,000	Plants	60,000
	2,34,500	Closing Stock	2,500
Creditors	1,00,000		
Bank Overdraft	28,000		
	3,62,500		3,62,500

## What is the financial statement analysis?

Financial statement analysis involves a comprehensive examination of a company's financial statements, including the income statement, balance sheet, and cash flow statement. Analysts assess revenue, earnings, assets, liabilities, and cash flow to gauge financial health and performance. It includes followings:

1. Ratio Analysis
2. Funds Flow Statements
3. Cash Flow Statements

## Ratio Analysis

Although there are many financial ratios businesses can use to measure their performance, they can be divided into four basic categories.

1. Liquidity ratios.
2. Profitability ratios.
3. Activity ratios/Turnover Ratio (also called efficiency ratios)
4. Leverage ratios/Capital Structure Ratio.



## 1. Liquidity ratios

### Accounting Liquidity

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent} + \text{Short term Investments}}{\text{Current Liabilities}}$$

## 2. Profitability ratios.

### Gross Profit Ratio

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$



Net profit after tax

$$\text{Net profit ratio} = \frac{\text{Net profit after tax}}{\text{Net sales}} \times 100$$

## 3. Activity ratios/Turnover Ratio (also called efficiency ratios)

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$



$$\text{Debtor's Turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Trade Receivables}}$$

$$\text{Creditor's Turnover Ratio} = \frac{\text{Net Credit Purchases}}{\text{Average Trade Payables}}$$

$$\text{Average Collection Period} = \frac{\text{Accounts Receivable}}{\text{Net Credit Sales}} \times 365 \text{ Days}$$

$$\text{Average Payment Period} = \frac{\text{Average Accounts Payable}}{\text{Credit Purchases} \div \text{Number of Days in Period}}$$

#### 4. Leverage ratios/Capital Structure Ratio.

$\text{Debt to Equity Ratio (D/E)} = \frac{\text{Total Debt}}{\text{Total Shareholders Equity}}$	$\text{Proprietary Ratio} = \frac{\text{Proprietors' Funds or Shareholders' Funds}}{\text{Total Assets}}$
<div> <b>Solvency Ratio Formula</b> = <math display="block">\frac{(\text{Net Income} + \text{Non-Cash Expenses})}{(\text{Short Term Liabilities} + \text{Long Term Liabilities})}</math> </div>	<div><b>Gearing Ratio Formula</b> 1) Gearing Ratio = <math display="block">\frac{\text{Total Debt}}{\text{Total Equity}}</math> 2) Gearing Ratio = <math display="block">\frac{\text{EBIT}}{\text{Total Interest}}</math> 3) Gearing Ratio = <math display="block">\frac{\text{Total Debt}}{\text{Total Assets}}</math>  </div>

### Funds flow statement

A funds flow statement, also known as a statement of changes in financial position or a statement of sources and uses of funds, is a financial document that provides a detailed analysis of how a company's working capital has changed between two balance sheet dates. It explains the changes in financial position by highlighting the sources from which funds were obtained and the uses to which these funds were put.

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

### Components of a Funds Flow Statement

#### 1. Sources of Funds:

- **Operations:** Net income after taxes and adjustments for non-cash items like depreciation.
- **Sale of Fixed Assets:** Proceeds from selling property, plant, and equipment.
- **Issue of Shares:** Funds raised from issuing equity or preference shares.
- **Long-term Loans:** Loans or other long-term borrowings.
- **Non-operating Income:** Income from non-operational activities such as interest, dividends, or sale of investments.

#### 2. Uses (Applications) of Funds:

- **Operations:** Any losses incurred.
- **Purchase of Fixed Assets:** Capital expenditure on acquiring property, plant, and equipment.
- **Repayment of Loans:** Repayment of long-term borrowings.
- **Payment of Dividends:** Distribution of dividends to shareholders.
- **Investments:** Purchase of long-term investments.

## Steps to Prepare a Funds Flow Statement

### 1. Prepare a Schedule of Changes in Working Capital:

- Identify current assets and current liabilities from the balance sheets of the two periods.
- Calculate the increase or decrease in each item.
- Determine the net change in working capital.

### 2. Determine Sources and Uses of Funds:

- Identify transactions that increase funds (sources) such as profits, issue of shares, or sale of fixed assets.
- Identify transactions that decrease funds (uses) such as losses, purchase of fixed assets, or repayment of debt.

### 3. Prepare the Funds Flow Statement:

- List all sources of funds.
- List all uses of funds.
- Ensure that the total sources equal the total uses, reflecting the change in working capital.

## Format of Schedule of Changes in Working Capital

Particulars	2019 (\$)	2020 (\$)	Effects on Working Capital	
			Increase (\$)	Decrease (\$)
<b>Current Assets</b>				
Stock	75,000	60,000		15,000
Debtors	90,000	100,000	10,000	
Cash	30,000	60,000	30,000	
Short-term Investments	20,000	15,000		5,000
<b>Total Current Assets (A)</b>	<b>215,000</b>	<b>235,000</b>		
<b>Current Liabilities</b>				
Creditors	15,000	55,000		40,000
<b>Total Current Liabilities (B)</b>	<b>15,000</b>	<b>55,000</b>		
Working capital (A) - (B)	200,000	180,000		
<b>Net Decrease in Working Capital</b>		20,000	20,000	
<b>Total</b>	<b>200,000</b>	<b>200,000</b>	<b>60,000</b>	<b>60,000</b>

## Format of Funds Flow Statement

Funds Flow Statements (for the year ended____)			
Sources of Fund	Amount(₹)	Application of Funds	Amount(₹)
Funds from Operations		Funds Lost in Operations	
Issue of Shares Capital		Redemption of Preference	
Issue of Debentures		Share Capital	
Raising Long-term Loans		Redemption of Debentures	
Sale of Fixed Assets		Payment of Long-term Loan	
Sale of Long-term Investment		Purchase of Fixed Assets	
Non-Trading Income (such as Dividend)		Purchase of Long-term Investments	
Decrease in Working Capital		Payment of Dividend	
		Payment of tax (if treated as appropriation of profit)	
		Increase in Working Capital	
	xxxxxx		xxxxxx

# Cash Flow Statement

A cash flow statement is a financial report that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources. It also includes all cash outflows that pay for business activities and investments during a given period.

## Components of a Cash Flow Statement

The cash flow statement is divided into three main sections:

1. **Operating Activities**
2. **Investing Activities**
3. **Financing Activities**

## Detailed Explanation

### 1. Operating Activities:

- **Net Income:** Starting point, reflecting the company's profit.
- **Adjustments for Non-Cash Items:** Add back non-cash expenses like depreciation.
- **Changes in Working Capital:** Adjust for changes in accounts receivable, inventory, and accounts payable.

### 2. Investing Activities:

- Include cash outflows for purchases of long-term assets (capital expenditures) and inflows from the sale of assets.

### 3. Financing Activities:

- Include cash inflows from issuing shares or borrowing, and outflows for repaying debt and paying dividends.

## Format of Cash flow statement

Gary's Garden Furniture Cash Account July		
Operations		
NET INCOME		36,000
Adjustments		
Depreciation	2,000	
Accounts Receivable	3,000	
Decrease in Prepaid Expenses	1,000	
Decrease in Inventory	3,000	
Increase in Accounts Payable	3,000	
Cash Provided By (Used For) Operations		12,000
INVESTING		
Capital Expenditures	(3,000)	
Short Term Investments Sold	2,000	
Cash Provided By (Used For) Investments		(1,000)
FINANCING		
Bank Debt	1,000	
Dividends Paid	(6,000)	
Cash Provided By (Used For) Financing		(5,000)
Net Cash Flow (Drain)		6,000
Add Balance of Cash at Beginning of Period		8,000
Balance of Cash at End of Period		14,000

## Introduction to Inventory

Inventory management is a critical aspect of supply chain management that involves overseeing the ordering, storing, and using a company's inventory. This includes managing raw materials, components, and finished products, as well as warehousing and processing such items. Effective inventory management helps businesses maintain the right balance of stock to meet customer demands while minimizing costs and inefficiencies.

### What is Inventory?

**Inventory** refers to the goods and materials a business holds for the purpose of resale, production, or utilization. It includes:

### Inventory Types

- **Raw Materials:** Basic inputs used in the manufacturing process.
- **Work-In-Progress (WIP):** Items that are in the production process but not yet completed.
- **Finished Goods:** Products that are completed and ready for sale.

## Techniques of Inventory

### 1. Economic Order Quantity (EOQ)

**EOQ** is a formula used to determine the optimal order quantity that minimizes the total costs associated with ordering and holding inventory.

- **Formula:**

$$EOQ = \sqrt{\frac{2 \times S \times D}{H}}$$

- D = Demand rate (units per period)
  - S = Ordering cost per order
  - H = Holding cost per unit per period
- **Purpose:** Balances ordering costs with holding costs to minimize total inventory costs.

### 2. Just-In-Time (JIT)

**JIT** is an inventory strategy where materials are ordered and received only as they are needed in the production process.

- **Benefits:**
  - Reduces holding costs
  - Minimizes waste
  - Increases efficiency
- **Challenges:** Requires accurate demand forecasting and reliable suppliers to prevent stock outs.

### 3. ABC Analysis

ABC Analysis categorizes inventory into three groups based on their value and importance.

- **Categories:**
  - **A Items:** High-value, low-frequency items (require tight control and accurate records)
  - **B Items:** Moderate-value, moderate-frequency items (require regular review)
  - **C Items:** Low-value, high-frequency items (require simple controls)
- **Purpose:** Helps prioritize management focus and resources on the most important items.

### 4. VED Analysis

VED is Vital Essential and Desirable. It is a simple but effective way to classify inventory items into three categories based on their importance to the business: vital, essential, and desirable.

#### Categories in VED Analysis

1. **Vital (V):**
  - Items classified as Vital are crucial for the operation of the organization.
  - A stock out of these items can halt production, cause significant operational disruptions, or compromise safety.
  - Examples: Life-saving drugs in hospitals, key raw materials in manufacturing.
2. **Essential (E):**
  - Items in this category are important for the smooth operation of the organization but not as critical as vital items.
  - A stock out of Essential items can cause minor disruptions and inefficiencies but is not as critical as vital items.
  - Examples: Maintenance parts, certain tools, and supplies.
3. **Desirable (D):**
  - Items classified as Desirable are those whose absence would not significantly affect operations.
  - Stock outs of these items might cause inconvenience but do not halt operations or cause significant disruptions.
  - Examples: Office supplies, non-critical spare parts.

## What is Tally.ERP 9?

Tally.ERP 9 is one of the most popular business management software used in India. It is complete enterprise software for small & medium enterprises.

Tally.ERP 9 is a perfect business management solution with an ideal combination of function, control, and in-built customizability.

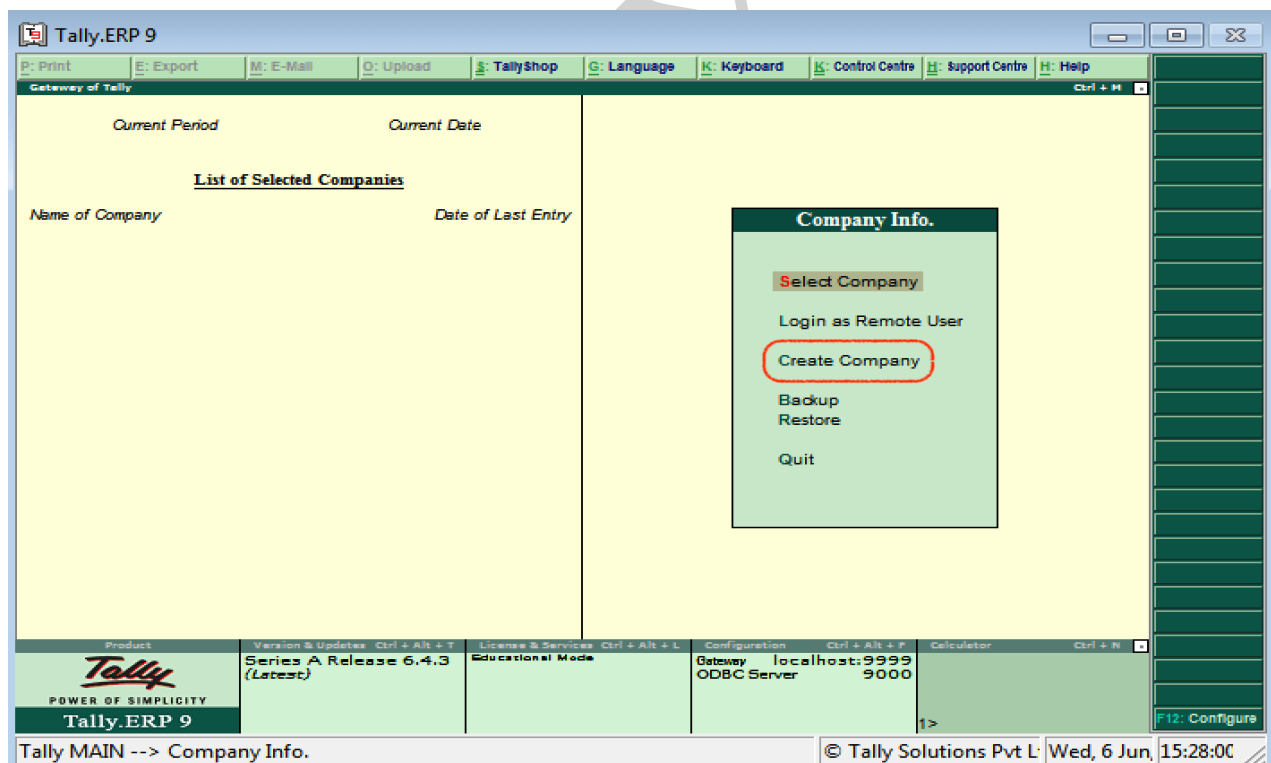
How to create a company in Tally

### Step-by-Step Guide to Create a Company in Tally ERP 9

1. **Launch Tally ERP 9** on your computer.
2. **Select 'Create Company'** from the Company Info menu or press Alt + F3 to open the Company Information screen and then select 'Create Company'.

**Step 1:** In tally, after login double click on the create company option under company information. The following navigation path is used to create the company in Tally:

**Gateway of Tally → Company Info → Create Company**





**Step 2:** The following screen displays the company creation window:

**Tally.ERP 9**

P: Print E: Export M: E-Mail O: Upload S: TallyShop G: Language K: Keyboard K: Control Centre H: Support Centre H: Help

**Company Creation**

Directory : C:\Users\Public\Tally.ERP9\Data

**Books and Financial Year Details**

Name : Financial year begins from: 1-4-2018  
Books beginning from : 1-4-2018

**Primary Mailing Details**

Mailing name :  
Address :  
Country : India  
State : Not Applicable  
Pincode :  
Phone no. :  
Mobile no. :  
Fax no. :  
E-mail :  
Website :

**Security Control**

TallyVault password (if any):  
Repeat password :  
(Warning: Forgetting TallyVault password will render your data inaccessible.)  
Use security control ? No  
(Enable security to avail TSS features)

**Contact Details**

**Base Currency Information**

Base currency symbol : ₹  
Formal name : INR  
Suffix symbol to amount ? No  
Add space between amount and symbol? Yes  
Show amount in millions ? No  
Number of decimal places : 2  
Word representing amount after decimal: paise  
No. of decimal places for amount in words: 2

Q: Quit

Tally MAIN --> Company Info. --> Company Creation © Tally Solutions Pvt Ltd., Wed, 6 Jun, 2018 15:33:46

**Step 3:** Enter the "Company's Mailing Name". This is an important field because it shows all the printouts.

**Step 4:** Enter the "Company's Full Address". This is shown on all printouts. Thus it is an important field.

**Step 5:** Choose the "Name of the Country" as India from the given countries list.

**Step 6:** Choose the "State" from the given list of states.

**Step 7:** Update the "Company's Pin Code", where it is located.

**Step 8:** Update the "Telephone Number"/ landline of the company.

**Step 9:** Update the "E-Mail id" and "Website" of the company.

**Step 10:** Update the financial year starting date of the company. In India, the financial year of the company starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March.

**Step 11:** Update the date from which accounting is allowed in Tally. Generally, this date and the starting date of the financial year are the same. But if the company has been formed on any other date of the year, that date will be mentioned.

**For example:** If books have been set to begin from 1-Dec 2019, the Tally will not allow the entries for the 1-April-2019 to 30-Nov-2019.

**Step 12:** If we want to use Tally Vault, enter a password. It is a secure feature that encrypts data.

**Step 13:** Repeat the password of Tally Vault. Tally ERP matches this password with the previously entered password to ensure that the password we typed previously was the intended password, which means there is no typing error.

Here the bar indicates the password strength. Strong passwords indicate with a green bar. A strong password is better.

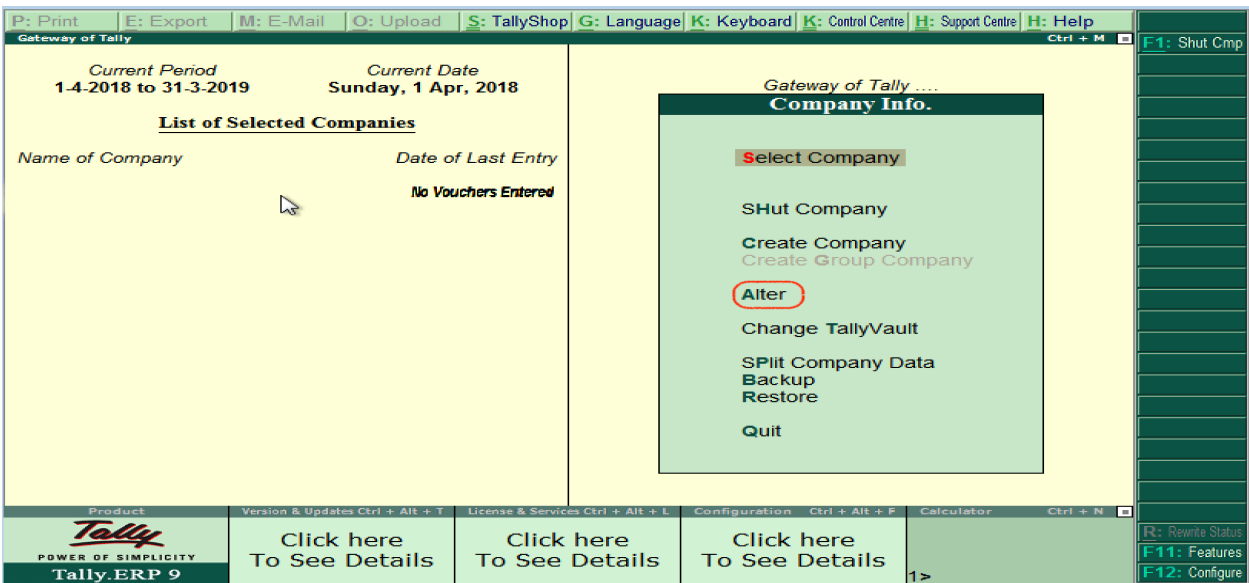
**Step 14: Base Currency Information:** Fill in details such as the symbol, formal name, and suffixes for amounts.

Company Creation		Books and Financial Year Details	
Directory	: D:\tally\data	Financial year begins from	: 1-4-2016
Name	: Ganesh Trading Co	Books beginning from	: 1-4-2016
<b>Primary Mailing Details</b>		<b>Security Control</b>	
Mailing name	: Ganesh Trading Co	TallyVault password (if any)	: .....
Address	: 14 Main, MG Road, Bangalore	Repeat password	: .....
Country	: India	(Password strength: Strong)	
State	: Karnataka	(Warning: Forgetting TallyVault password will render your data inaccessible.)	
Pincode	: 560001	Use security control	: ? Yes
<b>Contact Details</b>		(Enable security to avail TSS features)	
Phone no.	: 080-22282982	Name of administrator	: admin
Mobile no.	: 0-9929229828	Password	: .....
Fax no.	: 080-33330003	Repeat password	: .....
E-mail	: graneshtrade@gmail.com	(Password strength: Good)	
Website	: ganeshtrade.co.in	Use Tally Audit features	: ? Yes
		Disallow opening in Educational Mode?	: Yes
<b>Base Currency Information</b>			
Base currency symbol	: ₹	Number of decimal places	: 2
Formal name	: INR	Word representing amount after decimal	: .....
Suffix symbol to amount	: ? No	No. of decimal places for amount in words	: .....
Add space between amount and symbol	: ? Yes	Accept ? Yes or No	
Show amount in millions	: ? No		

## How to Alter Company

After the company creation in Tally, the given information of the company can alter/ modify/ change as per requirement. Use the following steps to alter company in Tally:

**Step 1: Gateway of Tally → Press Alt+F3 → Alter**



**Step 2:** Under "List of Selected Company", select the company name and click on the name of company to alter.

**Step 3:** On the screen of company alteration, add and modify the required details. To save the details, use the Ctrl+A option.

## How to delete company

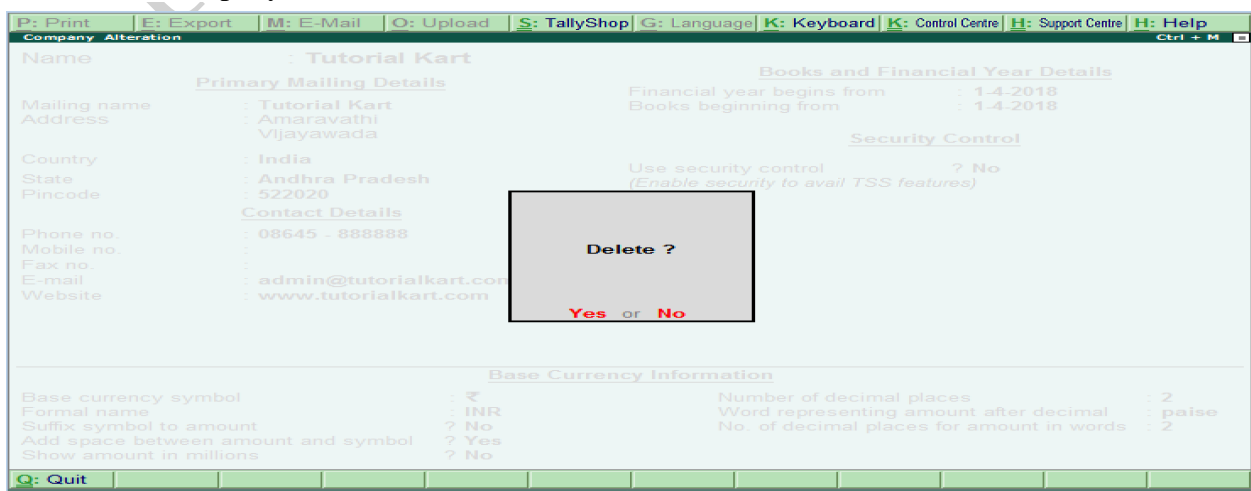
In Tally, if we delete the company, it can remove the company's complete information from Hard disk. All the directories and files that are associated with the company will be permanently deleted. This information cannot be reserved.

In Tally ERP 9, use the following path to delete the company:

**Gateway of Tally → Alt+F3 → Alter → Alt+D**

**Step 1:** The company information will display on the screen after using Alt+F3 keys. Here, the delete option will not be available. Now, click on the alter option.

**Step 2:** Now, click on Select Company and then click Alt+D. After this, click on the YES option to delete the company.



## How to Shut Company in Tally

In Tally, shut a company does not mean that delete a company, it means close. After working with the company, choose the "Quit" button to close the present company or press **Alt+F1** if we chose more than one company.

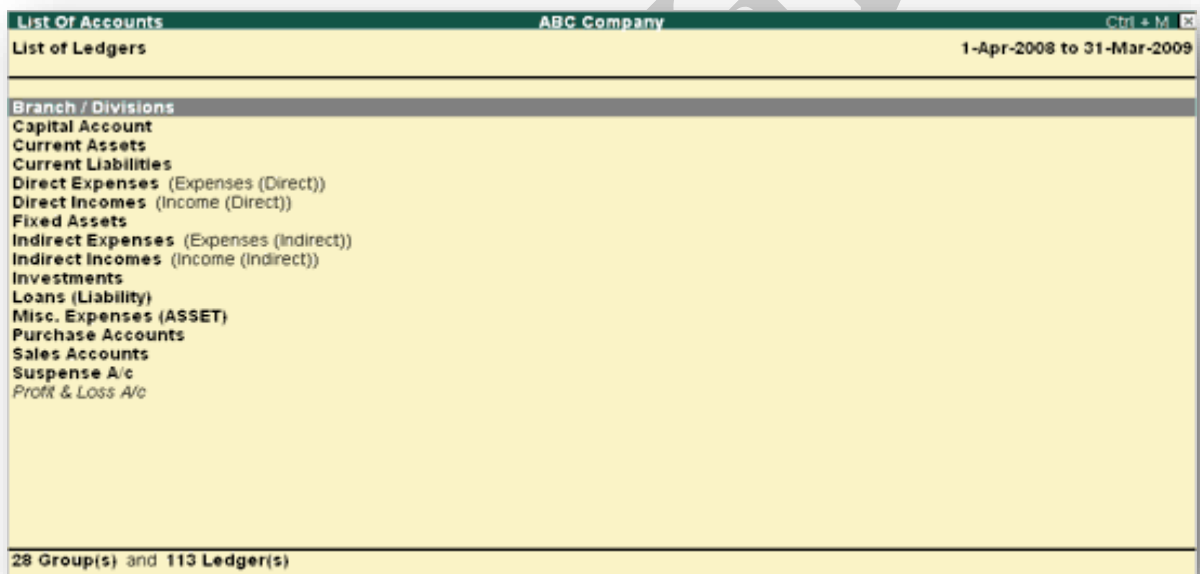
### List of Accounts (Chart of Accounts)

Tally.ERP 9 gives you great flexibility in setting up your chart of accounts. It allows you to group your ledger accounts right at the time of creating your accounts chart. Your reports and statements reflect the desired classification at all times.

**List of accounts** displays the existing **chart of accounts**, listed as **groups**, in alphabetical order.

To view list of accounts

- Go to **Gateway of Tally > Display > List of Accounts**.



### F11: Company Features in Tally.ERP 9

Different features of a company can be selected or modified by using the **Features** button. This button is available in almost all the screens of Tally.ERP 9 enabling the user to modify it as and when your requirements change.

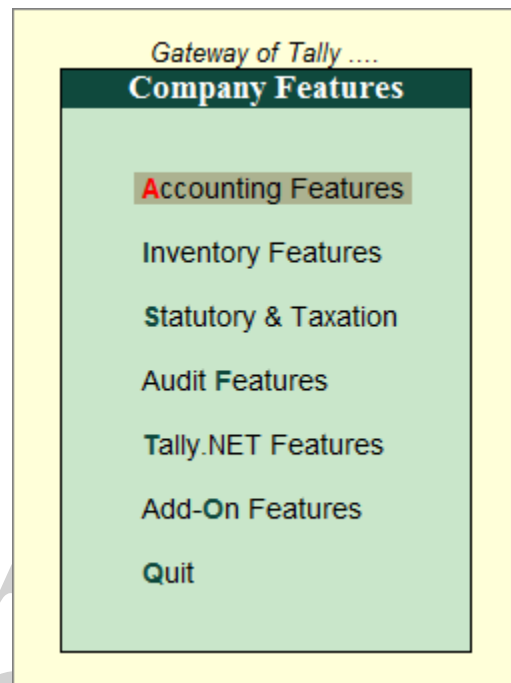
Unlike **F12: Configure**, **F11: Company Features** is specific to the current company only. Therefore, each company may have different active features. Configuration options, on the other hand, affect all companies maintained in the same Tally.ERP 9 directory and setting the

configuration for one company will affect the configuration of other companies in that particular data directory.

**Note:** Certain features like multi-currency and multi-locations, once set to Yes, cannot be modified if the feature has been used. However, other features like **Bill-wise details, Reversing Journals & Optional vouchers**, etc., can be modified even if they are used.

Go to **Gateway of Tally > F11: Features**

The **F11: Features** menu is displayed as shown.



## Tally ERP 9 Configuration

Tally ERP 9 configuration is applicable for all the companies that are located in the Tally data directory. The F12: Configurations may vary from menu to menu.

For example: If we press F12: Configuration from the voucher screen, then the respective screen displays on the screen.

How to Open Configuration in Tally

Gateway of Tally → Click on **F12: Configure** or Press Function Key **F12**

### Voucher Entry Configuration

#### Accounts

Skip Date field during creation for faster entry ? **Yes**  
Use single entry mode for payment/receipt/contra vouchers? **Yes**  
Use payment/receipt as contra voucher ? **No**  
Use Cr/Dr instead of To/By during entry ? **No**  
Enable cheque printing for contra voucher ? **No**  
Warn on negative cash balance ? **Yes**  
Preallocate bills for payment/receipt/journal voucher? **No**

Allow cash accounts in journal vouchers ? **No**  
Allow expenses/fixed assets in purchase vouchers? **No**  
Allow income accounts in sales vouchers ? **No**

Show inventory details ? **Yes**  
Show table of bills for selection ? **Yes**  
Show final balances of bill ? **Yes**  
Show bill-wise details ? **Yes**  
Expand into multiple lines ? **Yes**  
Show current balances of ledgers ? **Yes**  
Show balances as on voucher date ? **No**

#### Inventory

Provide reference number in stock journal ? **No**  
Show compound unit of item based on rate ? **No**  
Show full details of compound unit ? **No**  
Warn on negative stock balance ? **Yes**  
Show balances as on voucher date ? **No**  
Show Godown-wise details ? **Yes**  
Show batch-wise details ? **Yes**

#### Statutory

Allow modification of tax details for VAT ? **No**

# Financial Accounting with Tally

## Unit-II

### What is a group in Tally?

The group is a collection of leaders of the same natures. Tally software automatically creates 28 groups that are used in the account chart. Out of 28 predefined groups in tally, primary groups are 15, and the sub-groups are 13.

### How to create Group

1. Go to **Gateway of Tally > Accounts Info. > Groups > Create** (under **Single Group**)
2. Enter the **Name** of the group.
3. Enter the **Alias** name, if required.
4. In the field **Under**, from the **List of Groups** displayed, select the parent group under which the group has to be classified. For example, **Indirect Expenses**.

The **Group Creation** screen appears as shown below:

Group Creation	
Name	: <b>Administrative Expenses</b>
(alias)	: Office Expenses
Under	: <b>Indirect Expenses</b>
<div>Accept ? Yes or No</div>	

5. Click **Yes** to accept the screen.

### How to Display

1. Go to **Gateway of Tally > Accounts Info. > Groups > Display** (under **Single Group** ).
2. Select the name of the group required from the **List of Groups** displayed. The ledger display screen appears as shown below:

Group Display		National Enterprises
Name	: <b>Administrative Expenses</b>	
(alias)	: Office Expenses	
Under	: <b>Indirect Expenses</b>	
<hr/>		
Group behaves like a sub-ledger	? No	
Nett Debit/Credit Balances for Reporting	? No	
Used for calculation (for example: taxes, discounts) (for sales invoice entries)	? No	
Method to allocate when used in purchase invoice	?    Not Applicable	



**Note:** In the display mode, group details can't be modified.

## Alter a Group

The details entered in a group can be modified when required.

1. Go to **Gateway of Tally > Accounts Info. > Groups > Alter** ( under **Single Group** ) .
2. Select the name of the group required from the **List of Groups** displayed.
3. Make the necessary changes in the **Group Alteration** screen.
4. Click **Yes** to save the changes.

## Delete a Group

Groups can be deleted from the alteration screen. You cannot delete groups from the multiple group Alteration mode.

1. Go to **Gateway of Tally > Accounts Info. > Groups > Alter** (under **Single Group**).
2. Select the group from the **List of Groups**.
3. Click **D: Delete**.
4. Click **Yes** to confirm deletion.

**Note:** A group cannot be deleted if:

- ◆ The group has sub-groups.
- ◆ The group has ledgers classified under it.
- ◆ The group is a predefined master.

## What is Ledger in Tally?

A ledger is a date-wise record of all the transactions related to a particular account such as cash, sales, purchase and so on. A ledger is the actual account head to identify your transactions and is used in all accounting vouchers. For example, purchase, payments, sales, receipts, and others accounts heads are ledger accounts. Without a ledger, you cannot record any transaction.

All ledgers have to be classified into [groups](#). These groups and ledgers are classified into profit and loss or balance sheet.

There are two pre-defined ledgers in Tally.ERP 9:

- Cash ledger
- Profit and loss account

## How to create Ledger

Ledger Creation		ABC Company		Ctrl + M
Name : Furniture and Fixtures			Total Opening Balance	
Under : Fixed Assets  Inventory values are affected ? No Method of appropriation in purchase invoice : Not Applicable Cost centres are applicable ? No		<b>Mailing Details</b> Name : Furniture and Fixtures Address :  Country : India State : Karnataka Provide bank details : No Pincode :  <b>Tax Registration Details</b> PAN/T No. :		
Opening Balance (on 1-Apr-2016) :			Accept ? Yes or No	

2. Enter the **Name** of the ledger account. Duplicate names are not allowed.
3. Enter the alias of the ledger account, if required. You can access the ledgers using the original name or the alias name.
4. Select a **group category** from the List of Groups.

**Note:** To create a new group from this field, press Alt+C .

## Display, Alter and Delete Ledgers

You can alter any information of the ledger master with the except for the closing balance under the group s tock-in-hand .

### Display/alter a ledger

- Go to **Gateway of Tally > Accounts Info. > Ledgers > Display or Alter** .

Modification of account ledgers is possible for single ledgers as well as multiple ledgers. However for multiple ledgers, all the fields are not available for alteration.

### Delete a ledger

- Go to **Gateway of Tally > Accounts Info. > Ledgers > Alter > Press Alt+D** .

**Note:** You can delete the ledger if no vouchers have been created under it. If you want to delete a ledger for which vouchers have been created, you have to first delete all the vouchers from that ledger and then delete the ledger account.

## What is Accounting Voucher in Tally

In Tally, an accounting voucher is a document used to record financial transactions, such as payments, receipts, purchases, and sales. These vouchers act as proof or evidence of the transaction and provide an accurate record of financial activities in an organization.

List of Accounting Voucher Type:

Contra Voucher	(F4)
Payment Voucher	(F5)
Receipt Voucher	(F6)
Journal Voucher	(F7)
Sales Voucher	(F8)
Purchase Voucher	(F9)
Debit Note Voucher	(Ctrl+F9)
Credit Note Voucher	(Ctrl+F10)

## Creating Voucher Types

You can customize the voucher by creating a voucher class.

### To create a voucher type

1. Go to **Gateway of Tally > Accounts Info. or Inventory Info. > Voucher Type > Create.**
2. Enter the **Name** of the voucher.
3. Select the type of voucher.
4. Enter the abbreviation in the **Abbreviation** field, if required.
5. Select the **Method of voucher numbering** from the **Methods of Numbering** list.
6. Enable **Use effective dates for vouchers** to enter effective dates for vouchers.

7. Enable **Make this voucher type 'Optional' by default** to set your voucher to optional voucher by default.
8. Enable **Allow narration in voucher** to give a common narration for voucher. A common narration screen for voucher appears.
9. Enable **Provide narration for each ledger in voucher?** If you want to give a separate narration for each entry of a voucher. This would be applicable for a multiple entry voucher where you want separate details for each entry.
10. Enable **Print voucher after saving** to print every voucher after entering it.
11. Set **Use for POS invoicing** to **Yes** to use the sales invoice as POS invoice.
12. Set the **Default title to print on invoice** to print the same title for POS invoice.
13. Select the bank in **Default bank** option to print the default bank ledger when the option **Print Bank Details** is enabled in a Sales voucher.
14. Enter the **Default jurisdiction** to be printed on the invoice, if required.
15. Create a voucher class in the **Name of Class** field, if required.

The completed **Voucher Type Creation** screen appears as shown below:

Voucher Type Alteration		ABC Company		Ctrl + M
Name : <b>Sales Invoice</b>				
(alias) :				
<b>General</b> Type of Voucher : <b>Sales</b> Abbr. : <b>Sale</b> Method of Voucher Numbering ? <b>Automatic</b> Use Advance Configuration ? <b>No</b> Use EFFECTIVE Dates for Vouchers ? <b>No</b> Make 'Optional' as default ? <b>No</b> Use Common Narration ? <b>Yes</b> Narrations for each entry ? <b>No</b>		<b>Printing</b> Print after saving Voucher ? <b>No</b> Use for POS Invoicing ? <b>No</b> Default Print Title : <b>Sales Invoice</b> Default Bank Name : <b>State Bank of India</b> Default Jurisdiction : <b>Bangalore</b> <b>Declaration :</b> We declare that the goods sold under this invoice are under our registration certificate and the transactions effected by us are accounted for turnover.		<b>Name of Class</b>
		<b>1 more ...</b>		<b>Accept ?</b> <b>Yes or No</b>

16. Press **Enter** to **save**.

## How to Alter vouchers:

Go to Display > Day book > select the voucher that has to be altered > Make the changes > Save the altered voucher.

Or

Go to **Display > Account Books > Ledger >** select the required **Ledger >** select transactions from Ledger Voucher list > drill down and alter the voucher > save the changes.

## Item and Account invoice transactions in tally

While recording for the sale of goods, you can record such a sale using Item Invoice mode. In Item Invoice mode, you can provide an item, quantity, and rate details. Similarly, you can use the accounting invoice mode if you are selling services.

Name of Item	Quantity	Rate	per	Disc. %	Amount
Combo Switch JACO 15A	2 Pieces	25.00	Pieces		50.00
Narration: 2 Pieces					50.00

## Difference between accounting invoice and item invoice

If you are in a business that involves inventories, you can use “Item Invoice”. You can choose “Accounting Invoice” to record your service invoices, this is useful for service businesses as well. Just in case you are accustomed to “Dr Cr” way of recording invoice, you can choose “Voucher mode”.

## What is an excise invoice?

A business document, in India, that your vendor sends you when it delivers excisable goods. It lists the goods and states how much excise duty applies on them. The excise invoice lists the goods that you have issued and states how much excise duty applies. Your customer uses the excise invoice to claim back the excise that it has paid from the excise authorities.

## What is the meaning of export invoice?

An export invoice is a document containing description of the goods provided by an exporter and the amount due from the importer.

- An export invoice serves as a proof that a particular transaction has taken place between two parties - buyer and seller on a particular date.
- If the product is damaged during transportation, an export invoice lets the importer know where to claim insurance from.
- Export invoice is needed to prevent any difficulty with your shipment and ensuring that the exporter has paid the right taxes and duties.

## Transactions using bill wise details

Using this feature, business owners can easily track bills for expenses, any installments to be paid or loan amounts to be received. 'Bill wise Details' hence can be used to track the details of any already made or due payments and also to generate payables or receivables reports with minimum effort.

Bill wise details are used for sundry debtors and creditors parties outstanding maintain balances used, total bill value, how much we paid, how much amount we received, still how much we pay pending, receiving amount still how much pending we use it.

## What is the meaning of cost centre?

A cost centre is defined as a function or department within a company which is not directly going to generate revenues and profits to the company but is still incurring expenses to the company for its operations. The contributions made by the cost centres in terms of profits are indirect.

A cost centre is nothing but a separate department within a business to which costs can be allocated. This also includes departments that do not produce directly but incur costs to the business.

## Enable Cost Centre

A cost centre is any unit of an organization to which transactions (generally, revenue) can be allocated. When only costs or expenses are allocated to these units, they are referred to as Cost Centre. When profits are also allocated to these units, they become Profit Centre.

1. From **Gateway of Tally > Click F11: Features > Accounting Features.**
2. Enable the option **Maintain Cost Centre?**
3. Enable the option **Maintain more than one payroll or cost category?** to maintain cost categories.
4. Press **Ctrl+A** to save the **Company Operations Alteration** screen.

By default, Tally.ERP 9 activates the Cost Centre feature for Ledger accounts under **Sales Accounts, Purchase Accounts, and Expense and Income** groups.

## Create Cost Centre

Press **Alt+G** (Go To) > **Create Master > Cost Centre** > press **Enter**. Alternatively, **Gateway of Tally > Create > Cost Centre** > press **Enter**. Create a single cost centre

1. Go to **Gateway of Tally > Accounts Info. > Cost Centre > Create** ( under **Single Cost Centre**) .
2. Press **Backspace** to change the default **Category**, if required.

**Note :** The field **Category** is available only if the option **Maintain more than one payroll or cost category?** is set to **Yes** in **F11 (Features)**

3. Enter the **Name** .
4. Select the parent cost centre **Under** which the cost centre has to be grouped.
5. Press **Enter** to save the Cost Centre.

**Note:** Unlike groups, you can allocate transactions to **Primary Cost Centres** . However, you should do so when you do not have Sub Cost Centres under the Primary Cost Centre.

## Alter a Cost Centre

You can alter an existing cost centre in the single mode. Alternatively, multiple cost centres can be altered in the multiple mode, if required.

1. Go to **Gateway of Tally > Accounts Info. > Cost Centre > Alter** (under **Single Cost Centre** ). The **Cost Centre Alteration** appears as shown below:

Cost Centre Alteration		ABC Company	Ctrl + M
Name : Accounts	Date : Mar, 2009	List of Cost Centres	
(alias) : Accts		Primary	
Under : Primary	Date of Last Entry : May	Marketing	
		Mkt	
		Sales	

2. Make changes as required.
3. Press **Ctrl+A** to accept.

## Delete a Cost Centre

Cost centre can also be deleted in the alteration mode.

1. Go to **Gateway of Tally > Accounts Info. > Cost Centre > Alter** (under **Single Cost Centre**).



2. Select the **Cost Centre** from the **List of Cost Centre**. The **Cost Centre Alteration** screen appears.
3. Click **D: Delete**.
4. Click **Enter** to confirm deletion of the cost centre.

**Note:** You can delete a cost centre only if:

1. It does not have any Cost Centres created under it.
2. It is not used in any transactions.

## Cost categories

Cost categories are useful for organizations that require allocation of revenue and non-revenue items to parallel sets of cost centre means a transaction to more than one set of cost centre. For example, > Cost Centre such as Marketing, Finance and Manufacturing can now belong to a category – Departments.

## Create Cost Categories

1. Press **Alt+G** (Go To) > **Create Master** > type or select **Cost Category** > press **Enter**.  
Alternatively, go to **Gateway of Tally** > **Create** > type or select **Cost Category** > press **Enter**. You can also create a **Cost Category** from **Gateway of Tally** > **Chart of Accounts**.  
If you are creating a new Cost Category for the first time, you will be prompted to create a new Cost Category or alter the existing Primary Cost Category.
2. Select **Alter Existing** or **Create a New Category**, as needed.
  - i. Click **Alter Existing** to rename **Primary Cost Category**.
    - a. In the **Cost Category Alteration** screen, update the new Cost Category name in place of the **Primary Cost Category**.  
On renaming the Primary Cost Category, the existing Cost Centre will show the new name as the name of Cost Category.
  - ii. Click **Create a New Category** to create a new **Cost Category**.
    - a. **Name & alias:** As in other masters, you can specify multiple aliases.
    - b. **Allocate Revenue Items & Allocate Non-revenue items** – You can enable both options if the **Cost Category** is created for both items. However, it is mandatory to enable either one of the options to create the **Cost Category**.

Cost Category Creation	
Name	: Bangalore
(alias)	:
Allocate Revenue Items	? Yes
Allocate Non-Revenue Items	? No

3. Accept the Cost Category screen. As always, you can use Ctrl+A to save.

## Multi Currency in Tally.ERP 9

Many Organizations have transactions in more than one currency. Such transactions have to be recorded either in the base (home) currency or in the foreign currency. If the transactions are recorded in home currency, the rate at which the foreign currency is exchanged should be recorded as well. At times you need to record the transaction in the foreign currency itself when you maintain the balance of the concerned account in foreign currency.

### Enable Multi-currency

At times you need to record the transaction in the foreign currency itself when you maintain the balance of the concerned account in foreign currency. You can create multiple currencies as per your business needs. Enable the Multi-Currency feature to view and enter transactions in multiple currencies.

1. Go to **Gateway of Tally** .
2. Click **F11:Features > F1: Accounting Features**.
3. Set the option **Enable multi-currency** to **Yes**
4. Press **Ctrl+A** to save.

### Create a Currency

You can create a currency and use it as your base or foreign currency. You can set preferences like currency symbol and decimal places accordingly when creating or altering a currency.

1. Go to **Gateway of Tally > Accounts Info. > Currencies > Create** .

Currency Creation		ABC Cor
Symbol	:	\$
Formal name	:	Dollar
Number of decimal places	:	2
Show amount in millions	?	No
Suffix symbol to amount	?	No
Add space between amount and symbol	?	No
Word representing amount after decimal	:	
No. of decimal places for amount in words	:	2

2. Enter the currency [Symbol](#) field. This symbol appears in your reports, wherever applicable.

3. Enter the name of the currency in **Formal name** .
4. Enter the **number of decimal places** for the currency in **Number of decimal places** . E.g. Currencies with 2 decimal places like paisa and currencies with three decimal places like dinar. There are currencies that do not have decimal places, e.g., Vietnamese Dong.
5. Tally.ERP 9 has two formats for displaying an amount, viz., in millions and in lakhs. 1000000 (one followed by six zeroes) in millions format would appear as 1,000,000 and lakhs would appear as 10,00,000.
6. Select the required parameter in **Show amounts in millions** field. If you select **No** , the amounts will appear in Lakhs, by default.
7. Set **Suffix symbol to amount** to **Yes** for the symbol to appear after the amount.
8. Set **Add space between amount and symbol?** to **Yes** to apply a space between amounts and symbol.
9. Enter the symbol for **decimal** portion of currency in **Word representing amount after decimal** field. Eg., Ps. for Paise.
10. Enter the number of decimal places for printing the amounts in words in **No. of decimal places for amounts in words** field. This number should be equal to or lesser than the number specified in **Number of decimal places** field.

### Alter a Currency

You can modify or [delete](#) a currency master in the alteration mode of the currency master. The [rate of exchange](#) can also be altered from here.

1. Go to **Gateway of Tally > Accounts Info. > Currencies > Alter** .
2. Select a **Currency** from the **List of Currencies** list
3. In the **Currency Alteration** screen, modify details as required. For more information refer [Creating a Currency](#) .

### Delete a Currency

1. Go to **Gateway of Tally > Accounts Info. > Currencies > Alter** .
2. Select a currency from the **Currencies** list (displayed, if there is more than 1 currency).
3. Press **Alt+D** in the **Currency Alteration** screen to delete.

**Note:** You cannot delete a currency if it is used in a transaction.

### Voucher Entry with Multi-Currency

The multi-currency feature in Tally.ERP 9 enables you to create vouchers in multiple currencies. Subsequently, you can also print an invoice in the multi-currency mode.

**Note:** At any given date, when the rate of exchange is available in both **Last Voucher Date** and **Specified Rate** fields in the currency master, it will consider the rate available in the **Last Voucher Rate** field only.

### To record a purchase voucher with multi-currency

1. Go to **Gateway of Tally > Accounting Vouchers / Inventory Vouchers > F9: Purchase**.
2. Select the **Party's A/c Name**.
3. Select the **Name of Item**.
4. Enter the **Quantity**.
5. Enter the **Rate** of the item in the required foreign currency.
6. Press **Enter** to view the **Forex Rate of Exchange** screen, as shown below:

Rate in Forex	Rate of Exchange	Rate in ₹
\$100.00/nos @	₹ 54.01/\$	₹ 5,401.00/nos

7. Enter the latest **Rate of Exchange**.
8. Press **Enter** to view the **Accounting Voucher Creation** screen, as shown below:

Accounting Voucher Creation		ABC Company		Ctrl + M
<b>Purchase</b>	No. 1	Date : 1-Apr-2013	1-Apr-2013 Monday	
Supplier Invoice No. : 1.4				
Party's A/c Name : Supplier A				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Item Import	100 nos	\$100.00 nos	\$10,000.00	
^ End of List				
Narration:				
		100 nos \$10,000.00 @ ₹ 54.01/\$ = ₹ 5,40,100.00		

9. Press **Ctrl+A** to accept.

## What is the meaning of BRS?

A bank reconciliation statement (BRS) is a statement that a company prepares on a particular date to match the bank balance indicated in its cash book with the balance shown by the bank's passbook.

Bank Reconciliation Statement as on 31st December 2021			
Particulars		Plus	Minus
Dr. Balance (Favourable Balance) as per Cash Book		8,400	
Add:	1. Cheque issued or drawn but not yet presented for payment	4,000	
	2. Interest allowed by the bank not recorded in Cash Book	500	
	3. Amount directly deposited by the customers in our Bank Account	2,000	
Less:	1. Cheque sent to the bank for collection but not yet credited by the bank		6,400
	2. Bank Charges not entered in the Cash Book		200
	3. Amount paid by the bank on standing instruction:		
	(i) Life Insurance Premium		1,200
	(ii) Club Fees		1,000
		14,900	8,800

## Interest Calculation

Calculating interest is a part of day-to-day accounting for any organization. Accurately calculating interest for multiple accounts is a tedious task that could consume most of an accountant's day. That's where Tally comes to the rescue. Interest calculation in Tally is one of the main functions.

## Simple Mode Interest Calculation in Tally

The simple model of interest calculation in Tally is used by small businesses that do not frequently change their company policy regarding the credit period or chargeable interest. In short, once you define the credit policy, it stays the same.

### Step 1: Activate Interest in the Calculation

- On Gateway of Tally ERP 9, press the F11 function key
- Select "Accounting Features" or press the "A" key
- Navigate to interest calculation
- Type "Y" in the box
- Let the advance parameter set at "NO."
- Press Ctrl +A to save the settings on how to activate interest calculation in tally.

### Step 2: Create/ Alter Ledger

- Go to Gateway of Tally

- Select accounts Info
- Select ledger
- Choose create/ alter as per your requirement
- Input/ change details like name, Group/ Master, alias, etc.
- Enter credit period as per your business policy
- Set activate interest calculation to Yes
- An interest parameter screen will appear. Set Calculate Interest Transaction by Transaction to “No.”
- Input rate in percentage as per your business policy
- Select the interest debit style as needed “30-day Month, 365-Day Year, Calendar Month, and Calendar Year.”
- Input all other details and save the ledger.

Credit Period is a specific period under which the customer is not charged for any interest. For example, if the credit period is 30 days and the customer pays you within 30 days from the date of billing, no interest is charged.

### **Step 3: Make the Sales Entry in Voucher**

- Go to Gateway of Tally
- Select Accounting Voucher
- Press F8 for Sales Entry
- Press Ctrl +V to enter Sales as Voucher
- Pass the entry as required
- Save the entry.

## **Advanced Interest Calculation in Tally**

Advanced mode interest calculation in Tally is almost the same as simple mode except for a few changes. Advanced mode interest calculation in Tally Prime is essential when a company’s credit policy changes based on the period.

### **Step 1: Activate interest in the calculation**

- Go to Gateway of Tally ERP 9
- Press the F11 function key
- Select “Accounting Features” or press the “A” key
- Navigate to interest calculation

- Type “Y” in the box or “Yes”
- Set the advance parameter as “Yes” (This is the only step different from Simple Mode Entry)
- Press Ctrl +A to save the settings.

### **Step 2: Create/ alter ledger**

- Go to Gateway of Tally
- Select accounts Info
- Select ledger
- Choose create/ alter as per your requirement
- Input/ change details like Name, Group / Master, alias, etc.
- Enter credit period as per your business policy
- Set activate interest calculation to “Yes”
- A new window will appear with multiple details
- Input the details as follows:
- Set Calculate Interest Transaction by Transaction to “No”
- The input interest rate in percentage as per your business policy
- Select the Interest Debit Style as needed, “30-day for the month, 365-Day for the year, Calendar Month, Calendar Year.”
- Select whether the interest is to be charged on All Balances, Credit balances Only or Debit balances Only
- Choose “Applicable From” and “Applicable To” date
- Choose the rounding off technique from” Downward Rounding, Normal Rounding, or Upward rounding.”

Input all other details and save the ledger.

### **Step 3: Make the sales entry in the voucher (No Change)**

- Go to Gateway of Tally
- Select accounting voucher
- Press F8 for sales entry
- Press Ctrl +V to enter sales as the voucher
- Pass the entry as required
- Save the entry

Interest calculations on outstanding balances



Enter **Interest details** in Vouchers (only in case of transaction by transaction/Bill-by-bill) and view Interest reports.

You will have to alter existing ledger accounts to permit interest calculations on them. The same operation will apply when creating a new ledger account.

Interest calculation on outstanding balances is allowed for any ledger account. You simply specify the interest rate and style of calculation. Nothing is required to be done for interest during voucher entry.

Let's take an example: Interest calculated on Outstanding Balances.

1. Go to **Gateway of Tally> Accounts Info.> Ledgers> Alter (Single)> XY Bank (bank account)**
2. Set **Activate interest Calculation** to **Yes**.
3. On activation, the **Interest Parameters** must be set. It is the basis on which interest will be calculated for this Ledger account.
4. **Rate:** This is the rate at which the interest has to be calculated. In this case, specify 15%.
5. **Interest Style:** It is the basis on which the rate is applied. Of the four options, select **365-Day Year**.
6. **Accept** the screen.

You can now view the amount of interest that could be charged by the Bank.

Report on Interest Calculated on outstanding balances

The **Interest Calculations Report** can be displayed and printed.

Go to **Gateway of Tally> Display> Statements of Accounts> Interest Calculations> Ledger> XY Bank (Bank Account)**

## What is a voucher class in Tally?

Voucher Classes are used to automate Accounting Allocations in transactions. It is a table for predefining the entries to make Invoice entry a simple task. This is particularly useful in sales invoicing where the nominal ledger accounts, to be credited for each item of sale is defined once.

Voucher Classes are used to automate accounting allocations in transactions. It is a table for predefining the entries to make invoice entry a simple task. This is useful in sales invoicing where the nominal ledger accounts to be credited for each item of sale is defined once.

During voucher entry, the accounting credits for items sold are done automatically. Additional accounting entries like tax, freight, and other charges, can be predefined to be carried out untouched during actual invoicing.

**Voucher Classes** are available for all major voucher types like Contra, Payment, Receipt, Journal, Sales, Credit Note, Purchases, Debit Note, Sales Order, Purchase Order, Delivery Note, Stock Journal and Payroll.

### Create payment voucher class

You can either alter the existing **Payment Voucher Type** or create a new voucher type based on your requirements.

- Go to **Gateway of Tally > Accounts Info > Voucher Types > Alter > Payment**.
- Take the cursor to the **Name of Class** field. Give a name to the class say Cash Payment. You can create more than one class.

### Record Payment with Voucher Class

Select **Accounting vouchers** from **Gateway of Tally**. Press **F5: Payment**. You have to select a class or **Not Applicable**, if no class is desired for this entry. If **Cost Centre Class** has been set, it can also be selected.

Voucher Type		
Name :	Payment	Voucher Class List
Class :	Cash Payment	<div> <div>Not Applicable</div> <div>Cash Payment</div> </div>

The entry will be made as follows:

Accounting Voucher Creation		ABC Company	Ctrl + M
<b>Payment</b>	No. 1	Voucher Class : Cash Payment	1-Apr-2008 Tuesday
Account : Cash - Location B Cur Bal: 21,300.00 Dr			
Particulars	Amount		
Conveyance Cur Bal: 1,000.00 Dr	1,000.00		
Staff Welfare Cur Bal: 1,500.00 Dr	1,500.00		
Stationery Cur Bal: 1,200.00 Dr	1,200.00		
Narration: Cash paid towards Conveyance, Staff Welfare and Stationery expense.		<div> <div>Accept ?</div> <div>Yes or No</div> </div>	

The **Voucher Class** is **Cash Payment** . Once the voucher class is selected, the Cash Ledger is automatically selected and you need to select only the Ledgers which are to be debited. Please note that the entry is not done in the regular **Dr/Cr** format. Data entry in Tally.ERP 9 is very rapid.

# Financial Accounting with Tally

## Unit-III

### What is the budget in Tally?

A budget is a spending plan based on income and expenses. In other words, it's an estimate of how much money you'll make and spend over a certain period of time, such as a month or year. In Tally, you can create budgets and also alter or delete a budget. In case there is a budget variance, you can also view the same and analyze reasons for such variance. You can modify a budget using the alter option. You can also delete a budget. Multiple budgets can be created for specific purposes in Tally.

### Activating Budgets Feature

To activate the Budgets feature in Tally.ERP 9:

1. Select **F11: Features > F1: Accounting Features**.
2. Set **Maintain Budgets and Controls?** to **Yes**.
3. **Accept** to save.

Company: ABC Company			
<u>Accounting Features</u>			
<u>General</u>		<u>Invoicing</u>	
Integrate Accounts and Inventory	? Yes	Allow Invoicing	? Yes
Income/Expense Statement instead of P & L	? No	Enter Purchases in Invoice Format	? Yes
Allow Multi-Currency	? No	Use Debit/Credit Notes	? Yes
		Use Invoice mode for Credit Notes	? Yes
		Use Invoice mode for Debit Notes	? Yes
<u>Outstandings Management</u>		<u>Budgets &amp; Scenario Management</u>	
Maintain Bill-wise Details	? Yes	Maintain Budgets and Controls	? <b>Yes</b>
(for Non-Trading A/cs also)	? No	Use Reversing Journals & Optional Vouchers	? Yes
Activate Interest Calculation	? No		
(use advanced parameters)	? No		
<u>Cost/Profit Centres Management</u>		<u>Other Features</u>	
Maintain Payroll	? No	Enable Cheque Printing	? Yes
Maintain Cost Centres	? No	(Use Banking Configuration in Bank Ledger	
Use Cost Centre for Job Costing	? No	Master for Cheque Printing Configuration)	
More than ONE Payroll / Cost Category	? No	Allow Zero valued entries	? Yes
Use Pre-defined Cost Centre Allocations during Entry	? No	Maintain Multiple Mailing Details for Company & Ledgers	? No
Show Opening Balance for Revenue Items in Reports	? No	Set/Alter Company Mailing Details	? No
		Enable Company Logo	? No

F1: Accounts   F2: Inventory   F3: Statutory   F4: Tally.NET   F6: Add-Ons

## Create a budget

In Tally.ERP 9, you can create a budget for groups, ledger accounts, and cost centres.

1. Go to **Gateway of Tally > Accounts Info. > Budgets > Create**.
2. Enter a **Name** for your budget in the **Budget Creation** screen.
3. Select from the List of Budgets for **Under** field. You can have a hierarchical setup for budgets. In the List of Budgets, Primary is at the top of the hierarchy and you can create more primary budgets. Sub-budgets can be created under Primary budgets.
4. Enter the period of the budget in the **From** and **To** fields. The period entered can be a month, a year or any other period.
5. In **Set/Alter Budgets of**, select
  - o **Groups** - To create a budget for a Group of ledger accounts.
  - o **Ledgers** - To create a budget for Ledgers.
  - o **Cost Centre** - To create a budget for Cost Centre.
6. Press **Ctrl+A** to accept.

Period of Budget		Set / Alter Budgets of		
From:	To:	Groups	Ledgers	Cost Centres

## Alter a Budget

1. Go to **Gateway of Tally > Accounts Info > Budgets > Alter**.
2. Modify the fields as required, in the **Budget Alteration** screen.
3. Change the period or change budgets of **Groups**, **Ledgers**, and **Cost Centre**.

Period of Budget		Set / Alter Budgets of		
From:	To:	Groups	Ledgers	Cost Centres
1-Apr-2008	31-Mar-2009	Yes	No	No

**Note:** By default, **Set/Alter Budgets** is set to **No** . Set this option to **Yes** to alter .

## Delete a Budget

1. Go to Gateway of Tally > **Accounts Info** > **Budgets** > **Alter** .
2. Press **Alt+D** to delete.

## View Budget Variance

**Budget Variance** report can be viewed from the **Trial Balance** , **Group Summary** and **Monthly Summary** . **Budget Variance** is active if the option **Maintain budgets and controls** is enabled in **Accounting Features**, and at least one budget is created.

1. Go to **Gateway of Tally > Display > Trial Balance** .

**Note:** To view **Budget Variance** from the **Group Summary** , go to **Gateway of Tally > Display > Account Books > Group Summary** .

2. Click **Ctrl+B** to view budget variance, as shown below .

Trial Balance		ABC Company		Ctrl + M	
Particulars		ABC Company 1-Apr-2008 to 31-Mar-2009 Closing Balance		F2: Period F3: Company F4: Group F5: Led-wise F6: Monthly F7: Vouchers	
		Debit	Credit		
Fixed Assets		10,00,000.00			
Current Assets		1,60,000.00			
Direct Incomes			15,00,000.00		
Indirect Expenses		3,40,000.00			
Grand Total		15,00,000.00	15,00,000.00		

3. Select the required budget to view the **Corporate Budget** , the **Actuals** , and the **Corporate Budget Variance** , as shown below.

Trial Balance		ABC Company		ABC Company		ABC Company		Ctrl + M	
Particulars		ABC Company 1-Apr-2008 to 31-Mar-2009 Corporate Budget		ABC Company 1-Apr-2008 to 31-Mar-2009 Actuals		ABC Company 1-Apr-2008 to 31-Mar-2009 Corporate Budget Variance			
		Closing Balance		Closing Balance		Closing Balance			
		Debit	Credit	Debit	Credit	Debit	Credit		
Fixed Assets		50,00,000.00		16,00,000.00	20.00%	40,00,000.00	80%		
Building				10,00,000.00					
Current Assets		20,00,000.00		1,60,000.00	8.00%	18,40,000.00	92%		
Bank Accounts		20,00,000.00		1,60,000.00	8.00%	18,40,000.00	92%		
Direct Incomes									
Income Received									
Indirect Expenses		5,00,000.00		3,40,000.00	68.00%	1,60,000.00	32%		
Advertisement				3,00,000.00					
Printing & Stationery				40,000.00					
Profit & Loss A/c			5,00,000.00						
Grand Total		75,00,000.00	5,00,000.00	15,00,000.00	20.00%	15,00,000.00	30.00%	60,00,000.00	(-15,00,000.00)

**Corporate Budget** displays the values of the budget, which is already defined.

**Actual** displays the values of actual expenditure incurred.

**Corporate Budget Variance** displays the values of the variance of the **Actual** and the **Corporate Budget**, that is, **Corporate Budget - Actual = Corporate Budget Variance**.

**Note:** If **Budget Variance** shows a negative value, then the actual expenditure has exceeded the budgeted value.

## Credit Limits and Credit Period

### Credit Limits

Credit Limit is the monetary limit up to which the buyer can purchase from a seller on credit. This limit is agreed upon mutually by the seller and the buyer. Credit limits can be set for ledgers created under the groups **Sundry Debtors** and **Sundry Creditors**.

### Credit Period

Credit period can be either specified in No. of days or the due date (for eg., 31.10.09) and are calculated from the Voucher date or Invoice date or the effective date, as applicable i.e., if only Voucher Date exists, it is considered as the effective date for calculation for Credit Days otherwise if effective date is specified in the Voucher, it is considered for calculation for due date.

### Enable and Set Credit Limit & Credit Period

You can set credit limits for ledgers accounts grouped under Sundry Debtors and Sundry Creditors at the time of ledger creation or from the alteration screen or also at the time of invoicing.

Go to **F11 Features > Accounting Features > enable the option Maintain budgets and controls**.

<b><u>Budgets and Scenario Management</u></b>	
Maintain budgets and controls	<input checked="" type="checkbox"/> <b>Yes</b>
Use reversing journals and optional vouchers	<input type="checkbox"/> <b>No</b>

Set credit limits for single ledger

1. Go to **Gateway of Tally > Accounts Info. > Ledgers > Create or Alter**
2. Select the required party ledger from the list of ledgers to set credit terms.

Ledger Creation	
Name : <b>Trader A</b> (alias) :	<b>Total Op. Bal.</b>
Under : <b>Sundry Creditors</b> (Current Liabilities)	
Maintain balances bill-by-bill	? <b>Yes</b>
Default credit period	: 30 Days
Check for credit days during voucher entry ?	<b>Yes</b>
Set Credit Limit	: <b>2,00,000.00 Cr</b>
Override Credit limit using post-dated transactions	? <b>No</b>
Inventory values are affected	? <b>No</b>

3. Set the required credit limit.
4. Enable the option **Override Credit limit using post-dated transactions**, if required.

Set credit limits for multiple ledgers

1. Go to **Gateway of Tally > Accounts Info. > Ledgers > Credit Limits**.
2. Select the required group of ledgers from the **List of Groups** to set credit terms.

The **Multi Ledger Limit Alteration** screen appears as shown below. The list of ledger accounts under the selected group is displayed.

Multi Ledger Limit Alteration		ABC Company		Ctrl + M
Under Group : <b>South Debtors</b>		1-Apr-2014 to 12-Jan-2015		
S.No.	Name of Ledger	Credit Limit	Credit Period	Check for Credit Days during Voucher Entry
1	All India Computer Institute	1,00,000.00 Dr	60 Days	Yes
2	Arvind Kumar	1,00,000.00 Dr	60 Days	Yes
3	AVT Computers	1,00,000.00 Dr	60 Days	Yes
4	Best Systems Pvt Ltd	1,00,000.00 Dr	60 Days	Yes
5	Computer Junction	50,000.00 Dr	30 Days	No
6	Fortune Computer Services	50,000.00 Dr	30 Days	Yes

3. Set Credit Limit, Credit Period, and Check For Credit Dates During Voucher Entry in the **Multi Ledger Limit Alteration** screen.

**To view this report for a different group**

- Press **Ctrl+F4**.
- Change the group in the **Select Group** screen.

Check on exceeding credit limit

During voucher entry, if the credit limit is exceeded, at the time of accepting the voucher, an error message is displayed.



The error message shows the credit limit defined for the party and the amount exceeded as shown below:

The screenshot shows the 'Accounting Voucher Creation' window for 'ABC Company'. The voucher is a 'Sales' voucher, No. 5, dated '1-Sep-2008 Monday'. The party is 'Customer A'. The current balance is '₹.290.00 Dr' and the credit limit is '25,000.00 Dr'. The sales ledger is 'Sales Account'. The voucher contains two items: 'Item 1' (100 Nos at 250.00 Nos) and 'Item 2' (100 Lts at 56.00 Lts), totaling 30,600.00. An error message box is displayed in the bottom right corner, stating: 'Error', 'Eh?', 'Credit Limit of Customer A 25,000.00 Dr exceeded!', and 'Current :38,890.00 Dr'.

Name of Item	Quantity	Rate per	Amount
Item 1	100 Nos	250.00 Nos	25,000.00
Item 2	100 Lts	56.00 Lts	5,600.00
			30,600.00

End of List

Show Statutory Details ? Yes  
Narration:

You can however,

- Enter a lower value (within the prescribed credit limit) to complete the entry, or
- Enable the option [Override credit limit using post-dated transactions?](#) in the party ledger.

This feature helps in restricting invoicing for the customers or parties exceeding the prescribed credit limits and thereby facilitating better and effective control of the outstanding.

## Job Costing

**Job costing** is a form of specific order costing, which applies to a job undertaken according to customer requirements and specifications. Tally.ERP 9 enables the tracking of cost and revenue information like material, labour, and overhead for a specific job down to the smallest detail. With a view to ascertaining the actual costs incurred for each job, each job is assigned a job number or a job name.

You can use Job Costing for the following:

- To determine the actual cost for each job, location-wise
- To determine the revenue and expenditure and therefore the profit associated with each job
- To track overhead costs by allocating them for each job
- To identify loss on projects at an early stage

Enable Job Costing Feature

Job costing is available for companies that maintain accounts with inventory. To use job costing, cost centres and multiple godowns have to be enabled for the company.

### Enable job costing

1. Go to **Gateway of Tally > F11: Company Features ( F1: Accounting features )**.
2. Set the option **Maintain cost centres?** to **Yes** .
3. Enable the option **Use cost centre for job costing** .
4. Press **Ctrl+A** to save.

### Enable multiple godowns

1. Go to **Gateway of Tally > F11: Company Features ( F2: Inventory features )**.
2. Set **Maintain multiple Godowns** to **Yes** .
3. Press **Ctrl+A** to save.

**Note:** For companies, that have enabled the option **Maintain accounts only** , the option **Use Cost Centre for Job Costing?** will not be available.

## Voucher Class

Voucher Classes are used to automate accounting allocations in transactions. It is a table for predefining the entries to make invoice entry a simple task. This is useful in sales invoicing where the nominal ledger accounts to be credited for each item of sale is defined once.

During voucher entry, the accounting credits for items sold are done automatically. Additional accounting entries like tax, freight, and other charges, can be predefined to be carried out untouched during actual invoicing.

**Voucher Classes** are available for all major voucher types like Contra, Payment, Receipt, Journal, Sales, Credit Note, Purchases, Debit Note, Sales Order, Purchase Order, Delivery Note, Stock Journal and Payroll.

### Create payment voucher class

You can either alter the existing **Payment Voucher Type** or create a new voucher type based on your requirements.

- Go to **Gateway of Tally > Accounts Info > Voucher Types > Alter > Payment**.

- Take the cursor to the **Name of Class** field. Give a name to the class say Cash Payment. You can create more than one class.

\*

Voucher Type Class		ABC Company		Ctrl + M
Name : Pay	Class : <b>Cash Payment</b>			List of Ledger Accounts
(alias)	If you wish to restrict the groups to which this class can be used, specify them here.			
	Exclude these Groups	Include these Groups		
	Bank Accounts Bank OD A/c	End of List		
Type of Voucher				Not Applicable
Alias				Cash - Location A
Method of Voucher				<b>Cash - Location B</b>
Use Advance Con				Local Bank
Use EFFECTIVE Da				Local Bank-Bangalore Branch
Make 'Optional' as				National Visa Card
Use Common Name				
Narrations for each				
Specific Ledger for which this Class is created (e.g. Cash, or a Bank Account)				
Ledger Name VAT/Tax Class				
Cash - Location B				

- **Exclude these Groups and Include these Groups** : Using this option, you can select only those groups pertaining to the Class, which makes the entry simpler.
- **Ledger Name** : Selecting the ledger account that will be used to pay out the money will eliminate the need to select it during entry. In this case, it is Cash Account. While passing the payment voucher, the Cash-Location B account will be automatically selected. You may even select 'Not Applicable'. The purpose of selecting 'Not Applicable' will be, to permit Single Entry mode and at the same time retaining the option of selecting the account during entry.

**Note:** **Exclude** or **Include** Groups are irrelevant when you specify a Ledger Name for which the class is created. They are useful when you select **Not Applicable** .

## Record Payment with Voucher Class

Select **Accounting vouchers** from **Gateway of Tally** . Press **F5: Payment** . You have to select a class or **Not Applicable** , if no class is desired for this entry. If **Cost Centre Class** has been set, it can also be selected.

Voucher Type		
Name	: <b>Payment</b>	Voucher Class List
Class	: <b>Cash Payment</b>	Not Applicable
		<b>Cash Payment</b>

The entry will be made as follows:

Accounting Voucher Creation		ABC Company	Ctrl + M
<b>Payment</b>	No. 1	Voucher Class : Cash Payment	1-Apr-2008 Tuesday
Account : Cash - Location B Cur Bal: 21,300.00 Dr			
Particulars			Amount
Conveyance			1,000.00
Cur Bal: 1,000.00 Dr			
Staff Welfare			1,500.00
Cur Bal: 1,500.00 Dr			
Stationery			1,200.00
Cur Bal: 1,200.00 Dr			
Narration:			
Cash paid towards Conveyance, Staff Welfare and Stationery expense.			
			23,000.00
			Accept ?
			Yes or No

The **Voucher Class** is **Cash dPayment**. Once the voucher class is selected, the Cash Ledger is automatically selected and you need to select only the Ledgers which are to be debited. Please note that the entry is not done in the regular **Dr/Cr** format. Data entry in Tally.ERP 9 is very rapid.

## Transfer Journal Voucher

Tally.ERP 9 allows you to transfer materials from one Godown to another. The transfer of materials is done using the Transfer Journal Voucher.

To create **Stock Journal** for **Inter - Godown Transfers**,

Go to **Gateway of Tally > Inventory vouchers > Alt+F7 for Stock Journal** and select the class.

- Pass the stock transfer entry.

Change Voucher Type		ABC Company	Ctrl + M						
<b>Stock Journal</b>	No. 1	Voucher Class : Transfer	1-Apr-2008 Tuesday						
Transfer of Materials									
Source (Consumption)					Destination (Production)				
Name of Item	Godown	Quantity	Rate	Amount	Name of Item	Godown	Quantity	Rate	Amount
<div style="display: flex; justify-content: center; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;"> <b>Voucher Type</b>  Name : Stock Journal  Class : Transfer </div> <div style="border: 1px solid black; padding: 5px;"> <b>Voucher Class List</b>  <input type="checkbox"/> Not Applicable  <input checked="" type="checkbox"/> Transfer </div> </div>									
Narration									

Inventory Voucher Creation		ABC Company		Ctrl + M	
<b>Stock Journal</b> No. 1		Voucher Class : Transfer		1-Apr-2008 Tuesday	
Transfer of Materials (Inter- Godown )					
Destination Godown : Godown A					
Name of Item	Godown	Quantity	Rate	Amount	
Item A	Main Location	10 Nos	10.00/Nos	100.00	
Item B	Main Location	15 Nos	10.00/Nos	150.00	
		25 Nos		250.00	
Narration: Transfer of Item A and Item B from Main Location to Godown A					
				Accept ? Yes or No	

## Printing Stock Transfer Voucher

Press **Alt+P** to print the **Stock Transfer Journal Voucher**

ABC Company					
Stock Journal Voucher					
No. : 3			Dated : 1-Apr-2009		
Item Name	Godown	Batch/Lot	Quantity	Rate	Amount
<b>Source (Consumption)</b>					
Item A	Main Location		10 Nos	10.00/Nos	100.00
Item B	Main Location		15 Nos	10.00/Nos	150.00
			<b>25 Nos</b>		<b>250.00</b>
<b>Destination (Production)</b>					
Item A	Godown A		10 Nos	10.00/Nos	100.00
Item B	Godown A		15 Nos	10.00/Nos	150.00
			<b>25 Nos</b>		<b>250.00</b>
Narration: Transfer of Item A and Item B from Main Location to Godown A					
Checked by		Verified by		Authorised Signatory	

## F12: Print Configuration

<u>Stock Journal Printing Setup</u>	
Height of Voucher (inches)	: 7
Width of Voucher (inches)	: 5
Print Serial No.	? No
Print Part No.	? No
Print Rate Column	? Yes
Print Amount Column	? Yes
Destination Godown on Top of Voucher	? Yes
Print Narration	? No
Print Godown Address	? Yes
Method to use for Stock Item Name : Name Only	
Space to leave on top (default 0.25)	: 0.25
Space to leave on left (default 0.75)	: 0.75
Print Base Currency Symbol for Total	? Yes

While printing Stock Transfer Voucher, set the options **Destination Godown on Top of Voucher** and **Print Godown Address** to Yes.

- Enabling the option **Destination Godown on Top of Voucher** will display the **Destination Godown** name on the top of the voucher instead of printing as separate rows
- Enabling the option **Print Godown Address** will display the godown address as mentioned in the **Godown Creation/Alteration** screen

ABC Company				
Stock Journal Voucher				
No. : 1				Dated : 1-Apr-2008
Destination Godown : Godown A				
Item Name	Godown	Quantity	Rate	Amount
<b>Source Godown:</b>				
Item A	Main Location No. 347, Hosur Main Road, Bommanahalli, Bangalore - 560065	10 nos	10.00/nos	100.00
Item B	Main Location No. 347, Hosur Main Road, Bommanahalli, Bangalore - 560065	15 nos	10.00/nos	150.00
		25 nos		₹ 250.00
<hr/>				
Checked by		Verified by	Authorised Signatory	

## Payment Voucher

**Payment voucher** is used to account all the payments made by the company by way of Cash/Bank.

## Recording a Payment Entry

- Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**.

Accounting Voucher Creation		ABC Company	Ctrl + M
<b>Payment</b>	No. 1		1-Apr-2008 Tuesday
Account : <b>Cash - Location A</b>			
<i>Cur Bal: 14,000.00 Dr</i>			
Particulars	Amount		
<b>Conveyance</b>	150.00		
<i>Cur Bal: 150.00 Dr</i>			
<b>Postage</b>	250.00		
<i>Cur Bal: 250.00 Dr</i>			
<b>Staff Welfare</b>	200.00		
<i>Cur Bal: 200.00 Dr</i>			
<b>Stationery</b>	400.00		
<i>Cur Bal: 400.00 Dr</i>			
<b>4,000.00</b>			
Narration:			
Payment towards Conveyance, Postage, Staff Welfare and Stationery			

Accept ?  
 Yes or No

### Payment in Voucher entry mode

When you have multiple debits and credits in an entry, double entry mode is the suggested way of passing the entry.

Accounting Voucher Creation		ABC Company	Ctrl + M
<b>Payment</b> No. 1		1-Apr-2008 Tuesday	
Particulars	Debit	Credit	
By <b>Conveyance</b>	150.00		
<i>Cur Bal: 150.00 Dr</i>			
By <b>Postage</b>	250.00		
<i>Cur Bal: 250.00 Dr</i>			
By <b>Staff Welfare</b>	200.00		
<i>Cur Bal: 200.00 Dr</i>			
By <b>Stationery</b>	400.00		
<i>Cur Bal: 400.00 Dr</i>			
To <b>Cash - Location A</b>		500.00	
<i>Cur Bal: 24,500.00 Dr</i>			
To <b>Cash - Location B</b>		500.00	
<i>Cur Bal: 24,500.00 Dr</i>			
Narration: Payment towards Conveyance, Postage, Staff Welfare and Stationery.		1,000.00	1,000.00
		Accept ? Yes or No	

## What is a godown report?

A Godown report provides an overview of the inventory and stock levels in a warehouse or storage facility. It includes information about the items stored, their quantities, and their locations within the facility. It is used to manage and track inventory and to ensure that there is enough stock on hand to meet demand.

### Location or Godown Summary

The location or godown summary contains details about all the godowns created in Tally.ERP 9.

### To view the Godown/Location Summary Report

1. Go to Gateway of Tally > Display > Statements of Inventory > Godowns > Primary.
2. Press **Alt + F1** for a detailed view. The **Godown Summary** screen is displayed as shown below:



Godown Summary		ABC Company		Ctrl + M
Particulars	ABC Company 1-Apr-2009 to 31-Mar-2010			
	Closing Balance			
	Quantity	Rate	Value	
Chennai Godown	1,879 Nos	50.61	95,100.00	
Components	1,869 Nos	50.83	95,000.00	
Spare Parts	10 Nos	10.00	100.00	
Finished Goods Godown	124 Nos	45.97	5,700.00	
Components	118 Nos	25.42	3,000.00	
Cooling Equipment	6 Nos	450.00	2,700.00	
Finished Goods				
Main Location			2,50,60,576.85	
Aviation Turbine Fuel				
Components	3,855 Nos	2,473.27	95,34,459.81	
Cooling Equipment				
Finished Goods	530 Nos	29,001.12	1,53,70,595.61	
Fuel	200 Lts	61.00	12,200.00	
Hardware Manual	305 Nos	92.86	28,321.43	
Rectified Spirit	300 Lts	383.33	1,15,000.00	
Raw Material Godown	3,585 Nos	529.71	18,99,006.20	
Components	2,580 Nos	387.45	10,03,506.20	
Cooling Equipment	5 Nos	90,000.00	4,50,000.00	
Finished Goods	990 Nos	450.00	4,45,500.00	
Grand Total	5,588 Nos		2,70,60,383.05	

3. Press **Enter** on the required Godown to go to individual Godown Summary, as shown below:

Godown Summary		ABC Company		Ctrl + M
Particulars	Main Location ABC Company 1-Apr-2009 to 31-Mar-2010			
	Closing Balance			
	Quantity	Rate	Value	
Components	3,855 Nos	2,473.27	95,34,459.81	
Finished Goods	530 Nos	29,001.12	1,53,70,595.61	
Fuel	200 Lts	61.00	12,200.00	
Hardware Manual	305 Nos	92.86	28,321.43	
Rectified Spirit	300 Lts	383.33	1,15,000.00	

F12: Configuration in Location/Godown Summary

Configurations will enable the user to view the report according to the requirements.

<u>Configuration</u>	
Show Quantities	? <b>Yes</b>
Show Rates	? <b>Yes</b>
Show Values	? <b>Yes</b>
Show Opening Balance	? <b>No</b>
Show goods inwards	? <b>No</b>
Show goods outwards	? <b>No</b>
Show Closing Balance	? <b>Yes</b>
Show All Items (incl. zero balance)	? <b>No</b>
Exclude Items With No Transactions	? <b>No</b>
Show Gross Value for Outwards	? <b>No</b>
Show Consumption & Gross Profits	? <b>No</b>
Show Gross Profits on Gross Value	? <b>No</b>
Show using Alternate Units	? <b>No</b>
Show Tail Units of Compound Units	? <b>No</b>
Appearance of Stock Item Names	: <b>Name Only</b>
Appearance of Names	: <b>Name Only</b>
Scale Factor for Values	: <b>Default</b>
Sorting Method	: <b>Default</b>
Expand all levels in Detailed Format	? <b>No</b>

## Job Work Analysis Report (Issue)

Job work Analysis report give the information of any variance in the issue of raw materials (issued more or less) and receipt of Finished Goods/Scrap/By-Products/Co-products. These reports can be used to analyse the reason for the variances.

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Analysis** .

**Job Work Analysis** reports are:

### Issue Variance Report (Job Work In)

**Issue Variance** report displays the details of variance in the Finished Goods/Co-Product/By-Product/ Scrap delivered against the ordered Quantity of the Job Work In Order. Report also displays the variance **Quantity** and the **Percentage** of variance.

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Analysis > Issue Variance** .



## Report of Balance Sheet

A balance sheet is a financial statement that reports a company's financial position. This report shows the balance between the assets and liabilities of a firm. The balance sheet follows the fundamental accounting equation: Assets = Liabilities + Owner's Equity.

**Note :** By default, the **Balance Sheet** report will be generated as on the date of the last voucher entry. You can change the date to view the report for the required period.

### To view the Balance Sheet

1. Go to **Gateway of Tally > Display > Balance Sheet** .

Balance Sheet		ABC Company		Ctrl + M
Liabilities	ABC Company as at 18-May-2015	Assets	ABC Company as at 18-May-2015	
Capital Account		Fixed Assets	12,00,000.00	
Loans (Liability)		Current Assets	32,99,704.70	
Current Liabilities	18,93,081.99			
Profit & Loss A/c	5,91,622.71			
Opening Balance				
Current Period	5,91,622.71			
Difference in opening balances	20,15,000.00			
Total	44,99,704.70	Total	44,99,704.70	

2. Press **F12** to configure the **Balance Sheet** .
3. Press **Ctrl+A** to accept.

## Profit & Loss Account

The **Profit & Loss A/c** is a periodic statement, which shows the net result of business operations for a specified period. All the expenses incurred and incomes earned during the reporting period are recorded here.

Displaying Profit & Loss Account

You can view the Profit & Loss account details in Tally.ERP 9 for a specified period.

### To view the Profit & Loss Account

1. Go to **Gateway of Tally > Display > Profit & Loss A/c**.

2. Click **F1: Detailed** to view the **Profit & Loss Account** in detailed format. The **Profit & Loss Account** appears as shown below:

Profit & Loss A/c		ABC Company 11-12		Ctrl + M	
Particulars		ABC Company 11-12 1-Apr-2010 to 31-Mar-2012		Particulars	
Opening Stock	16,81,848.44	Sales Accounts	4,32,99,616.28		
Purchase Accounts	2,74,43,682.50	Direct Incomes	56,550.00		
Direct Expenses	43,000.00	Closing Stock	75,94,295.06		
Gross Profit c/o	2,17,81,930.40				
	<u>5,09,50,461.34</u>				
Indirect Expenses	73,30,923.75	Gross Profit b/f	2,17,81,930.40		
Nett Profit	1,55,01,006.65	Indirect Incomes	10,50,000.00		
Total	2,28,31,930.40	Total	2,28,31,930.40		

The **Profit & Loss Account** is generated and updated immediately from the date of opening of books till the date of last entry.

3. Press **F2: Period** to change the period as required.

**Note:** The **Profit & Loss Account** is displayed according to the configuration set in the **Configuration** screen. Set the option **Income & Expense A/c instead of Profit & Loss A/c ?** to **No** to display the groups **Direct Income** and **Direct Expenses** in **Profit & Loss A/c** and **List of Accounts** report.

# Financial Accounting with Tally

## Unit-IV

### Stock Groups

Stock Groups in Inventory are similar to Groups in Accounting Masters. They are helpful in the classification of Stock Items. You can group Stock Items under different Stock Groups to reflect their classification based on some common features such as brand name, product type, quality, and so on.

In Tally, the stock group is used to help in the classification of stock items according to their behavior. In Tally, the grouping of stocks enables us to identify and report in a statement as per stock wise. Under stock groups, the stocks can be grouped according to their product type, characteristics, and brand, etc.

### Creating Stock Groups

Stock Items are classified into stock groups to reflect their classification based on some community.

#### To create a Stock Group

1. Go to **Gateway of Tally > Inventory Info. > Stock Groups > Create** (under Single Stock Group).

Stock Group Creation	
Name	: <b>Grade One</b>
(alias)	:
Under	: [ <b>Primary</b>
Should quantities of items be added	? <b>Yes</b>

2. Enter the **Name** of the Stock Group to be created. For example, Grade One.

3. Enter additional name apart from primary name [if required] in the field **Alias** . You can create any number of additional names.

4. Specify whether it is a primary group or a sub-group of another group in the field **Under** , by selecting from the list.

5. Press **Alt+C** to create a parent group, if you do not have it in the list.

6. The field **should quantities of items be added?** pertains to information on measuring the units of the Stock Items that you would categorise under the **Stock Group** .

The Stock Items categorized under the group should have similar units for them to be added up. You cannot add quantities in **Kgs** to quantities in **Pcs** .

**Note:** You can always go back and reset this option after assessing the units of the items in the group.

Buttons specific to stock group creation:

Buttons	Short Cut Keys	Description & Use
C: Category	CTRL+C	Allows you to Create a Stock Category.
I: Items	CTRL+I	Allows you to Create a Stock Item.
U: Units	CTRL+U	Allows you to Create a Unit of Measure.
O: Godown	CTRL+O	Allows you to Create a Godown
V: Vch Types	CTRL+V	Allows you to Create a Voucher Types

**Note:** **Category** and **Godown** buttons are visible only if you have opted for the same in **F11: Features**.

## Altering a Stock Group

This option allows you to view the existing Stock Group in edit mode, here you are allowed to change the various information.

To alter a Stock Group,

Go to **Gateway of Tally > Inventory Info. > Stock Groups > Alter (under Single Stock Group)**

Select the **Stock Group** from the **List of Groups**. The **Stock Group Alteration** screen is displayed as shown.

Stock Group Alteration	
Name	: <b>Brand D</b>
(alias)	:
Under	: <b>Group Two</b>
Should quantities of items be added	? <b>Yes</b>

Make the necessary changes and click **Yes** to accept or press **Ctrl+A** to Save.

Deletion is possible only in the mode,. For deleting the **Stock Group**, Press **ALT+D**.

**Note:** You cannot **delete** a **stock group**, if it is used by any sub groups or stock items. In order to delete the Stock Group, first delete the relevant sub groups and Stock items.

## How to Delete a Stock Group?

You can delete a stock group only if it does not have any children under it. The children could be stock group or stock item or both.

*Go to Gateway of Tally > Inventory Info > Stock Groups > Single Alter*

- Press **[ALT]+[D]** to delete a stock group.

***Note:** You cannot delete a stock group in multiple mode.*

## Stock Item

Stock Item refers to goods that you manufacture or trade. It is the primary inventory entity and is the lowest level of information on your inventory. You have to create a Stock Item in Tally. ERP 9 for each inventory item that you want to account for.

### Create stock items

Stock items are goods that you manufacture or trade (sell and purchase). It is the primary inventory entity. Stock Items in the Inventory transactions are similar to ledgers being used in accounting transactions.



1. Go to **Gateway of Tally > Inventory Info. > Stock Item > Create** (under **Single Stock Item**).

2. Enter the **Name** of the Stock Item.

3. Enter the **Alias** name of Stock Item (if required).

4. The field **Under** will show the List of Groups . Here you can select the Stock Group to which the Stock Item belongs. By default, Primary Stock Group appears in this field.

**Note:** You can create a new stock Group by pressing **Alt+C** at this field.

5. This field will show the **Unit List** . Here you can select the Unit of measure (UoM) applicable for the stock item. By default, Not Applicable appears in this field.

**Note:** You can create a new UoM by pressing **Alt+C** at this field. For stock items without UoM, the cursor will not move to the **Quantity** field during voucher entry.

6. If GST is enabled, set **GST Applicable** to **Applicable** and enter the GST details by enabling the option [Set/alter GST Details](#) .

7. Specify the **Rate of Duty** applicable for the stock item. This field is used for the calculation of excise duty or if duty is based on item rate. During Invoicing, whenever you select a Stock Item, the Rate of duty entered here is displayed in the Invoice creation screen.

**Note:** In **F11: Inventory features** , if the option **Enable Invoicing** is set to **No** then **Rate of Duty** field will not be visible.

When Excise features is activated for the company, the option **Tariff Classification** will appear.

8. Specify the details of **Opening Balance**, if any, for the Stock Item as on the date of Beginning of Books.

- In the **Quantity** Field, specify the stock item Quantity.
- In the **Rate** field, specify the stock item Rate.
- In the **Value** field, Tally.ERP 9 automatically calculates the value by multiplying the Quantity and Rate. You can also edit the value, Tally.ERP 9 automatically refreshes the Rate field accordingly.

The **Stock Item Creation** screen appears as shown:

Stock Item Creation		ABC Company	
Name : <b>Brand A - 28" TV</b>			
(alias) :			
Under : <b>Primary</b>		<b>Statutory Information</b>	
Units : <b>Nos</b>		GST Applicable : <b>Applicable</b>	
		Set/alter GST Details ? <b>Yes</b>	
		Type of Supply : <b>Goods</b>	
		Rate of Duty (eg 5) : <b>0</b>	
Opening Balance :		Quantity : <b>10 Nos</b>	Rate per : <b>35,000.00 Nos</b>
		Value : <b>3,50,000.00</b>	Accept ?
			<b>Yes or No</b>

**Note:** If Unit field is Not Applicable then the cursor will move from Quantity and Rate Field.

Button options in Single Stock Item Creation screen

Buttons	Short Cut Keys	Description and Use
G: Groups	Ctrl+G	Allows you to Create a Stock Group.
I: Items	Ctrl+I	Allows you to Create a Stock Item.
U: Units	Ctrl+U	Allows you to Create a Unit of Measure.
O: Godown	Ctrl+O	Allows you to Create a Godown.
V: Vch Types	Ctrl+V	Allows you to Create a Voucher Types

**Note:** Category and Godown buttons are visible only if you opted for the same in **F11: Features**.

### Create multiple stock items in one-go

1. Go to **Gateway of Tally > Inventory Info. > Stock Item > Create** (under **Multiple Stock Items**).
2. Select a **Stock Group** or **All Items** from **List of Groups** to create the Stock Item.
3. Enter the **Name** of the Stock Item.
4. Select the group and **Units**. Press **Alt+C** in the **Units** field if you want to create a unit of measure.
5. Enter the opening quantity, rate per unit. The **Multi Stock Item Creation** screen appears as shown below:

Multi Stock Item Creation		ABC Company		Ctrl + M			
Under Group : All Items		For 1-Apr-2019					
S.No.	Name of Item	Under	Units	Opening Qty	Rate	per	Amount
1.	Brand A - 24" TV	Primary	Nos	12 Nos	24,800.00	Nos	2,97,600.00
2.	Brand B - 24" TV	Primary	Nos	15 Nos	26,750.00	Nos	4,01,250.00
3.	Brand C - 24" TV	Primary	Nos	13 Nos	25,500.00	Nos	3,31,500.00

Accept ?  
 Yes or No

6. Press **Enter** to save.

## Advanced Entries and Costing Methods for Stock Item

For the advanced mode, including selection of costing methods, you have to enable advanced configuration and features for stock item master in **F12: Configure** and **F11: Features**.

The advance configuration parameters for stock item master under **F12: Configure (Master Configuration)** are shown below:

<u>Master Configuration</u>			
Provide aliases along with name		? Yes	
Provide language aliases for name		? No	
<u>Accounts</u>		<u>Inventory</u>	
Provide advanced information in masters	? Yes	Allow advanced entries in masters	? <b>Yes</b>
Provide addresses for ledger accounts	? Yes	Provide part numbers for stock items	? Yes
Provide contact details	? No	Add description for stock items	? Yes
Add notes for ledger accounts	? No	Add remarks for stock items	? Yes
Add description for ledger accounts	? No	Use alternate units for stock items	? Yes
		Enable standard rates for stock items	? Yes
		Specify default ledger allocation for invoicing	? Yes
		Enable component list details (Bill of Materials)	? Yes
		Provide address for Godowns	? Yes

The advanced features for stock items in **F11: Features** are shown below:

<u>Storage and Classification</u>	
Maintain multiple Godowns	? Yes
Maintain stock categories	? Yes
Maintain batch-wise details	? Yes
Set expiry dates for batches	? Yes
Use separate actual and billed quantity columns	? No

**Note:** You can configure the entire setup according to your requirements. According to the **configuration** in **F12** and **F11**, stock item master fields will get added and removed.

## Display Stock Items

You can display the existing Single Stock Item master and Multiple Stock Item masters, since it is only display you are not allowed to alter any information in display mode.

1. Single stock item: Go to **Gateway of Tally > Inventory Info > Stock Items > Display (under Single Stock Item)**. Select the **Stock Item** you want to display from the **List of Items**.
2. Multiple stock items: Go to **Gateway of Tally > Inventory Info > Stock Items > Display (under Multiple Stock Item)**.

3. Group of stock items: Select a **Stock Group** or **All Items** from **List of Groups** to display the Stock Item under the selected group or All Items. The **Multi Stock Item display** screen appears.

## Alter Stock Items

This option allows you to view and change the details for the existing **Single Stock Item** master and **Multiple Stock Item** masters. If a transaction is recorded for a stock item, it is not possible to alter the units or delete the stock item.

Alter a single stock item

1. Go to **Gateway of Tally > Inventory Info. > Stock Items > Alter ( Single Stock Item )**.
2. Select the required Stock Item from the **List of Items**. The **Stock Item Alteration** screen appears.

Alter multiple stock items

1. Go to **Gateway of Tally > Inventory Info. > Stock Items > Alter ( Multiple Stock Items )**.
2. Select a stock group from the **List of Groups** to alter the stock item under the selected group or under **All Items**. The **Multi Stock Item Alteration** screen appears.

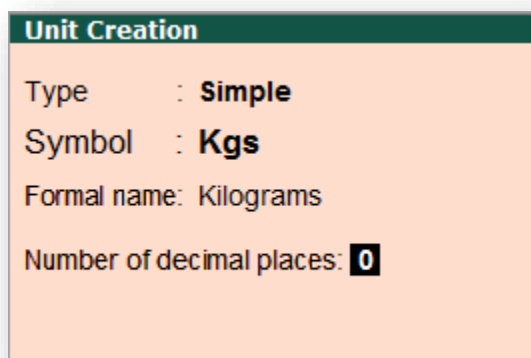
**Note:** In the Multi Stock Item Alteration screen, you can create an item by entering the item name after the last item, but you cannot delete an item.

## Units of Measure

Stock Items are mainly purchased and sold on the basis of quantity. The quantity in turn is measured by units. In such cases, it is necessary to create the Unit of Measure. The Units of Measure can either be simple or compound. Examples of simple units are: nos., metres, kilograms, pieces etc.

### Simple Units of Measure

1. Go to **Gateway of Tally > Inventory Info > Units of Measure > Create**. The **Unit Creation** screen is displayed as shown below:



Type	: Simple
Symbol	: Kgs
Formal name:	Kilograms
Number of decimal places:	0

This field will show the **Type** of Units.

- Simple
- Compound.

Simple units are **nos**, **pcs** , and so on. Compound unit is a combination of two simple units.

By default Tally.ERP 9 will show the **Simple unit** for creating the unit of measure.

You can select the **Compound Units** by clicking on that field or by using **SHIFT+TAB** [cursor will go to the previous field].

2. Define the **Symbol** of the unit, for example, Nos. This symbol is used in all displays and printouts.
3. Specify the **Formal Name** of the symbol, for example, Numbers. This formal name is useful during the consolidation of data of different companies, where the symbols might be the same but are assigned to different units. The formal name will be used to match them.
4. In this field you can specify the **Number decimal places** for the Units from 0 to 4. This field is useful for Units measured in fractions.

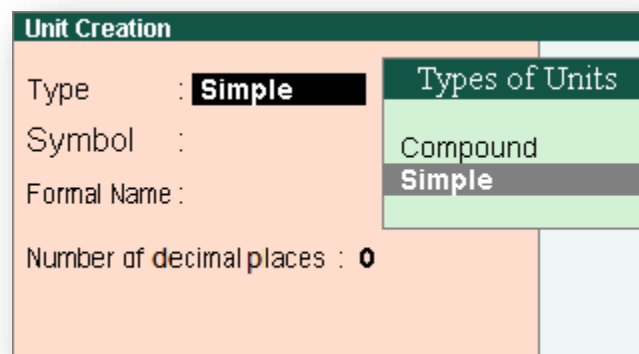
For example, Kilogram unit. 1.255 Kgs, here 1 is for Kg and fraction 255 is for gram. For this unit, number of decimal places required is 3

## Compound Unit of Measure

A Compound Unit is a relation between two Simple Units. Hence, before you create a Compound Unit, ensure that you have already created two Simple Units.

For example, To Create Compound unit – Doz (Dozen) of 12 Nos (Numbers), you have to create two simple units, Doz (Dozen) and Nos (Numbers) and set the conversion factor as 12.

1. Go to Gateway of Tally > Inventory Info > Units of Measure > Create. The Unit Creation screen is displayed as shown. Now Click on Type field or Press SHIFT + TAB or Press Backspace Key.



Unit Creation	
Type :	<b>Simple</b>
Symbol :	
Formal Name :	
Number of decimal places :	0

**Types of Units**

- Compound
- Simple**

2. Select Compound from the Types of Units and press Enter. The Conversion field will be displayed for creating Compound unit.

Unit Creation		ABC Compa		
Type : <b>Compound</b>	Current Date Saturday, 2 May, 2015			
<b>Units with Multiplier Factors</b> (example: Kgs of 1000 gms)				
First unit	Conversion	Second unit		
Doz	of 12	<b>nos</b>		
<table border="1"> <thead> <tr> <th>Units</th> </tr> </thead> <tbody> <tr> <td>nos</td> </tr> </tbody> </table>			Units	nos
Units				
nos				

3. Select the **First unit** from the Units List. In the above example, Dozen will be the First Unit.
4. Specify the **Conversion** Factor. In the above example, Conversion factor will be 12.
5. Specify the **Second Unit** from the Units List. In the above example, Number will be the Second Unit. This unit is also called Tail Unit.
6. Use CTRL + A or Accept the Screen for Saving of Compound Unit Creation.

## Alter Units of Measure

You can alter the units of measurement created in Tally.ERP 9.

1. Go to Gateway of Tally > Inventory Info. > Units of Measure > Alter .
2. Select the **Name of Unit** you want to alter from the **Units** list. The Unit Alteration screen appears as shown below:

Unit Alteration	
Type	: <b>Simple</b>
Symbol	: <b>no</b>
Formal name:	Numbers
Number of decimal places :	<b>4</b>

3. Make the necessary changes.
4. Press Ctrl+A to accept.

You can delete a unit of measure by pressing Alt+D . However, a unit of measure that is part of a compound measure cannot be deleted without deleting the compound measure first.

## Display Units of Measure

You can display the existing Units of Measure, since it is only display Tally.ERP 9 does not allow you to alter any information in display mode.

1. Go to Gateway of Tally > Inventory Info. > Units of Measure > Display.
2. Select the Unit of Measure you would like to view from the Units list. You can select a compound unit or a simple unit from the list. The Unit Display screen is displayed as shown below:

Unit Display	
Type	: <b>Simple</b>
Symbol	: <b>Nos.</b>
Formal name	: Numbers
Number of decimal places	: <b>0</b>

**Note:** In display mode it is not possible to make any changes.

## Stock Categories

Stock Category offers a parallel classification of stock items. Like stock Groups, classification is done based on similarity in behaviour. Stock categories is basically the categorisation of stock items of similar features belonging to different stock groups.

**Stock Category** offers a parallel classification of stock items. Like stock Groups, classification is done based on similarity in behaviour.

For example,

Stock Item	Sub Group	Main Group	Sub-Category	Main Category
Brand A - 19" LED TV	Brand A	Grade One	LED TV	Television
Brand A - 17" Smart TV	Brand A	Grade One	Smart TV	Television
Brand B - 19" LED TV	Brand B	Grade Two	LED TV	Television
Brand B - 17" Smart TV	Brand B	Grade Two	Smart TV	Television

The advantage of Categorizing items is that you can classify the stock items (based on functionality) together – across different stock groups which enables you to obtain reports on alternatives or substitutes for a stock item.

For enabling **Stock Category** option in the **Inventory Info** menu, press **F11 > Inventory Features > Set Yes for Maintain stock categories** .

## Create a single Stock Categories

This option allows parallel classification of stock items. Like Stock Groups, Stock Categories are also classified based on some similar behaviour. This enables you to obtain reports for alternatives or substitutes of a stock item.

1. Go to **Gateway of Tally > Inventory Info. > Stock Categories > Create** (under Single Stock Category). The **Stock Category Creation** screen is displayed as shown below:
2. Enter the **Name** of the Stock Category.
3. Specify whether it is a primary category or a sub-category of another category in the field **Under**. Select **Primary** from the list, if you do not have a parent group. Use **Alt +C** to create a parent if you do not have the required category in the list.

Stock Category Creation	
Name	: Monitor
(alias)	:
Under	: Primary
<div>Accept ?</div> <div>Yes or No</div>	

4. Press Enter to save.

## Create Multiple Stock Categories

Tally.ERP 9 allows you to create Stock Categories using single or multiple options.

1. Go to **Gateway of Tally > Inventory Info. > Stock Categories > Create** (under Multiple Stock Category). The **Multiple Stock Category Creation** screen is displayed as shown below:

Multi Stock Category Creation		ABC Company	Ctrl + M
Under Category : All Items			
S.No.	Name of Category	Under	
1.	CRT	Monitor	
2.	CDWriter	Primary	
3.			

2. The field **Under Category** will display the **List of Categories** . You can select a category for which a multiple sub-category can be created.
3. If you select **All Items in List of categories** , selection of parent category **Under** column is possible during creation of sub-category.



4. If you select specific category in **List of Categories** , that category will get populated automatically whenever creation of sub-category and cursor skips **Under** column.
5. Specify the name of the **Stock Category** .
6. If you have select **All Items** in **Under Category** , you must specify a parent category in this column.

## Display a single Stock Category

You can display the existing Stock Category in Single mode and multiple mode, since it is only display Tally.ERP 9 does not allow you to alter any information in display mode.

1. Go to Gateway of Tally > Inventory Info. > Stock Categories > Display (under Single Stock Category).
2. Select the Category for which you want to view the display details from the List of Categories. The Stock Category Display screen shows the details entered in Stock Category Master.

Stock Category Display	
Name	: CRT
Under	: Monitor

## Alter a Single Stock Category

This option allows you to view the existing Stock Category in edit mode, here you are allowed to change the various information.

1. Go to **Gateway of Tally > Inventory Info. > Stock Categories > Alter** (under **Single Stock Category**).
2. Select the Stock Category from the **List of Categories** . The **Stock Category Alteration** screen is displayed as shown.

Stock Category Alteration	
Name	: CDWriter
(alias)	:
Under	: Primary

Make the necessary changes and click **Yes** to accept.

Deletion is possible only in the alteration mode. For deleting the Stock Category, Press **Alt+D** .

**Note:** You cannot delete a stock Category, if it is used by any sub Category or stock items. In order to delete the Stock Category, first delete the relevant sub Category and Stock items.

## What do you mean by standard cost?

A standard cost is the budgeted cost of a regular manufacturing process against which actual costs are compared. Of course, if a new product, service, or process is to be carried out, the initial standard costs will have to be estimated.

## What is the selling price?

The selling price is the amount of money that a company charges for its product. It goes beyond the total cost of the product, also known as the cost price, to also include a profit margin which is usually added as a markup percentage. The selling price is also called the sales price or standard, list, or market price.

## Rate of Duty

A duty is a form of taxation levied on certain goods, services, or other transactions that are imported and exported. Duty rates are a percentage determined by the total value of the goods paid for in another country.

## Godown

A godown is a place where stock items are stored. You can specify where the stock items are kept. You can obtain stock reports for each godown and account for the movement of stock between locations/godowns. You can create Locations/Godowns in Single mode and Multiple mode.

## Creating a Single Location/Godown

### Create Godowns/Locations

To start allocating your stock items in godowns, you need to create a godown first.

1. Press **F11** (Features) > **Inventory Features** > and set **Maintain multiple Godowns** as **Yes**.
2. **Gateway of Tally > Inventory Info. > Godown > Single Godown > Create**.  
When you create a Godown/Location in Tally.ERP 9 for the first time, you are prompted to alter the existing internal godown ( **Main Location** ), where all your inventory is stored by default.
3. **Name & alias** : As in other masters, you can specify multiple aliases for the godown name.
4. **Under** : Select **Primary** or Main Location.

Godown Creation		ABC
Name	: <b>Chennai</b>	
(alias)	:	
Under	: <input checked="" type="checkbox"/> <b>Primary</b>	
Allow storage of materials	? <b>Yes</b>	
Set job/project for job costing	: <input checked="" type="checkbox"/> <b>Not Applicable</b>	
<b>Use for:</b>		<div>Accept ?</div> <div>Yes or No</div>
Our stock with third party	? <b>No</b>	
Third party stock with us	? <b>No</b>	

What you see on the screen can vary based on your choices. Press **F12** (Configure) to change the options.

**Note:** As in the case of other ledgers and groups, **Primary** is the root under which you can create a godown. By default, **Main Location** is available under Primary. When you create a godown, selecting Primary creates the godown at the same level as that of Main Location. If you select Main Location, it becomes the parent godown for the new godown.

Click to see the [F12 configurations for godowns](#).

5. Accept the screen. As always, you can press **Ctrl + A** to save.

You can create godowns on the fly or move back and forth when creating godowns.

## Allocate stock items to Godowns/Locations

Once you have created the required godowns, you can allocate your stock items to one or more godowns.

1. Open the **Stock Item Allocation** screen.

- To allocate the opening balance of your stock, in the **Stock Item Alteration** screen, select **Opening Balance** and press **Enter**.
- To allocate stock items during voucher entry, in the **Voucher Creation** screen, select the stock item and press **Enter**.

A sample **Stock Item Allocation** screen is as shown.

**Stock Item Allocation** National Enterprises Ctrl + M

Name: Item A (axis)

**Allocations of : Item A for: 1,000 Nos**

Godown	Quantity	Rate per	Amount
Main Location	650 Nos	100.00 Nos	65,000.00
Branch 1	350 Nos	100.00 Nos	35,000.00
<b>Total</b>	<b>1,000 Nos</b>		<b>1,00,000.00</b>

**Statutory Information**

Rate of Duty (eg 5) : 0

Rate per : 100.00 Nos Value : 1,00,000.00

**List of Godowns**

Branch 1  
Main Location

Gateway of Tally > Inventory Info > Stock Item Allocation

Single Stock Item  
Create  
Display  
Alter

Multiple Stock Item  
Create  
Display  
Alter

Quit

What you see on the screen can vary based on your choices. Press **F12** (Configure) to change the options and **F11** (Features) to enable or disable features.

- In the **Stock Item Allocation** screen, provide the **Quantity** if UoM is defined for the item; otherwise, provide the **Amount**.

The quantities and amount entered in the allocations screen are consolidated and displayed in the voucher. The Opening Balance **Quantity** or **Value** specified in the stock item must be completely allocated among the selected godowns.

## Alter, Display, and Delete Godowns/Locations

Like other masters, you can **Alter**, **Display**, or **Delete** godowns.

### Alter Godowns

You can alter details of godowns and the changes will reflect in all dependent Masters, Transactions, and Reports. Use **Gateway of Tally > Inventory Info. > Godowns >** and select **Alter**.

### Display Godowns

To view the details of the godown you have created, use **Gateway of Tally > Inventory Info. > Godowns** and select **Display**.

## Delete Godowns

You can delete a godown if it is not used in any other master or transaction. Open the godown you wish to delete, and press **Alt + D**.

**Note:** You cannot delete the default godown in Tally.ERP 9.

- Before you can delete a parent godown in a hierarchy, you will need to delete the godowns created under it.
- Similarly, to delete a godown that has stock items, move the stock items to a different godown using inter-godown transfer. You do not have to delete the transaction to delete the godown.

## Transfer Inventory Between Godowns/Locations

You can move your stock from one Godown/Location to another using Stock Journals. In case you are into manufacturing or job work, Tally.ERP 9 provides the flexibility to use specific voucher entry modes of Stock Journal to record transfer of materials between godowns.

1. **Gateway of Tally > Inventory Vouchers > Alt + F7** (Stock Journal).
  2. Under **Source (Consumption)**, specify details of the stock items that you want to transfer.
    - Select the stock item and the godown from where you want to transfer.
    - Specify the **Quantity** here. **Rate** and **Amount** are auto-filled from the stock item. You can alter these values, as needed.
- If you have not specified the Opening Balance (Quantity, Rate, and Amount) in the item master, you can enter only the **Amount** here.
3. Under **Destination (Production)**, specify details of the stock items.
    - Select the stock item and the destination godown. For inter-godown transfers, select the same stock item as in the **Source**.
    - As always, you can create stock items and godowns on the fly by pressing **Alt + C**.
    - Provide **Quantity**, **Rate**, or **Amount**, as needed.

**Note:** You can also select a different stock item as finished goods in case the source stock item is changing form, especially in case of manufacturing. For more information, refer to [Manufacturing Journal Voucher](#).

Inventory Voucher Creation				National Enterprises				Ctrl + M			
Stock Journal No. 1								1-Apr-2019 Monday			
Transfer of Materials											
Source (Consumption)				Destination (Production)							
Name of Item		Quantity	Godown Rate	Amount	Name of Item		Quantity	Godown Rate	Amount		
Item A		Branch 1 100 Nos	100.00/Nos	10,000.00	Item A		Warehouse A 100 Nos	100.00/Nos	10,000.00		

What you see on the screen can vary based on your choices. Press **F12** (Configure) to change the options and **F11** (Features) to enable or disable features.

4. Accept the voucher. As always, you can press **Ctrl + A** to save.

## Zero Value Transaction (ZVT)

Zero-valued entries are those entries where a voucher entry is made without any values, that is, one of the parameters (Qty or Rate) may not have a value but needs to update in the records. A Zero Value Transaction (ZVT) is any transaction (e.g., sale, refund, exchange, etc.) where the total amount equals \$0.00.

The items which are given as Free Samples.

**Note:** Zero Valued entries are allowed only in Sales and Purchase vouchers only and are not available in Receipt, Payment vouchers and journal vouchers.

### Enabling Zero Value entry

To enable zero value entries

1. Go to **Gateway of Tally > Accounting Features > F2 : Inventory Features .**

<b>General</b>	
Integrate accounts and inventory	? Yes
Enable zero-valued transactions	? <b>Yes</b>

For example, create a Sales invoice with zero-value entry.

Accounting Voucher Creation		ABC Company		Ctrl + M
Sales No. 1				1-Apr-2008
Ref.:				Tuesday
Party's A/c Name : Customer A				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Item A	10.00 nos	100.00 nos	1,000.00	
Item B	2.00 nos		1,000.00	
□ End of List				
Narration:				
		12.00 nos	1,000.00	

In the above Snap shot you can make out that, if Item A is purchased, then Item B is free.

Even if the values are not mentioned, the quantities of Item B will be reduced from the stocks.

## What is meant by reorder level?

A reorder level is the point at which businesses order new stock from the supplier. A reorder level, also referred to as a reorder point refers to the inventory level at which a seller places an order with its suppliers to replenish the stock. The reorder point formula is: Reorder point

(ROP) = Average sales per day x Lead time + Safety stock.

## Batch-wise details

Batch-wise details are given for maintaining batch information pertaining to stock items. The Manufacturing date and expiry date can also be set for batch wise details.

### Using Batch-wise Details

When you wish to **maintain batch information for Stock Items**, you need to set the option **Maintain Batch-wise Details** to **Yes** in **F11: Features (F2: Inventory Features)**.

Company: <u>ABC Company</u>			
<u>Inventory Features</u>			
<u>General</u>		<u>Invoicing</u>	
Integrate Accounts and Inventory	? Yes	Allow Invoicing	? Yes
Allow Zero valued entries	? Yes	Enter Purchases in Invoice Format	? Yes
<u>Storage &amp; Classification</u>		Use Debit/Credit Notes	? No
Maintain Multiple Godowns	? Yes	Use Invoice mode for Credit Notes	? No
Maintain Stock Categories	? No	Use Invoice mode for Debit Notes	? No
Maintain Batch-wise Details (set Expiry Dates for Batches)	? <b>Yes</b>	Separate Discount column on Invoices	? No
Use different Actual & Billed Qty	? No	<u>Purchase Management</u>	
<u>Order Processing</u>		Track additional costs of Purchase	? No
Allow Purchase Order Processing	? No	<u>Sales Management</u>	
Allow Sales Order Processing	? No	Use Multiple Price Levels	? No
		<u>Additional Inventory Vouchers</u>	
		Use Tracking Numbers (Delivery/Receipt Notes)	? No
		Use Rejection Inward/Outward Notes	? No

F1: Accounts    F2: Inventory    F3: Statutory    F4: Tally.NET

In the Item Allocation screen, set the option **Maintain in Batches** to **Yes**.

Stock Item Creation		ABC Company		
Name	: <b>Item C</b>			
(alias)	:			
Under	: <input type="checkbox"/> <b>Primary</b>	<u><b>Tax Information</b></u> Rate of Duty (eg 5) :		
Units	: <b>nos</b>			
Maintain in Batches	? <b>Yes</b>			
Opening Balance :		Quantity	Rate per	Value

When you set this to **Yes**, you will find the following in the **Item Allocation** screen.

Item Allocations for : <b>Item C</b>		
Godown	Batch / Lot No.	List of Active Batches
Main Location	<b>Batch 01</b>	<input type="checkbox"/> New Number <b>Batch 01</b> <b>10.00 nos</b>



# Godown

Select the **Godown** from the **List of Godowns**.

Batch / lot No.

Select the Batch number from the list of existing Batch numbers which will be displayed under **List of Active Batches** else click on **New Number** to give the new Batch number.

[illegible]

## Quantity, Rate and Amount

Enter the quantity and rate. The Amount will be calculated automatically.

Per

By default, the specified Unit of measure will be displayed here. The Rate is computed on the basis of Unit you specify here.

## Manufacturing date & Expiry date for Batches

This feature is useful for businesses that deal in goods that have expiry dates like medicines, food and other perishables. During voucher entry, the date of the voucher is taken by default as the date of manufacture of the product. This can be changed but not to a date later than the voucher date. Expiry date cannot be a date prior to the voucher date.

**Note:** The manufacturing date cannot be later than the voucher date. The expiry date cannot be earlier than the manufacturing date.

## Entering Batch-wise details for purchase voucher

Example:

**Voucher Date:** 1-10-2008. Purchase 250 nos. @ Rs.10 each. Batch no. SP-1062 having the manufacturing date 01-09-2005 and Expiry date 01-10-2008.

Stock Item Allocations				ABC Company		Ctrl + M	
Purchase		No. 1				1-Oct-2008	
Pdt						Wednesday	
Party's Ac Name		Supplier XY					
Contract Reference							
Item Allocations for : <b>Medicine A</b>				Quantity		Rate per	
Godown		Batch / Lot No.		Quantity		Rate per	
		Mfg Dt. Expiry Date		Amount			
Main Location		SP-1062		250 Nos.		10.00 Nos.	
		Sep-2005 1-Oct-2008				2,500.00	

In the manufacturing date field, by default it takes the voucher date in the format of month and year. In Expiry date field, by default it set as Blank. You can specify the expiry date.

## Selecting Batch-wise details for sales voucher:

Example:

**Voucher Date:**1-10-2008. Sales 100 nos. @ Rs.15 each against Batch no. SP-1062.

Stock Item Allocations				ABC Company		Ctrl + M	
Sales		No. 1				1-Oct-2008	
Pdt						Wednesday	
Party's Ac Name		Cash					
Contract Reference							
Item Allocations for : <b>Medicine A</b>				Quantity		Rate per	
Godown		Batch / Lot No.		Quantity		Rate per	
		Mfg Dt. Expiry Date		Amount			
		List of Active Batches					
Main Location		New Number					
		SP-1062		1-Oct-2008		250 Nos.	

In List of Active Batches, SP-1062 batch is displayed for selection, since the Expiry Date is not earlier to the Sale Voucher Date. If Sales voucher date is on 02-10-2008, Expiry Date is earlier than the Sale voucher date and it will not be displayed in the List of Active Batches.

This is because the option **Honor Expiry Dates usage for Batches** is set to **YES** in **F12 Configure (Voucher Entry Configuration)**.

If you want to list the expiry batches during sales entry, set **NO** to **Honor expiry Dates usage for batches** in **F12 Configure**.

## What is meant by Bill of Material?

A bill of materials is the list of all the raw materials, resources, components, assemblies and parts - and the quantities of each of them - that are required to manufacture a product. In a simpler sense, a bill of materials is like an industrial recipe for creating an end product.

## Setup Bill of Materials

- Go to **Gateway of Tally > F12: Configure > select Accts/Inventory Info.**
- Set **Enable component list details (Bill of Materials)?** to **Yes** .

<u>Master Configuration</u>			
Provide aliases along with name		? Yes	
Provide language aliases for name		? No	
<u>Accounts</u>		<u>Inventory</u>	
Provide advanced information in masters	? Yes	Allow advanced entries in masters	? Yes
Provide addresses for ledger accounts	? Yes	Provide part numbers for stock items	? Yes
Provide contact details	? Yes	Add description for stock items	? Yes
Add notes for ledger accounts	? No	Add remarks for stock items	? Yes
Add description for ledger accounts	? No	Use alternate units for stock items	? Yes
		Enable standard rates for stock items	? Yes
		Specify default ledger allocation for invoicing	? Yes
		Enable component list details (Bill of Materials)	? <b>Yes</b>
		Provide address for Godowns	? Yes

OR

- Go to **Gateway of Tally > Inventory Info > Stock Items > Create.**
- Press **F12: Configure (Stock Item Configuration)** and set **Enable component list details (Bill of Materials)?** to **Yes**.

<u>Stock Item Configuration</u>	
Provide aliases along with name	? Yes
Provide language aliases for name	? No
Allow advanced entries in masters	? Yes
Allow MRP/Marginal for stock items	? No
Allow inclusive of tax for stock items	? No
Provide part numbers for stock items	? Yes
Add description for stock items	? Yes
Add remarks for stock items	? Yes
Specify default ledger allocation for invoicing	? Yes
Use alternate units for stock items	? Yes
Enable standard rates for stock items	? Yes
Enable component list details (Bill of Materials)	? <b>Yes</b>

## Single Bill of Material for a Stock Item

**Single BOM** can be created for a stock item where you use **standard set of inputs** to manufacture finished goods.

Let us create a new Stock Item Television and specify BoM.

1. Go to **Gateway of Tally > Inventory Info. > Stock Items > Create**

2. In **Stock Item Creation** screen

- Enter the **Stock Item Name**, select the appropriate **Stock Group** and specify the appropriate **Unit of Measurement** in **Unit** field
- **Set Component List** : To create the component list required to manufacture the Finished goods enable this option to **Yes**

**Stock Item Creation** ABC Ctrl + M

Name : **Television** Part No. :  
 (alias) :

Description :  
 Remarks :  
 Set/modify default ledgers for invoicing ? No

Under : <b>Primary</b> Category : <b>Not Applicable</b> Units : <b>Nos.</b> Set components (BOM) ? No Set standard rates ? No Enable cost tracking ? No	<u><b>Statutory Information</b></u> Is Excise Applicable ? <b>Applicable</b> Set/alter excise details? No  VAT Applicable : <b>Applicable</b> Set/alter VAT details ? No	<u><b>Behaviour</b></u> Costing method : <b>Avg. Cost</b> Market valuation method: <b>Avg. Price</b> Ignore difference due to physical counting? No Ignore negative balances ? No Treat all sales as new manufacture ? No Treat all purchases as consumed ? No Treat all rejections inward as scrap ? No
--	---	---

Opening Balance :      **Quantity**      **Rate per**      **Value**

Accept ?  
 Yes or No

**Note:** The **Set Components List** option will not displayed in Stock Item master on enabling the configuration option **Allow Component list details (Bill of Material)**, option will display in item master only on entering/ specifying the unit of measure in the **Units** field.

3. Press **Enter** to view Stock Item Multi Components (M BOM) screen

4. In **Stock Item Multi Components (M BOM)** screen

- o Under **Name of BOM** specify component list Name - **Standard** and press enter to view Stock Item Components (BOM) screen

**Stock Item Multi Components (M BOM)** ABC Company Ctrl + M

Name : **Television**  
 (alias) :

Under : **Home Appliances**  
 Units : **nos**  
 Set Components (BoM) ? Yes

Tarif Class :  
 Rate of Du :

**BOM List of: Television**  
**Name of BOM**  
**Standard**

**Behaviour**  
 Costing Method : **Avg. Cost**  
 Market Valuation Method : **Avg. Price**  
 Ignore Diff. due to Physical Counting ? No  
 Ignore Negative Balances ? No  
 Treat all Sales as New Manufacture ? No

5. In **Stock Item Components (BOM)** screen:

- **BOM Name** : By default the BOM Name specified in Stock Item Multi Components (M BOM) screen will be defaulted and application will not allow to move the cursor to BOM Name field.
- **Components of** : In this field application displays the Name of the Stock Item for which the components are defined.
- **Unit of manufacture** : Specify the appropriate number of finished product that will be manufactured by using the components identified in the component list.
- **Item** : In this field identify the raw materials which are required to manufacture the finished goods
- **Godown** : If there are multiple Godowns or Locations, specify the storage location of the items from where the items will be used for manufacture.

**Note:** The godown option will be displayed only when **Maintain multiple Godown** feature is enabled in **F11: Features (Inventory Features)**

- **Quantity** : In this field mention the quantity of Raw Material required to manufacture the finished goods.

Observe to create **1 Television** we require **5 different inputs** . The **Quantity** of inputs consumed to manufacturer finished goods is **1 each** of 5 different inputs.

BoM Name	:	Standard
Components of	:	Television
Unit of manufacture	:	1 nos
Item	Godown	Quantity
Picture Tube	Raw Material Godown	1 nos
PCB Main Board	Raw Material Godown	1 nos
TV Tuner Card	Raw Material Godown	1 nos
Auto Amplifier	Raw Material Godown	1 nos
Stereo Speakers	Raw Material Godown	1 nos

- Specify other required details in the stock item master and accept the screen.

6. Creating Manufacturing Journal for a Stock Item with Single Bill of Materials . All the manufacturing transactions can be accounted through a Stock Journal.

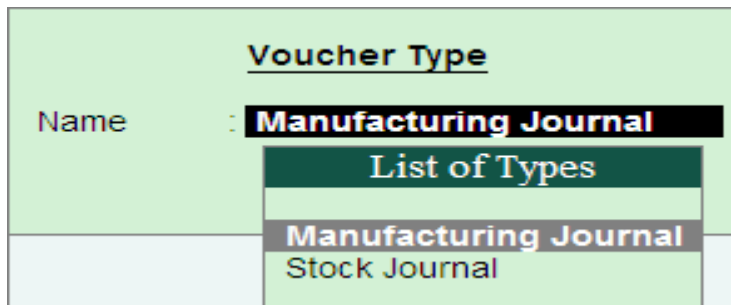
- To record manufacture of finished goods in Stock Journal - **Alter the Voucher Type** by **setting** the option **Use as a Manufacturing Journal** to **Yes** . **Or**

- Create a **Manufacturing Journal** under **Stock Journal** by setting the option **Use as a Manufacturing Journal** to **Yes**.

**Note:** **Bill of Material** should be created before accounting the manufacture of an item.

7. Go to **Gateway of Tally > Inventory Vouchers**

8. Select the button **F7: Stk. Jrnl** or press **Alt + F7**. If you have created a new voucher type **Manufacturing Journal**, a pop-up menu will be displayed with the options default **Stock Journal** and **Manufacturing Journal**.



Select **Manufacturing Journal** to view the Manufacturing Journal voucher creation screen

- **Name of Product** : Select the product which needs to be manufactured from the List of Items.
- **BoM Name** : In this field the **BoM** created for the stock item will be displayed automatically with one more option **Not Applicable** .

**Note:** The list of Raw materials required for the manufacture of finished goods will be displayed in **Components (Consumption)** side based on the BOM defaulted.

- **Godown** : Select the godown where you would like to place the produced goods.

**Note:** **Godown** option will be displayed only when **Maintain multiple Godown** feature is enabled in F11: Features (Inventory Features)

- **Quantity** : In this field specify the quantity of finished goods manufactured.
- **Components (Consumption)** : In this section the components required to manufacture the finished goods will be displayed automatically based on the components defined in the BoM.

**Quantity** of Raw material will be defaulted based on the **quantity requirement** defined in the **BOM** multiplied by the **Quantity** of finished goods manufactured. The completed Manufacturing Journal is displayed as shown

Inventory Voucher Creation

ABC Company

Ctrl + M

Manufacturing Journal No. 1

1-Jan-2011

Saturday

Manufacture of Materials

Name of Product : Television

BoM Name : Standard

Godown: Finished Goods Godown Qty 10 nos

% of Cost allocation 100 %

Components (Consumption)				Co-Products / By-Products / Scrap						
Name of Item	Godown	Quantity	Rate	Amount	Name of Item	Godown	% of Cost allocation	Quantity	Rate	Amount
Picture Tube	Raw Material Godown	10 nos	2,500.00/nos	25,000.00	J End of List					
PCB Main Board	Raw Material Godown	10 nos	1,500.00/nos	15,000.00						
TV Tuner Card	Raw Material Godown	10 nos	750.00/nos	7,500.00						
Auto Amplifier	Raw Material Godown	10 nos	1,200.00/nos	12,000.00						
Stereo Speaker	Raw Material Godown	10 nos	2,000.00/nos	20,000.00						
					Cost of Components :					79,500.00
					Type of Addl. Cost	%age				
					J End of List					
					Total Addl. Cost	:				
					Effective Cost	:				79,500.00
					Allocation to Primary Item	:				79,500.00
					Effective Rate for Primary Item	:				7,950.00





Stock Summary		National Enterprises			Ctrl + M
Particulars		National Enterprises For 1-Apr-2019			F2: Period
		Closing Balance			F3: Company
		Quantity	Rate	Value	F4: Group
LED Bulbs		2,350 Nos	119.79	2,81,500.00	F5: Item-wise
Vacuum Cleaners		55 Nos	10,254.09	5,63,975.00	F6: Monthly
Wet Grinders		2,900 Nos	4,213.22	1,22,18,340.00	F7: Show Profit
					F7: Orders

What you see on the screen can vary based on your choices. Press **F12** (Configure) to change the options and **F11** (Features) to enable or disable features.

**Note:** The value of the closing stock shown in Stock Summary is also displayed in the Profit and Loss report. If you do not see the same value in the Profit and Loss report, ensure that you have set the following option:

Press **F11** (Features) > **F1** (Accounts) > set **Integrate Accounts with Inventory** to **Yes**.

## Reports | Know Your Sales Orders

You may want to know the sales orders outstandings, and account for the partially or completely cancelled orders. You can use the reports of Sales Orders Outstandings and Pre-closure of orders report and pre-close the cancelled orders at any point in time. There are different reports that show the sales orders outstanding. The outstanding orders can be viewed Stock Group-wise, Stock Category-wise, Stock Item-wise, account Group-wise, ledger-wise or from All Orders.

- **Gateway of Tally > Display > Statement of Inventory > Sales Order Outstandings** > choose the report to view.

Purchase Order Summary

**Purchase Order Summary** statement gives detailed information on outstanding purchase orders. The outstanding orders can be viewed **Stock Group** wise, **Stock Category** wise, **Stock Item** wise, account **Group** wise, **Ledger** wise or **All Orders**.

To view **Purchase Order Outstandings**:

Go to **Gateway of Tally > Display > Statements of Inventory > Purchase Order Outstanding**

## Memorandum voucher

This is a non-accounting voucher and the entries made using it will not affect your accounts. That is, Tally. ERP does not post these entries to ledgers but stores them in a separate Memorandum Register.

- use Memorandum voucher,

1. Enable the following option from **F11: Accounting Features**
2. Use Reversing Journals & Optional Vouchers - Yes.

<b>Budgets and Scenario Management</b>	
Maintain budgets and controls	? No
Use reversing journals and optional vouchers	? <b>Yes</b>

3. Go to **Gateway of Tally > Accounting Vouchers > Select Ctrl+F10: Memos** from the Button Bar or click **Ctrl+F10**.
4. **Debit** Printing & Stationery Account.
5. **Credit** Cash Account.

Accounting Voucher Creation		Www.TallyERP9Book.Com	Ctrl + M
<b>Memorandum</b> No. 1		2-Sep-2017 Saturday	
Particulars	Debit	Credit	
By <b>Printing &amp; Stationery</b> Cur Bal: 15,000.00 Dr	5,000.00		
To <b>Cash</b> Cur Bal: 3,270.00 Dr		5,000.00	
Narration:	5,000.00	5,000.00	



- The **Cheque Printing** screen appears displaying the cheque details as shown:

Cheque Printing	
Printer : Microsoft XPS Document Writer (Ne03:)	Paper Type : A4
No. of Copies : 1	
Print Language : English	(Printing Dimensions)
Method : Neat Mode	Paper Size : (8.27" x 11.69") or (210 mm x 297 mm)
Page Range : All	Print Area : (8.27" x 11.69") or (210 mm x 297 mm)
	Orientation : Vertical - Left
Cheque Details	
Favouring Name: ACC Corp Pvt. Ltd. Inst. No.: 002112 Inst. Date: 30-5-2012 Amount: 25,000.00	
(with Print Preview)	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>Print ?</b>  Yes or No </div>	

- Accept** to print the cheque.

## Printer Selection

Press **S**: **Select Printer** button to select the printer and the paper size. Select the paper size as **A4**.

For information on setting the orientation and dimensions for overall adjustment click [here](#).

The Cheque Print preview appears as shown:

<u>A/c Payee</u>	<b>3 0 0 5 2 0 1 2</b>
ACC Corp Pvt. Ltd.	
Twenty Five Thousand Only	
**₹ 25,000.00	
for ABC Company	
Signatory One Signatory Two	

**Note:** Cheque Printing feature is available only from the **Payment** and **Contra** vouchers.

## General Printing Configuration

The printing configuration available in Tally.ERP 9 helps you customise your reports. You can enable or disable options in the **General Printing Configuration** screen, as required. The configurations set here are applicable to all reports and vouchers in Tally.ERP 9.

- Go to **Gateway of Tally** > click **F12: Configure** > **Printing** > **General** . The **General Printing Configuration** screen appears as shown below:

<u>Configuration</u>	
Print date and time of report	? <b>No</b>
Print date and time of voucher printing	? No
Print country, state and Pincode with address	? No
Stop printing vertical lines/borders (for faster printing on dot matrix printers)	? No
Page margin on top (in inches)	: 0.50
Print using Greyscale on Black & White printers (for neat format only)	? No
<u>Settings for Quick/Dot Matrix Format</u>	
Split long names into multiple lines	? No
Split long amounts/numbers into multiple lines	? No
Print party name and address from left margin in invoice (for quick/draft format only)	? No

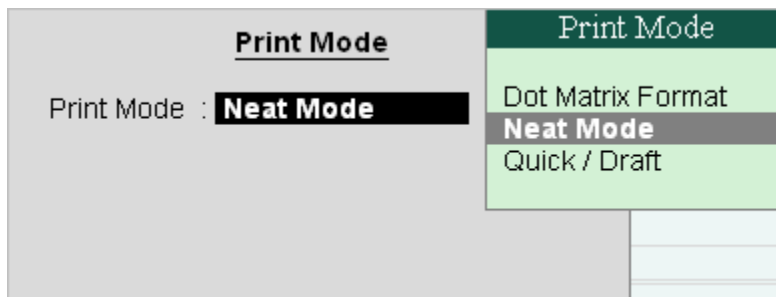
2. Enable the option **Print date and time of report?** to print the date and time in the reports.
3. Enable the option **Print date and time of voucher printing?** to print the date and time in the vouchers.
4. Enable the option **Print country, state and Pincode with address?** , if required.
5. Disable the option **Stop printing vertical lines and borders?** to print vertical lines and borders in the reports and vouchers.
6. Enter the required margin space in the print report in the field **Page margin on top (in inches)** .
7. Enable the option **Print using Greyscale on Black & White printers?** , if required.
8. Enable the option **Split long names into multiple lines?** for better readability.
9. Enable the option **Split long amounts/numbers into multiple lines?** for better readability.
10. Enable the option **Print party name and address from left margin in invoice?** , if required.
11. Press **Ctrl+A** to save the configuration.

## Print Format

The user can specify print format settings as required. The print formats available in Tally.ERP 9 are **Dot matrix format**, **Neat mode** and **Quick/Draft** .

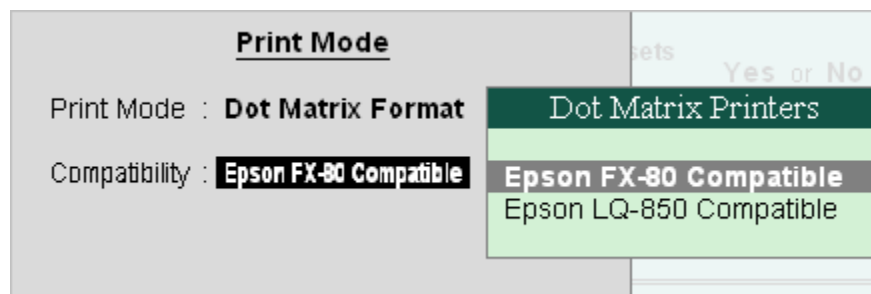
The **Print Format** button appears on the Print screen (after you press **Alt+P** or on clicking the **Print** button).

Click the **Print Format** button to display the available Print formats as shown below:



**Dot Matrix Format** allows you to print Tally.ERP 9 reports in text format using the dot matrix printers. As Tally.ERP 9 is a Windows-based software it uses a print format compatible with dot matrix printers. Usually, Epson printer drivers are defined by default. Any dot matrix printer may be used, but only the Epson printer drivers (LQ and FX series) should be used for dot matrix format of Tally.ERP 9.

- Select **Dot Matrix Format** . The screen is displayed as shown below:



The **Neat** mode and **Quick/ Draft** modes are compatible with most of the printer drivers installed on the Windows Operating System. The default behavior of Tally.ERP 9 is to print in neat mode. This can be altered by pressing **Alt+F** just before printing. All subsequent reports will be printed in quick/draft format until **Alt+F** is pressed again. All the reports can be printed in Quick/Draft mode except for cheques.

### Multi Account Printing

This option enables the printing of the primary Books of Accounts, like the Cash and Bank Books, Account Ledgers, Sales and Purchase Registers and so on, without having to select the accounts one at a time and printing them.

### To access multi account printing

- Go to **Gateway of Tally > Multi Account Printing** .

**Note:** Multi Account Printing will not appear if you are working on Educational Mode. Ensure your Tally.ERP 9 license is active to use this option.

Choose between the options – **Account Books, Inventory Books, Day Book, Multi Voucher Printing, Multi-Form 27D Printing, Multi-Form 16A Printing and Multi Payslip Printing.**

You can select the date and other selections before printing the reports. Drill-down to **Accounts Books, Outstanding Statements and Inventory Books** and select the appropriate reports to **print**.

Change the common printing options by selecting the appropriate buttons on the right side of the screen. Tally.ERP 9 allows you to change and alter the following settings in the print configuration screen

- **Printer** : Click **Alt+S** (Select Printer) to change printer settings. This also displays the default paper size set for the printer.
- **No. of Copies** : Click **Alt+C** (Copies) to specify the number of copies to be printed.
- **Print Language** : Click **Alt+L** (Print Language) to print in the language of your choice.
- **Method** : Click **Alt+F** (Print Format) to select the print format.

## Printing All Accounts

1. Go to **Gateway of Tally > Multi Account Printing > Outstanding Statements > Ledger > All Accounts**.

Printing Ledger Outstanding			
<b>Printer</b>	: Microsoft Print to PDF (PORTPROMPT:)	<b>Paper type:</b>	A4
<b>Number of copies:</b>	1		
<b>Print language</b>	: English	<b>Paper size:</b>	(Printing dimensions) (83 cols x 70 lines)
<b>Print format</b>	: Quick / Draft	<b>Print area:</b>	(83 cols x 70 lines)
<b>Range of pages to print:</b>	All		
Report Titles			
Bill-wise Details			
<i>Without company address, Without company CIN, Without company website, Without page numbers</i>			
From (blank for beginning) : <b>1-4-2010</b> To (blank for end) : Include Post-Dated Transactions ? <b>No</b>			
Show Group Name : <b>No</b> Show Opening Amount ? <b>No</b> Show Due On ? <b>Yes</b> Show Overdue days/Age of Bill in days ? <b>Yes</b> Show overdue using Bill Date ? <b>No</b> Show Contact Details ? <b>No</b> Range of Bills to show : <b>Pending Bills</b> Format : <b>Condensed</b> Show Order Number in Detailed Format ? <b>No</b> Show Qty Info in Detailed Format ? <b>No</b> Show narrations ? <b>No</b> Show bills of following type : <b>All Bills</b> Show Bills in Foreign Exchange ? <b>No</b> Start fresh page for each Account ? <b>Yes</b>			

When Printing the Ledger Outstanding screen, if **Show Contact Details** is set to **Yes** , and **Start Fresh Page for each Account** is set to **No** , the contact person's name, telephone number and/or mobile number are displayed below each **Ledger Account** on the same page.

<b>ABC Company</b> No. 225, 9th Cross, AMC Road <u>Bangalore</u>					
Bill-wise Details					
1-Apr-2009 to 31-Mar-2010					
Page 1					
Date	Ref. No.	Opening Amount	Pending Amount	Due on	Overdue by days
<b>Bangalore Customer</b>					
Contact Person : Mr. Ajay , Tel. No. : 9980155689					
1-Sep-2008	5	6,500.00 Dr	6,500.00 Dr	1-Sep-2008	576
		6,500.00 Dr	6,500.00 Dr		
<b>Customer A</b>					
Contact Person : Mr. A , Tel. No. : 9741432201					
5-Apr-2008	FORX/2201	2,57,250.00 Dr	2,46,750.00 Dr	5-Apr-2008	725
30-Jun-2008	6	32,960.00 Cr	2,47,160.00 Cr	30-Jun-2008	639
	<b>Sub Total</b>	2,24,290.00 Dr	410.00 Cr		
31-Mar-2010	On Account	2,38,460.00 Cr	2,38,460.00 Cr		
		14,170.00 Cr	2,38,870.00 Cr		
<b>Customer B</b>					
Contact Person : Mr. B , Tel. No. : 9826851872					
3-Apr-2008	G1001	4,16,000.00 Dr	4,16,000.00 Dr	3-Apr-2008	727
continued ...					

If **Show Contact Details** is set to **Yes** , and **Start Fresh Page for each Account** is also set to **Yes** , each Ledger Account is displayed in a **fresh page** , with the address appearing below the Ledger Name.



**ABC Company**

No. 225, 9th Cross,  
AMC Road  
Bangalore

**Customer B**

Bill-wise Details  
( Sundry Debtors )  
301 Regency Buildings  
2134 Colaba Seaface  
Mumbai

1-Apr-2009 to 31-Mar-2010

Page 7

Date	Ref. No.	Opening Amount	Pending Amount	Due on	Ovendue by days
3-Apr-2008	GI001	4,16,000.00 Dr	4,16,000.00 Dr	3-Apr-2008	727
4-Apr-2008	GI002	88,400.00 Dr	88,400.00 Dr	4-Apr-2008	726
17-Apr-2008	1	55,936.00 Cr	55,936.00 Cr	17-Apr-2008	713
24-Apr-2008	1524	6,30,000.00 Dr	6,30,000.00 Dr	24-Apr-2008	706
30-Apr-2008	2	520.00 Dr	5,200.00 Dr	30-Apr-2008	700
<b>Sub Total</b>		10,78,984.00 Dr	10,83,664.00 Dr		
31-Mar-2010	On Account	65,000.00 Dr	65,000.00 Dr		
		11,43,984.00 Dr	11,48,664.00 Dr		

**Note:** For the Contact Person, Tel. No. and the address to be displayed, they should be entered in the Ledger Masters.

If **Show Group Name** option is set to **Yes** , Group name of the ledger is appearing below the Ledger Name.

**ABC Company**

No. 225, 9th Cross,  
AMC Road  
Bangalore

**Customer A**

Bill-wise Details  
( Sundry Debtors )  
482, Ali Asker Road  
Hyderabad

1-Apr-2009 to 1-Sep-2009

Page 1

Date	Ref. No.	Opening Amount	Pending Amount	Due on	Ovendue by days
5-Apr-2008	FORX/2201	2,57,250.00 Dr	2,46,750.00 Dr	5-Apr-2008	514
30-Jun-2008	6	32,960.00 Cr	2,47,160.00 Cr	30-Jun-2008	428
<b>Sub Total</b>		2,24,290.00 Dr	410.00 Cr		
1-Sep-2009	On Account	2,38,460.00 Cr	2,38,460.00 Cr		
		14,170.00 Cr	2,38,870.00 Cr		

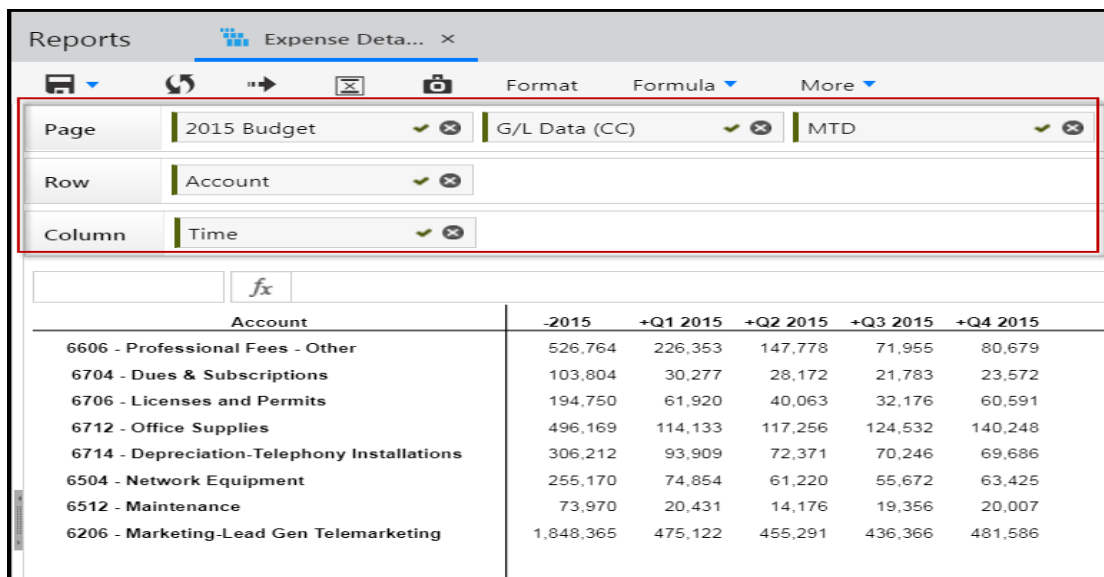
# Intro to Dynamic Reports

## Overview

Dynamic Reports is a reporting tool which provides easy-to-use, ad hoc query capabilities, as well as structured financial reports which utilize reusable report sets. Dynamic Reports use dimensional data and may use report sets and attributes to produce a specific output.

## Composition of a Dynamic Report

Dynamic Reports have three components: page, row, and column.



Account	-2015	+Q1 2015	+Q2 2015	+Q3 2015	+Q4 2015
6606 - Professional Fees - Other	526,764	226,353	147,778	71,955	80,679
6704 - Dues & Subscriptions	103,804	30,277	28,172	21,783	23,572
6706 - Licenses and Permits	194,750	61,920	40,063	32,176	60,591
6712 - Office Supplies	496,169	114,133	117,256	124,532	140,248
6714 - Depreciation-Telephony Installations	306,212	93,909	72,371	70,246	69,686
6504 - Network Equipment	255,170	74,854	61,220	55,672	63,425
6512 - Maintenance	73,970	20,431	14,176	19,356	20,007
6206 - Marketing-Lead Gen Telemarketing	1,848,365	475,122	455,291	436,366	481,586

## Group Company in Tally.ERP 9

If your business consists of branches, subsidiaries, or sister companies, it can become difficult to monitor the health of your business group. You might have questions like how your business is doing overall, or how your different branches are performing.

### Create Group Company

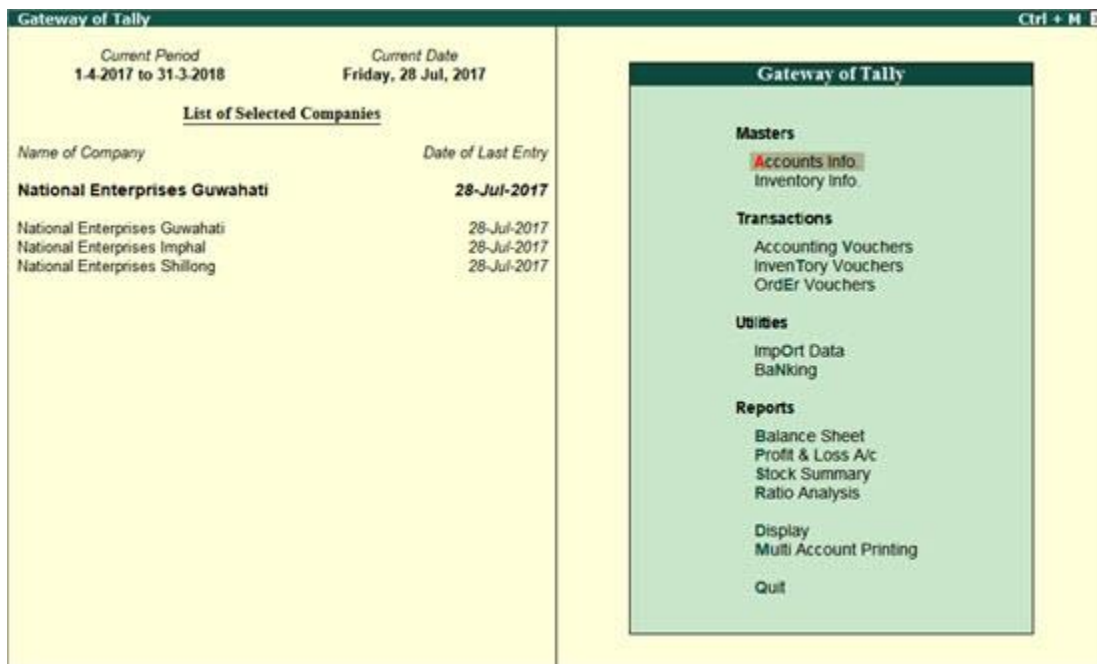
Let us assume that you own a textile business in Guwahati (Assam) called National Enterprises, which consists of sister concerns in the neighbouring north-eastern cities of Shillong (Meghalaya) and Imphal (Manipur). The unit in Guwahati deals in fabrics, while the sister concerns in Shillong and Imphal deal in ready-made Western and ethnic clothing, respectively. You can create a group company in Tally.ERP 9 by adding your sister concerns.

However, before creating a group company, ensure that:

- The sister companies have the same **Base currency symbol** and **Formal name** . You can verify this in the **Company Creation/Alteration** screen.
- The sister companies have uniform books/charts of accounts. In other words, the corresponding masters/ledgers should have the same names across companies. This will help in proper consolidation of accounts and accuracy of MIS reports. For example, if the sales ledger are named as Sales in one company and Sale in another company, it might lead to confusion and improper consolidation in the group company.

Now you can proceed to create your group company.

1. **Gateway of Tally > F1 (Select Cmp)**, and load the required sister companies.



2. **Gateway of Tally > F3 (Cmp Info) > Create Group Company** .

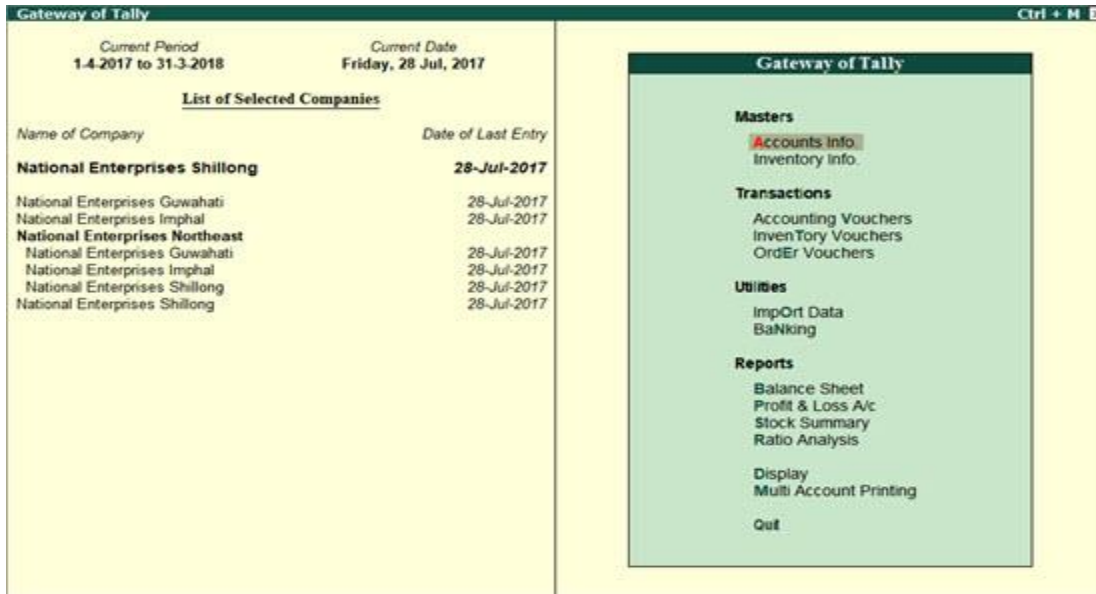
3. In the **Group Company Creation** screen:

- Enter the **Name** of the group company along with the required details. For the purpose of correspondence, you can enter the address that is relevant for your group company.
- In the **Member companies** field, select the sister companies from the **List of Companies** .



o Accept the screen. As always, you can press **Ctrl + A** to save.

In the **Gateway of Tally**, you can see the group company (in bold) along with the sister companies. You can shut the other companies by pressing **Alt + F1**, and proceed to use the group company.



Next time you open a company in Tally.ERP 9, the group company will now appear in the **List of Companies**.



## Alter Group Company

In Tally.ERP 9, you can easily add or remove a sister company, or update the contact details of your group company. You can also delete the group company if it is no longer required.

### Add sister company

Let us assume that you are expanding your textile business by adding a new hosiery unit in Kohima (Nagaland). You can easily alter the group company to accommodate the new sister concern. Here's how:

1. **Gateway of Tally > F1** (Select Cmp), and load the new sister company.
2. **Gateway of Tally > F3** (Cmp Info) > **Alter**, and select the group company.

3. In the **Member companies** field, select the new sister company from the **List of Companies** .

**Group Company Alteration** Ctrl + M

Current Period : 1-4-2017 to 31-3-2018

national enterprises Northeast

Name : National Enterprises Northeast

Mailing name : National Enterprises Northeast

Address : 214, Talukdar Path, Lankeswar, Guwahati

Country : India

State : Assam

Members companies : National Enterprises Guwahati  
National Enterprises Imphal  
National Enterprises Shillong  
National Enterprises Kohima

(Changes will be effective only when you reload the group company)

Accept ?  
Yes or No

4. Accept the screen. As always, you can press **Ctrl + A** to save.

The changes will be effective only after you reload the group company.

## Remove sister company

Let us assume that you are selling off your business in Imphal, and you no longer need the Imphal unit in the group company. You can easily alter the group company to remove this sister concern. Here's how:

1. **Gateway of Tally > F3 (Cmp Info) > Alter** , and select the group company.
2. In the **Member companies** field, select the sister company that you want to remove, and press backspace.
3. In the empty field, select the remaining companies from the **List of Companies** , until you select **End of List** .

**Note:** If you have only two sister companies in the Group Company, you cannot remove any of the companies. To form a group company, you require a minimum of two companies.

**Group Company Alteration** Ctrl + M

Current Period : 1-4-2017 to 31-3-2018

National Enterprises Northeast

Name : National Enterprises Northeast

Mailing name : National Enterprises Northeast

Address : 214, Talukdar Path, Lankeswar, Guwahati

Country : India

State : Assam

Members companies : National Enterprises Guwahati  
National Enterprises Shillong  
National Enterprises Kohima

(Changes will be effective only when you reload the group company)

Accept ?  
Yes or No

4. Accept the screen. As always, you can press **Ctrl + A** to save.

The changes will be effective only after you reload the group company.

## Delete Group Company

If you no longer need the group company, you can easily delete it without affecting the data of the sister companies.

1. **Gateway of Tally > F3 (Cmp Info) > Alter** , and select the group company.
2. In the **Group Company Alteration** screen, press **Alt + D** to delete the company.
3. Press **Enter** to confirm the deletion.

After you delete the group company, you can continue to use the sister companies without any hiccups.

## Use of tally vault in tally erp 9

Tally Vault comes in use for protection for the business data. Encryption implies transforming ordinarily obtainable Tally knowledge into vague message, which can be reconverted by a sanctioned character.

Tally Vault ensures that the original information is under no circumstances made available to another user. Apart from this, it uses the non-stored password mechanism.

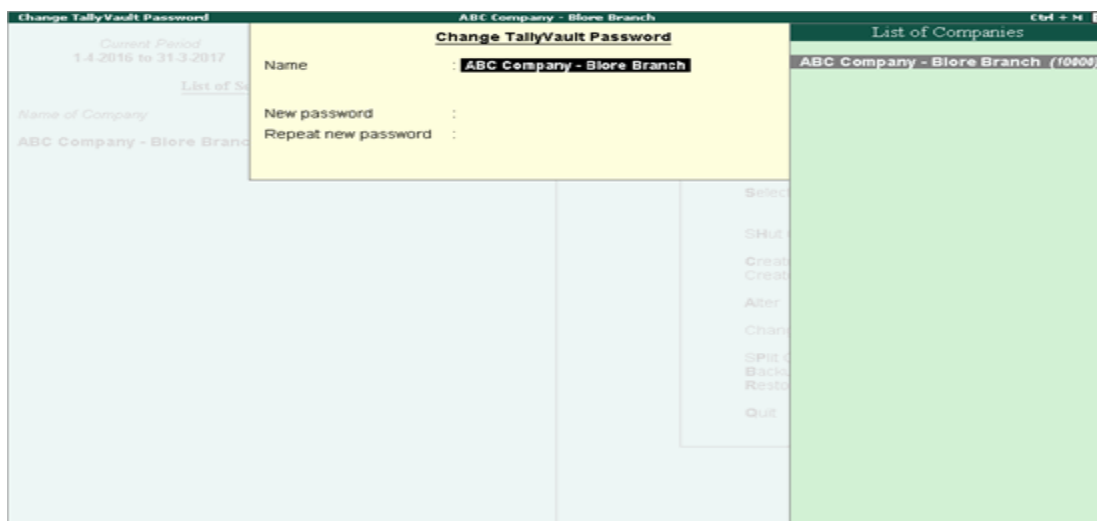
### Enabling Tally Vault

Data Security has been a matter of concern to the Business Owner as most businesses depend on the confidentiality of the information. Tally Vault is a feature in Tally.ERP 9 that will help the business to maintain confidentiality of information by encrypting the data.

The user can enter the Tally Vault password while creating the company or execute the following steps to provide the Tally Vault password for existing companies.

#### To enable Tally Vault

1. Load the Company that has to be secured using Tally Vault.
2. Go to **Gateway of Tally press F3 : Company Info > Change Tally Vault**



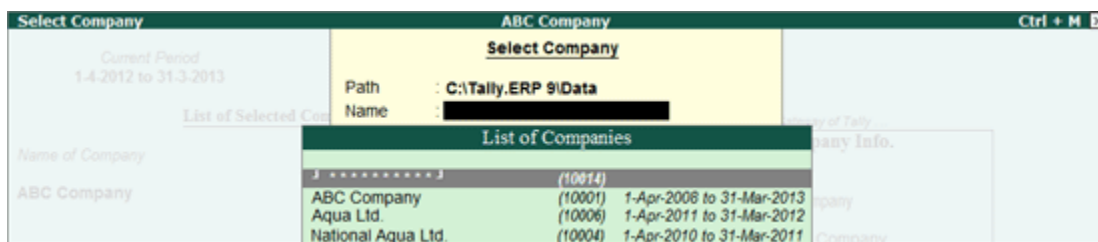
3. In the **Change Tally Vault** screen select the required company from the List of Companies.
4. Enter the Password in the **New Password** field. Tally.ERP 9 displays the strength of the password entered depending on the combination - Alphabets, Numbers and Special Characters.

**Note:** To understand the conditions that determine a Password's strength, click [Password Strength Indicator](#).

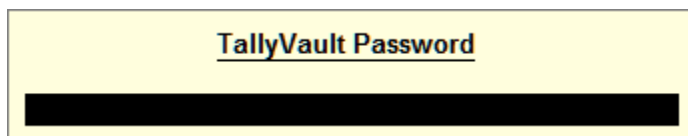
5. Re-enter the password to confirm in the **Repeat New Password** field.
6. Accept to Change the Tally Vault password.
7. Tally.ERP 9 displays a message **Created New Company** followed by the new Company Number; press any key to return to **Company Info.** Menu.

Once the company data is encrypted the Name of the Company and Financial Year will not be visible in the Select Company screen.

1. In the **Company Info**, press **Select**.
2. The **Select Company** screen with the encrypted company is displayed as shown.



3. Select the encrypted company, Tally.ERP 9 will prompt the user to provide the TallyVault password.



4. Provide the required password and the company data is available for use in a readable format.

The above procedure will ensure that the data/information is available only to authorised users.

To enable Tally Vault while creating a new company, you must provide the TallyVault password and repeat the password, the new company created will be secured using Tally Vault.

## Altering Tally Vault for a Company

You can change the current Tally Vault password for a company.

### To alter the Tally Vault for an existing company



1. Go to **Gateway of Tally > Press F3: Company Info > Change TallyVault**
2. Repeat the entire process as described in [Enabling Tally Vault in Existing Company](#). The **Change Tally Vault** screen has an additional field **Current Password** ; enter the present password in this field. Enter the new password in the **New Password** field and repeat the same password in the **Repeat New Password** field.
3. Accept to Change the Tally Vault password.
4. Tally.ERP 9 prompts the user with a message Created New Company

## What is the use of audit?

The purpose of an audit is to form a view on whether the information presented in the financial report, taken as a whole, reflects the financial position of the organisation at a given date, for example: Are details of what is owned and what the organisation owes properly recorded in the balance sheet?

### Taking a Backup of Your Data

Taking a backup of your data at regular intervals helps retrieve your backed up data when your existing data is lost. Using Tally.ERP 9, you can easily take a backup of your company data any time and restore it when you need.

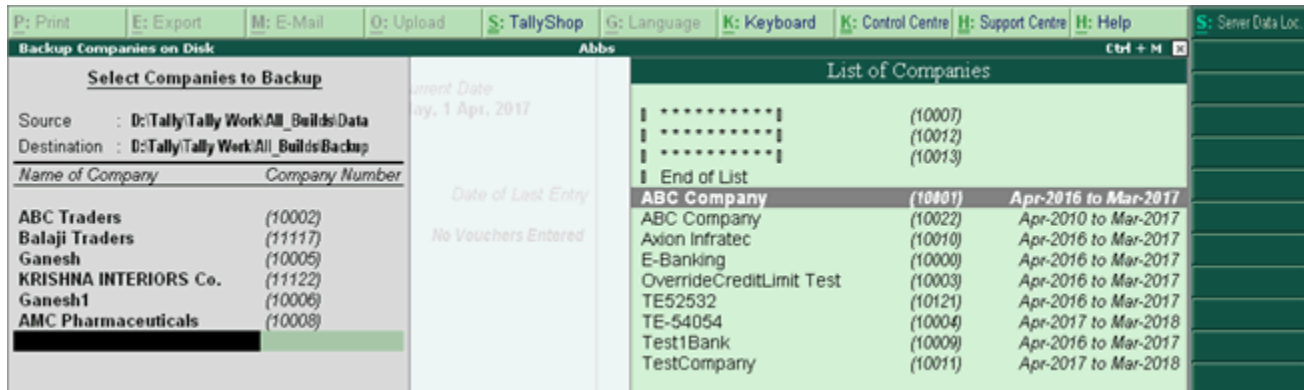
### To take a backup of your data

1. Go to **Gateway of Tally > F3: Cmp Info > Backup** to view the **Backup Companies on Disk** screen.
2. **Source** - The folder path where your company data is stored. By default, the folder path of your existing company data is displayed here.

#### Note:

- ◆ *If your company uses Tally.Server 9 to maintain data, backup has to be taken from the server data location. Click **S: Server Data Loc** in the **Backup Companies on Disk** screen, and select the server location as **Source**.*
  - ◆ *If the administrator has enabled **Security Control**, provide authorised Tally.NET credentials to access the **List of Tally.Server Data Locations**.*
3. **Destination** - The folder path where the data backup has to be stored. You can store the backup locally on your computer, on any external storage device, or on a storage space on the network.
  4. Select the required company from the **List of Companies**. Select **All items** to back up data of all the companies.





- Press **Ctrl+A** to initiate the backup process.

The backup file is stored in the destination folder as **TBK900\_10000.001**. Data backup taken using versions prior to Release 6.0 used to store the data in **TBK900.001** format.

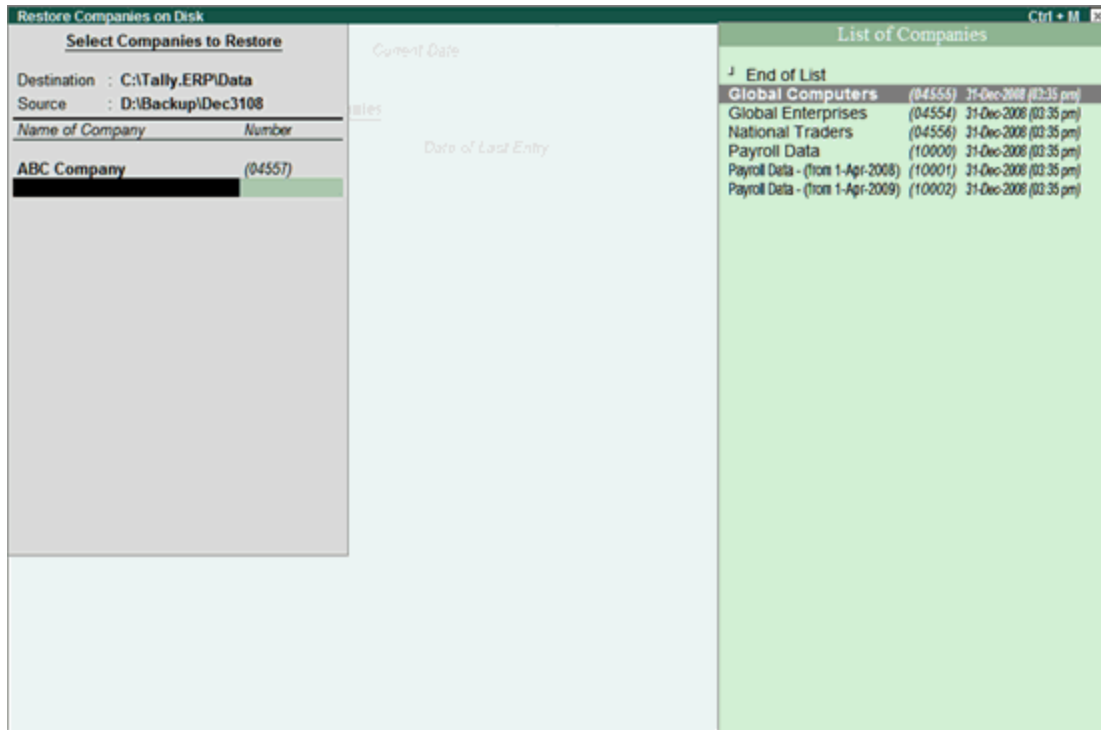
**Note:** If you are using Tally.ERP 9 Release 5.x or earlier to restore the backup file (for example, **TBK900\_10000.001**), first rename this file to **TBK900.001** and then restore.

## Restoring Your Data Backup

You can restore the data of companies for which you haven taken a backup. When your current company data is lost or corrupted, you can restore your last backed up data using the **Restore** option in Tally.ERP 9.

### To restore the data backup

- Go to **Gateway of Tally > F3: Cmp Info > Restore** to view the **Restore Companies** screen.
- Destination** - The folder path where your company data is to be restored. Do not restore backup data in the folder where your company data exists, since it may overwrite the existing data.
- Source** - The folder path where the backup file is stored. You can restore data stored locally on your computer, on any external storage device, or on a storage space on the network.
- Select the required companies from the **List of Companies**. Select **All items** to restore data of all companies.



**Note:** Data backup taken using versions prior to Release 6.0 used to store the data in **TBK900.001** format. Therefore, if you are using Tally.ERP 9 Release 5.x or earlier to restore the backup file (for example, **TBK900\_04557.001**), first rename the backup file in the destination folder to **TBK900.001** and then restore.

5. Press **Ctrl+A** to restore the data backup.

## Rewriting Company Data

Some of the commonly asked questions about rewriting company data are answered here.

### 1. [Rewriting Company Data](#)

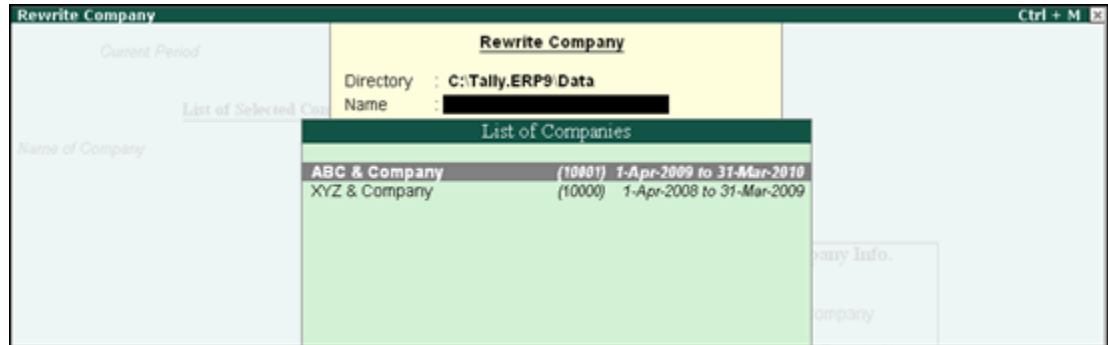
If your Tally.ERP 9 data is corrupted, then rewriting your data will help in restoring the original information.

When your company data is corrupted, then one of the following error messages might appear:

- Error Tranmgr.900 or Linkmgr.900 or Manager.900
- Error: File/Size/Position/Chars/Error Code
- Memory Access Violation
- Debug location error
- Data files damaged. Need to rewrite
- File damaged

## To rewrite your company data

1. Go to the **Gateway of Tally** or the **Company Info.** menu.
2. Press **Ctrl+Alt+R** . The **List of Companies** appears in the **Rewrite Company** screen, as shown below:



3. Select the company for which you want to rewrite data.
4. Press **Enter** to rewrite the data.

Once the rewriting procedure is complete, you will be able to access your restored data.