MAR GREGORIOS COLLEGE
OF ARTS & SCIENCE

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Affiliated to the University of Madras
Approved by the Government of Tamil Nadu
An ISO 9001:2015 Certified Institution

DEPARTMENT OF COMMERCE
(COMPUTER APPLICATION)

SUBJECT NAME: COMPUTERISED ACCOUNTING (T&P)

SUBJECT CODE: CPC31

SEMESTER: III

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SYLLABUS

Unit – I

Introduction – features – basic concept of computerized accounting and Inventory system – accounts organization & types of accounts – account statements – Purchases & sales – credit & debit – transaction, invoice, voucher, order, cost & stock – income & expenses – inventory control.

Unit – II

Masters – creation of Accounts Master – Ledger – cost – group – Budgets – Voucher & Inventory – creation of Inventory Master – Stock Item – Group & Unit measurement

Unit – III

Transactions – Accounts vouchers entry – receipt – payment – journal – debit & credit notes – sales, purchase option and post-date vouchers. Inventory voucher entry – types – delivery Chelan – Goods Receipt Note, Sales & Purchase returns – Invoice – Stock Transfer – Bill of Material Physical Stock Voucher.

Unit – IV

Reports – Accounting Report – Trial Balance – Profit & Loss account – Balance -Sheet & Stock Statement – Account Books – Cash & Bank Books – Ledger summaries - Bills Receivable & Payable Statements.

Unit – V

Inventory Report – Stock Summaries – Group Summaries – Order Books & Summary – Order status – Sales Order Summary - Purchase Order Summary – Printing – Reports on Printer – Reports to File.

REFERENCE BOOK

Computerised Accounting   -   Palanivel   Margham Publications

PRACTICAL - Questions

- How to create Company
- How to create Ledger A/C
- How to create Duplicate Ledger
- How to create Accounting Info
- How to create Inventory Info
- How to create Voucher
- How to create Inventory Voucher
- How to create Accounting Voucher
- How to create Group in Tally etc…….

Computer meaning

- According to the *Oxford Dictionary,* a computer is "an electronic machine for making calculation, storing and analyzing information fed into it"

Features of Computer

- High Speed
- Accuracy
- Automatic
- Storage
- Diligence

Components of Computer

1. Input unit
2. Processing Unit
3. Output unit

Role of a computer in Accounting

- In controlling Operations
- In deciding Sequence of Operations
- Accounting Operations

Meaning of computerized accounting

It is an accounting information system which processes the financial transactions and events as per Generally Accepted Accounting Principles (GAAP) to produce reports as per user requirements. It has to work under a set of well-defined concepts called accounting principles.

Need for computerized Accounting

Discuss*****

Meaning of MIS [Management Information System]

MIS is a scientific way of collecting, processing, storing and communicating information relating to various activities of the organisation to various levels of management.

Features of TALLY

➢ It is a user friendly and can be used, even novice
➢ Tally provides instant results.
➢ It has complete range of book keeping facilities.
➢ It is flexible and can be customized
➢ It is highly secured against data tampering
➢ Tally uses ODBC for exchange data
➢ It permits to transfer the data
➢ It is multilingual
➢ It has a larger user base in India
➢ Its very simple and powerful software

Tally with other branches

- Tally and Accounting

- Tally and Financial Management

- Tally and Inventory

Bills of Materials [BOM]
Bills of Materials (BOM) is a list of components to manufacture/assemble a product (normally finished goods but may be an intermediate also)

Tally Vault
High level of security is provided by tally to the user with the facility to define security levels and data encryption option is called Tally Vault. It is an encryption option in which the password given cannot be deciphered by any means.

Features and Configuration in TALLY

F11 = FEATURES

F12 = CONFIGURATIONS

COMPANY CREATION IN TALLY

CREATING COMPANY

Click on F3: Cmp Info button on the button panel to have the Company Info Menu.

Now select create company option from Company Info menu either by pr_____ ('___' ___licking option.

You have ____ ____ ____ation screen

Company Info.

Company Info.

Select Company
SHut Company

Create Company
Create Group Company

Backup
Restore
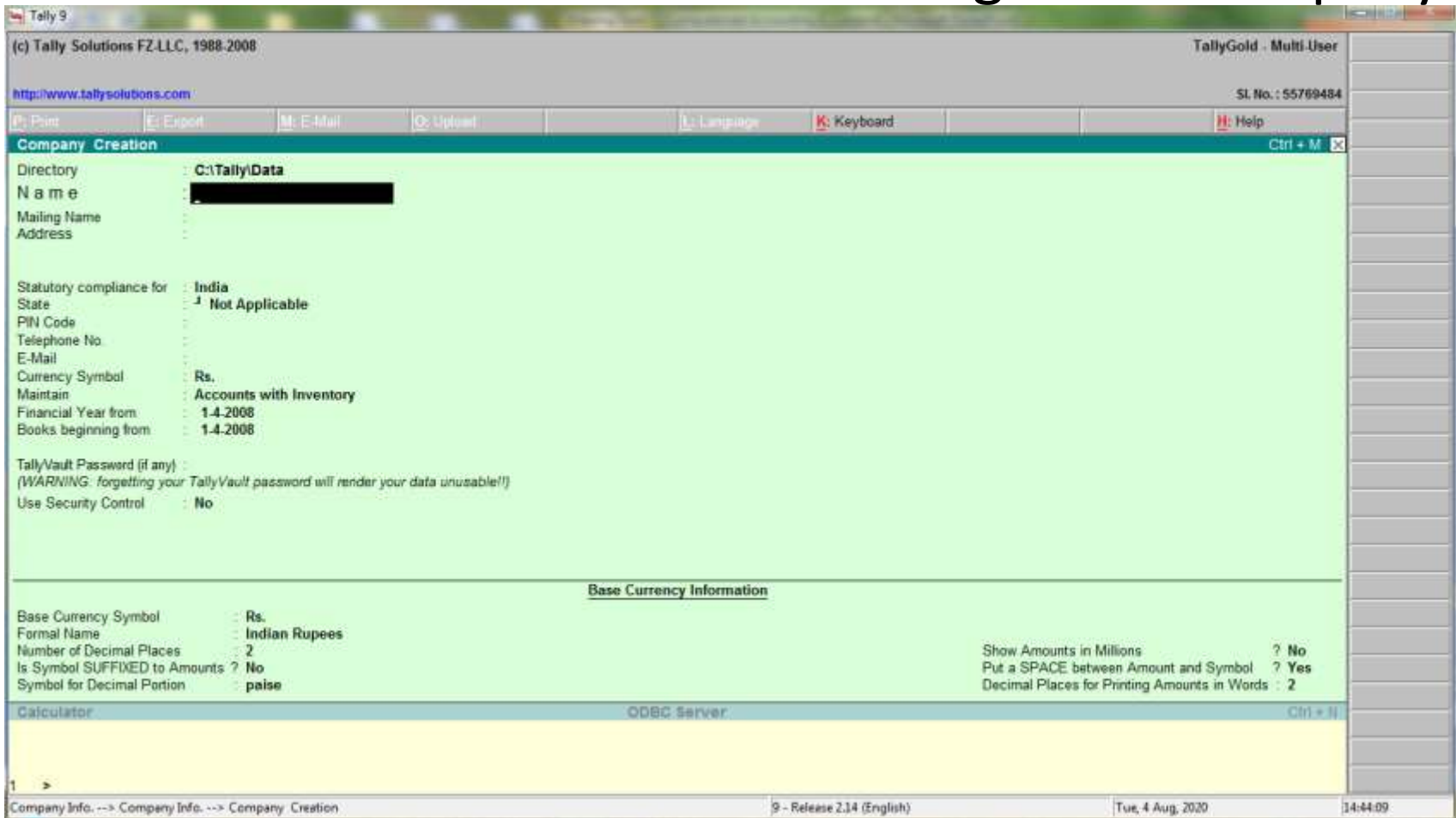
Quit

Then the company creation window will display, Here we have to fill the form according to the company

After entering all the details it will ask
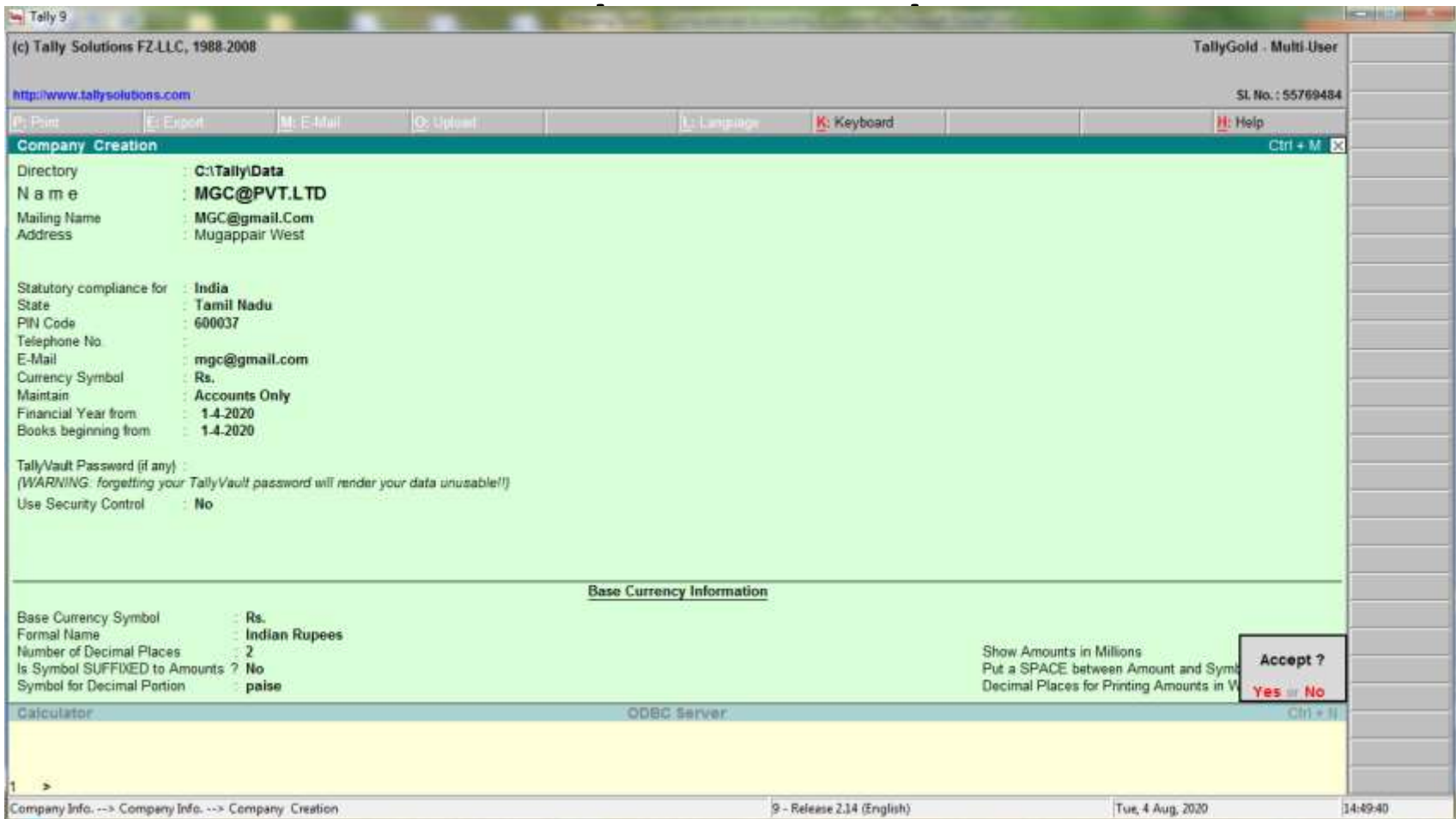
Then, Select Yes or No and Press enter.

ALTERING COMPANY

If any alteration require in existing company, we can alter by press ALT+F3 company info and change in the company

Selecting a Company

- For loading a company press ALT + F3 keys simultaneously or click on F3: *cmp info* button on button panel to invoke Company Info menu.

- Choose the option *select company* option in this menu by pressing the hotkey 'S'.

Alter the Company
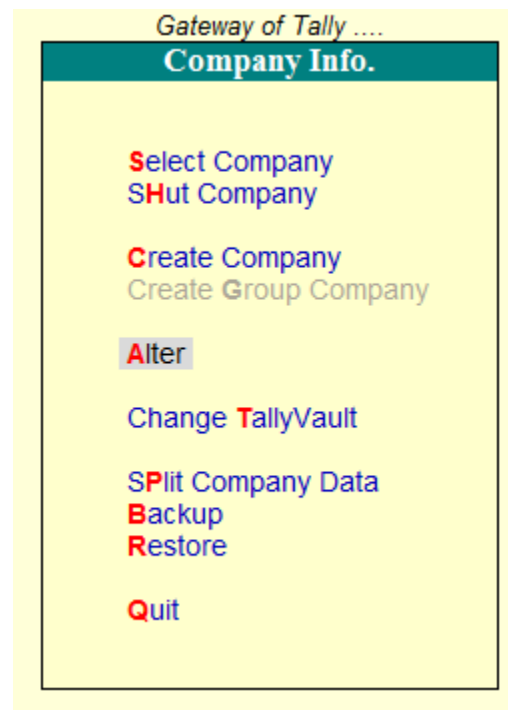
SHUTTING COMPANY

Press Alt+F3 keys simultaneously to invoke the Company info menu

Select the option *Shut Company* in this menu by pressing the hotkey 'H'

Highlighted the company you wish to shutdown from the list of companies and press ENTER.

GROUPS

Introduction

Tally requires us to follow standard conventions in order to implement the codeless concept of accounting and enforce a strict Data Integrity System to prevent from falling into error traps.

One of the main function of accounting, classification of transactions. This classification of transaction is as follows :

1. Journal
2. Ledger
3. Assets
4. Liabilities
5. Incomes
6. Expenses

These classifications follow a standard practice that every one understands the concepts and conventions followed by accounting community.

Groups

A group is a collection of ledgers of the same nature. Account Groups provide us the ability to classify the accounts to get all the reports instantly and properly classified. The accounting heads are classified into Four types.

(i) Income

(ii) Expenditure

(iii) Assets

(iv) Liabilities

In manual accounting, grouping is done only after the values of transaction have been posted to ledger accounts and a Trial Balance. is drawn. REDMI NOTE 5 PRO uping of accounts is a post-accounting activity

that is done only when reports are needed. This may be considered a drawback since required reports may not be available at hand when needed.

Tally 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 will reflect the desired classification at all times.

Tally follows the 'Single Ledger' concept of accounting, which is the modern way of managing accounts. This is in direct contrast to Subsidiary Ledger Accounting. Thus, all financial entries are performed using ledgers or account heads. Ledger account heads are created to identify transactions.

Tally provides tremendous ability to organize Accounts, Ledgers and Group in a versatile way without any limit on depth number of Groups, Sub-Groups and Ledger Accounts that can be placed under any Group.

For better organization, Tally allows a flexible pattern of Groups and Sub-Groups. You can start with Primary Groups, specified by Tally, conforming to standard accounting practice, and place more groups (you may think them as subgroups, for Tally they are also Groups) under the Primary Groups and below that. It is not necessary that you must create Groups under Primary Groups or below it. You can also place a ledger under a Primary Group.

Sub-Group

Groups have a hierarchical organisation. At the top of the hierarchy are Primary Groups. These are the main asset, liability, income or expenditure groups of accounts that determine the entire accounting and their presentation, i.e., whether a ledger affects Profit & Loss Account (as a revenue item) or goes into the Balance Sheet.

Reserved Account Groups

Based on mercantile accounting principles, Tally provides a set of reserved groups and allows you to modify their names or create sub-groups. The total number of reserved Groups or pre-defined Groups are 28, of which 15 are Primary Groups and 13 are Sub-Groups.

9 out of the 15 Primary Groups come under Balance Sheet and six goes under Trading and Profit & Loss Account. The Primary Groups which appear in Balance Sheet or Capital in nature whereas the Primary Groups which appear in Trading and Profit & Loss Account are revenue in nature.

All the 13 Sub-Groups are classified under Balance Sheet. The following is the list of primary and sub-groups as they would appear Trading. P&L and Bale aliases).

CREATION OF GROUP

Introduction

Tally provides accounts groups to classify ledger information compliant with the relevant laws and meaningful for reporting. In order to classify and organize your accounts you must have groups. i.e., the classification of accounts determines whether a ledger goes to Profit & Loss account or Balance Sheet.

After creation of company the next step is creation of masters for account and inventory. Now, we shall discuss Creation, Alteration of Accounts Masters (Groups).

All masters other than the pre-defined reserved account groups should be created. This process of creation and alteration of accounting masters can be accessed through accounts information at Gateway of Tally.

Tally provides the option to work with either Single Master with Single Master Option or Many Masters with Multiple Master Option.

Creation of Groups

The various steps involved in the creation of Groups is illustrated below: First select Create under Single Group to create Account Group Individually, Group Creation Entry screen would appear to create a New Account Group. Group can be created in two Modes, namely (1) Normal mode (single group), (2) Advanced Mode (multiple groups).

Accounts Info ➜ **Groups** ➜ **Create**

Gateway of Tally ...

Accounts Info.

Groups
Ledgers

Voucher Types

Quit

(Pic. 4.4)

Gateway of Tally ...
Accounts Info ...

Groups

Single Group

Create
Display
Alter

Multiple Groups

Create
Display
Alter

Quit
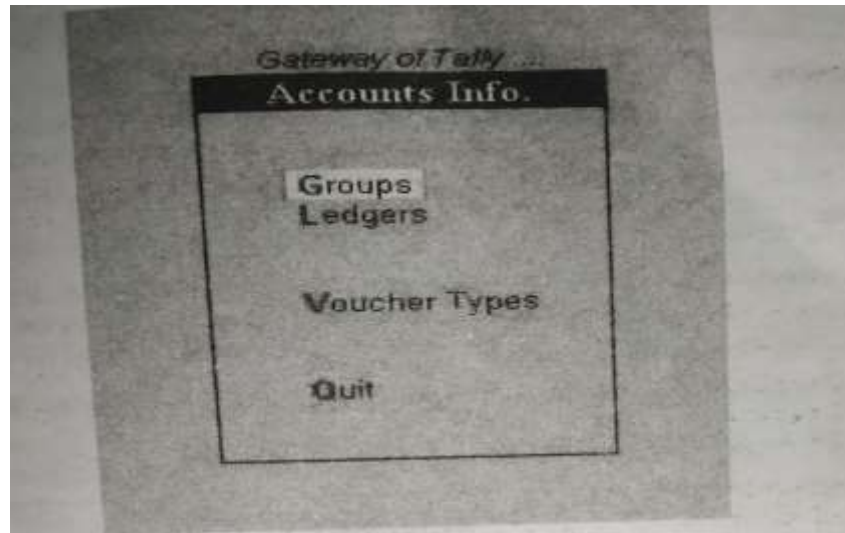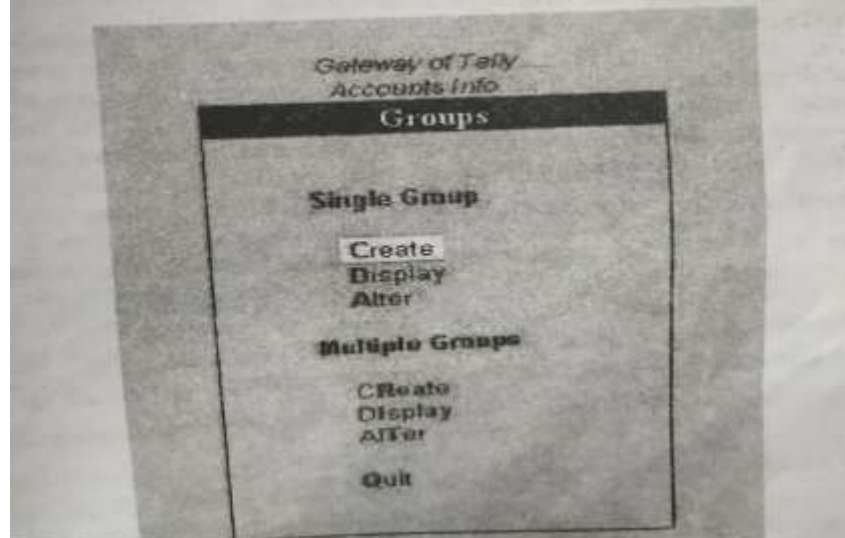
Group Creation   A Ltd

Name   :

Under   : **Capital Account**

Group behaves like a Sub-Ledger   ? **No**

Used for Calculation (eg. Taxes, Discounts) ? **No**
     (for Sales Invoice Entry)

Method to Allocate when used in Purchase Invoice ? ☐ **Not Applicable**

Nett Debit/Credit Balances for Reporting   ?

(Pic. 4.6)

1. Name

Here, you can enter the name of new group.

2. Under

Select the parent group from the list of reserved groups already existing in Tally under which the new group would be placed. The behaviour of the new group and the parent group will be the same. If you want to save the Master accept 'Yes' otherwise 'No'.

3. Group behaves like a Sub-Ledger

In order to get net group balance instead of ledger-wise balances in statements respond 'Yes' to this option. For eg., generally Sundry Debtors contains numerous party ledger accounts and you may not want to include that long list of debtors in the final accounts.

4. Used for calculation (e.g. Taxes, Discounts)

If ledgers have percentages for discounts or taxes give 'Yes' to this option.

5. Method to allocate when used in Purchase Invoice

Under this menu you will be given 3 options for allocation.
(i) Appropriate by Quantity (ii) Appropriate by Value (iii) No

6. Nett Debit / Credit balances for reporting

For those groups where you prefer to get net effect set this option "Yes" and if you want to get both debit and credit balances simultaneously respond "No". For eg., Depreciation and Fixed Assets.

Alteration of Groups (Refer Pic.4.5) (Single Group)

Accounts Info   →   Groups   →   Alter

On selecting this option, List of Groups is displayed to select an existing group you wish to Alter. On choosing a group, details of the selected group are displayed in Groups Alteration screen.

Deletion of Groups

We can Delete a Group by pressing <Alt> + <D> in the Group Alteration screen. Your confirmation would be sought. Click Yes to Delete the group.

Accounts Info → Groups → Single → Alter → Alt +D

Deletion is not permitted in the following Cases:

1. System Generated Reserved Groups can not be Deleted

2. User Created Groups **cannot** be deleted if any Child Group and / or Ledger have been placed under the Group.

Copy masters from one company to another

As Master information is similar for group companies it is beneficial to maintain same group structure and ledgers. This ensures uniformity of reports in all companies and proper consolidation of accounts. To avoid the tedious task of recreating masters in other companies, Tally enables us to copy the groups created in one company to another.

The companies must be selected to allow switching of companies.

Gateway of Tally → *Select Company A Limited (Source company)*

Gateway of Tally → *Select Company B Limited (Destination company)*

Copy a single group from one company to another

First select the source company [F1].

Gateway of Tally → *Select Company A Limited*

Gateway of Tally → Accounts *Info.* → *Groups* → *Single/Alter*

Select the particular *group* > [F3]: Change to destination company (Company B Limited) → Accept the screen, after making alterations, if any.

On accepting the screen, you will return to the source company 'list of ____ also exists in the destination company'.

Creation / Display / Alteration of Multiple Groups (Refer Pic. 4.4 & 4.5)

This option is to be chosen when there is a need to create, alter or display the names of many groups.

Gateway of Tally → Accounts Info → Groups → Multiple Display/Alter.

Multi Group Creation	A Limited	
Under Group : **Sundry Debtors**		

S.No.	Name of Group	Under
1.	Debtors - Northern Region	Sundry Debtors
2.	Debtors - Southern Region	Sundry Debtors
3.	Debtors - Western Region	Sundry Debtors
4.	Debtors - Eastern Region	Sundry Debtors
5.		

(Pic. 4.7)

Copying Multiple Groups From One Company To Another

[F1] Select the Source Company (Company A Limited)

Gateway of Tally → Accounts Info → Groups → Multiple/Alter.

Select the particular groups or [All Items] > [F3]:

Change to Destination Company → Accept the screen, after making additions/alterations, if any.

On accepting the screen, you will return to the source company 'list of groups'. The same group now also exists in the destination company.

CREATION OF LEDGERS

Introduction

After creation of necessary masters you should proceed with the ledger creation. Ledger account heads are the actual account heads to which we identify the transactions i.e., we have to pass all voucher using ledgers. Hence a thorough understanding of account classification is important for working with ledgers.

Tally creates the following two ledgers on its own and the other ledgers should be created by you. (i) Cash under Cash-in-hand group, (ii) Profit & Loss Account under Primary Ledger.

When you create a new company where *Books Beginning From* and *Financial Year From* date are same, you should create all the ledgers appearing in the Balance Sheet as at the previous date with opening balance. Also create ledgers appearing in Profit & Loss Account but with zero (0) opening balances unless *Books Beginning From* date is different than *Financial Year From*.

Creation of Ledger

Before creation of ledgers you must configure the account masters as shown below :

Configure (F12) :

Accounts Masters

Allow ADVANCED entries in Masters	? Yes
Add NOTES for Ledger Accounts	? Yes
Use ADDRESSES for Ledger Accounts	? Yes
Use CONTACT DETAILS for Ledger Accounts	? Yes

(Pic. 4.8)

Accounts / Inventory information → Accounts Masters →
Allow Advanced Entries in Masters, Addresses, etc., → Yes

Process of Creation of Ledger

Gateway of Tally
Accounts Info.

Groups
Ledgers

Voucher Types

Quit

(Pic. 4.9)

Gateway of Tally ...
Accounts info. ...
Ledgers

Single Ledger

Create
Display
Alter

Multiple Ledgers

CReate
Display
AlTer

Quit
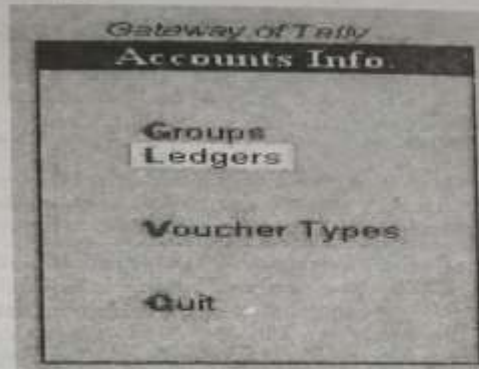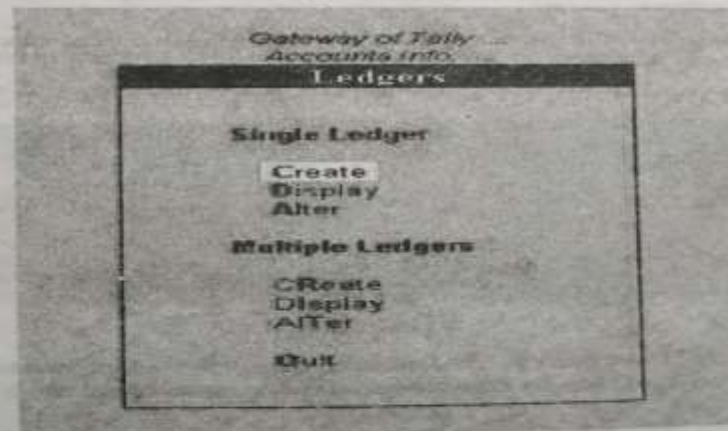
(Pic. 4.10)

To Create Account Ledgers Individually select Create from Single Ledger under

Accounts Info   →   **Ledgers** →   **Create**

The result will be as follows :

(Pic. 4.11)

1. Name

Here, enter the name of the ledger. Tally will not accept same names.

2. Under

You should select the group from the list of groups that will be displayed along with the ledger creation screen.

3. Inventory values are affected

This option should be given 'Yes' for those ledgers which will affect the inventory position of the company. For eg. Purchase, Purchase Returns, Sales, Sales Returns etc.

4. Maintain balances Bill-by-Bill

To get this option give 'Yes' to Maintain Bill-wise details in Company Features – F11. This option is useful only for Sundry Debtors and Creditors. It can also be used where some tracking is needed like Project-wise Expenses or income, instalments due, instalment-wise outstanding details.

Enter due date of the bill or credit days under the option default credit period.

5. Effective date for reconciliation

This is the date from which you can reconcile your bank account with the bank statements.

6. Opening Balance

Enter the opening balance of the respective ledger account as on the date of *Books Beginning From* option in Company Creation screen.

7. Mailing and Related Details

Tally by default carries the ledger name here. You can also enter any other mailing name as you wish. This name is printed in all external documents i.e. otherthan internal reports, books of accounts, etc.,

The Address Details, Income Tax Number, Sales Tax Number, The person to whom you should contact should be given in the respective menus. This option is available only for parties accounts (Capital, Sundry Debtors & Creditors).

Further, you can also give the Telephone Number, Details regarding Fax and the E-mail address.

We can also add Notes for ledger account. This option is available for all ledgers. This is useful to add remarks or notes about the ledger like, the credit worthiness of the party.

Specifying closing stock values

When you are creating stock-in-hand you will be able to specify only the opening stock. To closing stock values can be specified if you choose 'No' option for Integrate Accounts with Inventory under Company Features option (F11).

Another way of specifying the closing stock values is

Accounts Info   ➔   Ledgers ➔   Alter

(Pic. 4.12)

Display / Alteration of Individual Ledger (Refer Pic.4.9 & 4.10)

(Pic. 4.13)

Select Alter from single Ledger to get list of Ledgers from which you may select the ledger to carry out desired modification and save by pressing <Ctrl> + <A>.

To Delete, select the ledger in Alteration mode, press <Alt> + <D> and respond yes to confirm deletion. However, if the ledger is transacted in any voucher, the message would not appear and you cannot delete the ledger.

| **Accounts Info** | → | **Ledgers** | → | **Display / Alter** |

Creation / Display / Alteration of Multiple Ledgers

You can also create many ledger account one particular group at a single time. This option would be useful when you create many accounts under one group like different expenses (Rent, Salary, Interest, Commission etc.) under the group Indirect Expenses.

We can also alter many accounts simultaneously using multiple ledger alteration menu. (Refer Pic.4.13)

Multiple Ledgers

CReate
DIsplay
AlTer

Quit

(Pic. 4.14)

Multi Ledger Creation	A Ltd		Ctrl + M
Under Group Sundry Debtors			For 1-Apr 2005

S.No.	Name of Ledger	Under	Opening Balance
1.	Saleem Enterprises	Sundry Debtors	
2.	Robert &Co	Sundry Debtors	
3.	G. Sarangapani &Co	Sundry Debtors	
4.	Nagam Pvt.Ltd	Sundry Debtors	

(Pic. 4.15)

Now let us see how the ledgers are created in Tally with the use of the following Illustration:

From the following list of balances create ledger accounts for Saravana Corporation

FINAL ACCOUNTS (or) Financial Statements

Meaning of Financial Statements:

A financial statement is an organised collection of data according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects.

It has 2 classifications

                1. Income statement (Trading and P&L a/c)

                2. Balance Sheet

FINAL ACCOUNTS IN TALLY

Final Accounts and Tally

Final account depicts the summarised position of the activities, performance and state of affairs of the business. Naturally these reports form the essence of the business. Anyone associated with the company must be curious to get these reports.

One of the major advantage of Tally is report generation. Using Tally's display option you can get the desired reports easily. It provides excellent navigation facilities through buttons at Button bar to jump from one report to another report without leaving the screen. Further you can configure format, style of a report in your own way, decide the columns and contents

Based on the vouchers that you enter Tally automatically prepares the books of account and financial statements. Tally provides you the power to drill down step-by-step, from a top level report until the vouchers that contributed the report to verify the integrity, carry out any modification or to add, insert, duplicate, cancel or delete a voucher and the report is updated on-line. You can also alter a Group or Ledger while viewing the report.

The reports that are generated by Tally are classified in two two major categories, namely

1. Financial Reports
2. Inventory Reports

The financial reports are further divided into the **A. Statutory Financial Reports** (like Sales Register, Purchase Register, Journal Register, Cash Book, Bank Book, Ledgers, Trial Balance, Profit And Loss Account and Balance Sheet.) **B. Financial MIS reports** (like Day Book, Group Vouchers, Group Summary, Receivables , Payables, Cost Centre Reports, Ratio Analysis, Cash Flow Statement And Funds Flow Statement.

Now we shall see how some of the reports appear in Tally.

1. Trial Balance :

In Tally the Trial Balance is displayed as a list of all primary Groups on the left closing Debits and Credits balances on the right. The Trial Balance is displayed in grouped form with main groups and their closing balances. In other words , the Trial Balance Report provides account balance listing for all accounts for the company sorted according to groups. In Tally, the matching of the Trial Balance is a foregone conclusion as all voucher entries are in the debit and credit format and must balance at the entry point.

You can drill down a Group for further details of that particular group or Select Detailed to break down the grouped information to another level or Select *Led-wise* to take an alphabetic listing of all ledgers and their closing balances or Select Columns to bring up the closing balances for another date.

Gateway of tally → **Display** → **Trial Balance**

125

Gateway of Tally

Masters

Accounts Info.
Import Masters

Transactions/Vouchers

Accounting Vouchers
Import Transactions

Reports

Balance Sheet
Profit & Loss A/c
Ratio Analysis

Display
Multi-Account Printing

Quit

Gateway of Tally

Display Menu

Trial Balance

Account Books
Statements of Accounts

Inventory Books
Statements of Inventory

Cash/Funds Flow

Day Book
List of Accounts
Exception Reports

Quit

(Pic. 4.16)

Gateway of Tally ➔ Profit And Loss Account ➔ <alt> <f1> (to vi
the profit and loss account in detailed format)

Gateway of Tally

Masters

    Accounts Info.
    Import MastErs

Transactions/Vouchers

    Accounting Vouchers
    ImpOrt Transactions

Reports

    Balance Sheet
    Profit & Loss A/c
    Ratio Analysis

    Display
    Multi-Account Printing

    Quit
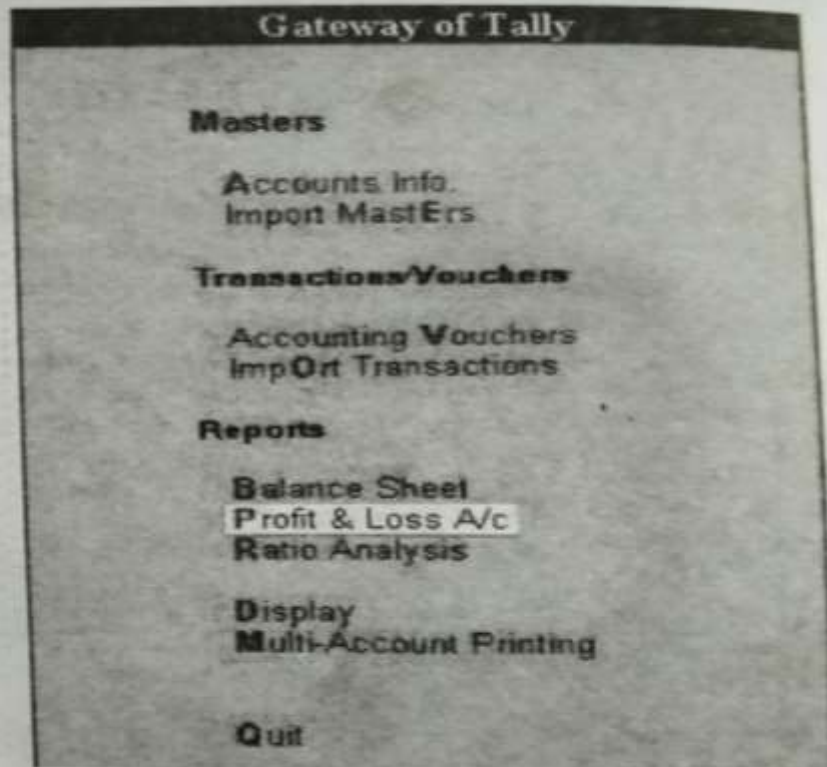
(Pic. 4.23)

VOUCHERS

Meaning

    A voucher is a written document in support of a transaction. It is a proof that a particular transaction has taken place for the value stated in the voucher.

    Tally Provides 16 different predefined vouchers that can be used for reporting various transactions.

Gateway of Tally ➔ Accounts Info. ➔ Voucher Types ➔

Gateway of Tally ....

Accounts Info.

Groups
Ledgers

Voucher Types

Quit

Display

(Pic. 5.1)

Gateway of Tally ....
Accounts Info. ....

Voucher Types

Create

Display

Alter

Quit
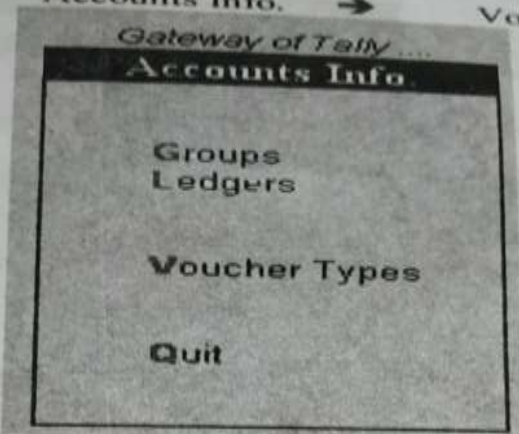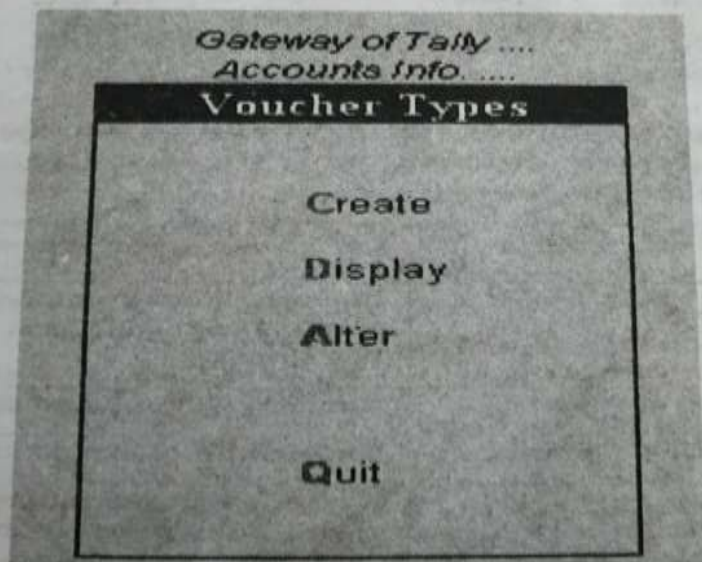
```
List of Voucher Types

Contra
Credit Note
Debit Note
Delivery Note
Indent
Journal
Memorandum
Payment
Physical Stock
Purchase
Purchase Order
Purchase Quotation
Quotation
Receipt
Receipt Note
Rejections In
Rejections Out
Reversing Journal
Sales
                        2 more ... □
```

(Pic. 5.3)

Tally is pre-programmed with a variety of accounting vouchers, each designed to perform a different job. The standard vouchers and there purposes are tabulated as below :

Type of Voucher	Keys	Purpose
Contra	F4	Records fund transfers between cash and bank accounts. (Cash Deposits and Cash withdrawals)
Payment	F5	Records all bank and cash payments.
Receipts	F6	Records all bank and cash receipts.
Journals	F7	Records adjustments between ledgers (Non-cash / Bank transactions)
Sales	F8	Records all Sales (Cash & Credit)
Purchases	F9	Records all Purchases (Cash & Credit)
Reversing Journals	F10	These journals are separate journals that get automatically reversed after the date of the journal. These journals affect accounts only if called in the reports like Balance sheet, Profit and Loss Account etc.

Rejections In	Ctrl+F6	It is used to record the goods that are returned by the customer to the company i.e. Goods rejected by the customers.
Credit Note	Ctrl +F8	Records credit note entries for sales returns, Interest, etc.,
Debit Note	Ctrl+F9	Records debit note entries for purchase returns, Interest, etc.,
Memorandum Voucher	Ctrl+F10	This is a non-accounting Voucher and the entries made in this type of voucher will not affect the accounts of the company.
Optional and Regular voucher	Ctrl+L	This is also another type of non-accounting voucher. This is not a separate kind of voucher. Any voucher can be made as a 'non-accounting' voucher by marking it optional and later on can be altered into 'Regular' voucher.
Purchase Order	Alt+F4	Tally permits you to produce purchase orders from the system. Purchase Orders may be produced, printed and sent to suppliers.
Sales Order	Alt+F5	It is used to produce sales orders .from the system.
Rejection Out	Alt+F6	It is used to record the goods that are returned by the company to its suppliers i.e. Purchase returns.
Stock Journal	Alt+F7	Records the transfer of stock from one location to another.
Delivery Note	Alt+F8	It is used to record the goods that are delivered to the customers at the time of sale.
Receipt Note	Alt+F9	It is used to record the goods that are supplied by the creditors after the purchase order is raised.
Physical Stock	Alt+F10	It is used to adjust the stock that are actually lying in the godown and the stock that is entered in the company's books.
Post-Dated Vouchers	Alt+T	This is similar to optional voucher. In this Voucher also, you have a toggle key to make it 'Regular' voucher. We can mark vouchers as 'post-dated' by marking it.
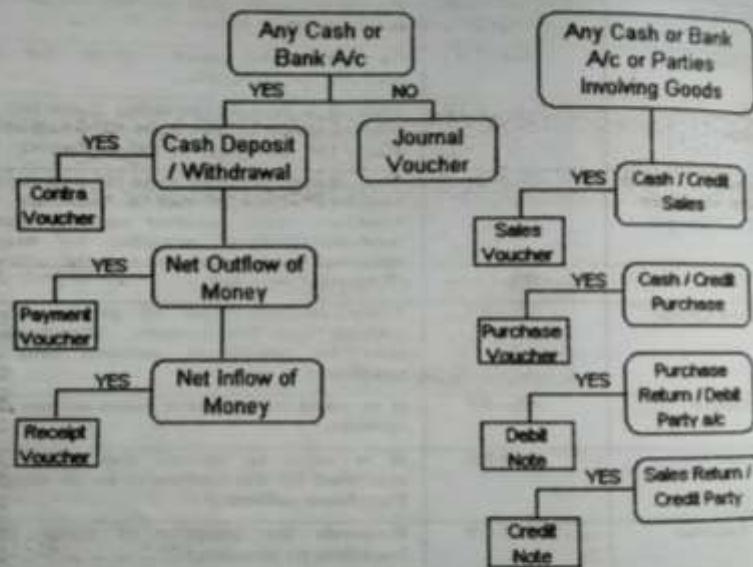
(Pic. 5.4)

Creation and Alteration of Vouchers at the time of or after entering a transaction

Voucher

Type ←   → Voucher No   Voucher Date & Day ←

Ledger Account

(Pic. 5.5)

→ To / By (Dr. / Cr.)   → Body Part   Amount ←

Narration   **To Save**
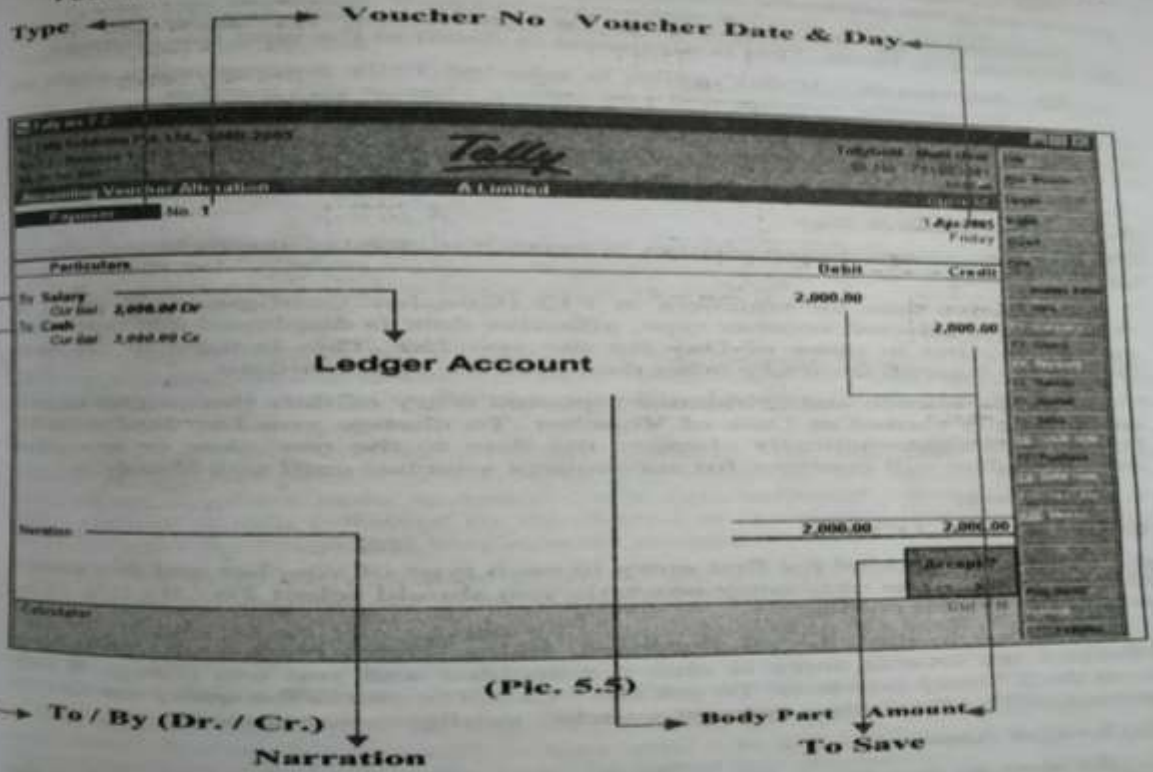
1. Type of Voucher

The voucher which you select for entry appears at the top left portion of the voucher.

Alteration of Vouchers

You Can alter a voucher in two ways:

1. Alteration during Voucher Entry
2. Alteration during Display

I. Alteration during Voucher Entry

To alter a voucher at the time of entering a transaction, by pressing <page up> the preceding voucher would appear on screen *Voucher Alteration* mode to alter the voucher. Pressing of <Page up> would bring further previous voucher and so on.

If you press *<Page down>* the next voucher of that date will appear for alteration and so on till there are no more vouchers on that date, when *voucher creation* appears for entering new voucher.

Alteration during Voucher Entry

You can also alter a voucher at the time of drilling down the Trial Balance, Profit and Loss Account and Balance Sheet .

Cancellation of Voucher:

It means deleting the voucher without physically removing it. If you cancel a voucher tally will ensure that the number would not be assigned to subsequent voucher.

This cancellation can be done by using the combination keys of <Alt> + <X>

When you opt for cancellation tally will ask for confirmation *cancel Yes or No.* To cancel the voucher click *Yes.* Otherwise press *No.*

Deletion of Voucher:

Just like alteration or cancellation you can also delete a voucher. This deletion can be made only in the alteration of voucher screen. For this purpose press <Alt> +<D> which will ask for confirmation Delete Yes / No.

Select yes for deletion and no for not deleting the voucher.

CREATION AND ALTERATION OF NEW VOUCHER TYPES

The need for additional vouchers may arise in the case of some organizations. Tally acknowledges the special requirements of these users for more voucher types. These arise in cases like when you need the same voucher but in different names or separate series of numbers.

Examples include Cash Receipt Vouchers and Bank Receipt Vouchers where the relevant predefined voucher is Receipt Voucher. You may have two or more sets of Purchase Vouchers for different kinds of Purchase transactions e.g. Credit Purchases, Cash purchases, etc.

To create a new voucher type you should follow the procedure given below.

Gateway of Tally → Accounts Info. → Voucher
Types → Create
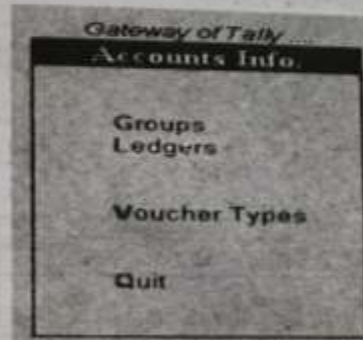
(Pic. 5.6)
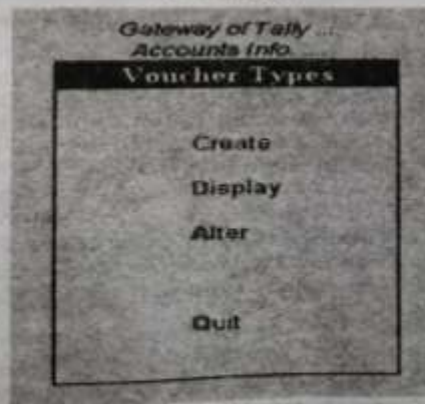
(Pic. 5.7)

Deletion of Voucher Type

A predefined voucher type cannot be deleted under any circumstances. However a voucher type that is created by the user can be deleted by following the procedure for alteration. When you opt for delete tally will ask for confirmation *Delete Yes / No*. Select 'Yes' for deletion of voucher type. But if any entry had been already passed using that voucher then the voucher type can be deleted only after all entries that have been passed using that particular voucher is deleted.

Gateway of Tally ➔ **Accounts Info.** ➔ **Voucher Types** ➔ **Alter** ➔ **Delete**

You can use the following combination of keys to verify the correctnes of the transactions entered.

Gateway of Tally ➔ **Display** ➔ **Day Book** ➔ **Alt+F2 (Date Range)** ➔ **F12** ➔ **Select the required items.**

Now you will see how the transactions are recorded using different vouchers with the help of the following example.

The following particulars have been extracted from Mr. Rajaram's books. You are required to enter the following transactions.

1.3.1995	Contributed capital Rs. 90000
	Paid for furniture Rs. 3500
	Paid into bank Rs. 34000
2.3.1995	Bought goods Rs. 15000
	Bought goods from Gwalior Mills Rs. 10000
3.3.1995	Bought of Premier Mills, Bombay Rs. 5000
4.3.1995	Sold to M/s. Vellore Silk House Rs. 15000
5.3.1995	Sold to Mr. Mariappan Rs. 7000
7.3.1995	Paid for advertisement Rs. 1000

Inventory

Introduction

In this chapter, the focus is on management of inventory which deals with buying and selling of goods. In Tally, numerous documents are created for Inventory transactions. They consist of *Enquiries, Quotations, Orders, Challans* etc. The enquiries, quotations, orders are optional documents created during the pre-invoice stage. You can prepare invoices even without incorporating these documents. The Challans are those documents which represent transactions involving materials only (Materials *In* and *Out*). They affect stock quantity but do not affect the financial accounts and other accounts linked to invoices.

The buying and selling activities of a trader involves the following.

I. Purchases

1. Enquiries and Quotation for Purchases
2. Purchase Order
3. Receipt Note (Purchases)
4. Rejection Out (Purchase Return)
5. Payment of money to Creditors and
6. Accounts payable and Age analysis of Creditors

II. Sales

1. Enquiries and Quotation for Sales
2. Sales Order
3. Delivery Note (Sales)
4. Rejection In (Sales Return)
5. Receipt of money from Debtors and
6. Accounts payable and Age analysis of Debtors

Now we shall discuss in detail about the Purchase and Sales activities.

I. Purchases

An 'Enquiry' and ordering system for all purchases is not mandatory for every business. It is only optional. Even where the system of formal ordering exists, purchases can take place without enquiries and quotations. Purchases can be made simultaneously against a purchase order or without an order document. If an organization has an enquiry and ordering system, it can maintain the system comfortably with Tally by activating relevant features for the Company.

1) Enquiries and Quotation for Purchases

An enquiry is an invitation to a prospective supplier seeking their terms and conditions and delivery schedule. A trader may send enquiries to vendors to submit their offers for sale.

2) Purchase Order

A trader has to choose from numerous offers that he receives in response to his enquiry. He may decide from whom he has to buy and place a *Purchase Order* with the supplier stating his terms of purchase.

3) Receipt Note (Purchases)

Where the goods received from supplier is accompanied with a delivery challan, a receipt note can be used to record the receipt of goods.

4) Rejection Out (Purchase Return)

It is nothing but the return of goods that were purchased earlier by the trader.

II. Sales

1) Quotation for Sales

A quotation is an offer for sales specifying the seller's prices, terms and conditions and delivery schedules. Normally, this is submitted in response to a buyer's enquiry. In some cases, a seller may also submit quotations *suo motto* (on his own accord).

2) Sales Order

On acceptance of the offer of sale made by the seller, the buyer may place a purchase order for supply of goods at the rates, terms and conditions and delivery schedule specified in the purchase order. Generally, the terms and conditions are the same in both *Purchase Order* and *Sales Order*. If the Purchase Order of the buyer is acceptable to the seller, the Purchase Order is treated as Sales Order and this becomes an agreement for Sale and Purchase between the two parties.

3) Delivery Note (Sales)

It is a delivery challan, which is issued at the time of delivery of goods, which affects stock quantity. If the goods are delivered against a Sales Order, the delivery may be linked to the order to get *Outstanding Order* status.

4) Rejection In (Sales Return)

If the buyer returns the goods to the seller, it is known in corporate parlance as a Sales Return. This Sales Return is treated as *Rejections In* which affects only the stocks.

Stock Journal

If the trader maintains several godowns to keep stock, he may be required to maintain a *Stock Journal* for internal transfer between the godowns to maintain godown wise stock records properly.

Therefore, a trader may have to maintain the following documents for maintaining Inventory.

Pre-transaction Documents	Challans	Invoices	Stock Vouchers
Enquiry	Delivery Note	Sales Invoice	Stock Journal
Quotation	Receipt Note	Purchase Invoice	Physical Stock
Sales Order	Rejection In	Debit Note	
Purchase Order	Rejection Out	Credit Note	

These documents may be broadly classified into two categories. *Inventory Vouchers* & *Non-Inventory Vouchers*. Inventory vouchers are related to transactions that affect physical stock while Non-inventory vouchers are related to Stock Items that do not affect stock.

Non-Inventory Vouchers

Enquiry, Quotation and Orders are Non-Inventory Vouchers (pre-transaction vouchers) in the sense that no stock transaction takes place through these documents. These are a prelude to Inventory vouchers like Challans or Invoices. Normally, these comprise of the following activities :

> Sending enquiries for purchase of materials to prospective Vendors.

> Placing Purchase Order for supply of materials.

- Submitting of Quotations to prospective customers for sale of products.
- Receiving Purchase Orders from customers for sale of Goods / Issue of Sales Order.

Non-Inventory Vouchers may further be classified into two categories :

Pre-order

- Quotation
- Enquiry

Order

- Purchase Order
- Sales Order

Inventory Masters

The *Inventory Info* menu of a new company consists of the following masters.

1)   Stock Groups

2)   Stock Items

3)   Veucher Types

4)   Units of Measure

Apart from these, this menu consists of Stock Categories, Godowns etc. Refer fig. 12.1

Units of Measure

Items are normally measured in one unit which is known as a *Unit of Measure*. Unit of Measure can be simple units such as kilograms, numbers, etc. This unit of measure should be created before creation of stock items. However, you can also create unit of measure at the time of creation of a stock item by pressing <Alt> + <C> at the *Unit of Measure* field. Tally provides both *Simple units* like kgs., bags, etc. and *Compound units* like bags of 100 kgs., number. of bags, etc.

Creation of Unit of Measure

The following is the step-by-step procedure of creation of *Unit of Measure*. Here, we have taken kilograms and bags as examples for units of measures.
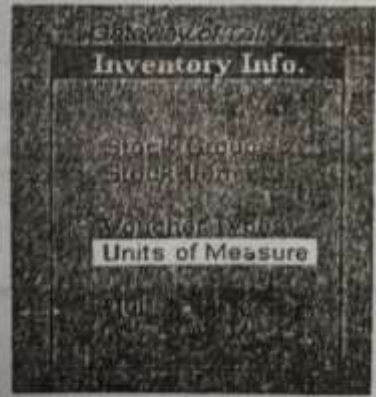
(Figure. 12.18)
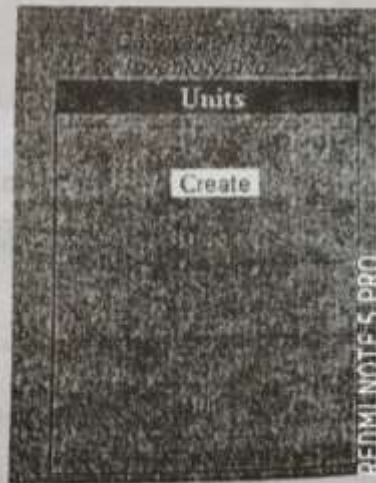
(Figure. 12.19)

Unit Creation

Type   : Simple

Symbol   : kg

Formal Name   : Kilogram

Number of Decimal Places : 0

Accept ?
Yes or No

(Figure. 12.20)

Unit Creation

Type   : Simple

Symbol   : bg

Formal Name   : Bags

Number of Decimal Places : 0

Accept ?
Yes or No

(Figure. 12.21)

The figures 12.18, 12.19, 12.20 and 12.21 explain the process of creation of units of measure under Simple Mode.

The following figures show the process of creation of Compound Unit of Measure.

Unit Creation

Type	: Simple .	Types of Units
Symbol	:	Compound
Formal Name	:	Simple

Number of Decimal Places : **0**

(Figure. 12.22)

Unit Creation

Type : **Compound**

Units with Multiplier Factors
(example: Kgs of 1000 gms)

First Unit   Conversion   Seco...

bg   of **1,000**   **kg**   Accept...
                                          Yes or No...

(Figure. 12.23)

GODOWNS

Introduction

Godown is a place where stocks are stored. It may be a warehouse, or shelves, bins or racks. Tally allows you to organize Godown into smaller components and build them into any number of levels. For monitoring movement of stock items location-wise, and maintenance of stock items location-wise you can create multiple godowns and while recording the transactions specify the location.

Creation and Alteration of Godowns

The Godowns can be created either under Single Mode or under Multiple Mode where you can create many Godowns simultaneously.

... for Creation and Alteration of Godown is

For Creation.

    Gateway of Tally → Inventory Info. → Godowns → Create

For Alteration

    Gateway of Tally → Inventory Info. → Godowns → Alter

The following is the step-by-step procedure of creation of Godown.

Single Mode (refer fig. 12.1 for the initial steps)

(Figure. 12.24)

(Figure. 12.25)

Inventory Vouchers

There are a variety of inventory vouchers in Tally. Each inventory vouchers is designed to perform a different function. You can alter these voucher or create new ones to suit your needs. The following are some of the standard vouchers available in Tally :

1) Stock Journal

2) Rejections Out

3) Delivery Note

4) Receipt Note

5) Physical Stock

6) Rejection in

Goods Receipt Note and Delivery Note can be activated only by responding 'Yes' to the option 'Use Tracking Numbers' in <F11> Company Features. Tracking numbers are useful in cases where the receipt of goods are not accompanied by suppliers' invoice, which will arrive on a later date. Similarly, in cases where the goods are delivered without Sales Invoice which will be sent later, tracking numbers are quite useful.

The functions of each of the above voucher is now explained :

1. Stock Journal

This voucher is useful for recording transfer of goods or materials from one location to another.

Inventory Voucher Creation				A Limited			Ctrl + M
Stock Journal No. 1							1-Apr-2005 Friday
				Transfer of Materials			
	Source (Consumption)				Destination (Production)		
Name of Item	Godown Quantity	Rate	Amount	Name of Item	Godown Quantity	Rate	Amount

2. Rejections Out

When you are returning goods (that are damaged) to suppliers you can make use of the *Rejections Out* voucher.
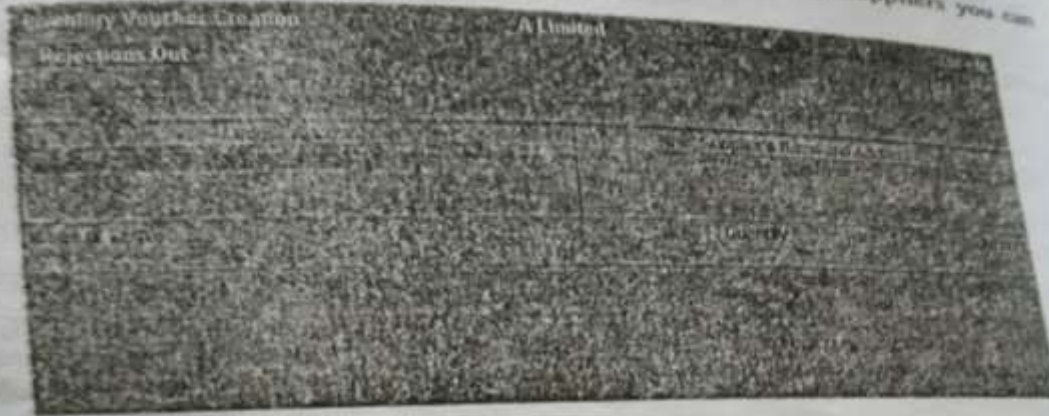
(Figure. 12.29)

3. Delivery Note

This voucher is used at the time of delivery of goods to customers. If a *Sales Order* exists for a customer, you can bring the relevant particulars by selecting the appropriate Sales Order.
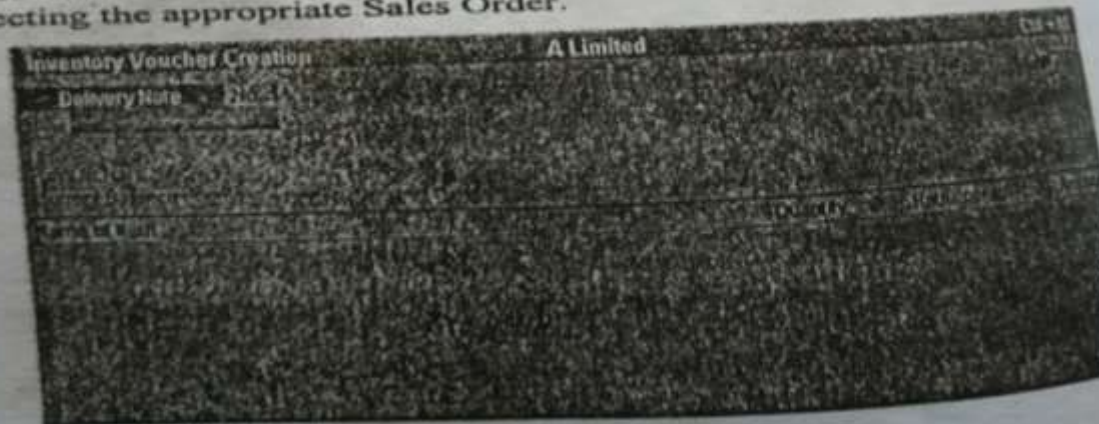
(Figure. 12.30)

4. Receipt Note

This voucher is useful for recording receipt of goods at the time of purchase. This voucher consists of details like Reference, Ledger Account, Suppliers' Names and Addresses, Name of Stock Item, etc. (refer Pic.12.31)

(Figure. 12.31)

5. Physical Stock

This voucher is used for recording the actual stock after physical verification. Normally, there will be a discrepancy between the actual stock and the stock that appears in the books of accounts. If you have configured the voucher not to ignore physical stock difference, then all transactions subsequent to the Physical Stock voucher will use the balance as mentioned in that voucher. Otherwise, these Physical Stock vouchers will be only for recording purposes.

6. Rejection in

At the time of taking back the goods returned by a customer to whom you had sold the goods, you can use *Rejection In* to record the Sales Return.

Inventory Voucher Creation		A Limited			
Rejections In No. 1					
Ledger Account		Customer's Name and Address			
Name of Item			Quantity	Rate per	Amount

Option	Computation Method
FIFO	The term FIFO refers to First-in-First-Out. *i.e.,* the goods purchased first are moved out first.
LIFO Annual	This refers to Last-in-First-Out method where the goods purchased last are issued first.
LIFO Perpetual	The difference between LIFO Annual and LIFO Perpetual is that the latter considers the opening stock also.
Average Cost	The weighted average for the full year is considered.
Monthly Avg. Cost	The weighted average for the month is considered.
Last Purchase Cost	The last purchase price will be considered for stock valuation.
Standard Cost	In this case, the stocks will be valued irrespective of its original cost.
At Zero Cost	Here, the cost of the stock item is considered as zero. This option is useful for defective items that have no commercial value.

Costing Methods	
Last Sale Price	Stocks are valued at the last selling price.
Standard Price	Stocks are valued at the rate which you enter in stock item at *standard selling price* field.
Average Price	The weighted average for the full year is considered.
At Zero Price	Here, the cost of the stock item is considered as zero. This option is useful for defective items that have no commercial value.

Batch wise details & Reorder level

Batch-wise details

Batch-wise details are given for maintaining batch information pertaining to stock items. The various options are: *activating batch-wise details, setting manufacturing date* and *expiry date*. Manufacturing date and expiry date option can be used only in accordance with batch-wise details as per requirements. This is useful for businesses that deal in goods that have *expiry dates* like medicines, food and other perishables. During voucher entry, date of manufacture of the product defaults to the date of the Voucher, which can be changed. However, one cannot change the date of manufacture to a date later than the voucher date. Expiry date cannot be a date prior to the voucher date.

Reorder level

Reorder level is a pre-defined for a stock item. When the stock-in-hand reaches this value, we should order for supplies. Every organization desires to execute orders in time and have sufficient stock to serve customers. The downside to this is that over-stocking costs more. Therefore, the points to be considered in deciding reorder levels are the *lead time* for suppliers to deliver stock, the *delivery time* to customer and the *stock-in-hand* to execute orders. Thus, the reorder level is computed in such a manner that neither stock for an item becomes NIL at any point of time nor unwanted stock is maintained. This figure may be based on historical data, recent consumption or sales trends. It may vary from depending on the type of industry and commodity.

Bank Reconciliation Statement

Meaning

Bank Reconciliation statement actually is a list in which the various items that have caused a difference between the bank balance as per Cash Book and Pass Book on any given date is indicated. It can be defined as a statement prepared at periodical intervals, with a view to identify the items which cause disagreement between the balances as per the bank columns of the cash book and the bank pass book on any given date.

You need to track that all the transactions entering in your books or reflected in the books of your banker. Reconciliation of our accounts with that of our bankers is a fundamental requirement for the reflection of just and correct account.

Matching of the voucher entries in the companies' books with the passbook and tagging them with the dates of clearance is the main process of bank reconciliation. For compiling the reconciliation statement' untagged items should be traced. This facility is provided by Tally for ledger accounts based under Bank Accounts and Bank OCC Groups.

Drawbacks

One of the drawbacks of the system is that it cannot prepare or generate a traditional Bank Reconciliation Statement that we used to prepare. Here only a control figure of *amounts not reflected in Bank*. Further Tally does not generate daily balances for ledgers for reconciliation purposes. However, you can obtain the daily closing balance by changing the period in the Bank ledger screen.

Banks compute interest on cash credit and OD accounts on the daily closing balance as per passbook, whereas Tally considers balance as per Cash Book (Bank Column) for interest calculations. Therefore, the interest computation may become useless.

Therefore, before opting for bank reconciliation you must first assess the extent of its usefulness and ascertain whether the time spent for entering the dates of transactions as extened in passbook is worth.

How to use the option of Bank Reconciliation Statement.

At the time of creation of Bank accounts under the *'Groups'*, *'Bank Accounts'* or *'Bank OCC Groups'*, you should enter the effective date for reconciliation. Tally will activate the reconciliation only from such date onwards. This is not an useful option in the sense that except on the date of new bank account, you will find some unreconciled entries at any point of time.

Ledger Creation		A
Name	Indian Bank	Total Op. Bal.
Under	Bank Accounts (Current Assets)	
Inventory values are affected	? No	
Effective Date for Reconciliation	? 1-Apr-2005	
Opening Balance (on 1-Apr-2005)		

(Figure 6.1)

Voucher-wise reconciliation

In Tally, you can mark the bank dates only against vouchers and not against cheques. For example, two or more cheques are entered in a single voucher and the cheques were cleared on different dates by your bankers, then in such cases, reconciliation becomes difficult. Reconciliation will be completed only when all the cheques are cleared. It is advisable to enter separate voucher for each cheque issued or deposited. This will take a lot of time if the cheques issued and deposited every day are numerous. For example, take the enterning 1500 cheques, issued towards salary disbursal.

Process of Bank Reconciliation

In short, the process of reconciliation is as follows :

> **Pass all entries of Bank Receipts and Payments for a particular period**

Bank Reconciliation Statement

> **For Reconciliation**

Gateway of Tally ➜ Display ➜ Account Books ➜ Cash and Bank Books ➜ Select Bank Account ➜ Press <Alt> + <F2> for date range (to select the period for which reconciliation is needed) ➜ Press <F5> for Reconciliation ➜ Give Passbook Dates ➜ Accept.

To skip any entry either press <Up> and <Down> arrow keys or press <Enter>

> **To view the Bank Reconciliation Statement**

Gateway of Tally ➜ Display ➜ Account Books ➜ Cash and Bank Books ➜ Select Bank Account ➜ Press <Alt> + <F2> for date range (to select the period for which reconciliation is needed) ➜ Press <F5> (To view the Reconciliation Statement)

For example,

Bank Reconciliation					
Ledger : Indian Bank		(Reconciliation)		1-Apr-2004 to 30-Apr-2004	
Date	Particulars	Vch Type	Bank Date	Debit	Credit
		Receipt		1,757.75	
23-4-2003 F low		Receipt		3,399.27	
29-4-2003 B Limited		Receipt		29,347.00	
2-4-2004 C Limited		Payment			900.00
3-4-2004 D Limited		Contra			55,000.00
5-4-2004 F Limited		Receipt		22,146.30	
7-4-2004 E Limited		Payment			1,164.06
10-4-2004 G Limited		Receipt		2,225.47	
12-4-2004 H Limited		Receipt		8,805.14	
12-4-2004 I Limited		Payment			12,434.00
12-4-2004 J Limited		Payment			5,820.00
12-4-2004 B Limited		Receipt		61,500.00	
16-4-2004 L Limited		Receipt		40,000.00	
17-4-2004 M Limited		Contra			10,000.00
17-4-2004 N Limited		Payment			8,035.00
17-4-2004 O Limited		Payment			5,000.00
17-4-2004 P Limited		Payment			2,550.25
17-4-2004 O Limited		Payment			5,158.58
17-4-2004 R Limited		Payment			0 more
		Balance as per Company Books		24,795.74	
		Amounts not reflected in Bank		174,555.88	181,505.31
		Balance as per Bank :		31,745.17	

(Figure 6.2)

Amount not reflected in Bank

Here, you can notice that all the columns are similar to 'Bank Book' except that one additional column *Bank Date* is added where you can enter the dates as per the pass book for cheque clearance. The amounts for which the dates are not entered in the *Bank Date* column represent the cheques that are not appearing in the pass book.

Balance as per Bank

This menu shows the net effect of reconciliation. Arithmetically, this should be the balance in the bank statement but it will not be the case in practice because those entries which are appearing only in the pass book will not be reflected in the Bank Reconciliation Statement. Therefore, if any difference exists, find out those entries that are appearing only in bank statement but not in your books.

Cost centre

Meaning of cost centre:

A cost centre refers to any unit of an organisation to which transactions can be allocated. When only costs or expenses are allocated to these units, they are referred to as cost centre.

Meaning of profit centre:

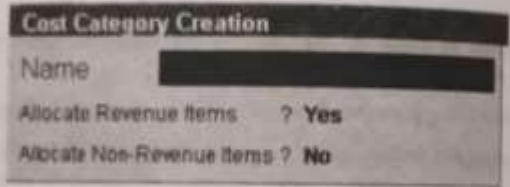When only the incomes are allocated to the units, they referred to as profit centre.

COST CATEGORY:

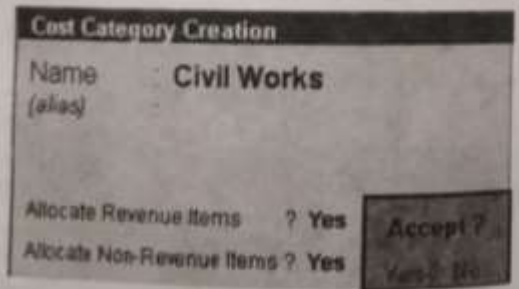**It is used for allocate the required resources to the cost centre.**

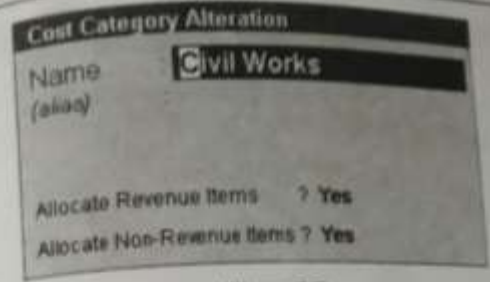F11 – Company Features to be activated :

 Maintain Cost Centre   : Yes

 More than one Category   : Yes (If necessary)

F12 – Configuration : Voucher Entry → Show Cost Centre

 Details   : Yes

F11 – Company Features

Accounting Features

Maintain Billwise Details   **? No**
(for Non-Trading A/cs also) ? **No**

Maintain Cost Centres   **? Yes**
(more than ONE Cost Category) ? **Yes**

Use Rev. Journals & Optional Vouchers ? **No**

Use Debit/Credit Notes   **? No**
Use invoice mode for Credit Notes? **No**
Use invoice mode for Debit Notes? **No**

Activate Interest Calculation **? No**
(use advanced parameters) ? **No**

Income/Expense Stmt instead of P & L? **No**

(Figure 7.1)

F12 - Configuration

Accounting Vouchers

Skip Date field in Create Mode (faster entry) ? **No**
Use Single Entry mode for Pymt/Rcpt/Contra ? **No**
Show Cost Centre Details   **? Yes**
Show Inventory Details   **? No**
Show Table of Bill Details for Selection ? **No**
Show Bill-wise Details   **? No**

(Figure 7.2)

Cost Category

Cost Category Creation and Alteration (Single mode)

In Tally, you can create any number of cost categories as per your requirements. Now, we shall see the procedure for creation of cost categories in single mode. As soon as you activate the necessary Company Features (<F11>) and Configuration (<F12>), go to Gateway of Tally. Select Accounts Information. If you explode accounts information, you will see the option of Cost Categories (refer Pic 7.3). If you probe further into cost categories, you will reach 'Cost Categories Menu' where you can select either Single Mode or Multiple Mode options. Now select Single Mode Creation. Refer figs 7.4 and 7.5. Here, you can create the required Cost Category. For example, we shall consider three cost categories, 1. Civil Works 2. Mechanical Works; and 3. Electrical Works.

In short, you can create cost categories in the following way:

 Gateway of Tally → Accounts Info.→ Cost Categories → Single → Create (or) Alter

By following the same procedure you can alter a cost category.

The creation and alteration of cost categories is illustrated below:

Gateway of Tally

Accounts Info.

Groups
Ledgers

COst Categories
Cost Centres

Budgets
Scenarios

Voucher Types

Quit

(Figure 7.3)

Gateway of Tally
Accounts Info

Cost Categories

Single Cost Category

Create
Display
Alter

(Figure 7.4)

Cost Category Creation

Name

Allocate Revenue Items   ? **Yes**

Allocate Non-Revenue Items ? **No**

(Figure 7.5)

for eg.,

Cost Category Creation

Name   **Civil Works**
(alias)

Allocate Revenue Items   ? **Yes**   **Accept ?**
Allocate Non-Revenue Items ? **Yes**   Yes   No

(Figure 7.6)

Cost Category Alteration

Name   **Civil Works**
(alias)

Allocate Revenue Items   ? **Yes**
Allocate Non-Revenue Items ? **Yes**

(Figure 7.7)

Allocate Revenue Items

Respond with 'Yes' to allocate expenses and incomes of revenue nature (like Salary, Interest earned, Purchase, Sales, etc.)

Allocate Non-Revenue Items

If you respond with 'Yes' to this option, you can allocate the expenses and incomes of capital nature also (like Plant, Machinery, etc.)

Cost Category Creation and Alteration (Multiple mode)

Gateway of Tally → Accounts Info → Cost Categories → Multiple → Create (or) Alter

Gateway of Tally
Accounts Info

Cost Categories

Single Cost Category

Create
Display
Alter

Multiple Cost Categories

Create
Display
Alter

Quit

(Figure 7.9)

for eg..

(Figure 7.10)

(Figure 7.11)

To view Cost Category details (after recording the transactions)

You can view the results of the transactions entered, category-wise, at the end of the period using the following simple steps.

Gateway of Tally → Display → Statement of Accounts→ Cost Centre→ Category Summary

(Figure 7.12)

However, you cannot view the category-wise details in a columnar form, like that of the cost centres. i.e., you can view the details of category only on one to one basis.

Cost Centre

As explained earlier, a cost centre can be said to be any unit of an organisation to which transactions (generally revenue) can be allocated. When only costs or expenses are allocated to these units, they are referred to as cost centres. When you also allocate income to the units, they become Profit Centres. You can now obtain a Profit and Loss account of each Cost / Profit Centre.

In Tally, you have the option of allocating both the Capital and Revenue expenses and incomes to different cost centres according to your choice. For this, you should activate the Cost Centre option in Ledger Account at the time of creation. By prudent application of the concept, you can also determine the profit or loss for each such Cost Centres.

Now we shall discuss in detail the creation and alteration of Cost Centres.

Cost Centre Creation and Alteration

Similar to Cost Category creation, we can also create the Cost Centres. All the steps are similar to creation of cost categories. In short, Cost Centre can be created using the following simple path.

Gateway of Tally → Accounts Info. → Cost Centre → Create (or) Alter

(Figure 7.13)

Cost Centre Creation
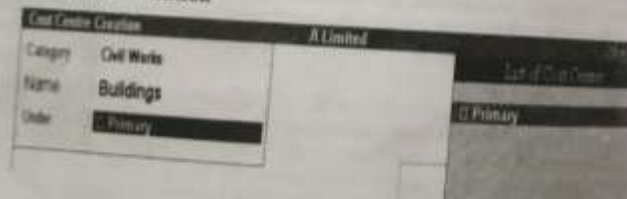
(Figure 7.14)

Cost Centre Alteration

(Figure 7.15)

Deletion of Cost Centre

In the alteration mode, press <Alt> + <D> for deletion of a Cost Centre. This will seek a confirmation 'Yes / No'. Press <Enter> for deleting and Press <Esc> for cancellation of deletion.

To view Cost Centre details (after entering the transactions)

The details for different cost centres can be viewed individually and in a columnar form. To view them in a single mode, use the following steps.

Gateway of Tally → Display → Statement of Accounts → Cost →

Centre → Cost centre breakup (Refer Figure 7.16)

(Figure 7.16)

For Viewing Cost Centre Details in Columnar Form (after entering the transactions)

We can view the data entered for all the cost centres in a columnar form for easy verification.

For this purpose, the following steps should be followed.

Gateway of Tally → Display → Statement of Accounts → Cost Centre → Cost Centre Breakup → Alt+N → Select Cost Centres (Refer Figure 7.17).

Chapter 8

Budget & Controls

Introduction

The objectives and goals vary from organization to organization. Every organization set its own targets and appraises the achievements with respect to the targets. This appraisal of performance is possible with the help of budgets. The main purpose of budgeting is to control the expenditure and to increase the revenue.

Meaning

A Budget is a detailed plan of operations for some specific future period. It is an estimate prepared in advance of the period to which it applies.

Essential of Budget

(i)   It is prepared in advance and is based on future plan of actions

(ii)   It relates to a future period and is based on objectives to be attained

(iii)   It is a statement expressed in monetary and / or physical units prepared for the implementation of policy formulated by the management.

Tally provides the flexible budgeting system for different purposes like Sales, Expenses, Purchases, etc., Budgets can be prepared for specific purposes. In Tally, you can also create multiple budgets.

There is a hierarchical budget setup i.e. they are primary budgets and secondary budgets. Generally, the first item should be primary and then you can place the other budgets either under primary or under any budget created by you.

We can set Budget for Groups, Ledgers and Cost Centres, for specific Cost Centre under a group. Even we can specify the period, choose to apply on Closing Balance or Nett Transactions.

In Tally, Budgets are of two types and you have to select the type of budget that best suits you. The two types of budgets are (i) on Nett Transactions, (ii) on Closing Balances.

(i) on Nett Transactions : This type of budget is used for nominal accounts since they should be monitored on nett transaction basis and not on the balances basis. For example, the total amounts spent for advertisement, etc.

(ii) on Closing Balances : The Real and Personal accounts should be monitored on balances basis as at the end of the periods. For this purpose, you can use this type of budget. Examples are Debtors, Creditors etc.

Groups budgets do not get apportioned where as ledger budgets can be apportioned for each month. In the case of closing balances budget each month will have the same budget value except that the actual opening balance is also taken into account. However in the case of nett transactions budgets specified for a period get equally apportioned over the period. When using nett transactions, the closing balances actually get adjusted even if you have not selected this type.

Features to be activated

To get Budgets in Accounts Info menu, you should respond Yes to the query. Maintain Budgets and controls at F11: *Company Features*.

i.e.,

F11 : Company Features

Maintain Budgets & Controls   :   Yes

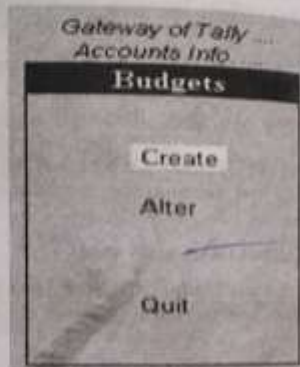| Company Operations Alteration			
		Company Budget & Controls 1	
Allow Multi-Currency	? No	Maintain Budgets and Controls	? Yes
Enable Service Tax	? No	Allow 0 valued entries in Vouchers	? No
		Enable TDS	? No

(Pic.8.1)

Budget Creation and Alteration

(Accounts Info→ Budgets → Create (or) Alter)

- To create a budget, choose Create option which will bring budget Creation screen as shown in Picture 8.2 & 8.3.

(Pic.8.2)

(Pic.8.3)

(Pic.8.4)

Name

Here, enter the name of the budget for easy identification in future.

Under

In this field, select the parent budget. At the top is the primary budget and under each primary budget you can create any number of sub-budgets. For primary budget, select *Primary* from the pop-up menu.

The budgets that you create will appear in the list of budgets.

Period of Budget

You can enter the *From* and *To* dates in this field.

Set / Alter Budgets of

The budget can be set for groups of ledger accounts or for individual ledger accounts or for cost centres or for all of them taken together.

If you want to set budget for groups of ledger accounts type 'Yes' in the groups field which will bring a sub-screen to enter the group of your choice (Refer Pic.8.5).

(Pic.8.5)

To set budget for ledgers respond 'Yes' at the budget column which will bring a sub-screen to enter the ledger details as shown in Pic. 8.6.

(Pic.8.6)

From this list select the ledger account for which you want to set Budget.

Cost Centre

For each group you can earmark the cost centre. If you select *End of List* then the budget is not for any particular cost centre but for the company as a whole.

(Pic.8.7)

Alteration and Deletion of a Budget

First select a budget you wish to alter or delete from the list of budgets on selection of a budget you can alter the necessary fields of your choice or press <Alt> + <D> for deleting the budget.

Budget Variance Reports

In Trial Balance and Group summaries screen, Budget Variance button appear, to get Budget Variance Report consisting of Budgets, Actual with Percentage, and also the Variance from Budget with Percentage.

You can also view Budget and Variance through New column by selecting the Budget at type of Value to show prompt, from the list of Budgets. The budget figure would be shown in New column.

To View Budget

Gateway of Tally   → Display → Trial Balance → Alt+B → Select the required Budget

(or)

Gateway of Tally → Display → Accounts Book → Group Summary → Select the Group → <Alt> + <B>

Illustration

We shall create a budget for Indirect Expenses based on the following data for a period of 6 months ending 30-09-2003.

The following are the budgeted figures

Salaries	150000
Rent	96000
General Expenses	240000
Administration Expenses	150000
Insurance	75000
Postage	36000
Travelling Exp.	54000
Rates & Taxes	60000
TOTAL	**861000**

The following are the expenses incurred during the six months ending September 30 2003.

ALL THE BEST