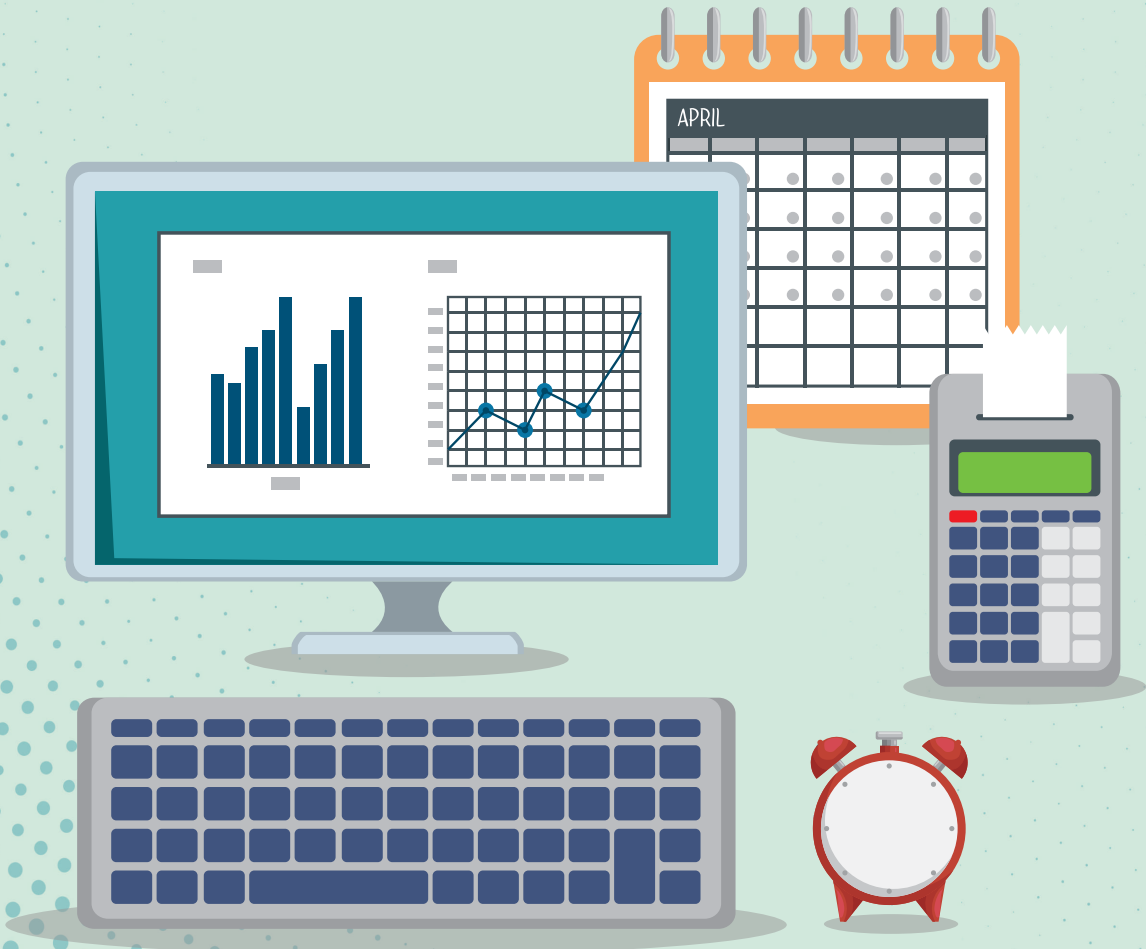




Dr. Babasaheb Ambedkar
Open University
(Established by Government of Gujarat)



BBA
SEMESTER - 4
BBASEC405
TALLY - 2



Message for the Students

Dr. Babasaheb Ambedkar Open (University is the only state Open University, established by the Government of Gujarat by the Act No. 14 of 1994 passed by the Gujarat State Legislature; in the memory of the creator of Indian Constitution and Bharat Ratna Dr. Babasaheb Ambedkar. We Stand at the seventh position in terms of establishment of the Open Universities in the country. The University provides as many as 54 courses including various Certificate, Diploma, UG, PG as well as Doctoral to strengthen Higher Education across the state.



On the occasion of the birth anniversary of Babasaheb Ambedkar, the Gujarat government secured a quiet place with the latest convenience for University, and created a building with all the modern amenities named 'Jyotirmay' Parisar. The Board of Management of the University has greatly contributed to the making of the University and will continue to this by all the means.

Education is the perceived capital investment. Education can contribute more to improving the quality of the people. Here I remember the educational philosophy laid down by Shri Swami Vivekananda:

“We want the education by which the character is formed, strength of mind is Increased, the intellect is expand and by which one can stand on one’s own feet”.

In order to provide students with qualitative, skill and life oriented education at their threshold. Dr. Babaasaheb Ambedkar Open University is dedicated to this very manifestation of education. The university is incessantly working to provide higher education to the wider mass across the state of Gujarat and prepare them to face day to day challenges and lead their lives with all the capacity for the upliftment of the society in general and the nation in particular.

The university following the core motto स्वध्यायः परमं तपः does believe in offering enriched curriculum to the student. The university has come up with lucid material for the better understanding of the students in their concerned subject. With this, the university has widened scope for those students who are not able to continue with their education in regular/conventional mode. In every subject a dedicated term for Self Learning Material comprising of Programme advisory committee members, content writers and content and language reviewers has been formed to cater the needs of the students.

Matching with the pace of the digital world, the university has its own digital platform Omkar-e to provide education through ICT. Very soon, the University going to offer new online Certificate and Diploma programme on various subjects like Yoga, Naturopathy, and Indian Classical Dance etc. would be available as elective also.

With all these efforts, Dr. Babasaheb Ambedkar Open University is in the process of being core centre of Knowledge and Education and we invite you to join hands to this pious *Yajna* and bring the dreams of Dr. Babasaheb Ambedkar of Harmonious Society come true.



Prof. Ami Upadhyay
Vice Chancellor,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.



Dr. Babasaheb Ambedkar Open University

(Established by Government of Gujarat)

BBA
SEMESTER - 4
BBASEC405
TALLY - 2

BLOCK-1

Unit : 1	1-12
Entries of Accounting Voucher	
Unit : 2	13-32
Accounts of Inventory	
Unit : 3	33-57
Entry of Inventory (Stock) Voucher	
Unit : 4	58-83
Payroll, Price List and Sales Invoice	

BLOCK-2

Unit : 5	84-137
Accounting Entries with GST	
Unit : 6	138-148
Advanced Accounting Practical Features	
Unit : 7	149-165
Introduction to Cost, Cost Categories and Cost Centers	
Unit : 8	166-198
Report Writing	

BBA SEMESTER-4

Tally-2

BLOCK: 1

- Authors' Name:** Dr. Dharit Naik, Assistant Professor, Navyug Commerce College, Surat.
Dr. Jaimin Patel, Assistant Professor, S.M.P.I.C College,
GLS University, Ahmedabad.
Dr. Ankit Joshi, Assistant Professor, Dr. BAOU, Ahmedabad.
Dr. Krunal Mistry, Assistant Professor, Dr. BAOU, Ahmedabad.
- Review (Subject):** Dr. Manoj Dave, Associate Professor, P. D. Malaviya College of Commerce, Rajkot.
- Review (Language):** Dr. Ketan Gediya, Associate Professor & Head, V.M. Patel College of Management Studies, Ganpat University.
- Editor's Name:** Prof. (Dr.) Manoj Shah,
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.
- Publisher's Name:** Dr. Ajaysinh Jadeja,
Registrar,
Dr. Babasaheb Ambedkar Open University,
'Jyotirmay Parisar', opp. Shri Balaji Temple, Chharodi, Ahmedabad, 382481,
Gujarat, India.
- Edition:** 2026 (First Edition)
- ISBN:** 978-93-5598-632-0



978-93-5598-632-0

All rights reserved. No part of this work may be reproduced in any form, by mimeograph or any other means without permission in writing from Dr. Babasaheb Ambedkar Open University, Ahmedabad.

Unit : 1

Entries of Accounting Voucher

1.1 What is Voucher ?

1.2 Types of Vouchers

1.2.1 Contra Voucher (F4)

1.2.2 Payment Voucher (F5)

1.2.3 Receipt Voucher (F6)

1.2.4 Journal Voucher (F7)

1.2.5 Sales Voucher (F8)

1.2.6 Purchase Voucher (F9)

1.2.7 Credit Note Voucher (Ctrl + F8)

1.2.8 Debit Note Voucher (Ctrl + F9)

Exercise

1.1 What is a Voucher?

A voucher is a tool for entering any financial transaction. There are various types of vouchers in Tally.

Common Voucher Types (Types of Vouchers in Tally Prime)

Voucher Type	Objective
Purchase Voucher (F9)	To enter purchase Transaction
Sales Voucher (F8)	To enter sales transactions
Payment Voucher (F5)	For Payments
Receipt Voucher (F6)	For receipts
Journal Voucher (F7)	For Non-Cash Transactions
Contra Voucher (F4)	For bank-cash transfer
Credit Note (F8)	Sales Return or Refund to Customer
Debit Note (F9)	Purchase Return or Refund to Supplier

❖ Steps :

1. Open Tally software

⇒ Tally ERP 9 or Tally Prime and launch it on your computer.

⇒ Select the company for which you are creating a voucher or create a new company if necessary.

2. Go to the voucher entry screen

⇒ **Press V or F7** (depending on your Tally version) to reach the voucher entry screen.

⇒ Otherwise, select Accounting Vouchers option by going into Gateway of Tally.

3. Select voucher type

⇒ There are different types of vouchers in Tally, depending on the nature of the transaction :

- **Contra (F4)** : For cash and bank related transactions (such as depositing cash, withdrawing money from the bank).
- **Payment (F5)** : For a payment made (such as a payment to a creditor).
- **Receipt (F6)** : For payments received (such as payments from a customer).
- **Journal (F7)** : For general accounting entries.
- **Sales (F8)** : For sales transactions.
- **Purchase (F9)** : For purchase transactions.
- **Credit Note (Ctrl + F8)** : To create a credit note.
- **Debit Note (Ctrl + F9)** : To create a debit note.

⇒ Choose the appropriate voucher type according to the nature of your transaction.

4. Enter voucher details

⇒ **Date** : Enter the date of the transaction.

⇒ **Voucher number** : This is usually generated automatically, but you can also enter it manually if needed.



⇒ **Particular** : Here, you choose which accounts are connected to the transaction. For instance, a payment voucher Both "Cash" and "Bank" accounts are available for selection.

⇒ **Debit/Credit Amount** : Each account's debit and credit amounts must be entered into Tally, Verify that the credit and debit amounts match.

⇒ **Narration** : A succinct account of the exchange. Although not required, this is advised for clarity.

⇒ **Cost Center (if applicable)** : Select the relevant COST Center if you wish to allocate transactions to particular COST Centers or if you are tracking by department.

5. Save voucher

⇒ When all the steps were completed, Press **Enter** and save the voucher.

⇒ To create more vouchers, You can press you **Ctrl + V** or **Ese** and come out.

❖ Example - Creation of a Payment Voucher

Suppose you are making a payment to a supplier. Here's how to do it :

1. Gateway of Tally → Accounting Vouchers → F5 Press (for Payment Voucher).
2. Enter the date (For example, March 25, 2025).
3. Select the bank account from which the payment is being made (such as Bank Account).
4. In the payee's account, Enter in Particulars (such as Accounts Payable - Supplier XYZ).
5. Credit - Enter the amount on the page (bank or cash account).
6. Debit - Enter the amount on the page (supplier's account).
7. Write as narration " Payment to Supplier XYZ, Invoice #12345".
8. Enter Press and save the voucher.

1.2 Type of Vouchers :

To record various kinds of transactions, Tally uses a variety of voucher types. Every certificate is utilized for a particular kind of purchase. Let's examine each kind of voucher in detail.

1.2.1 Contra Voucher (F4)

Purpose : Contra vouchers are used to record transactions made with cash and bank account. such as depositing cash, withdrawing money from the bank, or transferring money between banks.

❖ When to use :

- ⇒ To Exchange of amounts between. **Bank account** and **Cash account**
- ⇒ To Deposit or withdraw cash.

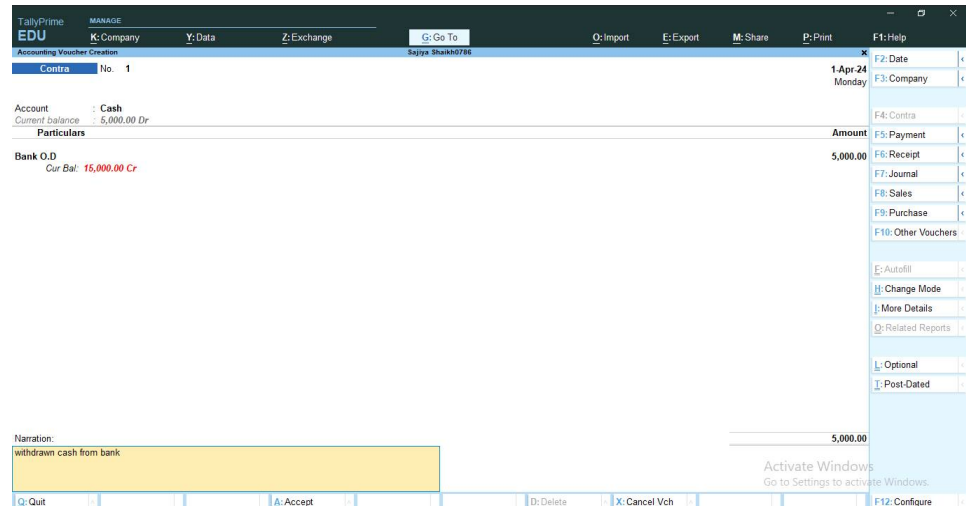
❖ Case :

- ⇒ **Debit :** Bank Account (Cash has been deposited)

⇒ **Credit** : Cash Account (The sum has been taken out of the cash account.)

❖ **Example :**

1. Withdrawn From the bank ₹ 5,000 cash.
2. ₹ 50,000 deposit in the bank
3. Withdrawn ₹ 5,000 by ATM.
4. ₹ 25,000, Transferred in the Sahebganj Branch.
5. Deposited ₹ 40,000 in Bank's Fixed deposit.
6. Withdrawn ₹ 15,000 from O/D account.
7. Transferred ₹ 60,000 from the bank in the Investment account.
8. Withdrawn ₹ 3,000 from ATM for Company expense.



Withdrawn ₹ 5000 from the Bank

1.2.2 Payment Voucher (F5)

Purpose : Payment voucher is used to record payments , such as payment to a vendor or customer, advance payment , salary payment, etc.

❖ **When to use :**

- ⇒ Payment (by bank, cash or other means).
- ⇒ Making payments to vendors or creditors.

❖ **Example :**

1. Telephone bill Paid ₹ 5,000.
2. Employees Salary Paid ₹ 25,000.
3. Rent Paid ₹ 8,000.

4. Stationery Shopping for office ₹ 2, 500.
5. Internet Bill Paid ₹ 1,200.
6. Bank Loan installment paid ₹ 10,000.
7. Payment for transportation Cost ₹ 4,000.
8. Payment for Cleaning Service ₹ 3,500.
9. Advertisement Cost for business ₹ 6,000.

Particulars	Amount
Telephone Charges	5,000.00
Cur Bal: 8,000.00 Dr	
	5,000.00

Narration:
paid cash for Telephone Charges,

Paid ₹ 5,000 as telephone expenses

1.2.3 Receipt Voucher (F6)

Purpose : Receipt vouchers are used to receive payments from customers or other business entities as per the Mana scheme.

❖ When to use :

- ⇒ Receiving payment from the customer.
- ⇒ Receiving payments from other accounts.

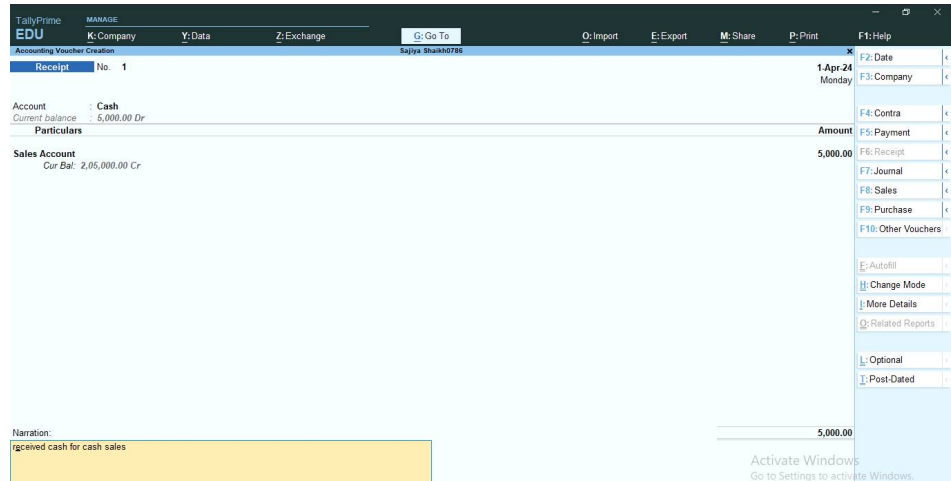
❖ Case :

- ⇒ **Debit :** Bank Account / Cash (payment received from the customer)
- ⇒ **Credit :** Accounts Receivable (Customer's Account)

❖ Example :

1. ₹ 5000 was received from the customer for cash sales.
2. ₹ 15,000 in cash was taken out of the bank.
3. The borrower received ₹ 20,000 from the remaining amount.
4. Interest Income ₹ 5,000 was received.
5. The investment's dividend was ₹ 3,000.

6. ₹ 10,000 was Received for building rent.
7. Business Grant Received ₹ 50,000.
8. Amount of Old Furniture Sales Received: ₹ 7,000.
9. ₹ 12,000 was the share market profit.
10. A debt of ₹ 40,000 was Recovered from a friend.



Cash sale ₹ 5,000

1.2.4 Journal Voucher (F7)

Purpose : Journal vouchers are used for general accounting entries, such as adjustments, transfers, or any account changes.

❖ **When to use :**

- ⇒ For transfers or adjustments (such as quoting an account).
- ⇒ Non-cash transactions.

❖ **Case :**

- ⇒ **Debit :** Expense Account
- ⇒ **Credit :** Liability Account (Adjust)

❖ **Example :**

1. Purchase Machinery on credit from Mr. Naik of ₹ 7000.
2. Capital Increase ₹ 50,000.
3. Depreciation on Machinery ₹ 5,000.
4. Inventory Adjustment ₹ 4,500.

Particulars	Debit	Credit
Dr Machinery Cur Bal: 2,97,000.00 Dr	7,000.00	
Cr Mr. Naik's A/c Cur Bal: 7,000.00 Cr		7,000.00
	7,000.00	7,000.00

Narration:
Purchased Machinery on credit from Mr. Naik

Purchased machinery on credit from Mr. Naik ₹ 7000

1.2.5 Sales Voucher (F8)

Purpose : Sales vouchers are used for sales. In this, you can record goods and services as they are sold.

❖ When to use :

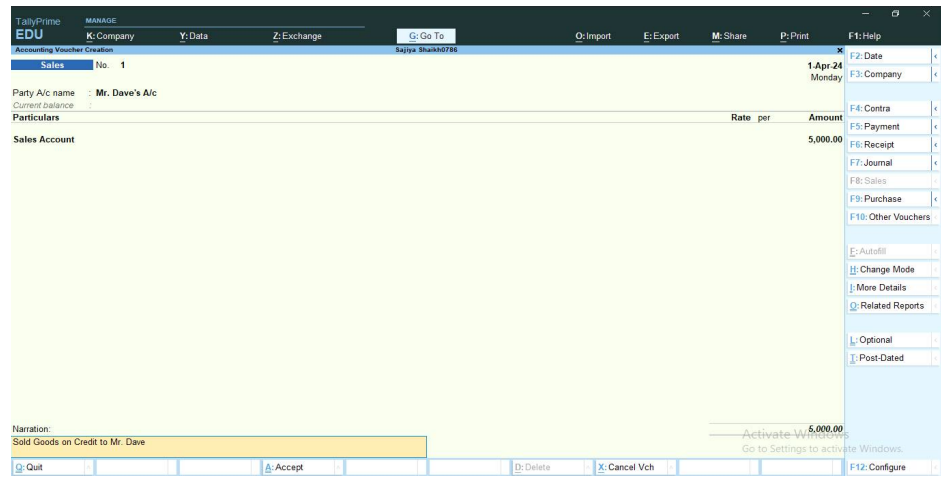
- ⇒ Selling goods or services to customers.
- ⇒ For all types of sales.

❖ Case :

- ⇒ **Debit :** Accounts Receivable (Customer's Account)
- ⇒ **Credit :** Sales Account (Sales)

❖ Example :

1. Sold goods worth ₹ 5,000 to Mr. Dave on credit.
2. Sold computer accessories worth ₹ 10,000 to a Vashi Brothers.
3. Sold tiles worth ₹ 40,000 to XYZ Traders.
4. Sold cloth worth ₹ 15,000 including GST to Mehta Industries.
6. Sold a mobile phone worth ₹ 12,000 to a customer Mr. Desai.
7. Sold machines worth ₹ 20,000 to a small industry named ABC
9. Sold electronic products worth ₹ 18,000 to Mr. Krunal.



Sold Goods to Mr. Dave on credit ₹ 5,000

1.2.6 Purchase Voucher (F9)

Purpose : Purchase voucher is used for purchasing goods. In this voucher, you can purchase goods from the supplier.

❖ **When to use :**

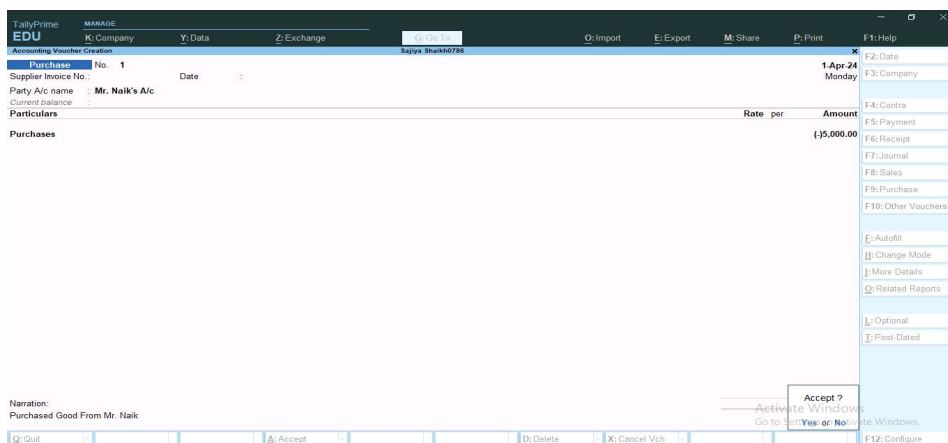
- ⇒ Purchase goods for a commercial purpose.
- ⇒ Purchasing the materials needed for production.

❖ **Case :**

- ⇒ **Debit :** Purchase Account (Purchase)
- ⇒ **Credit :** Accounts Payable (Supplier's Account)

❖ **Example :**

1. Acquisition of basic materials for ₹ 50,000 from Mr. Naik.
2. Computer of ₹ 20,000 Bought from Mr. Khengar Limited.
3. Shopping of Stationery from Mr. Gohil of ₹ 3,500.
4. Clothes Bought for Trading of ₹ 12,000 from Mr. Maisuriva.
5. Tools Bought form Mr. Brahmhatt of ₹ 8,000.
6. Purchase of Textile Material from Mr. Patel of ₹ 22,000



Purchased Goods worth ₹ 5,000 from Mr. Naik

1.2.7 Credit Note Voucher (Ctrl + F8)

Purpose : Credit Note Voucher is used to create a credit note for a customer or supplier such as a discount or refund on a payment.

❖ When to use :

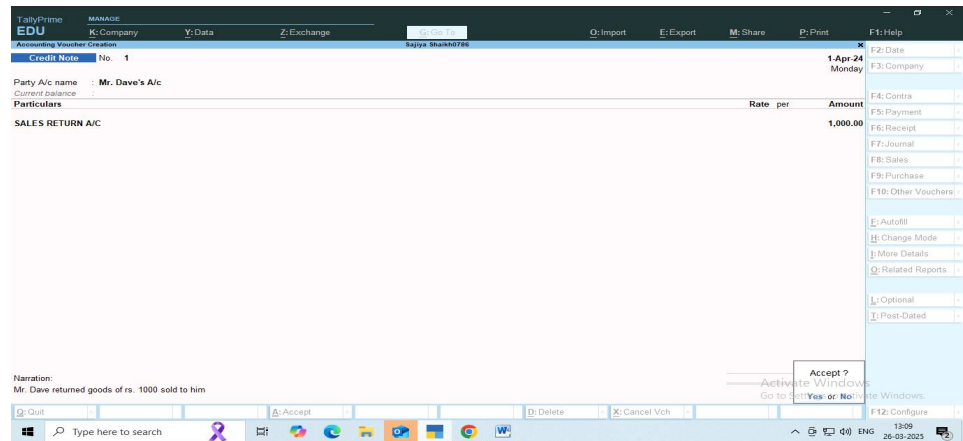
- ⇒ Credit note given to the customer.
- ⇒ Loss/Adjustment in Supplier Quantity.

❖ Case :

- ⇒ **Debit :** Accounts Receivable (Customer Account)
- ⇒ **Credit :** Sales (Credit Note)

❖ Example :

1. Mr. Dave returned goods worth ₹ 500 because they were delivered incorrectly.
2. Customer was overcharged and given a discount of ₹ 2,000.
3. Customer demanded new goods in place of incorrect good, hence a credit note was given for ₹ 5,000.
4. Customer was given credit for transportation loss of 3,000.
5. Customer returned goods and an adjustment of ₹ 12,000 including GST was made.
6. Customer was given ₹ 1,500 as a 5% discount on the original goods.
7. Customer had an error in the old bill, hence a refund of ₹ 4,500 was given.
8. Customer demanded credit of Rs. 6,500 for defective goods.



Mr. Dave returned goods worth ₹ 500

1.2.8 Debit Note Voucher (Ctrl + F9)

Purpose : Debit Note Voucher is used by a customer or supplier when there is a loss or damage to goods sold.

❖ When to use :

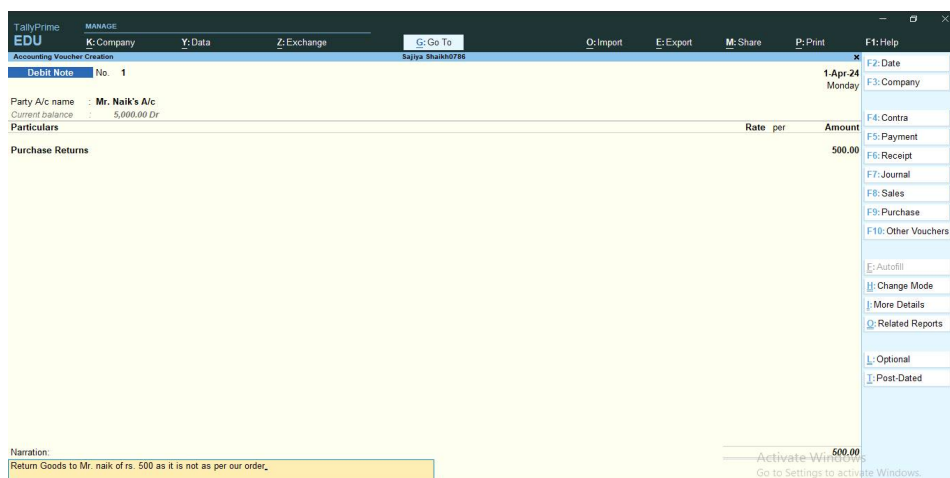
- ⇒ Misleading the customer on the wrong price of the goods sold.
- ⇒ Showing a loss for sale.

❖ Case :

- ⇒ **Debit :** Sales (loss)
- ⇒ **Credit :** Accounts Receivable (Customer's Account)

❖ Example :

1. Goods purchased from Mr. Naik were sent back for ₹ 500
2. Goods were damaged, so goods worth ₹ 8,000 were sent back.
3. Adjustment of ₹ 3,000 was made as supplier overcharged.
4. Bill came with wrong price, requested to reduce ₹ 2,500.
5. Supplier sent goods late, hence penalty of ₹ 4,000 was imposed.
6. Wrong quantity received, debit note of ₹ 6,800 was given.



Returned Goods of Rs. 500 to Mr. Naik

❖ Important Note :

- ⇒ Credit Note (F8) - For refund or adjustment to customer
- ⇒ Debit Note (F9) To return the amount or goods to the supplier (Vendor)

Exercise :

- ❖ Make an entry in the Tally ERP from the following transaction.
1. Purchased goods on credit from supplier ₹ 25,000
 2. Obtained loan amount ₹ 15,000 from customer (through bank)
 3. Purchased office stationery for business in cash ₹ 3,000
 4. Reduced value of machinery for guarantee by ₹ 7,000
 5. Paid salary ₹ 30,000 (through bank)
 6. Stakeholder added ₹ 60,000 to capital for business
 7. Paid property insurance premium ₹ 4,500
 8. Made sale in cash ₹ 12,000
 9. Sold on credit to customer ₹ 20,000
 10. Repaid supplier's loan ₹ 18,000 (through bank)
 11. Purchased new table-chair for office ₹ 15,000 (through cash)
 12. Took loan of ₹ 1,00,000 from bank
 13. Repaid borrowed rupees ₹ 50,000 as installments to bank
 14. Electricity bill ₹ 5,500 paid by cash
 15. Bad debts ₹ 8,000 (deemed bad debts)
 16. Goods returned from supplier ₹ 10,000

17. Customer sent goods back to us ₹ 7,500
18. Profit of previous year added to capital ₹ 22, 000
19. Expenses for newspaper advertisement ₹ 6,500 (paid by bank)
20. Computer purchased from an electronics company ₹ 35,000 (on loan)
21. Bank interest received ₹ 2,000
22. House rent received ₹ 9,000
23. Cash withdrawn from account ₹ 4,000 (for personal use)
24. Received ₹ 20,000 from customer for sale (through bank)
25. Sale of old furniture ₹ 10,000 (on cash)

Unit - 2

Accounts of Inventory

- 2.1 Introduction**
- 2.2 Inventory Management in Tally Prime**
- 2.3 Create & Use Stock Items**
- 2.4 Delete Stock Items**
- 2.5 Create Units for Stock Items**
- 2.6 Create Stock Groups**
- 2.7 Create Stock Categories**
- 2.8 Create Godowns/Locations**
- 2.9 Create Multiple Godowns/Locations**
- 2.10 Bill of Material (BOM)**
- 2.11 Stock Journal**
- 2.12 Single/Multiple Bill of Materials for a Stock Item**
- 2.13 Single/Multiple Bill of Materials with Type of Item**
- 2.14 Conclusion**

Exercise

2.1 Introduction:

Accounting in Tally Prime or Tally Prime accounting enables managing your accounting entities, inventory movements, financial & banking transactions, and provides real-time reports on all these.

Tally Prime classifies transactions as accounting or inventory based on the nature of the accounting entries and the accounts they affect. The generic category Accounting in Tally Prime includes the chart of accounts, journal entries, contra vouchers, and other vouchers used for checking the impact of notional transactions without immediately affecting your accounts.

2.2 Inventory Management in Tally Prime :

Tally Prime supports tracking inventory in your business, from purchase order to sales. Stock tracking can be across godowns/locations, or different stages of processing.

Inventory tracking covers stock changes due to purchase and sales processes, delivery or receipt as samples, movements across godowns, all adjustment entries including those caused by physical verification, and so on. You can also use batch details for items, if applicable. You can do item cost tracking and costing for jobs/projects, if needed. Various reports are available to help you track all your details for inventory transactions.

Inventory Transactions refers to the records you maintain about all inventory movements, including new purchases and sales, that are part of your daily business. You can use the corresponding voucher type in Tally Prime for different transactions. You can also use Stock Journal to record different types of stock movements, like those between your own godowns/locations, or adjustments due to leakage or damage. Tracking of additional cost or expenses incurred due to transfer of goods is also possible. Tally Prime provides specialised voucher types, along with the flexibility to assign different numbering styles for vouchers.

2.3 Create & Use stock items:

Like other masters in Tally Prime, such as ledgers, godowns, stock groups, and so on, you can create stock items by providing a few details. Just enter the name of the stock item and you are done. You can set up details such as Unit of Measurement (UoM) and tax rates any time later. You can also define quantity, rate, and value as the opening balance of your stock.

Once you create a stock item and use it in your transactions, reports in Tally Prime start tracking the stock item – sales or purchase transactions that include that stock item, number of stock items sold from period to period, overall stock position of your business, and so on.

Create Stock Items

1. Gateway of Tally > Create > type or select Stock Item > and press Enter.

Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Items > press Enter.

2. **Name & alias:** As in other masters, you can specify multiple aliases for the stock item.
3. **Under:** Select Primary or an existing Stock Group. If you have not created any Stock Group, you can create one in Tally Prime to assign to the stock item. As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Items > press Enter.
4. **Units:** Select the unit of measurement applicable for the stock item. If the unit is not listed, you can create The unit of measurement in Tally Prime to assign to the stock item.

As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Units > press Enter.

All the UQCs declared by the government or GSTN are available in Tally Prime by default. You can select based on relevance to the product or commodity. Whenever there is a new UQC declared by GSTN that Tally Prime has not provided, or you are yet to upgrade, you can create a new UQC with the exact name and symbol as defined by GSTN. Altering the defined name or UQC is not possible. However, you can create a new UQC.

- Unit Creation > Unit Quantity Code (UQC) > select New UQC.
- Enter the UQC Name, and press Enter.

For every item in Tally Prime you can associate one or more units of measurement. There are no default Units available. You can create a Simple Unit, or a Compound Unit as needed for each item. You can also use Alternate units, if needed.

In following way understand in which scenario you will choose Simple Unit, Compound Unit, or Alternate Units under what conditions.

- **Simple Unit:** A Simple unit consists of a single unit. For example, Meters (m), Kilogram (Kg), Numbers (Nos), and so on. You can use the Simple unit when you are dealing with an item that does not need more than one unit or where only one unit is needed for buying or selling.

- **Compound Unit:** A Compound unit is a combination of two Simple units. You can use a Compound unit when you are dealing with an item that requires more than one unit or when your buying and selling units are different for that item. For a constant unit of measurement, Compound units are used. For example, a Kg (Kilograms) of 1000 Gm (Grams), a Doz (Dozens) of 12 Nos (Numbers), and so on.
 - **Alternate Unit:** The Alternate unit is determined by the base unit, whether it is a Simple unit or a Compound unit. You can use an Alternate unit when there are multiple units used by the item and their conversion is flexible or dynamic during the transaction.
5. **Statutory Details:** Set the applicable Taxability option for the stock item under Statutory details, The option will depend on the option enabled in the F11 (Features) screen. Click here to see more.
 6. **Opening Balance:** Specify the opening balance for the Stock Item as on the date of Beginning of Books.
 - **Quantity:** Specify the stock item Quantity.
 - **Rate:** Specify the stock item Rate.
 - **Value:** Tally Prime automatically calculates the value by multiplying the Quantity and Rate. You can also edit the value, Tally Prime automatically refreshes the Rate field accordingly.
 7. **Accept the screen, As always, Press Ctrl+A to save.**

Stock Item Creation		National Enterprises	
Name	: Coca Cola 750ml		
(alias)	:		
Under	: Aerated Water	Statutory Details	
Units	: Pcs	GST Applicable	: Applicable
Additional Details		Set/Alter GST Details	: Yes
Maintain in batches	: No	Type of Supply	: Goods
Enable cost tracking	: No	Rate of Duty (eg 5)	: 0
Opening Balance		Quantity	Rate per
:		: 320 Pcs	: 28.00 Pcs
		Value	8,960.00
			Accept ?
			Yes or No

2.4 Delete Stock Items :

In some business scenarios, you might no longer be dealing with certain stock items that were once a part of your inventory. There can also be a situation where a stock item was accidentally created. In Tally Prime, you can delete such stock items from your Company Data. However, there are certain situations where deleting a stock item will have the following dependencies.

- You cannot delete a stock item that is already used in a voucher. Therefore, you need to first delete all the vouchers related to the stock item and then delete that stock item.
- You cannot delete a stock item that is referenced in any voucher class, configurations, or other masters. You need to remove the references of the stock item from all such cases, before deleting that stock item.

Otherwise, you can delete a stock item from the Stock Item Alteration screen itself.

1. Press Alt+G (Go To) > Alter Master > type or select Stock Item and press Enter.

Alternatively, Gateway of Tally > Alter > type or select Stock Item and press Enter.

2. Select the stock item from the List of Stock Items.

The Stock Item Alteration screen appears.

Stock Item Alteration		National Enterprises	
Name	: 50-50 Biscuits		
(alias)	:		
Under	: Biscuits and Wafers	Statutory Details	
Units	: Pcs	GST Applicable	: ♦ Undefined
Additional Details		Set/Alter GST Details	: No
Maintain in batches	: Yes	Type of Supply	: Goods
Track date of manufacturing	: Yes	Rate of Duty (eg 5)	:
Use expiry dates	: Yes		
Enable cost tracking	: Yes		
Opening Balance	: 500 Pcs	Rate per	Value
		17.00 Pcs	8,500.00

3. Press Alt+D to delete the stock item.

2.5 Create Units for Stock Items:

Depending on your business, you may be selling or buying stock items in different units. For example, you can use simple units like Meters, Centimeters, or Nos. If you sell items in bags and boxes of standard sizes say 100 kg for a box using Tally Prime, you can create all different units as per your needs.

1. Simple Unit

- While creating a stock item, press Alt+C, to create a unit master on the fly. The Unit Creation (Secondary) screen opens.
- Enter the details in the Unit Creation screen.
 - a. Enter the Symbol by default, the Type field will be selected as Simple.
 - b. Enter the Formal name for the simple unit.
 - c. Select the Unit Quantity Code (UQC) relevant to the stock item from the list provided.

The list consists of the number of Unit Quantity Codes (UQC) available for your product or commodity as declared by the Government or GSTN.

- d. Specify the number of decimal places required based on your business needs.

Unit Creation	
Type	: Simple
Symbol	: Gm
Formal name	: Gram
Unit Quantity Code (UQC)	: GMS-GRAM
Number of decimal places	: 2

Accept ?

Yes or No

- Press Y to accept the screen. As always, you can press Ctrl+A to create a Simple unit.

In a similar way you can create other Simple Units. In case you want to enable additional configurations for your units, press F12 (Configure) on the Unit Creation screen.

2. Compound Unit

- While creating a stock item, press Alt+C to create a unit master on the fly. The Unit Creation (Secondary) screen opens.
- Enter the details in the Unit Creation screen:
 - A. Press Backspace and select Compound if the Type is selected as Simple.
 - B. Enter the Compound unit as the First unit. For example, Kg.
 - C. Enter the Conversion For example, 1000.

Note: Compound units can be created up to any level. For example, milligram < gram < kilogram < quintal < tonne. However, the relationship between the units should be convertible.

- D. Enter the Second unit. For example, Gm.

Unit Creation			
Type	: Compound		
Units with Multiplier Factors			
<i>(example: Kgs of 1000 gms)</i>			
<i>First unit</i>	<i>Conversion</i>	<i>Second unit</i>	Accept ? Yes or No
Kg	of 1,000	Gm	

- Press Y to accept the screen. As always, you can press Ctrl+A to create a Compound unit.

3. Alternative Units

To use Alternate units in a transaction, ensure they are enabled on the Stock Item master.

- While creating a stock item, enable Alternate units for the stock item.

- A. Press F12 (Configure) and set Use Alternative Units to Yes.
 - B. Press Ctrl+A to save the configuration and return to the Stock Item Creation screen.
- Enter the details for Alternate units in the Stock Item Creation screen:
- A. Select any simple or compound unit in Units field, as required. The Alternate units field appears.
 - B. Select the appropriate Alternate units. You can always create an alternative unit on the fly by pressing Alt+C.
 - C. Provide the conversion factor between the simple or compound units and alternative units.

Stock Item Creation	
Name	: Banana
(alias)	:
Under	: ♦ Primary
Units	: dozen of 12 Nos
Alternate units	: Box
where	: 1 Box = 60 Nos

- D. Enter other relevant details in the Stock Item Creation screen, as applicable.
- Press Y to accept the screen. As always, you can press Ctrl+A to save the master.

2.6 Create Stock Groups :

- A. Gateway of Tally > Create > type or select Stock Group and press Enter.
Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Group > and press Enter.
- B. **Name & alias** : As in other masters, you can specify multiple aliases for the stock item.

- C. **Under** : Select Primary or an existing Stock Group. If you have not created any Stock Group, you can create one in Tally Prime to assign to the stock group. As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Group > press Enter.
- D. **Should quantities of items be added:** It pertains to information on measuring the units of the Stock Items that you would categorise under the Stock Group. The Stock Items categorised under the group should have similar units for them to be added up. You cannot add quantities in Kgs to quantities in Pcs.
- E. Set/alter GST Details: Enable this option to define the GST rate.
- F. Accept the screen. As always, press Ctrl+A to save.

The screenshot shows a dialog box titled "Stock Group Creation". It contains the following fields and options:

- Name** : Aerated Water
- (alias)** :
- Under** : ♦ Primary
- Should quantities of items be added**
- Set/Alter GST Details**
- Accept ?** (button)
- Yes or No** (options)

2.7 Create Stock Categories :

Stock category offers a parallel classification of stock items, categorizing items is that you can classify the stock category based on functionality together in a group. You can classify the stock category across different stock groups which enables you to obtain reports on alternatives or substitutes for a stock item.

1. Gateway of Tally> Create > type or select Stock Category and press Enter.
Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Category > and press Enter.
2. **Name & alias** : As in other masters, you can specify multiple aliases for the stock item.
3. **Under** : Select Primary or an existing Stock Group. If you have not created any Stock Group, you can create one in Tally Prime to assign to the stock categories.

As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Category > press Enter.

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



2.8 Create Godowns/Locations :

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

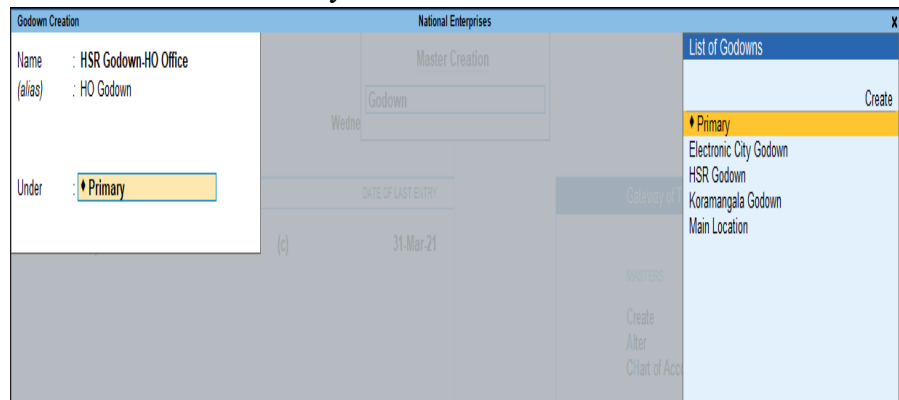
Gateway of Tally > Create > select Godowns > press Enter.

Alternatively, Alt+G (Go To) > Create Master > type or select Godowns > press Enter.

When you create a Godown/Location in Tally Prime for the first time, you are prompted to alter the existing internal godown (Main Location), where all your inventory is stored by default.

- B. **Name & alias :** As in other masters, you can specify multiple aliases for the godown name.

- C. **Under :** Select Primary or Main Location.



- D. Accept the screen. As always, you can press Ctrl+A to save.

2.9 Create Multiple Godowns/Locations :

If you have stored your inventory in more than one location, in Tally Prime you can choose to create godowns one by one, or create multiple godowns from a single screen. You can choose the parent godown from the same screen when creating multiple godowns.

- A. Gateway of Tally > Create > type or select Chart of Accounts.
- B. In the Chart of Accounts screen, press Alt+H (Multi-Masters) > and select Multi Create.
- C. Under Godown:

If you select Under Godown > All Items, you will be prompted to select the parent godown for each godown name that you specify under the Name column.

If you select any other godown, say Under Godown > Main Location, this godown is treated the parent godown for all the godowns you create. However, you can change the hierarchy anytime later to suit your business preferences.

A sample Multi Godown Creation screen is shown below:

S.No.	Name	Under
1.	Hosur Godown	Main Location
2.	Hassan	Main Location
3.	Koramangala - HO	Koramangala Godown
4.		

2.10 Bill of Material (BOM) :

In Tally Prime, you can create a BoM for a stock item and list down all the raw materials and components along with their quantities required to build or create

the stock item. Once you have created the BoM, you can record a Manufacturing Journal to record manufacturing transactions enlisting the raw materials or components and the finished product side by side. Tally Prime also gives you the facility to account for by- product, co-product, and scrap in Manufacturing Journal that may occur during the manufacturing of finished products. You can maintain damaged or scraped stock item details in Tally Prime using the Stock Journal voucher. You can also view the cost estimation reports to know the value of the cost incurred in the manufacturing of finished goods. Cost estimation helps fix the final product's selling price after adding necessary costs and allowing a certain margin for profits.

2.11 Stock Journal :

If you are involved in the manufacturing process in which raw materials are consumed and finished goods are produced, you can record it using the Stock Journal voucher.

1. Press Alt+G (Go To) > Create Voucher > press Alt+F7 (Stock Journal).

Alternatively, Gateway of Tally > Vouchers > press Alt+F7 (Stock Journal).

In case the voucher is inactive, you will be prompted to activate the voucher type.

Select Yes or press Y to proceed.

2. Press F2 (Date) and change the date, if needed.
3. Enter the reference number in Reference No. field, if any.
 - A. If you do not see this option, press F12 (Configure) > set the option Provide Reference No. and Date as Yes.
 - B. If you need to use this option only for the current voucher, press Ctrl+I (More Details) > type or select Provide Reference No. and Date > and press Enter.
4. Provide the details of the goods at the source.
 - A. Source (Consumption): Select the items consumed as raw material.
 - B. Specify Quantity.

The Rate and Amount field gets prefilled if you have specified it for the goods selected.

5. Provide the details of the goods at the destination.
 - A. Destination (Production): Select the items delivered as finished products.
 - B. Specify Quantity.

The Rate and Amount field gets prefilled if you have specified it for the goods selected.
6. Provide Narration, if needed

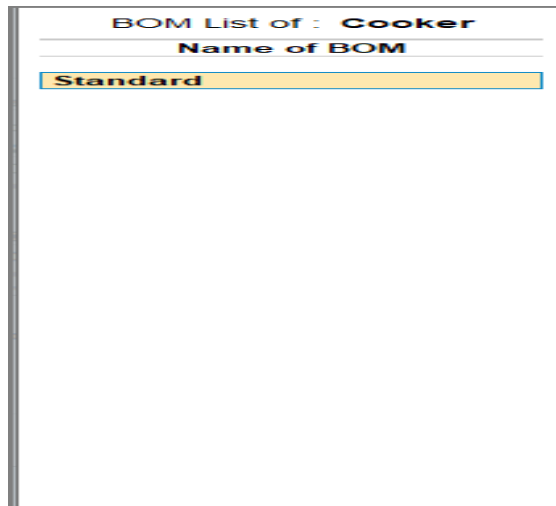
Source (Consumption)				Destination (Production)			
Name of Item	Quantity	Rate	Amount	Name of Item	Quantity	Rate	Amount
Sugar Cane	100 Kgs	7.00/Kgs	700.00	Sugar	10 Kgs	53.90/Kgs	539.00
			100 Kgs				539.00

Narration: _____

7. As always, press Ctrl+A to save.

2.12 Single/Multiple Bill of Materials for a Stock Item :

1. Create a stock item.
2. Enable BOM for the stock item and specify the BOM and component details.
 - a. In the Stock Item Creation screen, set the option Set Components (BOM) to Yes and press Enter.
 - b. Stock Item Multi Components (MBOM) screen appears as shown below
3. Specify the BOM name and details.
 - a. Under the Name of BOM specify the name as Standard and press Enter.



- b. The Stock Item Components (BOM) screen appears.
4. Specify the stock item components of the BOM.
- A. Unit of manufacture: Specify the appropriate number of finished products that will be manufactured by using the components entered in the component list.
 - B. Item: In this field the raw materials that are required to manufacture the finished goods.
 - C. Godown: Select the godown from which the item will be taken.
 - D. Quantity: In this field, mention the quantity of stock item required to manufacture the finished goods.

BoM Name	:	Standard
Components of	:	Cooker
Unit of manufacture	:	1 Nos
Item	Godown	Quantity
Handle	Main Location	1 Nos
Pot	Main Location	1 Nos
Rubber	Main Location	1 Nos
Whistle	Main Location	1 Nos

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

If you want to add one more BOM for this item, enter the new BOM name under the Standard BOM and press Enter.

BOM List of : Cooker	
Name of BOM	
Standard	Double Rubber

2.13 Single/Multiple Bill of Materials with Type of Item :

In Tally Prime, you can create Bills of Materials (BoMs) for manufacturing processes and account for co-products, by-products, or scrap as well.

For example, in the manufacturing process of sugar, you can create a BoM that includes the main ingredients consumed to produce sugar, along with any co-products such as molasses or by-products such as bagasse or scrap generated during the process. This allows for comprehensive tracking and management of all components involved in the manufacturing process.

1. On **Stock Item Components (BOM)** screen, press **F12** (Configure) > set and **Define Type of Component for BOM** to Yes to define the type of components.

On enabling this option, a new column **Type of Item** will appear in the **Stock Item Components (BOM)** screen.

2. Specify the stock item components of the BOM with the type of item.
 - A. **Item :** In this field the raw materials that are required to manufacture the finished goods.

- B. **Type of Item :** In this field select the appropriate type for the item selected.
 - **By-Product :** Select this classification for the stock items which are produced as By-Product of finished goods.

Component: Select this classification for the Raw materials /inputs which are used or consumed for the production of finished goods.

Co-Product: Select this classification for the stock items which are produced as Co-product of finished goods.

Scrap: Select this classification for the stock item produced as scrap in the process of manufacture of finished goods.
 - C. **Quantity:** Mention the quantity of stock items required to manufacture the finished goods.
- 3. **Rate (%):** In this field, you can specify the percentage of the cost of components to be considered to determine the cost of production of Co- products/By-Products/Scrap.
- 4. Press Enter to save the Stock Item components.
- 5. Specify other required details in the stock item master.
- 6. Accept the screen, As always, you can press Ctrl+A to save.

2.14 Conclusion:

Inventory management in Tally Prime plays a crucial role in ensuring efficient stock tracking, accurate financial reporting, and smooth business operations. The software allows businesses to manage inventory effectively by enabling features such as stock groups, categories, multiple godowns, and tracking numbers, helping businesses stay organized.

In summary, Tally Prime's inventory management system is a robust tool for businesses to streamline stock control, improve operational efficiency, and maintain financial accuracy. By leveraging its features, businesses can ensure better inventory visibility, minimize stock-related errors, and drive overall growth.

Exercise:

Q.1 Long Question:

1. How do you create and use stock items in Tally Prime for effective inventory management?

2. What is the process for deleting stock items in Tally Prime, and what precautions should be taken before deleting them?
3. How do you create units of measurement (UOM) for stock items in Tally Prime, and how does this impact the management of stock quantities?
4. What is the procedure for creating stock groups in Tally Prime, and how do they help in organizing and categorizing your inventory?
5. How can you create stock categories in Tally Prime, and how do they assist in better stock management and reporting?
6. What steps do you need to follow to create godowns or locations in Tally Prime, and why is it important to track stock across different godowns?
7. How can you create multiple godowns or locations in Tally Prime, and what are the benefits of managing stock across several warehouses?
8. What is the concept of Bill of Material (BOM) in Tally Prime, and how do you create and use BOM to manage production processes and raw materials effectively?
9. What is a Stock Journal in Tally Prime, and how can it be used to adjust stock quantities, transfer items between godowns, or make stock corrections without a purchase or sales transaction?
10. How can you create and manage single or multiple bills of materials (BOM) for a stock item in Tally Prime, and what advantages does this offer in terms of managing different product variants?
11. How do you manage single or multiple bills of materials with different types of items in Tally Prime, and how does this impact the production and inventory management process?
12. What is the procedure for deleting stock items in Tally Prime, and how can you ensure that the deletion does not affect any active transactions or reports?

Q.2 Multiple choice questions (MCQs)

1. Which of the following features must be enabled to manage inventory in Tally Prime?

- a) Accounting Features
- b) Inventory Features
- c) Payroll Features
- d) Voucher Features

Answer: b) Inventory Features

2. In Tally Prime, which voucher is used to record the purchase of stock items?

- a) Sales Voucher
- b) Purchase Voucher
- c) Receipt Voucher
- d) Payment Voucher

Answer: b) Purchase Voucher

3. Which of the following can be used to track stock at different locations in Tally Prime?

- a) Stock Categories
- b) Stock Groups
- c) Multiple Godowns
- d) Sales Vouchers

Answer: c) Multiple Godowns

4. Which of the following stock valuation methods is supported by Tally Prime?

- a) FIFO (First In, First Out)
- b) LIFO (Last In, First Out)
- c) Weighted Average
- d) All of the above

Answer: d) All of the above

5. To track individual items or batches in inventory, which feature should be enabled in Tally Prime?

- a) Tracking Numbers
- b) Stock Groups
- c) Stock Categories
- d) Units of Measurement

Answer: a) Tracking Numbers

6. In Tally Prime, which report shows the summary of stock items and their quantities?
- a) Stock Summary
 - b) Trial Balance
 - c) Profit & Loss Account
 - d) Balance Sheet

Answer: a) Stock Summary

7. Which of the following is used to record the transfer of stock between different godowns in Tally Prime?
- a) Stock Journal
 - b) Stock Transfer Voucher
 - c) Purchase Voucher
 - d) Sales Voucher

Answer: b) Stock Transfer Voucher

8. In Tally Prime, which of the following is used to define the measurement unit for stock items?
- a) Stock Categories
 - b) Stock Groups
 - c) Units of Measurement (UOM)
 - d) Tracking Numbers

Answer: c) Units of Measurement (UOM)

9. What happens when you record a sales transaction in Tally Prime related to an inventory item?
- a) Stock quantity decreases
 - b) Stock quantity increases
 - c) Stock remains unchanged
 - d) Stock is transferred to another godown

Answer: a) Stock quantity decreases

10. Which of the following is a benefit of enabling multiple godowns in Tally Prime?
- a) Ability to track stock across different locations
 - b) Simplifies accounting entries
 - c) Prevents stock from being sold
 - d) Increases stock quantity

Answer: a) Ability to track stock across different locations

Q.3 Answer the following statements are true or false.

1. Inventory management in Tally Prime can be used to track stock quantities in multiple godowns.: True
2. In Tally Prime, you cannot create stock items without enabling inventory features.: True
3. Tracking numbers can be used to manage serial numbers or batch-wise inventory in Tally Prime.: True
4. Stock transfers between different locations can be recorded using a Purchase Voucher in Tally Prime.: False
5. Tally Prime automatically updates stock quantities in real-time when sales or purchase transactions are recorded.: True
6. Tally Prime supports only the FIFO (First In, First Out) stock valuation method.: False
7. You can define Units of Measurement (UOM) for stock items in Tally Prime to manage different measurement units.: True
8. You can view detailed reports on stock levels and valuation in Tally Prime.: True
9. Stock items in Tally Prime can only be tracked by quantity, not by value.: False
10. In Tally Prime, once you record a sales voucher, the stock quantity will automatically increase.: False

Unit - 3

Entry of Inventory (Stock) Voucher

- 3.1 Introduction**
- 3.2 Types of Inventory (Stock) Vouchers**
 - 3.2.1 Purchase Order Voucher**
 - 3.2.2 Sales Order Voucher**
 - 3.2.3 Inventory (Stock) Journal Voucher**
 - 3.2.4 Sales returns Order Voucher/Reject In**
 - 3.2.5 Purchase return Order Voucher/Reject Out**
 - 3.2.6 Inventory (Stock) Transfer Voucher**
- 3.3 Review and Finalization of Voucher**
- 3.4 Shortcuts for Inventory (Stock) Vouchers**
- 3.5 Example**
- 3.6 Summary**
- Exercise**

3.1 Introduction:

Inventory Management is one of the key features of Tally ERP 9 Prime that helps you to manage inventory (stock), track inventory status and generate reports. For this, the following steps need to be taken.

Enable Inventory (Stock) option: Enable the option when creating a company to start using inventory features.

Create Inventory (Stock) items options: Go to Inventory menu and create inventory items for all the products that you want to track inventory status.

Inventory (Stock) Vouchers: You can create and register purchase, sales, and stock daily vouchers to manage inventory (Stock).

By entering inventory vouchers in Tally ERP 9 Prime, you can track the status of your inventory transactions such as purchases, sales, inventory (Stock) adjustments, and transfers.

There are most common types of inventory vouchers in Tally, such as purchase, sale, inventory (Stock) journal and stock transfer vouchers. Let's discuss and understand each of them in brief and how to enter in the tally.

1. Enabling the inventory feature : Before you start working with inventory, make sure the inventory feature is enabled for the company.

➤ **Creating a company with inventory feature :**

When creating a company, make sure you enable the inventory management option.

- Go to Gateway of Tally and Create Company
- Under the features section, select the Inventory Management and press or click Yes option.

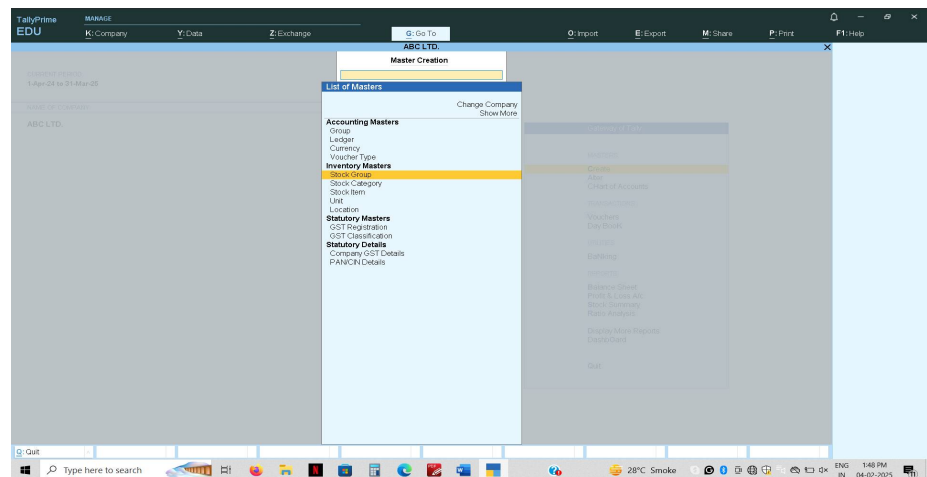
➤ **Create Inventory (Stock) Items :** You need to create stock items for all the products you deal with or all the products in which company transacts.

In short, the following procedure should follow for above task : Go to Gateway of Tally > Inventory Info > Stock Item > Create.

- Fill all the details such as the name of the items. units of measurement (e.g., meters, kilograms, etc.), and other details.

Steps to enter basics details related to different types of Inventory(stock) vouchers: There are many basics types of inventory (Stock) in use; Let us understand them through example and take an overview of each.

Going into - Gateway of Tally and Go to the masters creation and select create, which will display on a screen like this:



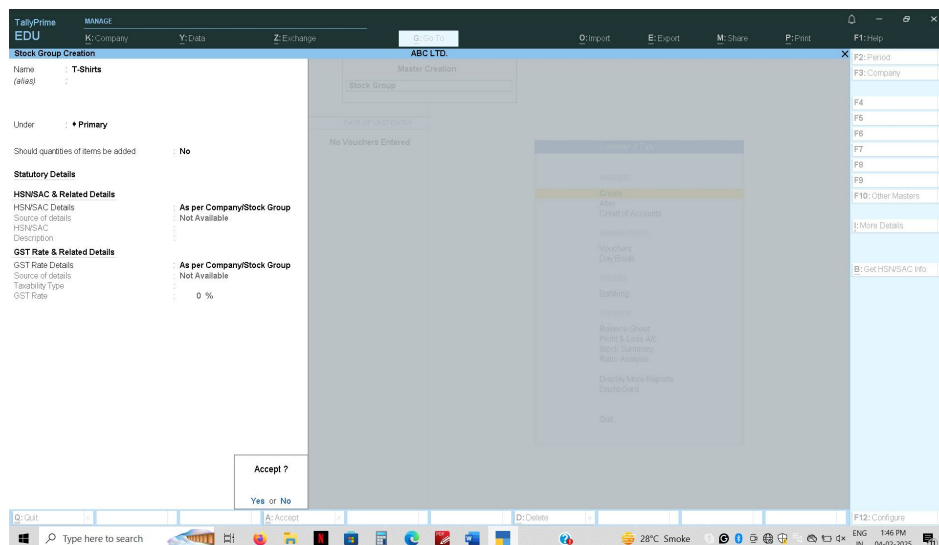
Lets take an exercise in which, Stock items, Rate, Inventory (stock) Quantity and Amount are there now we will understand how to do it in inventory masters and create all the sub types of it.

Stock items	Rate	Inventory Quantity	Amount
Peter Eng. shirts M	800	2 pcs	1600
Armani T-Shirts XL	1200	5 pcs	6000
Arrow Trousers 28	1200	3 pcs	3600
Allen Solly trousers 32	1400	5 pcs	7,000

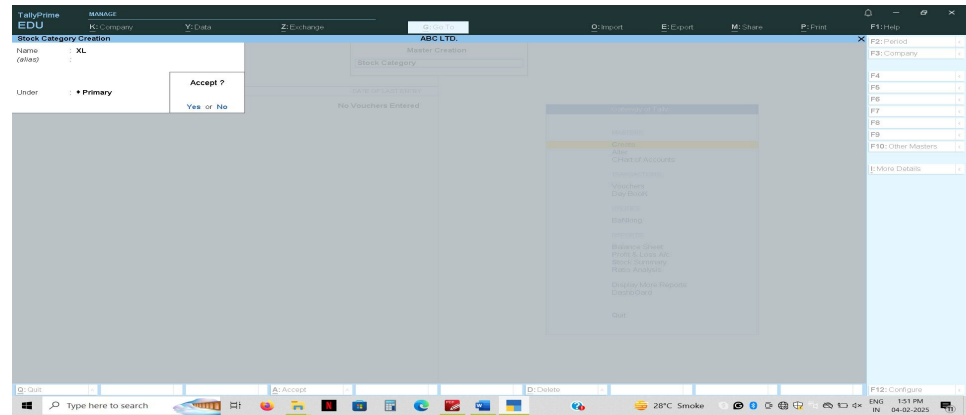
Answers: arranged this above table into the needs of Tally an first column is stock group in Inventory Masters so put first in table.

(Inventory) Stock groups	Units	(Inventory) Stock items	Category
Shirts	pcs	Peter Eng. shirts M	M
T-shirts	pcs	Armani T-Shirts XL	XL
Trousers	pcs	Arrow Trousers 28	28
Trousers	pcs	Allen Solly trousers 32	32

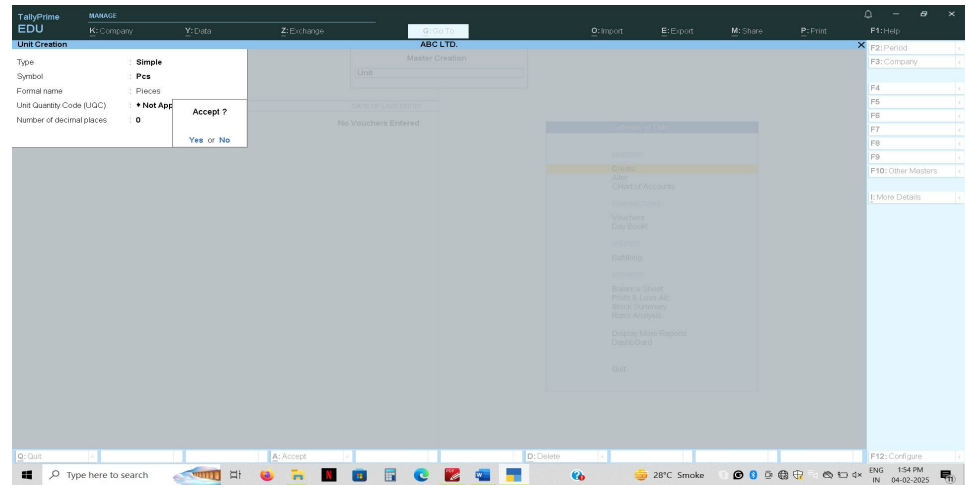
With all these above given table details, Select the stock group option from Inventory Masters. As per the table above and an example T-shirts is considered as a Stock group, which appears on this screen then in all the other details press Enter and finally select the yes option in Accept.



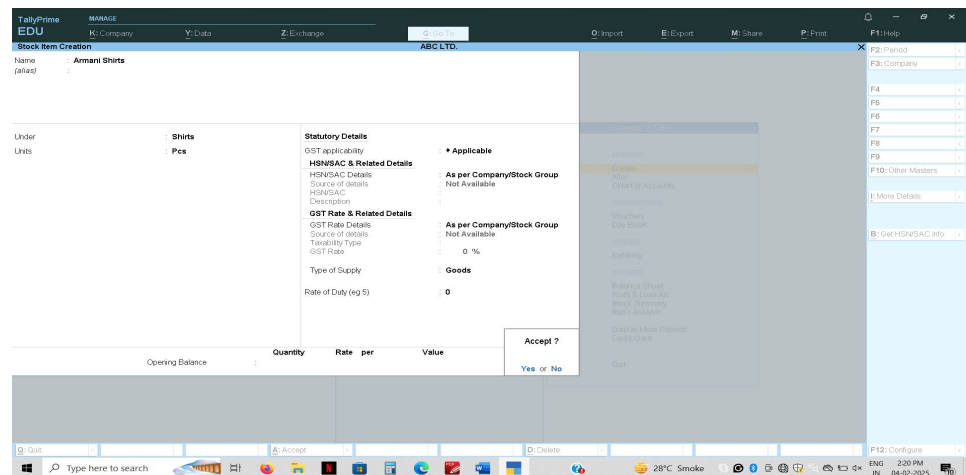
With all these above given table details, Select the stock category creation option from Inventory Masters. As per the table above and an example XL is considered as a stock category, which appears on this screen. Then in all the other details press Enter and finally select the yes option in Accept.



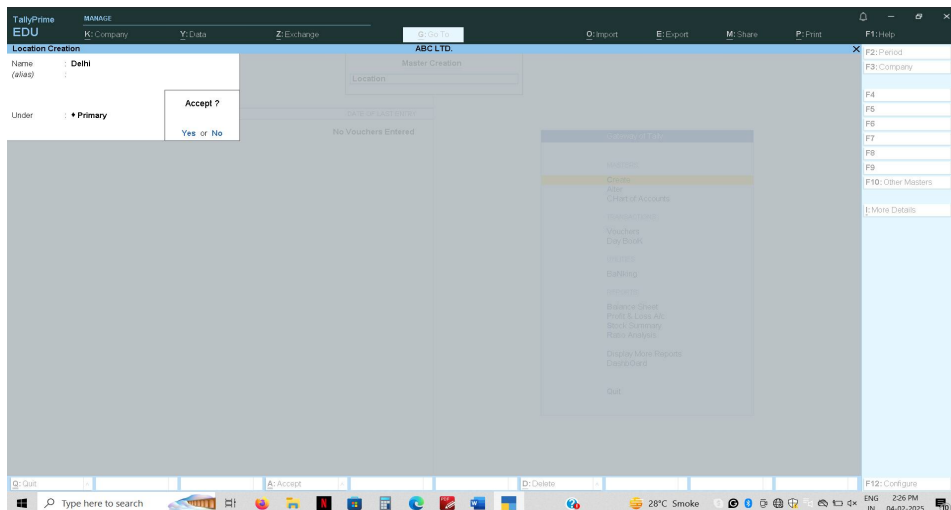
With all these above given table details, Select the unit creation option from Inventory Masters. As per the table above and an example pcs (pieces) is considered as a unit, which appears on this screen. Then in all the other details press Enter and finally select the yes option in Accept.



With all these above given table details, Select the stock item creation option from Inventory Masters. As per the table above and an example - Armani shirts is considered as a stock item which appears on this screen. Then in all the other details press Enter and finally select the ves option in Accept.



With all these above given table details, Select and Choose the location option, when a company has warehouses in more than one location and for example one is in Delhi, which appears on the screen and other is in somewhere else like Rajasthan. Then in all the other details press Enter and finally select the yes option in Accept.



Note: I have taken multiple examples in illustration, here I have show only one out of it you can practice other three illustrations.

3.2 Types of Inventory (stock) Vouchers:

There are mainly six types of Inventory (stock) Vouchers, which are as follows and discussed in details.

- 1 Purchase Order Voucher
- 2 Sales Order Voucher
- 3 Inventory (Stock) Journal Voucher
- 4 Sales returns Order Voucher /Reject In
- 5 Purchase return Order Voucher /Reject Out
- 6 Inventory (Stock) Transfer Voucher

3.2.1 Purchase Order Voucher :

Purchase vouchers are used when you purchase goods or raw materials and you need to maintain inventory. There is a need to update the status of the increase or decrease in (stock) or when your business has more credit purchase, multiple product or raw materials in heavy quantity and number of order is also more.

Steps to enter a purchase Order voucher:

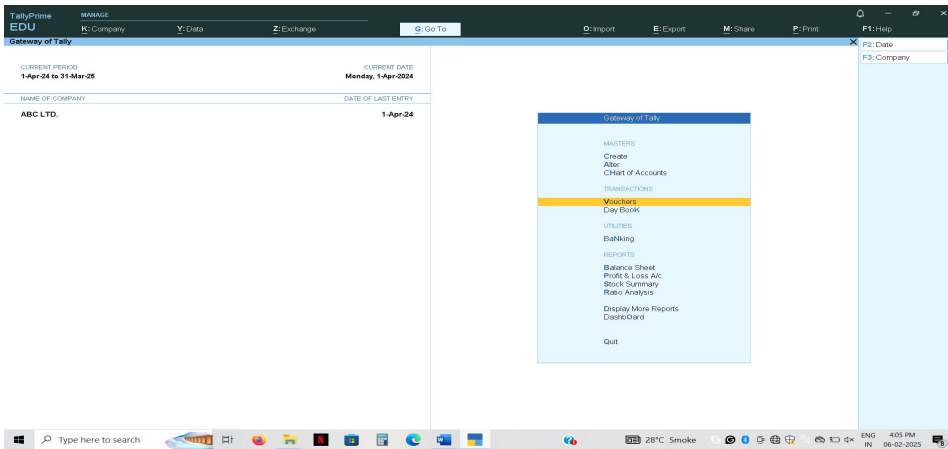
1. Go to Gateway of Tally
2. Select Vouchers or press F9. (Short cut Key - F9).
3. Choose/ select - Purchase Voucher or press Ctrl + F9. (Short cut Key of Purchase Voucher Ctrl + F9)
4. In the voucher registration screen, you enter the following options:
 - Date: Select the purchase date.
 - Party account name: Select supplier's ledger. If the name is not created, you can add/create a new supplier name.
 - Supplier's Ledger: This is the account in which the purchase Account will be recorded/selected. If not created, you can add/create one (e.g., "Purchase Account").
 - Inventory (stock) item: In the next line, you will select the inventory (stock) item that you are purchasing.
 - Inventory (Stock) Item Category: Select the category of the purchased item (if not created, create it).
 - Quantity: Enter the quantity of items purchased.
 - Rate: Enter the rate per unit.
 - Amount: The total amount will be calculated automatically.
 - GST: If you are dealing with GST, you can select the relevant tax ledger rate (e.g., GST 18% and GST 5%, etc.) under the Tax column.
 - Cost Center: If applicable, you can also allocate purchases to specific cost centers.
5. Check the total amount and verify that everything is correct (e.g., tax and total amount).
6. Accept the voucher by pressing Enter.

Let's understand with an example.: Suppose you are a purchasing goods from supplier – Ankit Kumar and are buying 2 Unit (Qty.) of Armani Shirts each ₹ 800. So in such a case / situation:

- Party Name: Supplier - Ankit Kumar
- Inventory (stock) item: product

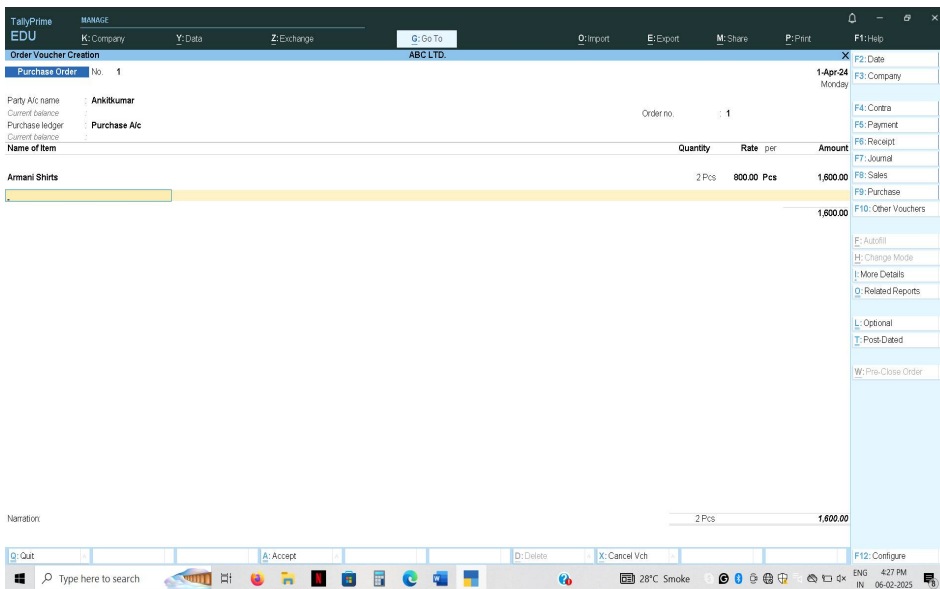
- Armani Shirts
- Quantity: 2 Unit
- Rate: ₹ 800
- Amount: ₹ 1600

Now to enter the purchase order voucher through Selecting the voucher option. Which appears on the screen.



After selecting the voucher, select Purchase Order Voucher. In which this type of screen appears.

As per the example above, Select the name of the supplier and create an account if one does not exist and record all the details like mention above in example.



3.2.2 Sales OrderVoucher :

Sales vouchers are used when goods are sold and the inventory (stock) level needs to be updated accordingly. There is a need to update the status of

the increase or decrease in (stock) or when your business has more credit sales, multiple product in heavy quantity and number of sales order is also more.

Steps to enter a sales voucher:

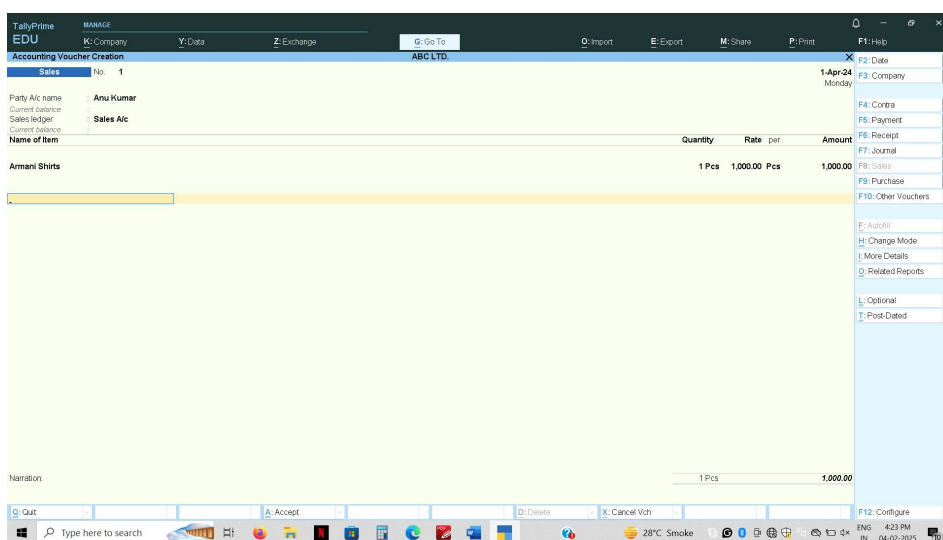
1. Go to Gateway of Tally
2. Select a voucher or Press F8. (short Cut Key F8).
3. Select a sales voucher or Press Ctrl + F8. (short Cut Key of Sales Voucher Ctrl + F8)
4. In the voucher registration screen, you enter the following option:
 - Date : Select the sales date.
 - Party Account Name: Select the customer's ledger. If the name is not created, you can add/create a new customer name.
 - Sales Ledger: This is the account where the sales account is recorded/ selected. If not created, create the sales account.
 - Inventory (stock) item: In the next line, select the item that is being sold.
 - Inventory (Stock) Item Category: Select the category of the item sold (if not created, create it).
 - Quantity: Enter the quantity of items sold.
 - Rate: Enter the rate per unit.
 - Amount: The total amount will be calculated automatically.
 - GST: If you are dealing with GST, you can select the relevant tax ledger rate (e.g., GST 18% and GST 5%, etc.) under the Tax column.
 - Cost Center: If applicable, you can also allocate sales to specific cost centers.
5. Check the total amount and verify that everything is correct (e.g., tax and total amount).
6. Accept the voucher by pressing Enter.

Let's understand with an example:

- Suppose you are a sold the goods to Customer - Anu Kumar, one Unit (Qty.) of a ARMANI SHIRTS for 1000. So in such a case / situation:
- Party Name: Customer - ANU KUMAR

- Inventory (stock) item: ARMANI SHIRTS
- Quantity: 1 unit
- Rate: ₹ 1000
- Amount: ₹ 1000

Now to enter the sales order voucher by selecting the voucher option and after selecting the voucher, select Sales Order Voucher. In which this type of screen appears. As per the example above. Select the name of the customer and if not, create an account for it and fill all the other details given in the examples as explained above.



3.2.3 Inventory (Stock) Journal Voucher

Stock Journal is used to make adjustments to stock, such as transferring items between the locations, adjusting defective goods, or correcting stock.

Steps to enter a stock Journal voucher:

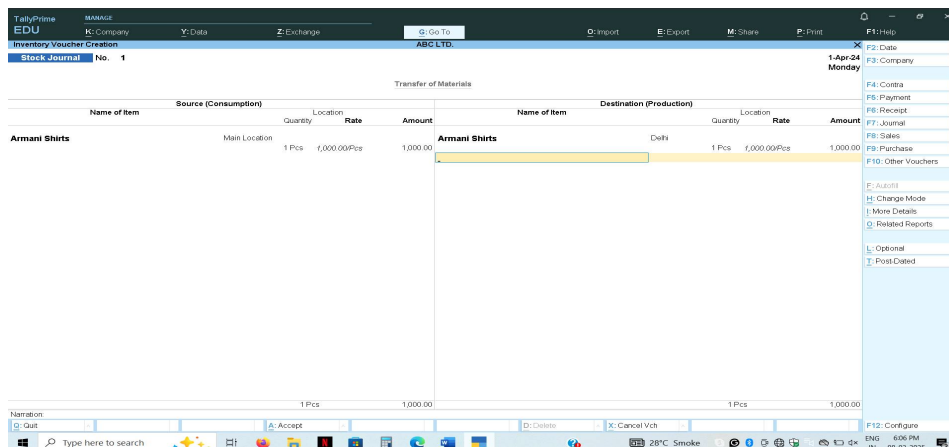
1. Go to Gateway of Tally
2. Select a voucher or Press F7. (short cut Key F7).
3. Choose / select the stock Journal voucher or Press Ctrl + F7. (short cut Key for Stock Journal Voucher Ctrl + F7)
4. In the voucher registration screen, you enter the following option:
 - Date: Select the date of stock adjustment.
 - Inventory (stock) item: Select the inventory (stock) item being adjusted.

- From: Select the location from which the stock is being transferred or adjusted.
 - To: Select the location where the stock is being delivered or where the stock is being transferred (if applicable).
 - Quantity: Enter the quantity of stock being adjusted or transferred.
 - Rate: Enter the stock rate.
 - Amount: The total amount will be calculated automatically.
 - Reason: You can enter the reason for the stock adjustment (e.g., defective and transferred).
5. Accept the voucher.

Let's understand with an example:

- If you are transferring / moving 1 unit of Product - ARMANI SHIRTS from main godown/warehouse to DELHI godown / warehouse, then the process to enter this transaction:
- Stock item: Product - ARMANI SHIRTS
- From whom: main Warehouse
- Place: DELHI Warehouse
- Quantity: 1
- Rate: ₹ 1,000
- Amount: ₹ 1000

Now for entering Stock Journal Voucher. Go to Journal and select stock journal. This type of screen will appear.



For entry in Tally ERP 9 Prime, Sales return Order and the purchase return Order, you will need to use appropriate vouchers that reflect the return of goods sold or purchased. Below are the detailed steps to register sales returns and purchase returns.

3.2.4 Sales returns Order Voucher / Reject In: Sales return Order

Vouchers are used when goods sold to customers are returned.

Steps to register a sale return:

1. Go to Gateway of Tally:
 - Open Tally software, enter the sales return Order for the company you are working for and select the one you want to register.
2. Select Vouchers
 - Alternatively, you can select an inventory voucher by choosing/ Select Rejection in or press Ctrl + F6.
3. Select voucher type:
 - If you already have a sales return Order Voucher type, then select it, if not you can create, new one and save the voucher type.
4. Select the Customer option:
 - Select the customer account name that the customer is returning the goods.
5. Enter the item:
 - In the details, select the item being returned.
 - Enter the quantity and rate of the goods being returned.
 - Will automatically reduce stock in Tally and adjust sales amount.
6. GST if applicable:
 - If the items being returned are subject to GST, ensure that the relevant GST ledger (e.g., GST and Output Liability) is selected and the correct GST rate is applied.
7. Financial impact:
 - customer account: it will be done to indicate the amount being reduced from the balance in the customer's account.

- Credit to Sales Account: Crediting to the Sales Account will reduce sales revenue.
 - Credit to GST account: If GST is involved, reduce the GST payable by crediting the relevant GST account (e.g., GST and Output Liability).
8. Save the voucher.
- After entering the details, press Enter and select the save option in the voucher.

Let's understand with an example:

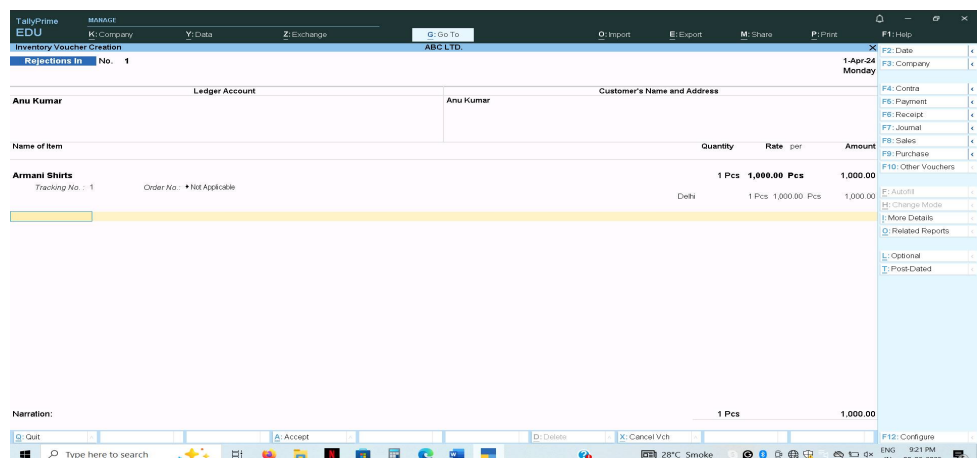
Suppose that Company ABC Ltd has one Customer- Anu Kumar and who is returning 1 unit of the Product Armani shirts (1000 Per unit, with 18% GST).

- Customer: Anu Kumar
- Product: Armani shirts
- Quantity: 1 Units
- Rate: ₹ 1000Unit
- GST rate: 18%

Voucher registration will be as follows:

- customer name: Anu Kumar ₹ 1180 (for goods ₹ 1000 + ₹ 180 GST)
- Credit: Sales (Product - Armani shirts) ₹ 1000
- Credit: GST Output Liability (18%) ₹ 180

This type of screen will appear.



3.2.5 Purchase return Order Voucher registration / Reject out: it is used when goods purchased from suppliers are returned.

Steps to register a Purchase return Order voucher:

1. Go to Gateway of Tally:
 - Open Tally software and select the company for which you want to record the purchase return.
2. Going into Gateway of tally and Select the Vouchers:
 - In the Gateway of Tally, Select the Inventory Vouchers option.
 - Alternatively, Going into Inventory Vouchers, Select the Reject Out option or press Ctrl. + F5 for Purchase order vouchers.
3. Select voucher type:
 - If you already have a purchase return Order Voucher type, then select it. If not, you can create it by following these steps:
 - Create by going to the voucher type.
 - Select Purchase Return as the type and give it an appropriate name (e.g., Purchase Return).
 - Save the voucher type.
4. Select the supplier's name:
 - Party Account Name: Select the supplier from whom the goods were purchased.
5. Enter the name of the item:
 - Detail: Select the item being returned in this.
 - Enter the quantity and rate of the goods being returned.
 - Will automatically update the stock in Tally to reflect the returned goods.
6. GST if applicable:
 - If the items being returned are subject to GST, ensure that the relevant GST ledger (e.g., GST Input Credit) is selected and the correct GST rate is applied.
7. Financial entries impact:
 - Credit to Supplier Account: A credit will be made to the supplier's account to reflect the amount reduced from the amount payable.
 - Purchase Account: The purchase account will be borrowed to refund the original nurohe

- Debit GST account: If GST is involved, reduce the GST input credit by debiting the relevant GST account (e.g., Input GST).

8. Save the voucher:

- After entering the details, press Enter and save the voucher.

Let's understand with an example:

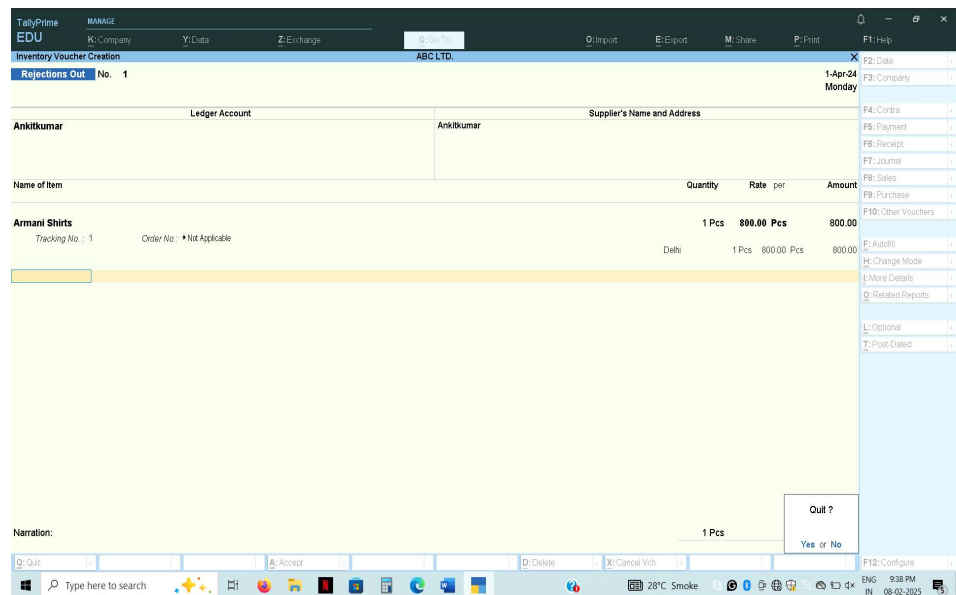
Suppose ABC Company purchased 1 unit at 800 Per unit, with 18% GST of Armani Shirts from Ankit Kumar and goods returned due to defect in goods.

- Supplier Name: Ankit Kumar
- Product: Armani Shirts
- Quantity: 1 unit
- Rate: ₹ 800 Unit
- GST rate: 18%

Voucher registration can be done as follows:

- Debit: Ankit Kumar ₹ 944 (800 of goods + GST of ₹ 144)
- credit: Purchase (Armani Shirts) ₹ 800
- credit: GST Input (18%) ₹ 144

This type of screen will appear.



Important notes:

- Update Stock: Both sales returns and purchase returns will automatically update stock levels based on the quantity being returned.

- GST Adjustment: Ensure that the correct GST ledger is selected; as sales and purchase returns affect the will affect your GST liabilities and credits.
- Creating an account group: Make sure you have selected the required account (e.g. Sales Return, Purchase Return and GST Account) in the chart of accounts before registering.

By following these steps, You can accurately record sales and purchase returns in Tally ERP 9 Prime.

3.2.6 Inventory (Stock) Transfer Voucher

Stock transfer vouchers are typically used when transferring goods from one location to another (without involving sale or purchase).

Steps to enter a stock transfer voucher in tally ERP-9 prime:

1. Go to Gateway of Tally.
2. Select Vouchers or press Ctrl + F4. (shortcut Key- Ctrl+ F4).
3. Select Stock Transfer
4. In the voucher registration screen, you enter the following options: (Follow the same steps as for the stock journal):
 - Date: Select the date of the change.
 - From or To: Select the location from which the inventory (stock) is being transferred.
 - Location: Select the location where the inventory (stock) transfer is being made.
 - Inventory (stock) item: Select the stock item being transferred.
 - Quantity: Enter the quantity transferred.
 - Rate: Enter the stock rate.
 - Amount: The total amount will be calculated automatically.
5. Accept the voucher.

Let's understand through an example:

- If you are transferring 30 units of product D from warehouse A to warehouse B enter this transaction:
- From the place: Warehouse A
- Location: Warehouse B
- Inventory (stock) item: Product D

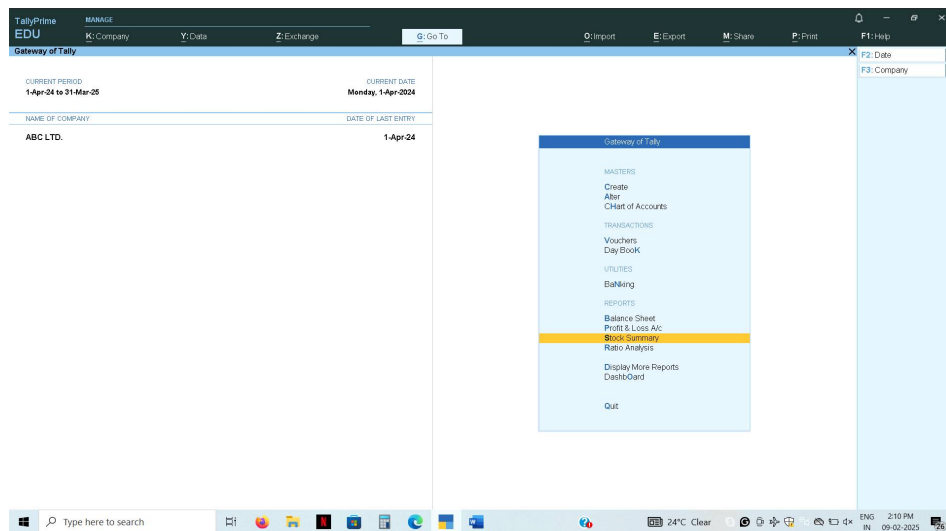
- Quantity: 30 units
- Rate: ₹ 120
- Total amount: ₹ 3600

3.3 Review and finalize vouchers:

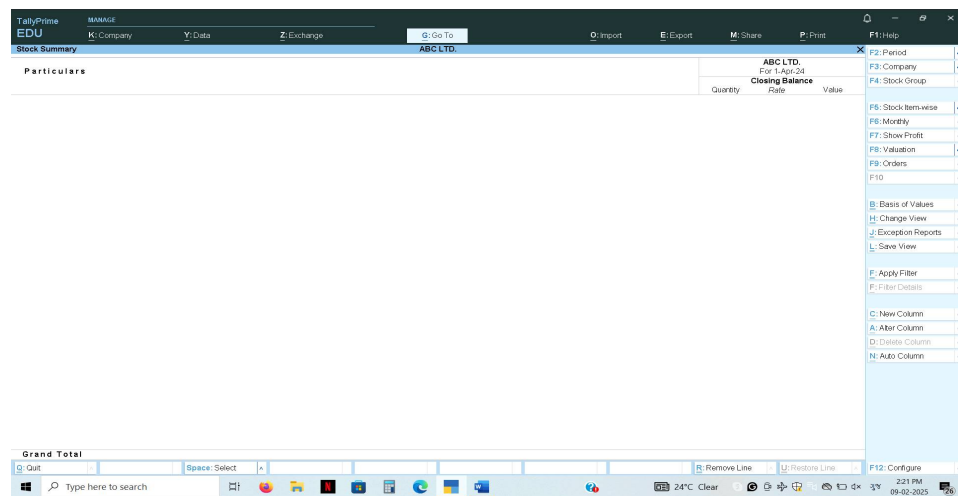
After entering the inventory voucher in Tally ERP-9 Prime, it will automatically update the stock level and generate or display the necessary transaction entries. It will adjust the inventory quantity and cost in the relevant accounts, such as purchase, sale and others.

- Inventory (Stock) Reports: After entering the voucher, the following process will take place to know the inventory (stock) reports.
- You can view your stock status by going to the Gateway of Tally and selecting the Inventory Info. option and then going to the Stock Summary option.
- Accounting Reports: Similarly, accounting reports such as profit and loss and cash flow statement show the records related to inventory (stock).

In any company, This type of screen is seen to view all the options of stock summary.



This screen shows the reports section and all the options in the stock summary are visible on this screen, which shows the shortcut key for changing period press F2, shortcut key to change company if there is more than one company then press F3, press F4 for stock group, press F5 for stock wise items, press F6 for monthly, press F7 for profit, press F8 for to know the valuation and press F9 to know the order.



3.4 Shortcuts for Inventory (Stock) Vouchers :

- F9: Using F9 in purchase vouchers.
- F8: Using F8 for sales vouchers.
- Ctrl + F7: Use Ctrl + F7 for inventory (stock) reconciliation.
- Ctrl + F4: Use Ctrl + F4 for inventory (stock) transfer.
- Alt + I: Use Alt + I to view the inventory (stock) report.

3.5 Example :

Here are some examples for all types of inventory vouchers of Tally ERP 9 Prime. These examples cover Purchase order Voucher, Sales order Voucher, Stock Journal and Stock Transfer Voucher.

1. Example of a purchase order voucher

Case-1: You purchase 100 units of "Product A" from "Supplier X" on 15th January at ₹ 50 each, including 18% GST.

Solution: There are some specific steps that need to be followed while entering the purchase order voucher :

1. Go to the Gateway of Tally.
2. Select Vouchers or press F9.
3. Select the purchase voucher or press Ctrl + F9.
4. Enter the following details:
 - Date: 15-Jan

- Party Name: Supplier X (select or create a ledger for "Supplier X").
- Purchase Ledger: Purchase Account (You can also create this ledger under Group: Purchase Account).
- Stock item: Product A (Create this stock item under Stock item in inventory info.).
- Quantity: 100
- Rate: ₹ 50
- Amount: ₹ 5000 (100 units × 50 each)
- GST: Select the rate of 18% in GST or create a GST ledger under the head of Duties and Taxes, if not already created.

5. Accept the voucher by pressing Enter.

Voucher registration example:

Account Name	Amount
Supplier X Dr.	₹ 5900
To purchase account	₹ 5000
To GST input 18%	₹ 900

2. Example of a sales order voucher

Case-2: Sold 50 units of "Product B" to "Customer Y" on 20th January at a price of ₹ 100 each including 18% GST.

Solution: There are some specific steps that need to be taken while entering the sales order voucher:

1. Go to the Gateway of Tally.
2. Select Vouchers or press F8.
3. Select Sales Voucher or press Ctrl + F8.
4. Enter the following details:
 - Date: 20-Jan
 - Party Name: Customer Y (select the ledger for "Customer Y" and create it if not).

- Sales Ledger: Sales Account (Create Sales Account in Group, under Sales Ledger).
 - Stock item: Product B (Create this product B by going to Stock items under Inventory information).
 - Quantity: 50
 - Rate: ₹ 100
 - Amount: ₹ 5000 (50 units × ₹ 100 each)
 - GST: Select GST 18% (or create a GST ledger under duties and taxes, if not already created).
5. Accept the voucher by pressing Enter.

Voucher registration example:

Account Name	Amount
Customer Y Dr.	₹ 5900
To sales account	₹ 5000
To GST 18% (output)	₹ 900

3. Example of stock journal voucher

Case-3: You transfer 20 units of "Product C" from Warehouse A to Warehouse B on January 25th.

Solution: There are some specific steps that need to be taken while entering stock journal voucher:

1. Go to the Gateway of Tally.
2. Select Vouchers (or press Ctrl + F7).
3. Select the stock daily.
4. Enter the following details:
 - Date: 25-Jan
 - Stock item: Product C (This stock item should be created in advance under inventory information)

- From or to: Warehouse A in stock group (make sure you have created Warehouse A as a stock group under Inventory Information).
- Where it came from: Warehouse B in the stock group (make sure you have created Warehouse B as a stock group under Inventory Information).
- Quantity: 20
- Rate: ₹ 75
- Amount: ₹ 1500 (20 units × ₹ 75 each).

Accept the voucher by pressing Enter.

Voucher registration example:

Account Name	Amount
Warehouse B Dr.	₹ 1500
To warehouse A	₹1500

(Note: This is a simple transfer, So no entries are made to any accounts outside of the stock movement.)

4. Example of a stock transfer voucher

Case -4: On 28th January, 30 units of "Product D" were transferred from Warehouse A to Warehouse B, whose unit price is ₹ 120.

Solution: There are some specific steps that need to be taken while entering stock transfer voucher:

1. Go to the Gateway of Tally.
2. Select Vouchers (or press Ctrl + F4).
3. Select Stock Transfer.
4. Enter the following details:
 - Date: 28-Jan.
 - Stock item: Product D (this stock item must be made in advance).
 - From the place: Warehouse A
 - Where it came from: Warehouse B
 - Quantity: 30
 - Rate: ₹ 120
 - Amount: ₹ 3600 (30 units × ₹ 120 each).

5. Accept the voucher by pressing Enter.

Example of a voucher note:

Account Name	Amount
Warehouse B Dr.	₹ 3600
To warehouse A	₹ 3600

(Note: This is a transfer of goods without affecting cash or bank accounts, so no cash or liability is recorded.)

3.6 Summary :

- For Purchase Order Voucher: It is used when you buy stock and need to update your purchases and inventory.
- For Sales Order Voucher: It is used when you sell stock and need to update your sales and inventory.
- For Stock Journal: Used for inventory adjustments such as transfers or corrections between warehouses.
- For Stock Transfer: It is used when you transfer stock between locations without affecting it any financial Accounts.

Exercise :

Q.1 Multiple choice questions (MCQs)

1. For enabling Inventory features in Tally ERP 9 prime, which of the following steps is required to do?
 - A) Create a company
 - B) ON Company facilities/ features Under "Inventory Management"
 - C) Set "Inventory" as the default option for transactions
 - D) on company's characteristics
2. To record a Purchase Order voucher, which key should you press?
 - A) F8
 - B) F9
 - C) F10
 - D) Cr1 + F9

Answer: B) F9

3. What happens when you record a sales order voucher in Tally ERP 9?
- A) Only accounts details will Be updated
 - B) Both Inventory and Accounts details are updated.
 - C) Only inventory is updated
 - D) Not being updated.

Answer: B) Both Inventory and Accounts details are updated

4. When you Enter a purchase Order voucher in Tally, which of the following will be updated automatically?
- A) Sales ledger
 - B) Stock item and Quantity
 - C) Profit and loss account
 - D) Bank ledger

Answer: B) Stock item and Quantity

5. Which key do you use to enter Stock in stock (Journal) in Tally ERP 9?
- A) F7
 - B) F8
 - C) Ctrl + F7
 - D) Ctrl + F8

Answer: C) Ctrl + F7

6. Which of the following is not a type of inventory voucher in Tally ERP 9?
- A) Purchase Order Voucher
 - B) Sales Order Voucher
 - C) Receipt Order Voucher
 - D) Stock Journal Voucher

Answer: C) Receipt Order Voucher

7. While transferring stock from warehouse A to warehouse B, which voucher will you use in Tally?
- A) Purchase Order Voucher
 - B) Sales Order Voucher
 - C) Stock Journal voucher
 - D) Stock Transfer Voucher

Answer: D) Stock Transfer Voucher

8. When you create a stock item in Tally, what information do you need to enter?
- A) Name, rate, units and tax classification
 - B) Name, units and price
 - C) Name, units, tax classification and ware house
 - D) Name and units only

Answer: A) Name, rate, units and tax classification

15. When you create a stock group, what is its purpose?
- A) Grouping stock items for easy tracking and reporting
 - B) For define a set of stock transactions Accounts
 - C) To apply a specific tax rate to stock items
 - D) To define which suppliers the stock item will come

Answer: A) Grouping stock items for easy tracking and reporting

Q.2 Short and long type questions:

1. What is Inventory Vouchers (stock) ? explain.
2. What is Purchase Order Voucher? explain.
3. What is Sale Order Voucher? Explain.
4. What is Inventory (stock) journal voucher? explain.
5. What is Sales return Order Voucher / Reject In ? explain.
6. What is Purchase return Order Voucher / Reject out ? explain.
7. What is Inventory (Stock) Transfer Voucher ? Explain.
8. What is Voucher review and finalization? explain.
9. Give the short cut key for inventory (stock) vouchers.
10. Explain the process of Purchase Order Voucher in ERP-9 prime.
11. Explain the process of Sale Order Voucher in ERP-9 prime.
12. Explain the process of Inventory (stock) journal voucher in ERP-9 prime.
13. Explain the process of Sales return Order Voucher /Reject In in ERP-9 prime.
14. Explain the process of Purchase return Order Voucher /Reject Out in ERP-9 prime.
15. Explain the process of Inventory (Stock) Transfer Voucher in ERP-9 prime.
16. You are required to enter all these vouchers in Tally ERP-9 prime.
 1. Purchase Order Voucher (inventory purchase):
 - Product 100 units of "A" ₹ 50 Per Unit.
 - GST: 18% GST added.

- Amount: ₹ 5000 + ₹ 900 (GST) = ₹ 5900.
2. Sales Order Voucher (inventory sale):
- Sales: 50 units of "Product B" at ₹ 100/unit.
 - GST: 18% GST added.
 - Amount: ₹ 5000 + ₹ 900 (GST) = ₹ 5900.
3. Stock Journal Order Voucher (inventory adjustment transfer):
- Stock transfer: 20 units of "Product C" transferred from warehouse A to warehouse B.
 - Amount: ₹ 75 per unit.
4. Stock transfer voucher (inventory transfer):
- Stock transfer: 30 units of "Product D" transferred from warehouse A to warehouse B.
 - Amount: ₹ 120 per unit.

Unit : 4

Payroll, Price List and Sales Invoice

- 4.1 Introduction
- 4.2 Employee Group
- 4.3 Employee Configuring Payroll in Tally Prime
- 4.4 Salary Details
- 4.5 Unit
- 4.6 Attendances
- 4.7 Processing Payroll in Tally Prime
- 4.8 Accounting for Employer PF Contribution
- 4.9 Payment of Professional Tax
- 4.10 Generating Reports

□ Exercise

4.1 Introduction :

Tally Prime is a comprehensive accounting software, which is widely used for accounting process, inventories - stock management, payroll process and financial reports. From various features and usability, payroll, price list and sales invoice and other ongoing business. It also plays an important role in facilitating financial activities. This chapter describes in detail these key functionalities, which simplify processes such as calculating employee salaries, pricing products, and preparing sales invoices.

- ❖ **Payroll in Tally Prime :** Payroll management is extremely important for any business, especially for the employees working there. It is required for salary calculation, deductions, bonuses, and legal compliance (such as provident fund, employee insurance, professional tax).
- **Key features of Payroll in Tally Prime :**
 - ⇒ **Employee Management :** Employee details, salary structure, and department-wise information can be entered.
 - ⇒ **Pay units :** Salary can be calculated based on attendance, hours, or production.
 - ⇒ **Salary components :** Income (basic salary, allowances, overtime) and deductions (PF, tax, insurance) can be defined.
 - ⇒ **Salary slip Printing :** Automatic salary slips can be created and printed.

⇒ **Legal Compliance** : Compliance with regulations like PF, ESI and Income Tax can be ensured.

⇒ **Payroll Report** : Salary payments, employee-wise outgoing details, and tax reports can be prepared.

With the payroll feature in Tally Prime, businesses can easily manage payroll processing and financial records.

❖ **Price Catalogue in Tally Prime** : Price lists are essential for any business, which helps in standardizing the prices of products or services. Tally Prime provides the facility to create separate price list for different customer groups.

➤ **Key features of price list in Tally Prime** :

⇒ **Varied price list** : Separate price lists can be created for retailer, wholesaler, and distributors.

⇒ **Quantity based prices** : Discounts can be given based on the quantity purchased.

⇒ **Date wise prices** : Prices can be set based on the period. (For the growth of sales)

⇒ **Discount management** : Automatic discounts can be applied for specific customers or groups.

⇒ **Currency-based prices** : Price lists can be prepared in different currencies for the global market.

By using this feature, businesses can maintain consistency in the pricing of their products and services and increase profitability.

❖ **Sales Invoice in Tally Prime** : A sales invoice is an important document that shows the details of goods or services sold and their cost. Tally Prime provides an easy-to-use and GST-compliant invoice generation facility.

➤ **Key Features of Sales Invoicing in Tally Prime** :

⇒ **Invoice as per requirement** : Invoice as per business requirement can be prepared.

⇒ **GST-compliant invoice** : Automatic GST calculation and tax invoice generation.

⇒ **Various payment modes** : Cash, cheque, bank transfer or digital payment can be accepted.

⇒ **Automatic posting** : Posting of Sales book is automatically recorded in the ledger.

⇒ **E- invoice Implementation** : E- invoice as per the rules set by the government can be implemented.

⇒ **Invoice Tracking** : Outstanding payments, outstanding invoices, and payment reports can be generated.

By using the sales invoice feature through Tally Prime, businesses can simplify their sales process and comply with tax regulations .

4.2 Employee Group :

In Tally Prime Employee Group is very important for Payroll Management. It helps in grouping employees according to their department, position, salary structure, or responsibilities. This feature simplifies the payroll process, simplifies salary calculations, helps in management and makes systematic reporting accessible for business. Employee groups provide businesses with a streamlined approach to employee management and payroll.

❖ **Importance of employee groups in payroll management** : Employee groups make payroll management more efficient in Tally Prime. Its significance is as follows :

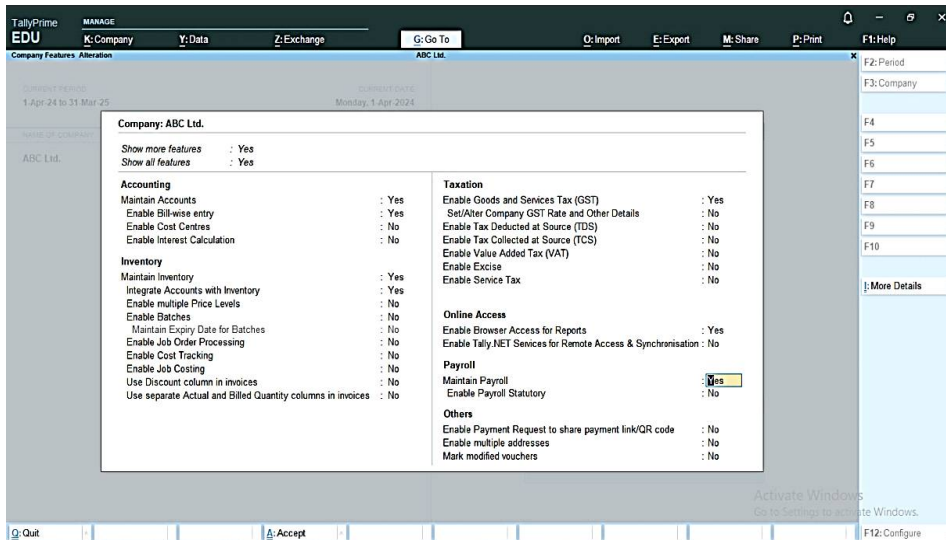
- **Handling a large number of employees** : Dividing employees into groups according to department or position can simplify the payroll process.
- **Determining the salary structure** : Instead of setting it up separately for each employee, the salary structure can be set at the group level.
- **Applying Statutory Deductions** : Statutory deductions like PF, ESI, Professional Tax, TDS can be easily applied.
- **Preparing reports and payslips** : Payroll reports can be prepared by department.
- **Making bonus and allowance distribution easier** : Various types of bonuses, overtime, and incentives can be set up for a solid department.

❖ **How to create an employee group in Tally Prime ?**

➤ **Steps 1 : Enable Payroll Feature**

Before Creating an employee group, the payroll feature must be active :

1. Open Tally Prime and Go to Gateway of Tally.
2. Choose F11: Features > Accounting Features.
3. Select "Yes" to maintain Payroll in the Payroll Features section.
4. Press Ctrl + A to save the settings.



➤ Steps 2 : Creating an employee group

1. Choose **Gateway of Tally > Create > Payroll Masters > Employee Groups**.
2. Type the name of the group in Name (such as Sales Department or Production Department).
3. **Under** Select **Primary** (if there is a main section) or select a group if you want to keep it under it.
4. Set up a salary structure or allowances for this group.
5. Press **Ctrl + A** to save the group.

The screenshot shows the 'Employee Group Creation' dialog box. The fields are as follows:

- Name : Production Department
- (alias) :
- Under : ♦ Primary
- Define salary details : No

At the bottom right, there is a button labeled 'Accept?' with 'Yes or No' written below it.

➤ **Steps 3 : Associate employees with an employee group**

After creating an employee group, it is necessary to add employees to it :

1. Go to **Payroll Info. > Employees > Create**
2. Enter the employee's name , position , joining date, and other details.
3. Select the appropriate employee group in Under Group (such as, Sales Department).
4. Determine the salary structure and tax details.
5. Press **Ctrl + A** to save employee information.

This process ensures that employees are included in the correct group and that salaries can be calculated automatically .

Employee Creation	
Name (alias)	: Ankit
Under	: Sales Department (♦ Primary)
Date of joining	: 1-Apr-2024
Define salary details	: Yes
General Information	
Employee Number	: 123
Designation	: Sales Manager
Function	: Marketing
Location	: Ahmedabad
Gender	: Male
Date of birth	: 1-Jan-1980
Blood group	: A1 Positive
Father's/mother's name:	
Spouse's name	:
Address	:
Phone no.	: +91 - 1234567890
E-Mail	: ankit@gmail.com
	Provide bank details : Yes
	Accept ? Yes or No

❖ **Employee Group Methods to administer :**

➤ **Modify Employee Group**

1. Go to **Payroll Info. > Employee Groups > Alter.**
2. Select the group, which you want to change.
3. Make the necessary changes and press **Ctrl + A** to save.

➤ **Delete Employee Group**

1. Go to **Payroll Info. > Employee Groups > Alter**
2. Select the group, which you want to delete.
3. Press **Alt + D** to delete the group.

➤ **Note :** If an employee is associated with a group, it cannot be deleted directly. The employee must first be added to another group or deleted.

⇒ **To Prepare Employee Group and Payroll Reports.**

You can prepare various types of payroll reports through Tally Prime.

❖ **Main Payroll Report :**

⇒ **Employee Pay Head Breakup :** Shows salary components.

⇒ **Group - wise Salary Report :** Provides expense reports for each group.

⇒ **PF and ESI Report :** Calculates legal deductions by group.

⇒ **Department wise Payroll Report :** Provides details of payroll of different departments.

❖ **To get a payroll report :**

1. Go to **Gateway of Tally > Display More Reports > Payroll Reports.**

2. Select the required report and choose the group.

3. View, print, or export the report.

➤ **Benefits of Employee Group in Tally Prime :**

⇒ **Saves time :** There is no need to make separate settings for each employee.

⇒ **Accuracy :** Reduces errors in salary and tax calculations.

⇒ **Functionality :** Make the payroll process fast and easy.

⇒ **Variability (Flexibility) :** The group can be modified as needed.

⇒ **Legal Compliance :** Follow PF, ESI and other tax rules.

4.3 Employee Configuring Payroll in Tally Prime :

Payroll management is an important feature of Tally Prime, which automates Payroll processing, deductions, and statutory compliance for businesses. Tally is useful for managing statutory processes like Provident Fund (PF), Employee State Insurance (ESI), Professional Tax (PT), and Income Tax (TDS).

Understanding of employee structure and payroll management is very important. It is helpful for accurate payroll accounting and simplifying employee administration.

❖ **Create Employee Categories in Tally**

Employee Categories are used to classify employees into categories, such as Permanent, Contractual, or Part-time Employees.

➤ **Steps 1 : To Create Employee Categories**

1. Go to **Gateway of Tally > Payroll Info. > Employee Categories > Create.**
2. Enter the name of the category (such as Permanent Employee or Contractually based).
3. Press **Ctrl + A** to save.

➤ **Creating Employee Group**

Employee groups are used to group employees by department or team. Such as Human Resources (HR), Sales, Manufacturing, or IT teams.

➤ **Entering employee information in Tally (Configure Employees)**

Once the payroll feature is activated, employee information can be entered, which we discussed earlier in the employee group.

➤ **Setting a Salary Structure**

The salary structure consists of various salary components, such as Basic Salary, House Rent Allowance, Dearness Allowance, Incentives, Overtime Pay, etc.

➤ **Steps : To create a salary structure**

1. Go to **Gateway of Tally > Create > Payroll Info. > Pay Heads.**
2. Write a name of Pay Head (e.g., Basic Salary).
3. In Pay Head Type choose Earnings for Employees.
4. Select the following as the "Calculation Type":
 - ⇒ **Flat Rate** : Fixed salary
 - ⇒ **Percentage** : A specific percentage of salary (e.g.. HRA = 40% of Basic Pay)
 - ⇒ **User-defined Value** : For Incentive or Overtime
5. Press **Ctrl + A** to save the salary structure.

Name : Basic Salary (alias) :	Total Opening Balance
<p style="text-align: center;">Pay Head Information</p> Pay head type : Earnings for Employees Income type : Fixed Under : Indirect Expenses Affect net salary : Yes Name to be displayed in payslip : Basic Salary Use for calculation of gratuity : No Set / Alter Income Tax Details : No Calculation type : Flat Rate Calculation period : Months	
<p style="text-align: center;">Rounding Off Information</p> Rounding Method : Normal Rounding Limit : 1	
Opening Balance (on 1-Apr-24) :	
Accept ? Yes or No	

❖ **Processing Payroll :** Payroll processing in Tally is done as per all the salary structure and employee details.

➤ **Steps 1 : For Processing Payroll**

1. Go to Gateway of Tally > Vouchers > Payroll Vouchers > Attendance/ Production Type.
 2. Enter Employee attendance and overtime.
 3. Go to Payroll Voucher and enter a new payroll transaction.
 4. Select date and the employee's salary is automatically calculated.
 5. Press **Ctrl + A** to complete the payment process.
- ⇒ Now the salary record is complete and the payroll report can be prepared.

➤ **To Prepare Payroll Reports**

Different payroll reports can be prepared as discussed above.

➤ **Benefits of Payroll Management in Tally Prime :**

- ⇒ **Saves time :** Salary calculation is done automatically.
- ⇒ **Less chance of error :** Accurate calculation of salaries and deductions.
- ⇒ **Legal Compliance :** Regularity of PF, ESI, TDS.
- ⇒ **Prompt salary disbursement :** Salaries can be paid easily by generating payroll reports.

4.4 Salary Details :

Payroll processing is a vital part of Tally Prime, which simplifies Salary Components Employee Earnings, Deductions, and Statutory Compliance for businesses. The salary structure in Tally Prime is based on Basic Pay, Allowances, Bonuses, Overtime, and Deductions. Here we will learn how to set up salary details, create Pay Heads, manage the salary process.

➤ **Various Salary Components in Tally Prime :**

The salary structure in Tally is based on the employee's income, deductions, and employer contributions.

❖ **Main components of salary :**

1. Earnings for Employees

- ⇒ Basic Pay

- ⇒ Dearness Allowance (DA)
- ⇒ House Rent Allowance (HRA)
- ⇒ Conveyance Allowance
- ⇒ Other allowances (Other Allowances)
- ⇒ Overtime Wages
- ⇒ Bonus & Incentives

2. Deductions from Salary :

- ⇒ Provident Fund (PF)
- ⇒ Employee State Insurance (ESI)
- ⇒ Professional Tax (PT)
- ⇒ Income Tax - Tax Deducted at Source (TDS)
- ⇒ Loan or Advance Deduction

3. Employer Contributions :

- ⇒ Regular PF Contribution (Employer's Share of PF)
- ⇒ ESI Contribution (Employer's Share of ESI)

❖ **Creating Pay Heads in Tally Prime :** The salary component for a salary structure defines the components of the salary, such as basic salary, allowances, deductions, and financial contributions.

➤ **Steps : To Create Salary component**

1. Go to Gateway of Tally > Create > Payroll Info. > Pay Heads.
2. Write the name of the Pay Head (e.g., Basic Salary).
3. Select Pay Head Type :
 - ⇒ Earnings for Employees (for Salary Components)
 - ⇒ Deductions from Employees (for PF, ESI, PT, TDS)
4. Choose Calculation Type :
 - ⇒ **Flat Rate :** Fixed salary
 - ⇒ **Percentage :** Specific percentage (e.g.. HRA = 40% of Basic Pay)
 - ⇒ **User-defined Value :** For Incentive or Overtime
5. Press **Ctrl + A** to save.

❖ **Setting up Salary Structure (Salary Details) for Employees :** Once Pay Heads are set up, it is necessary to link them to employees.

➤ **Steps : To set up an employee salary structure**

1. Go to **Gateway of Tally > Create > Payroll Info. > Employee > Salary Details.**
2. Select employee.
3. Enter Effective Date.
4. Add Basic Salary, allowances and deductions.
5. Press **Ctrl + A** to save.

Name : Ankit (123)
Under : Sales Department
(* Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-24	Basic Salary			Earnings for Employees	Flat Rate	
	PF			Deductions From Employees	As User Defined Value	
	ESI			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total

❖ **Processing Payroll in Tally Prime :** Now that the salary structure is set, the monthly salary can be calculated.

➤ **Steps : To Process Salary**

1. Go to **Gateway of Tally > Vouchers > Payroll Vouchers.**
2. Select Payroll Voucher Type and set the month.
3. Select the employee and check the salary amount.
4. Check that PF, ESI, PT and TDS have been applied correctly.
5. Press **Ctrl + A** to complete the payment process.

➤ **To prepare payroll reports**

As discussed earlier, different payroll reports can be prepared.

➤ **Benefits of Payroll Management in Tally Prime :**

- ⇒ **Automatic payroll Calculation** – reduces human calculation errors.
- ⇒ **Legal Compliance** - Accurate calculation of PE, ESI, PT, TDS.
- ⇒ **Variable Salary Structure** - Pay heads can be created as per business requirements
- ⇒ **Faster salary disbursement** - Salary management can be made easier without intermediaries.

4.5 Unit :

In Tally Prime, the Unit plays an important role in payroll management. especially where the calculation of employee salaries is based on the work volume, working hours, number of pieces, or days of attendance.

The unit determines how overtime, daily pay, hourly pay, or production-based incentives will be calculated. Choosing the right unit makes the payroll process simple and accurate.

❖ **Unit agreement in payroll management :** A unit is a measure of work done by an employee, based on which salary is calculated. There are two main types of units in Tally Prime :

➤ **Types of Units for payroll :**

1. Time - Based Units :

- ⇒ **Hours (Hrs.)** → For hourly pay.
- ⇒ **Days (Dys.)** → For daily salary.
- ⇒ **Minutes (Mins.)** → To measure precise time.

2. Quantity - Based Units :

- ⇒ **Pieces (Pes.)** → For piece work based pay.
- ⇒ **Kilograms (Kg.)** → For weight based pay.
- ⇒ **Meters (Mtr.)** → For clothing or wire production-based pay.

The unit is required for various industries such as manufacturing, retail, and contract jobs.

➤ **Process of creating a Unit in Tally Prime :**

The unit must already be set up for proper calculation in payroll.

➤ **Steps to create a unit :**

1. Go to **Gateway of Tally > Create > Payroll Info. > Units.**
2. Enter Unit Name (e.g. , Hours, Days, Pieces).
3. **Select Unit Type :**
 - ⇒ Time-Based → For hours / days /minutes.
 - ⇒ Quantity-Based → For pieces / kilograms /meters.
4. Decide Conversion Factor (if necessary).
5. Press **Ctrl + A** to save.

Unit Creation	
Type	: Simple
Symbol	: Kilogram
Formal name	:
Unit Quantity Code (UQC)	: KGS-KILO
Number of decimal places	: 0
Accept ?	
Yes or No	

➤ **Linking the Unit to the Pay Heads :**

The unit can be linked to a suitable salary structure.

Steps to connect the unit :

1. Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create.**
2. Enter the name of the Pay Head (e.g. , Overtime Pay).
3. Select Pay Head Type :
 - ⇒ Earnings for Employees → For Overtime, Piece Rate wages.
 - ⇒ Deductions from Employees → For PF, ESI, PT or other deductions.
4. Select Calculation Type :
 - ⇒ As Computed Value → If the calculation is automatic.
 - ⇒ As User Defined Value → If you want to enter a manual amount
5. Select 'Units' as the Computation Basis (Hrs., Days, Pcs., etc.).
6. Press **Ctrl + A** to save.

In this way, the exact calculation of salary can be based on the unit.

➤ **Payroll Calculation with Units :**

Payroll processing can be done by using the unit in the Payroll Voucher.

To process unit - based pay :

1. Go to **Gateway of Tally > Vouchers > Payroll Vouchers.**
2. Select Payroll Entry and choose the employee.
3. Enter the units worked (Hours, Days, Pcs.) .
4. Tally Prime will automatically calculate the salary.
5. Check total salary and Apply deductions (PF, ESI, PT, TDS, etc.) .
6. Press **Ctrl + A** to complete the payment process.

Through this method, calculating unit - based pay becomes much easier.

❖ **Examples of Unit -Based Payroll Calculation**

➤ **Example 1 : Hourly salary calculation**

- ⇒ Hourly salary of Employee A = ₹ 200 per hour
- ⇒ Total hours worked = 160 hours
- ⇒ Total salary = ₹ 200 × 160 = ₹ 32,000

➤ **Example 2 : Daily salary calculation**

⇒ Daily salary of Employee B = ₹ 500 per day

⇒ Days worked = 25 days

⇒ Total salary = ₹ 500 × 25 = ₹ 12,500

➤ **Example 3 : Piece - Rate Wage Calculation**

⇒ Piece rate wage of Employee C = ₹ 50 per piece

⇒ Pieces produced = 300

⇒ Total salary = ₹ 50 × 300 = ₹ 15,000

This method is very beneficial for manufacturing-based industries.

➤ **Benefits of Unit- based Salary Management**

⇒ Accurate salary calculation - Automated process to prevent errors.

⇒ Flexible pay structure - Facility for hourly, daily and piece rate pay.

⇒ Transparency and Efficiency - Clarity and speedy management of salaries.

⇒ Improves workforce management - Workers' productivity can be monitored.

4.6 Attendances :

Attendance in Tally Prime plays an important role in the payroll process. It helps in accurate calculation of salary by checking employee attendance, absence, overtime and leave.

Tally Prime provides complete facility to users to enable attendance types, enter attendance vouchers and generate reports.

❖ **Tally Prime Attendance Agreement :** Attendance is a record of how many days or hours an employee was present at work, absent, took leave or worked overtime. Attendance records are very important for calculating salary.

➤ **Types of Attendance in Tally Prime :**

1. **Attendance (Worked Days/Hours)**

⇒ Salary should be calculated based on employee attendance.

2. **Unpaid Leave**

⇒ When an employee is not present at work, salary is deducted.

3. Paid Leave (PL)

⇒ Holidays for which salary is paid (e.g., Casual leave, Medical leave, Compensation leave).

4. Unpaid Leave (UL)

⇒ Holidays for which no salary is paid.

5. Overtime (OT)

⇒ Payment for extra hours or days worked outside of regular hours or days.

❖ Entering Types of Attendance in Tally Prime :

Before entering attendance in Tally, it is necessary to determine the appropriate attendance types.

➤ Steps to create attendance types :

1. Go to **Gateway of Tally > Create > Payroll Info. > Attendance Types**

2. Enter Attendance type name (e.g., Present, Absent, Overtime, Paid Leave)

3. Select Type of Attendance :

⇒ Leave with Pay

⇒ Leave without Pay

⇒ Production- based Attendance

⇒ On Duty (Presence for official work)

4. Select Period Type :

⇒ Days – for daily attendance

⇒ Hours – for hour-based attendance

5. Press **Ctrl + A** to save.

Through this process Attendance types can be determined, and can be used for payroll processing.

Attendance/Production Type Creation	
Name (alias)	: Present
Under	: ♦ Primary
Attendance type	: Production
Unit	: Days

Accept ?
Yes or No

Attendance/Production Type Creation	
Name (alias)	: Absent
Under	: ♦ Primary
Attendance type Period type	: Leave without Pay : Days

Accept ?
Yes or No

- ❖ **Create an Attendance / Production Unit :** First, prepare the unit as discussed above.
- ❖ **Attendance Entry in Tally Prime :** For correct attendance record, it is necessary to record the transaction in the attendance voucher.
- **Steps to enter attendance voucher :**
 1. Go to **Gateway of Tally > Vouchers > Payroll Vouchers > Attendance Voucher**
 2. Select date
 3. Select the employee name
 4. Select attendance type (Present, Absent, Overtime, Leave)
 5. Enter days/hours worked.
 6. Press **Ctrl + A** to save.
- **Linking attendance to Salary Calculation :** To link attendance records with salary calculations, it is necessary to determine the salary components (Pay Head).
- Steps to link attendance to salary :
 1. Go to Gateway of Tally > Payroll Info. > Pay Heads > Create
 2. Enter Pay Head Name (e.g., Basic Salary, Overtime Pay)
 3. Select Calculation Type :
 - ⇒ On Attendance – If salary is based on attendance days/hours.
 - ⇒ On Production – If the salary is based on production or piecework.
 4. Select Attendance/Leave Type (Hrs, Days, Pcs, etc.)
 5. Press **Ctrl + A** to save.
- ❖ **Method of calculating salary based on attendance :**
- **Example 1 : Monthly Salary Calculation :**
 - ⇒ Monthly salary of Employee A = ₹ 30,000
 - ⇒ Monthly working days = 30
 - ⇒ Days present = 25
 - ⇒ Total salary = ₹ 30,000 ÷ 30 × 25 = ₹ 25,000

➤ **Example 2: Overtime Calculation :**

- ⇒ Overtime rate = ₹ 100 per hour
- ⇒ Total overtime = 10 hours
- ⇒ Overtime pay = ₹ 100 × 10 = ₹ 1,000

➤ **Benefits of attendance management :**

- ⇒ **Accurate salary calculation** - Salary is calculated automatically based on attendance.
- ⇒ **Reduced human errors** - Human errors are reduced because the process is automated.
- ⇒ **Improves productivity** - employee performance can be monitored .
- ⇒ **Proper leave management** - Salary is calculated taking into account holidays and absences.
- ⇒ **Transparent salary process** - Employees understand the accuracy of salary.

4.7 Processing Payroll in Tally Prime :

Tally Prime provides payroll processing facilities, which help businesses to manage employee salaries, attendance, deductions, and legal compliance (such as PF, ESI, PT and Income Tax). Below is an explanation of how to process payroll in Tally Prime.

➤ **Enable Payroll in Tally Prime :**

➤ **Create Payroll Masters :** Before starting the payroll process, you need to create Employee Masters, Pay Heads, Salary Details, and Attendance Masters.

➤ **Attendance is being recorded.**

➤ **Prepare Payroll Process and Salary Slip**

1. Go to : Gateway of Tally → Vouchers → Payroll Vouchers
2. Select Payroll Voucher (Alt + P)
3. Select Employee and Salary Component (Pay Head)
4. Enter Salary amount and Deductions
5. Save

➤ **To prepare a Salary Slip :**

- ⇒ Go to Display → Payroll Reports → Payslip
- ⇒ Select the Employee and Print or E-mail the Pay slip.

➤ **Prepare Payroll Report and Statutory Report**

(A) Payroll Report

To view salary slip and other reports:

- ⇒ Go to Gateway of Tally → Display → Payroll Reports
- ⇒ See Payroll Statements, Attendance Reports, Employee Pay Details, etc.

(B) Statutory Report

To view the Statutory and Tax Report :

- ⇒ **Provident Fund Report** : Display → Payroll Reports → Statutory Reports → Provident Fund
- ⇒ **Employee State Insurance Report** : Statutory Reports → Employee State Insurance
- ⇒ **Professional Tax and TDS Report** : Statutory Reports → TDS

➤ **Salary Payment Process**

1. Go to Accounting Vouchers → Payment Voucher (F5)
2. Select Bank/ Cash Account
3. Select Salary Payable Account
4. Enter the total Salary amount
5. Save

Tally Prime offers complete payroll management features, simplifying processes like payroll calculation, legal compliance, and report generation. By following the steps mentioned above, a business can easily process payroll, maintain legal compliance, and prepare pay slips for employees.

4.8 Accounting for Employer PF Contribution :

Provident Fund (PF) is a mandatory savings scheme for both the employer and the employee, where both deposit a fixed percentage of their own money in the employee's Provident Fund (PF) account. To properly register the Employer's PF Contribution in Tally Prime, the following procedure has to be followed.

➤ **Activate payroll and statutory features**

First activate the payroll and statutory features to start Provident Fund (PF) registration.

1. Open Tally Prime
2. Go to **Gateway of Tally → F11 Features → F1 Accounting Features**
3. Activate Payroll :
 - ⇒ Enable Payroll? → Yes
 - ⇒ Maintain more than one payroll or cost category? → Yes (if necessary)
4. Activate Statutory Deductions :
 - ⇒ Enable Statutory Deductions? → Yes
 - ⇒ Provident Fund? → Yes
5. Save the settings by pressing Ctrl + A.

➤ **Create an account for Provident Fund (PF)**

To properly register Provident Fund contributions, the following accounts need to be created :

(A) Create 'Provident Fund Payable' Account

1. Go to Gateway of Tally → Create → Ledger
2. Ledger Name → Provident Fund Payable
3. Under → Current Liabilities
4. Type of Ledger → Statutory Dues
5. Save by pressing Ctrl + A.

(B) Create 'Employer's PF Contribution' account :

1. Go to → **Gateway of Tally → Create → Ledger**
 2. Ledger Name → Employer's PF Contribution
 3. Under → Indirect Expenses (or Employee Benefits Expenses)
 4. Save by pressing Ctrl + A.
- ⇒ Create Pay Heads for Provident Fund Contribution in Payroll

(A) Create a Pay Head for Employee's PF Contribution

1. Go to → Gateway of Tally → Payroll Info → Pay Heads → Create
2. Pay Head Name → Employee's PF Contribution
3. Under → Deductions from Employees
4. Calculation Type → Percentage of Basic Pay
5. Enter PF Contribution Rate → Normally 12%
6. Affect Net Salary? → Yes
7. Save by pressing Ctrl + A

(B) Create a Pay Head for Employer's PF Contribution

1. Go to → Gateway of Tally → Payroll Info → Pay Heads → Create
2. Pay Head Name → Employer 's PF Contribution
3. Under → Employer's Contribution
4. Calculation Type → Percentage of Basic Pay
5. Enter PF Contribution Rate → 12%
6. Affect Net Salary? → No
7. Save by pressing Ctrl + A

➤ Process Payroll and Record Contributions to Provident Fund

After processing the payroll, the employer's contribution to the provident fund, which will be recorded as follows :

(B) Entry for Salary Payable

1. Go to → Gateway of Tally → Accounting Vouchers → Journal (F7)
2. Record the salary payable as follows :

Basic Salary A/c	Dr. ₹ 50,000
HRA A/c	Dr. ₹ 10,000
Employer's PF Contribution	Dr. ₹ 6,000 (12% of . ₹ 50,000)
Provident Fund Payable A/c	Cr. ₹ 12,000 (Employer + Employee Contribution)
Salary Payable A/c	Cr. ₹ 54,000

3. Save by pressing Ctrl + A

Accounting Voucher Creation		ABC Ltd		F2: Date	
Journal No. 1		1 Apr 24		F3: Company	
		Monday		F4: Contra	
Particulars	Debit	Credit	F5: Payment		
Dr Basic Salary Cur Bal: 50,000.00 Dr	50,000.00		F6: Receipt		
Ankit 50,000.00 Dr			F7: Journal		
Dr HRA A/c Cur Bal: 10,000.00 Dr	10,000.00		F8: Sales		
Dr Employer's PF Contribution Cur Bal: 6,000.00 Dr	6,000.00		F9: Purchase		
Cr Provident Fund Payable A/c Cur Bal: 12,000.00 Cr		12,000.00	F10: Other Vouchers		
Cr Salary Payable A/c Cur Bal: 54,000.00 Cr		54,000.00	E: Autofill		
			H: Change Mode		
			J: More Details		
			Q: Related Reports		
			L: Optional		
			I: Post-Dated		
			J: Stat Adjustment		
Narration:	66,000.00	66,000.00	Accept ?		
			Activate Windows		
			Go to Settings to activate Windows.		
Q: Quit	A: Accept	D: Delete	X: Cancel Vch	F12: Configure	

(B) Entry for the Payment of PF Contribution

To deposit Provident Fund contribution in EPFO (Employees' Provident Fund Organization), record the payment as follows :

- Go to → Gateway of Tally → Accounting Vouchers → Payment (F5)
- Record the Payment of Provident Fund as follows :

Provident Fund Payable A/c	Dr.	₹ 12,000
Bank A/c	Cr.	₹ 12,000
- Save by pressing Ctrl + A.

➤ Prepare report for Provident Fund

To view Provident Fund Contributions and other data, Provident Fund reports can be generated as follows :

- Go to → Gateway of Tally → Display → Payroll Reports → Statutory Reports
- Select 'Provident Fund Reports'
- Provident Fund Report can be Printed or Exported.

Through this process, the employer's contribution to the Provident Fund (Employer PF Contribution) can be recorded in a systematic manner in Tally Prime, and the payroll and Provident Fund process can be managed conveniently and legally.

4.9 Payment of Professional Tax :

Professional Tax (PT) is a type of tax levied by the state government, which is mandatory for employees and professionals. The process of registering and paying professional tax correctly in Tally Prime can be done as follows.

➤ **Activate Statutory Features**

1. Open Tally Prime
2. Go to Gateway of Tally → F11 Features → F1 Accounting Features
3. Enable Payroll? → Yes
4. Enable Statutory Deductions? → Yes
5. Set Enable Professional Tax? → Yes
6. Save the settings by pressing Ctrl + A

➤ **Create an account for Professional Tax**

(A) Create an account of 'Professional Tax Payable'

1. Go to → Gateway of Tally → Create → Ledger
2. Ledger Name → Professional Tax Payable
3. Under → Current Liabilities
4. Type of Ledger → Statutory Dues
5. Save by pressing Ctrl + A

(B) Create an account of 'Professional Tax Expense'

1. Go to → **Gateway of Tally** → **Create** → **Ledger**
2. Ledger Name → Professional Tax Expense
3. Under → Indirect Expenses
4. Save by pressing Ctrl + A

➤ **Create Pay Head for Professional Tax**

1. Go to **Gateway of Tally** → **Payroll Info** → **Pay Heads** → **Create**
2. Pay Head Name → Professional Tax Deduction
3. Under → Deductions from Employees
4. Calculation Type → On Current Earnings
5. Computation Info →
 - ⇒ Enter the Professional Tax amount as per the appropriate structure
For example: → 2500 per year)
6. Save by pressing Ctrl + A

➤ Processing Payroll and Entry for Professional Tax

1. Go to → **Gateway of Tally** → **Accounting Vouchers** → **Journal (F7)**

2. Entry for Salary as follows :

Salary Expense A/c	Dr.	₹ 47,500
Professional Tax Expense A/c	Dr.	₹ 2,500
Professional Tax Payable A/c	Cr.	₹ 2,500
Salary Payable A/c	Cr.	₹ 47,500

Accounting Voucher Creation ABC Ltd.

Journal No. 2 1-Apr-24 Monday

Particulars	Debit	Credit
Dr Basic Salary Cur Bal: 97,500.00 Dr Ankit 47,500.00 Dr	47,500.00	
Dr Professional Tax Expenses A/c Cur Bal: 2,500.00 Dr	2,500.00	
Cr Professional Tax Payable A/c Cur Bal: 2,500.00 Cr		2,500.00
Cr Salary Payable A/c Cur Bal: 1,01,500.00 Cr		47,500.00
	50,000.00	50,000.00

Narration:

Accept ?
Activate Windows
Go to Settings to activate Windows.
Yes No

Q: Quit | A: Accept | D: Delete | X: Cancel Vch | F12: Configure

3. Save by pressing Ctrl + A

➤ Payment note to Professional Tax Authority

1. Go to : **Gateway of Tally** → **Accounting Vouchers** → **Payment (F5)**

2. Entry :

Professional Tax Payable A/c	Dr.	? 2,500
Bank A/c	Cr.	? 2,500

3. Save by pressing Ctrl + A.

➤ View Professional Tax Report :

1. Go to : **Gateway of Tally** → **Display** → **Payroll Reports** → **Statutory Reports**

2. Select Professional Tax Report

3. This report can be printed or exported.

In this way, Professional tax registration and payment can be easily done in Tally Prime, thereby ensuring legal compliance and ease of accounting.

4.10 Generating Reports :

Tally Prime provides various payroll reports, which help businesses to properly manage employee salaries, legal compliance, and deductions. This report is useful

for reviewing salary structures, tax liabilities and statutory controls, such as Provident Fund (PF), Employees State Insurance (ESI), and Professional Tax.

➤ **Payroll Reports available in Tally Prime**

The following important payroll reports are available in Tally Prime :

(A) Payroll Statement Report

- ⇒ Shows details of employees' salaries, income, deductions, and net pay.
- ⇒ Useful for review before salary payment.

(B) Attendance & Leave Reports

- ⇒ Maintains records for employees' attendance and leave.
- ⇒ Useful for salary calculation based on attendance.

(C) Pay Slip Generation

- ⇒ Pay Slips can be prepared for each employee.
- ⇒ It contains information about salary, deductions, and taxes.

(D) Payroll Register

- ⇒ Detailed report showing details of salaries paid to employees.
- ⇒ Useful for auditing and accounting purposes.

(E) Statutory Reports

- ⇒ Reports can be prepared for Provident Fund, Employee State Insurance, Professional Tax and Income Tax (TDS).
- ⇒ Ensures legal compliance.

➤ **How to prepare payroll report in Tally Prime ?**

(A) Preparing a Payroll Statement

1. Go to Gateway of Tally → Display
2. Payroll Reports → Select Payroll Statement
3. Select Period
4. View report by pressing Enter
5. This report can be printed or exported

(B) To view Attendance and Leave Report

1. Go to Gateway of Tally → Display
2. Payroll Reports → Select Attendance Register
3. Select Month and Employee details

4. View attendance report by pressing Enter
5. This report can be printed or exported

(C) To prepare Pay Slips

1. Go to → Gateway of Tally → Display
2. Payroll Reports → Select Pay Slip
3. Select the employee name and period
4. View Pay Slip by pressing Enter
5. This report can be printed or exported

(D) To see Payroll Register

1. Go to → Gateway of Tally → Display
2. Payroll Reports → Select Payroll Register
3. Select month or year
4. View Salary Payment details by pressing Enter
5. This report can be printed or exported

(E) To prepare Statutory Report (PF, ESI, PT, TDS)

1. Go to → Gateway of Tally → Display
2. Payroll Reports → Select Statutory Reports
3. Select type → PF, ESI, PT or TDS
4. Select a period
5. View report by pressing Enter
6. This report can be printed or exported

➤ **To Export and Print a Payroll Report :**

- ⇒ By pressing Ctrl + P The report can be printed
- ⇒ Can be exported to Excel or PDF
- ⇒ Email can also be sent directly from the Tally

Tally Prime has a comprehensive payroll reporting system, which helps with employee payroll and legal compliance. By generating regular payroll reports, companies can ensure proper payroll processing and tax filing.

Exercise :

Q.1 Answer the following questions in detail :

1. What is a payroll ? Explain about payroll, price list and sales invoice in Tally Prime.
2. How to create an employee group in Tally Prime ? Explain in detail.
3. Write a note about employee payroll structure in Tally Prime.

4. Explain the various units of payroll in Tally Prime.
5. How can employee attendance information be maintained in the context of payroll? Explain in detail.
6. Write a note about the payroll process in Tally Prime.
7. How is the employer's PF contribution accounted for in the payroll? Explain with an example.
8. How is professional tax paid in the payroll? Explain with an example.
9. How are various payroll reports prepared in Tally Prime? Explain each report in detail.

Q.2 Answer the following short question :

1. What is an employee group in Tally Prime?
2. What is the unit in terms of attendance in Tally Prime?
3. How is attendance recorded in Tally Prime?
4. How is professional tax calculated in Tally Prime?
5. Name two reports generated in payroll management in Tally Prime.
6. What is the difference between an employee group and an individual employee?
7. How is the salary structure for employees in Tally Prime structured?
8. How is the PF contribution of a regular employee shown in the payroll report?

Q.3 Multiple Choice Questions (MCQs) :

1. What feature needs to be enabled to activate the payroll management feature in Tally Prime?
A) Inventory Management B) Payroll Features
C) Banking Features D) GST Configuration

Answer : B) Payroll Features

2. From where can one start the payroll feature in Tally Prime?
A) Gateway of Tally → Display → Payroll Reports
B) Gateway of Tally → F11 Features → F1 Accounting Features
C) Gateway of Tally → F12 Configure → Statutory & Taxation
D) Gateway of Tally → Inventory Info

Answer : B) Gateway of Tally → F11 Features → F1 Accounting Features

3. Under which pay head should "Basic Salary" Entry be made in Tally Prime?
A) Earnings for Employees B) Deductions from Employees
C) Loans & Advances D) Indirect Expenses

Answer : A) Earnings for Employees

4. Which pay head is used for deductions like Provident Fund (PF) and Professional Tax (PT) ?

- A) Earnings for Employees B) Statutory Pay Head
C) Deductions from Employees D) Indirect Incomes

Answer : C) Deductions from Employees

5. Which unit is generally used for calculating salary in Tally Prime ?

- A) pieces B) kilograms
C) days or hours D) liter

Answer : C) Days or hours

6. How is the Employer's Contribution to Provident Fund (PF) recorded in Tally Prime ?

- A) As an expense under Direct Cost
B) As a liability under Current Liability
C) As an asset under Fixed Asset
D) As an income under Indirect Income

Answer : B) As a liability under Current Liability

7. What is the official percentage of contribution to Provident Fund (PF) by the employer ?

- A) 8% B) 10%
C) 12% D) 15%

Answer : C) 12%

8. In which payroll report can the details of professional tax deductions per employee be viewed ?

- A) Payroll Register B) Payroll Statement
C) Pay Slip D) Statutory Report

Answer : D) Statutory Report

9. Where can the employee's attendance report be viewed ?

- A) Payroll Reports → Payslip
B) Payroll Reports → Attendance Register
C) Accounting Vouchers → Payment
D) Gateway of Tally → Trial Balance

Answer : B) Payroll Reports → Attendance Register

10. Which shortcut key is used to print the payroll report in Tally Prime ?

- A) F2 B) Ctrl + P
C) Alt + R D) F7

Answer : B) Ctrl + P

BBA SEMESTER-4

Tally-2

BLOCK: 2

- Authors' Name:** Prof. (Dr.) Manoj Shah, Professor and Director, Dr.BAOU, Ahmedabad.
Prof. (Dr.) Yagnesh Dalwadi, S. P. University, Anand.
Dr. Sanjay Radadiya, Assistant Professor, B. J. Vanijya Mahavidyalaya, Anand.
Dr. Daneshwar Pandey, Assistant Professor,
S. S. Agrawal College of Commerce and Management, Navsari.
- Review (Subject):** Dr. Manoj Dave, Associate Professor, P. D. Malaviya College of Commerce, Rajkot.
- Review (Language):** Dr. Ketan Gediya, Associate Professor & Head, V.M. Patel College of Management Studies, Ganpat University.
- Editor's Name:** Prof. (Dr.) Manoj Shah,
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.
- Publisher's Name:** Dr. Ajaysinh Jadeja,
Registrar,
Dr. Babasaheb Ambedkar Open University,
'JyotirmayParisar', opp. Shri Balaji Temple, Chharodi, Ahmedabad, 382481,
Gujarat, India.
- Edition:** 2026 (First Edition)
- ISBN:** 978-93-5598-673-3



978-93-5598-673-3

All rights reserved. No part of this work may be reproduced in any form, by mimeograph or any other means without permission in writing from Dr. Babasaheb Ambedkar Open University, Ahmedabad.

Unit - 5

Accounting Entries with GST

5.1 Introduction

5.2 Types of Journal Entries Related to GST

5.2.1 Transactions Related to Goods with GST

5.2.2 Transactions Related to Nominal Expenses with GST

5.2.3 Transactions Related to Assets with GST

5.2.4 GST-Related Composite Transactions

5.2.5 Transactions Related to GST Accounting Settlement

5.3 Accounting Entries of GST in Tally

5.1 Introduction:

In business, whether you are making a purchase or a sale, GST is included in the transaction. In any type of transaction, the vouchers received or issued contain a details of GST Collected. This chapter provides detailed information on how accounting entries are made with GST. For better understanding, each journal entry is classified separately and explained accordingly.

5.2 Types of Journal Entries Related to GST :

The journal entries related to GST are categorized and written as under :

1. Transactions related to goods with GST
2. Transactions related to expenses incurred (input costs) with GST
3. Transactions related to assets with GST
4. Transactions related to GST reconciliation:
 - (I) When the amount of Input GST is less than the amount of Output GST
 - (II) When the amount of Input GST is more than the amount of Output GST

5.2.1 Transactions related to Goods with GST:

The following transactions belong to Mr. Amit Patel, who runs a business in Ahmedabad. The transactions are for January 2019. For all of Mr. Amit Patel's transactions, CGST @ 6% and SGST @ 6% are applicable for **within-state (intra-state)** transactions. For **out-of-state (inter-state)** transactions, IGST @ 12% is applicable. The amounts in the following transactions do **not** include GST. Prepare the journal entries by adding the applicable GST amounts.

Transactions for January 2024:

- 1- Purchased goods worth ₹ 20,000 from Mr. Sureshbhai of Rasnol. Additionally, paid ₹ 4,000 for railway freight and ₹ 1,000 for labor.
- 4- Purchased goods worth ₹ 16,000 from Mr. Akhilbhai of Ahmedabad.
- 7- Purchased goods worth ₹ 30,000 from Mr. Rajeshbhai of Udaipur (Rajasthan) via cheque.
- 9- Purchased goods worth ₹ 24,000 from Mr. Manojbhai of Mumbai (Maharashtra).
- 10- Returned goods worth ₹ 4,000 to Mr. Akhilbhai of Ahmedabad.
- 12- Returned goods worth ₹ 6,000 to Mr. Manojbhai of Mumbai (Maharashtra).
- 15- Sold goods worth ₹ 30,000 via cheque to Mr. Kaushal Patel of Keshod.
- 17- Sold goods worth ₹ 40,000 to Mr. Vijaybhai of Valsad. Paid ₹ 2,000 for railway freight and ₹ 2,000 for labor in cash on his behalf.
- 20- Sold goods worth ₹ 24,000 via cheque to Mr. Niranjanbhai of Delhi.
- 22- Sold goods worth ₹ 36,000 to Mr. Bhaveshbhai of Bhopal (Madhya Pradesh).
- 25- Mr. Vijaybhai of Valsad returned goods with a **cost price** of ₹ 5,000 (Note: The cost price here refers to the price **excluding GST**).
- 31- Mr. Bhaveshbhai of Bhopal (Madhya Pradesh) returned goods worth ₹ 26,000.

Note: If the place of business is not mentioned in the transaction, assume that the transaction occurred within the same state (i.e., Gujarat), and calculate CGST and SGST accordingly. For transactions outside the state, clearly mention the place and the state in parentheses, and apply IGST.

Mr. Amit Patel Journal Entries

Date	Particulars	L.F.No.	Dr. (₹)	Cr. (₹)
Jan-01	Purchases A/c Dr.		20,000	
	Railway Freight Alc Dr.		4,000	
	Labour A/c Dr.		1,000	
	Input CGST A/c Dr.		1,500	
	Input SGST A/c Dr.		1,500	
	To Bank A/c			28,000
Jan-04	Purchases A/c Dr.		16,000	
	Input CGST A/c Dr.		960	
	Input SGST A/c Dr.		960	
	To Akhilbhai A/c			17,920
Jan-07	Purchases A/c Dr.		30,000	
	Input IGST A/c Dr.		3,600	
	To Bank A/c			33,600
Jan-09	Purchases Alc Dr.		24,000	
	Input IGST A/c Dr.		2,880	
	To Manojbhai A/c			26,880
Jan-10	Akhilbhai A/c Dr.		4,480	
	To Purchase Return A/c			4,000
	To Input CGST A/c			240
	To Input SGST A/c			240
Jan-12	Manojbhai A/c Dr.		6,720	
	To Purchase Return A/c			6,000
	To Input IGST A/c			720

Jan-15	Bank A/c	Dr.		33,600	
			To Sales A/c		30,000
			To Output CGST A/c		1,800
			To Output SGST A/c		1,800
Jan-17	Vijaybhai Alc	Dr.			49,280
			To Sales A/c		40,000
			To Cash A/c		4,000
			To Output CGST A/c		2,640
			To Output SGST A/c		2,640
Jan-20	Bank A/c	Dr.		26,880	
			To Sales A/c		24,000
			To Output IGST A/c		2,880
Jan-22	Bhaveshbhai A/c	Dr.		40,320	
			To Sales A/c		36,000
			To Output IGST A/c		4,320
Jan-25	Sales Return A/c	Dr.		5,000	
	Output CGST A/c	Dr.		300	
	Output SGST A/c	Dr.		300	
			To Vijaybhai A/c		5,600
Jan-31	Sales Return A/c	Dr.		6,000	
	Output IGST A/c	Dr.		720	
			To Bhaveshbhai A/c		6,720
	Total			2,80,000	2,80,000

5.2.2 Transactions related to Nominal Expenses with GST:

As per the transactions given below, record journal entries in the books of **Seema Trading - Ahmedabad** for services availed.

Seema Trading is liable to pay **Central GST (CGST) @2.5%** and **State GST (SGST) @2.5%**, and **Integrated GST (IGST) @5%** for interstate services.

The amounts mentioned in the transactions do not include GST. Add the applicable GST amount and then record the journal entries accordingly.

January 2024 Transactions:

1. On January 1 - Paid ₹ 5,400 by cheque for **transportation expenses.**
2. On January 5 - Paid ₹ 9,000 for **Angadia (courier) charges.**
3. On January 9 - Paid ₹ 12,000 by cheque towards **insurance premium.**
4. On January 15 - Paid ₹ 18,000 by cheque towards **advertising expenses in Ahmedabad.**
5. On January 20 - **Received rent ₹ 15,000 by cheque** in Surat.
6. On January 22 - Paid ₹ 24,000 by cheque to a **transport company registered in Mumbai (Maharashtra) for freight charges on incoming goods.**

Seema Trading - Ahmedabad's Journal Entries (January 2024)

Date	Particulars	L.F.No.	Debit (₹)	Credit (₹)
Jan-01	Transport Expenses A/c Dr.		5,400	
	Input CGST A/c Dr.		135	
	Input SGST A/c Dr.		135	
	To Bank A/c			5,670
Jan-05	Angadia Charges A/c Dr.		9,000	
	Input CGST A/c Dr.		225	
	Input SGST A/c Dr.		225	
	To Bank A/c			9,450
Jan-09	Insurance Premium A/c Dr.		12,000	
	Input CGST A/c Dr.		300	
	Input SGST A/c Dr.		300	
	To Bank A/c			12,600

Jan-15	Advertisement Expenses (Ahmedabad) A/c	Dr.	18,000	
	Input CGST A/c	Dr.	450	
	Input SGST A/c	Dr.	450	
		To Bank A/c		18,900
Jan-20	Bank A/c	Dr.	15,750	
		To Rent Received A/c		15,000
		To Output CGST A/c		375
		To Output SGST A/c		375
Jan-22	Freight Charges (Mumbai) A/c	Dr.	24,000	
	Input IGST A/c	Dr.	1,200	
		To Bank A/c		25,200
			87,570	87,570

5.2.3 Transactions Related to Assets with GST:

Based on the following transactions, record journal entries in the books of **Shri Bhikhabhai Rabari of Khambhat**:

For Shri Bhikhabhai Rabari's business transactions, **Central GST (CGST) @ 9%, State GST (SGST) @ 9%, and Integrated GST (IGST) @ 18%** are applicable.

The amounts mentioned in the transactions do not include GST. Add the applicable GST amount and then record the journal entries accordingly.

January 2025 Transactions:

1. Purchased **furniture worth ₹ 80,000** by cheque from **Surti Furniture Market, Anand**.
2. Purchased **computers worth ₹ 1,20,000** from '**Yes Computers**', **Jamnagar**.

3. Purchased machinery worth ₹ 4,00,000 by cheque from **Rahul Machinery Services, Delhi**.

4. Purchased ACs worth ₹ 12,00,000 for business use by cheque from **Aakashdeep Enterprises, Ahmedabad**.

Journal Entries of Shri Bhikhabhai Rabari of Khambhat:

Date	Particulars	L.F.No.	Debit (₹)	Credit (₹)
Jan-01	Furniture A/c Dr.		80,000	
	Input CGST A/c Dr.		7,200	
	Input SGST A/c Dr.		7,200	
	To Bank A/c			94,400
Jan-02	Computer A/c Dr.		1,20,000	
	Input CGST A/c Dr.		10,800	
	Input SGST A/c Dr.		10,800	
	To Bank A/c			1,41,600
Jan-03	Machinery A/c Dr.		4,00,000	
	Input IGST A/c Dr.		72,000	
	To Bank A/c			4,72,000
Jan-04	AC A/c Dr.		12,00,000	
	Input CGST A/c Dr.		1,08,000	
	Input SGST A/c Dr.		1,08,000	
	To Bank A/c			14,16,000
	Total		21,24,000	21,24,000

5.2.4 GST-Related Composite Transactions:

1. Record the following transactions in the books of Mr. Vishwabhai from Vadodara:

The following tax rates apply to Mr. Vishwabhai's business transactions. The amounts in the following transactions do not include GST. Add the applicable tax amount and then record the transactions accordingly.

Type of Tax	On Goods	On Services
Central GST (CGST)	6%	2.5%
State GST (SGST)	6%	2.5%
Integrated GST (IGST)	12%	5%

June 2024 Transactions:

- Purchased goods worth ₹ 40,000 (after 10% trade discount) from Jayeshbhai of Jamnagar and made the payment by cheque.
- Purchased goods worth ₹ 60,000 (after 10% trade discount and 5% cash discount) from Bhuneshbhai of Bhubaneswar (Odisha).
- Sold goods worth ₹ 50,000 (after 10% trade discount) to Bhimanand Singh of Bhopal (Madhya Pradesh) by cheque.
- Sold goods worth ₹ 80,000 (after 10% trade discount and 5% cash discount) to Anilbhai of Ahmedabad through branch.
- Returned 1/3rd portion of the goods to Bhuneshbhai of Bhubaneswar (Odisha). Received GST refund in proportionate amount in cash.
- Returned 1/4th portion of the goods to Anilbhai of Ahmedabad. Paid GST refund in proportionate amount in cash.
- Purchased machinery worth ₹ 1,00,000 from Ramesh Factory of Amravati (Maharashtra).
- Received shop rent of ₹ 20,000 by cheque.
- Purchased commission service worth ₹ 40,000 from a trader in Mumbai (Maharashtra) by cheque.

In the Books of Mr. Vishwabhai - Vadodara

Date	Particulars	L.F.No.	Debit (₹)	Credit (₹)
Jun-01	Purchase A/c Dr.		36,000	
	Input CGST A/c Dr.		2,160	
	Input SGST A/c Dr.		2,160	
	To Bank A/c			40,320

Jun-02	Purchase A/c	Dr.		54,000	
	Input IGST A/c	Dr.		6,480	
		To Bank A/c			60,480
Jun-03	Bank A/c	Dr.		50,400	
		To Sales A/c			45,000
		To Output IGST A/c			5,400
Jun-04	Anilbhai A/c	Dr.		80,640	
		To Sales A/c			72,000
		To Output CGST A/c			4,320
		To Output SGST A/c			4,320
Jun-05	Bhuneshbhai A/c	Dr.		20,160	
		To Purchase Return A/c			18,000
		To Input IGST A/c			2,160
Jun-06	Sales Return A/c	Dr.		18,000	
	Output CGST A/c	Dr.		1,080	
	Output SGST A/c	Dr.		1,080	
		To Anilbhai A/c			20,160
Jun-07	Machinery A/c	Dr.		1,00,000	
	Input IGST A/c	Dr.		12,000	
		To Ramesh Factory A/c			1,12,000
Jun-08	Bank A/c	Dr.		21,000	
		To Received Shop Rent A/c			20,000
		To Output CGST A/c			500
		To Output SGST A/c			500
Jun-09	Bank A/c	Dr.		42,000	
		To Commission A/c			40,000
		To Input IGST A/c			2,000
	Total			4,47,160	4,47,160

2. Write the Journal Entries in the Books of Jayraj Shah, Ahmedabad, based on the following transactions:

Mr. Jayraj Shah's business transactions are subject to the following GST rates. The amounts given in the transactions do not include GST. Add the applicable GST amount and then record the journal entry.

Type of Tax	On Goods	On Services
Central GST (CGST)	9%	2.50%
State GST (SGST)	9%	2.50%
Integrated GST (IGST)	18%	5%

Transactions - August 2024

- **August 1** - Purchased goods worth ₹ 20,000 with a 10% trade discount from Amanbhai of Rasanol.
- **August 5** - Purchased goods worth ₹ 40,000 with a 10% trade discount from Ranjitsingh of Amritsar (Punjab); payment made by cheque.
- **August 8** - Sold goods worth ₹ 30,000 with a 10% trade discount to Purveshbhai of Patan; payment received by cheque.
- **August 11** - Sold goods worth ₹ 40,000 with a 10% trade discount to Akmalsingh of Jaipur (Rajasthan) from the branch.
- **August 15** - Returned goods worth ₹ 4,000 to Amanbhai of Rasanol.
- **August 19** - Received return of goods worth ₹ 10,000 from Akmalsingh of Jaipur (Rajasthan).
- **August 21** - Purchased computer worth ₹ 1,00,000 from Navodaya Infotech of Delhi; paid by cheque.
- **August 25** - Paid telephone bill of ₹ 10,000 by cheque.

In the Books of Mr. Vishwabhai - Vadodara

Date	Particulars	L.F.No.	Debit (₹)	Credit (₹)
Aug-01	Purchase A/c Dr.		18,000	
	Input CGST A/c Dr.		1,620	

	Input SGST A/c	Dr.		1,620	
			To Amanbhai A/c		21,240
Aug-05	Purchase A/c	Dr.		36,000	
	Input IGST A/c	Dr.		6,480	
			To Bank A/c		42,480
Aug-08	Bank A/c	Dr.		31,860	
			To Sales A/c		27,000
			To Output CGST A/c		2,430
			To Output SGST A/c		2,430
Aug-11	Akmalsingh A/c	Dr.		42,480	
			To Sales A/c		36,000
			To Output IGST A/c		6,480
Aug-15	Amanbhai A/c	Dr.		4,720	
			To Purchase Return A/c		4,000
			To Input CGST A/c		360
			To Input SGST A/c		360
Aug-19	Sales Return A/c	Dr.		10,000	
	Input IGST A/c	Dr.		1,800	
			To Bhaveshbhai A/c		11,800
Aug-21	Computer A/c	Dr.		1,00,000	
	Input IGST A/c	Dr.		18,000	
			To Bank A/c		1,18,000
Aug-25	Telephone Expenses A/c	Dr.		10,000	
	Input CGST A/c	Dr.		250	
	Input SGST A/c	Dr.		250	
			To Bank A/c		10,500
	Total			2,83,080	2,83,080

5.2.5 Transactions Related to GST Accounting Settlement

(I) When Input GST is Less Than Output GST

(Note: When GST paid on purchases is less than GST collected on sales)

Avinash from Anand purchased goods worth ₹ 4,00,000 from Rajesh of Rajkot by cheque. He then sold all of these goods to Bhavesh from Bhavnagar for ₹ 4,80,000 by cheque. A GST rate of 12% is applicable on these transactions, divided into 6% CGST and 6% SGST.

Journal Entries in the Books of Avinash

Date	Particulars	L.F.No.	Debit (₹)	Credit (₹)
1	Purchase A/c Dr.		4,00,000	
	Input CGST A/c Dr.		24,000	
	Input SGST A/c Dr.		24,000	
	To Rajesh A/c			4,48,000
	(Being goods purchased with GST)			
2	Bhavesh A/c Dr.		5,37,600	
	To Sales A/c			4,80,000
	To Output CGST A/c			28,800
	To Output SGST A/c			28,800
	(Being goods sold with GST)			
3	Output CGST A/c Dr.		28,800	
	Output SGST A/c Dr.		28,800	
	To Input CGST A/c			24,000
	To Input SGST A/c			24,000
	To GST Payable A/c			9,600
	(Being net GST payable to government)			
			1043200	1043200

(11) When Input GST is More Than Output GST

(When GST paid on purchases is more than GST collected on sales)

Avinash from Anand purchased goods worth ₹ 4,00,000 from Rajesh of Rajkot by cheque. Out of this, goods worth ₹ 2,60,000 were sold to Bhavesh of Bhavnagar for ₹ 3,20,000 by cheque.

A GST rate of 12% is applicable on these transactions - 6% CGST and 6% SGST.

"Record the journal entries in Avinash's books up to the GST accounting settlement for the above transactions."

Journal Entries in the Books of Avinash

Date	Particulars	L.F.No.	Debit (₹)	Credit (₹)
1	Purchases A/c Dr.		400,000	
	Input CGST A/c Dr.		24,000	
	Input SGST A/c Dr.		24,000	
	To Bank A/c			448,000
	(Being goods purchased including GST)			
2	Bank A/c Dr.		358,400	
	To Sales A/c			320,000
	To Output CGST A/c			19,200
	To Output SGST A/c			19,200
	(Being goods sold including GST)			
3	Output CGST A/c Dr.		19,200	
	Output SGST A/c Dr.		19,200	
	To Input CGST A/c			19,200
	To Input SGST A/c			19,200
	(Being GST settlement entry passed)			
			8,44,800	8,44,800

5.3 Accounting Entries of GST in Tally :

1. Open necessary accounts
2. Purchase Entries
3. Sales Entries
4. GST Reports
5. Other Journal Entries

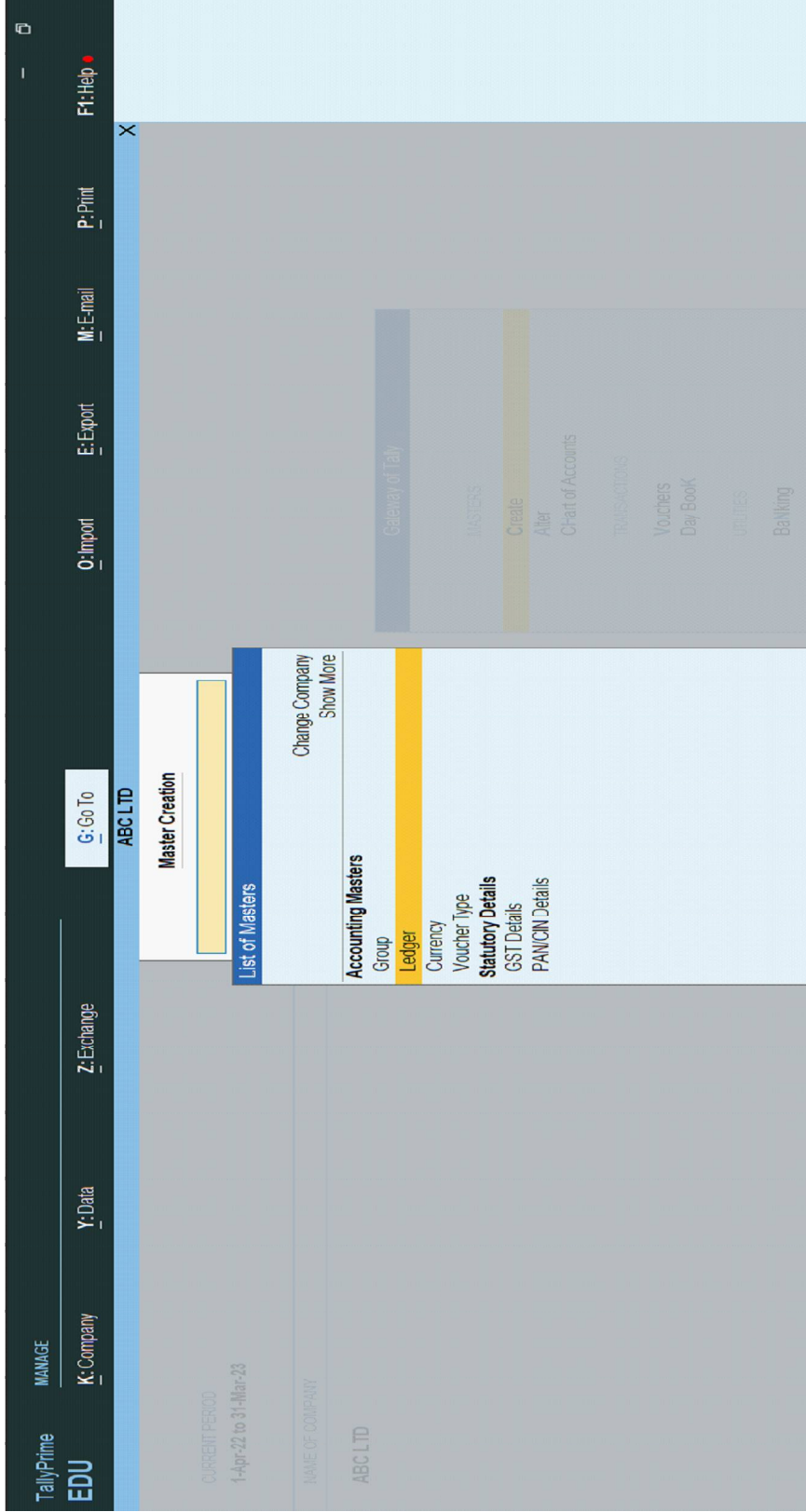
To open necessary accounts:

To pass entries of GST, some ledgers (accounts) need to be opened. Such as the buyer's account, the seller's account, the tax related account, etc.

Seller's account will be opened as under:

The screenshot displays the Tally software interface. At the top, the title bar reads 'TallyPrime' and 'Gateway of Tally'. Below this, a menu bar contains various options: 'MANAGE', 'K: Company', 'Y: Data', 'Z: Exchange', 'G: Go To', 'C: Import', 'E: Export', 'M: E-mail', 'P: Print', 'F1: Help', 'F2: Date', and 'F3: Company'. The main window is divided into several sections. On the left, there is a 'Gateway of Tally' menu with options: 'MASTERS', 'Create', 'Alter', 'Chart of Accounts', 'TRANSACTIONS', 'Vouchers', 'Day Book', 'UTILITIES', 'Banking', 'REPORTS', 'Balance Sheet', 'Profit & Loss A/c', 'Ratio Analysis', 'Display More Reports', and 'Quit'. The central area shows 'CURRENT DATE Friday, 1-Apr-2022' and 'DATE OF LAST ENTRY No Vouchers Entered'. Below this, the 'NAME OF COMPANY' is listed as 'ABC LTD'. At the bottom right, there is a small box with the text 'U: Upgrade to Latest Release'.

In ABC Limited company wants to prepare Seller's account, For that in Gate way of Tally in create Menu and go to Ledger. For sales GST 18% -keep Rate 18%. Keep under group sales accounts in sales within the state. (According to the applicable tax rate, we need to write the tax percentage.) Here, we are assuming 18% GST.



Tally Prime **MANAGE**
EDU K: Company Y: Data Z: Exchange G: Go To ABC LTD
 M: E-mail E: Export O: Import P: Print X

Ledger Creation
 Name: Sales GST 18%
 (alias)

Under: Sales Accounts
 Type of Ledger: Not Applicable

Statutory Details
 Is GST applicable: Applicable
 Set/Alter GST Details: Yes
 Type of Supply: Goods

Mailing Details
 Name: [Redacted]
 Address: [Redacted]

Banking Details
 Provide bank details: No

Tax Registration Details
 PAN/IT No.: [Redacted]

Total Opening: [Redacted]

List of Groups
 Create

- Bank Accounts
- Bank OCC A/c
- Bank OD A/c
- Branch / Divisions
- Capital Account
- Cash-in-Hand
- Current Assets
- Current Liabilities
- Deposits (Asset)
- Direct Expenses
- Direct Incomes
- Duties & Taxes
- Expenses (Direct)
- Expenses (Indirect)
- Fixed Assets
- Income (Direct)
- Income (Indirect)
- Indirect Expenses
- Indirect Incomes
- Investments
- Loans & Advances (Asset)
- Loans (Liability)
- Misc. Expenses (ASSET)
- Provisions
- Purchase Accounts
- Reserves & Surplus
- Retained Earnings
- Sales Accounts**
- Secured Loans
- Stock-in-Hand
- Sundry Creditors
- Sundry Debtors
- Suspense A/c
- Unsecured Loans

For Sales GST 18% keep 18% in Description and Sales taxable in Nature of transaction - Keep Central tax & State tax 9%. Then save it.

TallyPrime MANAGE
 EDU K: Company Y: Data Z: Exchange G: Go To ABC LTD
 F: Print M: E-mail E: Export O: Import

GSTDetails
 Name: Sales GST 18% (alias)
 Under: Sales Accounts
 Type of Ledger: * Not Applicable
 Statutory Details: * GST applicable Set/Alter GST Details Type of Supply: Goods

Total Opening Balance

HSN/SAC Details

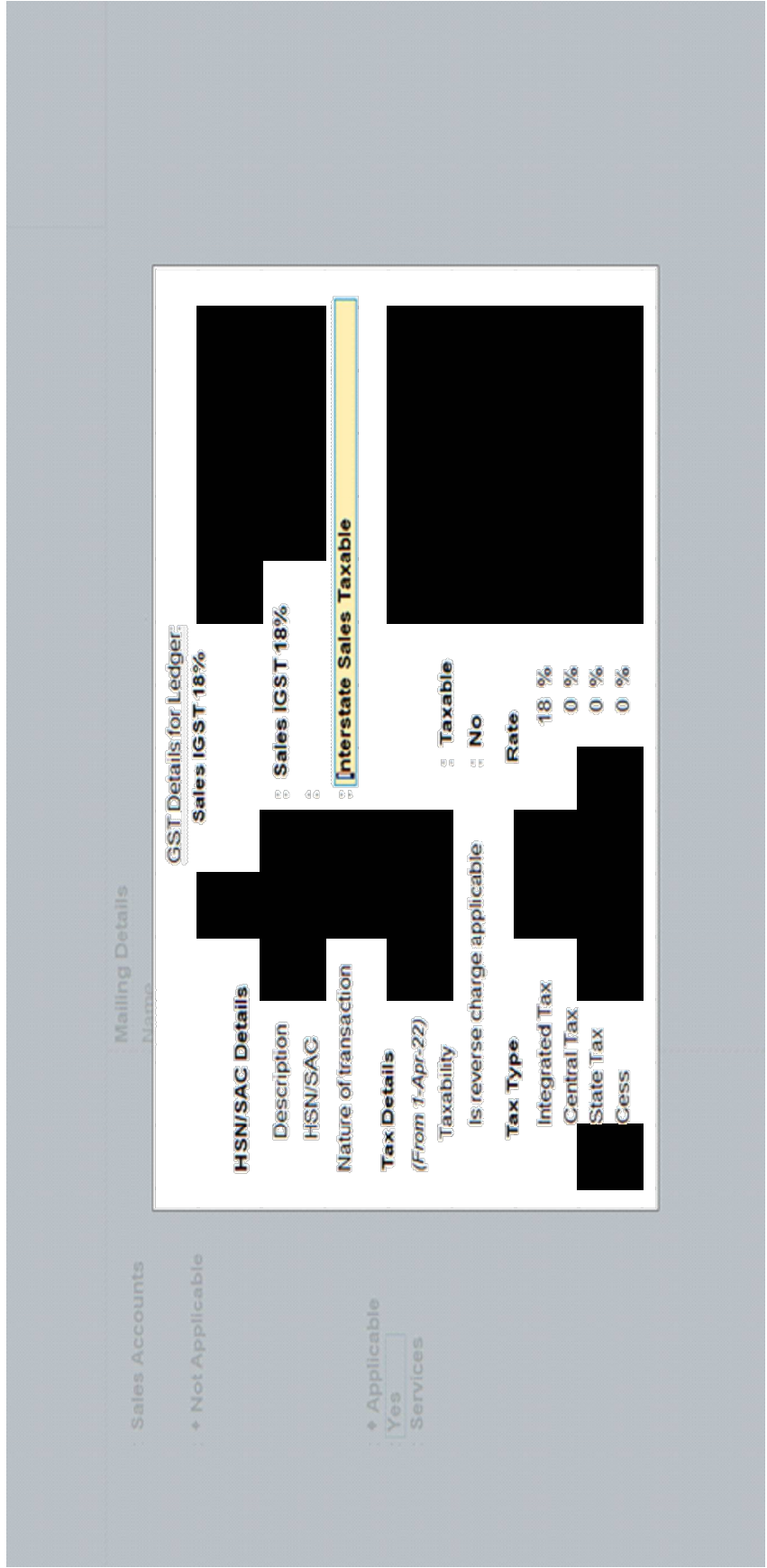
Description: [Redacted]
 HSN/SAC: Sales GST 18%
 Nature of transaction: Sales Taxable

Tax Details
 (From 7/1/19-22)
 Taxability: Taxable No
 Is reverse charge applicable: Yes No

Tax Type

Tax Type	Rate
Integrated Tax	18 %
Central Tax	9 %
State Tax	9 %
CES	0 %

Likewise, For the sale made in another state, Open Sales IGST account according to 18%. Nature of transaction - Keep interstate Sales Taxable. Keeping 18% in integrated tax... Then save it..



Open the buyer's account according to 18 % rate. Such as purchase GST 18% For purchase with in the state at 18% Save name as in the description.

TallyPrime **MANAGE** **EDU** **K: Company** **Y: Data** **Z: Exchange** **G: Go To** **O: Import** **E: Export**
Purchase GST 18% **ABC LTD** **Total Opening Balance**

Name (alias) **Purchase GST 18%**

Under **Purchase Accounts**

Type of Ledger **Not Applicable**

Statutory Details
 Is GST applicable **Applicable**
 Set/Alter GST Details **Yes**
 Type of Supply **Goods**

Mailing Details
 Name **ABC LTD**
 Address **ABC LTD**

Banking Details
 Provide bank details **No**

Tax Registration Details
 PAN/IT No. **No**

Opening Balance (on 1-Apr-22)

Accounts

Mailing Details

Name

File

GST Details for Ledger:
Purchase GST 18%

HSN/SAC Details

Description

HSN/SAC

Nature of transaction

Tax Details
(From 1-Apr-22)

Taxability

Is reverse charge applicable

Tax Type

Integrated Tax

Central Tax

State Tax

Cess

Purchase GST 18%

Purchase Taxable

Taxable

No

Rate

18 %

9 %

9 %

0 %

Keep purchase IGST 18% For the purchase made outside the state. Save name as per Description.

TallyPrime **MANAGE**
EDU **K: Company** **Y: Data** **Z: Exchange** **G: Go To** **ABC LTD**

Ledger Creation
Name: Purchase IGST 18%
(alias)

Under: Purchase Accounts

Type of Ledger: Applicable No Services

Statutory Details
Is GST applicable: Set/Alter GST Details Type of Supply

Mailing Details
Name:
Address:

Banking Details
Provide bank details:

Tax Registration Details
PAN/IT No.:

No

Mailing Details
Name

GST Details for Ledger:
Purchase IGST 18%

HSN/SAC Details
Description
HSN/SAC
Nature of transaction

Tax Details
Taxability
Is reverse charge applicable
Tax Type
Integrated Tax
Central Tax
State Tax
Cess

Purchase IGST 18%
Interstate Purchase Taxable

Taxable
No
Rate
18 %
0 %
0 %
0 %

1. Opening of account CGST at the rate of 9% - Put Duties & Taxes under group and CENTRAL TAX / for the tax type.

TallyPrime **MANAGE**
EDU **K: Company** **Y: Data** **Z: Exchange** **G: Go To** **ABC LTD**

Ledger Creation

Name : **CGST 9%**
(alias)

Duties & Taxes
(Current Liabilities)

- ☐ **GST**
- ☐ **Central Tax**
- ☐ **9 %**
- ☑ **Not Applicable**

Mailing Details

Name
Address

Banking Details
Provide bank details

Tax Registration Details
PAN/IT No.

Under

Type of duty/tax
Tax type
Percentage of calculation
Rounding method

No

1. Opening of account SGST at the rate of 9% - Put Duties & Taxes under group and STATE TAX for the tax type.

TallyPrime **MANAGE**
EDU K: Company Y: Data Z: Exchange G: Go To ABC LTD E: Export
Ledger Creation O: Import

Name **SGST 9%** Total Opening Balance

(alias) RG

Under

Duties & Taxes
(Current Liabilities)

Type of duty/tax **SGST**
 Tax type **State Tax**
 Percentage of calculation **9%**
 Rounding method **Not Applicable**

Mailing Details
 Name
 Address

Banking Details
 Provide bank details

Tax Registration Details
 PAN/TIN No.

Opening Balance (on 1-Apr-22)

Q: Quit A: Accept B: Delete

2. Opening of the account IGST 18% Put Duties & Taxes under group and Integrated tax for the tax type.

TallyPrime **MANAGE** **EDU** **K: Company** **Y: Data** **Z: Exchange** **G: Go To** **O: Import** **E: Export**
ABCLTD **Total Opening Balance**

Ledger Creation
 Name: **IGST 18%**
 (alias)

Under	Duties & Taxes (Current Liabilities)
Type of duty/tax	GST
Tax type (Percentage of calculation)	Integrated Tax
Rounding method	18 %
	Not Applicable

Mailing Details
 Name: [Redacted]
 Address: [Redacted]

Banking Details
 Provide bank details: [Redacted]

Tax Registration Details
 PAN/TIN No.: [Redacted] **No**

Opening Balance (on 1-Apr-22)

ACCOUNTS OF DEBTORS-CREDITORS.

Purchased from XYZ Limited. Enter the GST number as follows:

TallyPrime		MANAGE		O: Import		E: Export		
EDU		K: Company		Y: Data		Z: Exchange		
Ledger Creation		C: Go To		ABC LTD		Total Opening Balance		
Name (alias)	XYZ Ltd.							
Under	Sundry Creditors (Current Liabilities)							
Maintain balances by	bill							
Mailing Details		Name		XYZ Ltd.				
Address		Country		India				
State		Pincode		Maharashtra				
Banking Details		Provide bank details		No				
Tax Registration Details		PAN/IT No.		Regular				
Registration type		GSTIN/UIN		27XYZAB6678C1Z6				
Set/Alter GST details				No				
Opening Balance						(on 1-Apr-22)		

We sold goods to JKL Ltd. So, Keep the Sundry Debtors under Group, also enter the GST number as follows.

TallyPrime **MANAGE**
EDU **K: Company** **Y: Data** **Z: Exchange** **G: Go To** **E: Export**
ABC LTD

Ledger Creation **JKL Ltd** **Total Opening Balance**

Name: **JKL Ltd**
(alias)

Under: **Sundry Debtors**
(Current Assets) **No**

Maintain balances bill-by-bill: **No**

Mailing Details
Name: **JKL Ltd**
Address: [Redacted]
State: **Maharashtra**
Country: **India**
Pincode: [Redacted]

Banking Details
Provide bank details: **No**

Tax Registration Details
PAN/NTN No.: [Redacted]
Registration type: **Regular**
GSTIN/URN: **27JKLAB1234M129**
Set/Alter GST details: **No**

Opening Balance (on 1-Apr-22) :

Account of GST Payable: If GST is to be paid, the following account will be required

1. CGST PAYABLE: For the Central Tax.

TallyPrime **MANAGE**
EDU K: Company Y: Data Z: Exchange G: Go To E: Export
 O: Import ABC LTD Total Opening Balance

Ledger Creation
 CGST PAYABLE

Name (alias)

Under

Type of duty/tax
 Tax type
 Percentage of calculation
 Rounding method

Duties & Taxes (Current Liabilities)
 GST
 Central Tax
 0 %
 Not Applicable

Mailing Details
 Name
 Address

Banking Details
 Provide bank details
 Tax Registration Details
 PAN/IT No.

Opening Balance (on 1-Apr-22)

2. SGST PAYABLE: For STATE TAX.

<p>TallyPrime MANAGE EDU K: Company Y: Data Z: Exchange G: Go To O: Import E: Export</p>	
<p>Ledger Creation ABC LTD</p>	
<p>Name : SGST PAYABLE (alias) :</p>	
<p>Under</p>	<p>Duties & Taxes (Current Liabilities)</p>
<p>Type of duty/tax</p>	<p>: GST</p>
<p>Tax type</p>	<p>: State Tax</p>
<p>Percentage of calculation</p>	<p>: 0 %</p>
<p>Rounding method</p>	<p>: Not Applicable</p>
<p>Mailing Details</p>	<p>Name : Address :</p>
<p>Banking Details</p>	<p>Provide bank details : No</p>
<p>Tax Registration Details</p>	<p>PAN/IT No. :</p>
<p>Total Opening Balance</p>	
<p>Opening Balance (on 1-Apr-22) :</p>	

3. IGST PAYABLE: For INTERSTATE TAX

TallyPrime MANAGE
EDU K: Company Y: Data Z: Exchange G: Go To **ABC LTD** O: Import E: Export

Ledger Alteration
 Name: **IGST PAYABLE** (alias)

Duties & Taxes (Current Liabilities)
 GST
 Integrated Tax
 0 %
 Not Applicable

Mailing Details
 Name
 Address

Banking Details
 Provide bank details
 Tax Registration Details
 PAN/IT No. **No**

Opening Balance (on 1-Apr-22)

Total Opening Balance

GST CREDIT ACCOUNTS

1. CGST CREDIT LEDGER: Keep this account UNDER GROUP-LOANS & ADVANCES

TallyPrime **MANAGE** **K: Company** **Y: Data** **Z: Exchange** **G: Go To** **E: Export**
EDU **ABC LTD**

Ledger Creation **CGST CREDITLEDGER** **Total Opening Balance**

Name *(alias)*

Under

Loans & Advances (Asset)
(Current Assets)

CGST CREDIT LEDGER

Mailing Details
 Name
 Address

State: Maharashtra
 Country: India
 Pincode:

Banking Details
 Provide bank details:

Tax Registration Details
 PAN/IT No:
 Registration type: Regular
 GSTIN/UIN

Set/Alter GST details: No

Opening Balance (on 1-Apr-22)

2. SGST CREDIT LEDGER: Keep this account UNDER GROUP-LOANS & ADVANCES.

TallyPrime **MANAGE** **EDU** **Ledger Creation** **SGST CREDITLEDGER** **ABC LTD** **O: Import** **E: Export**

Name: (alias) **SGST CREDITLEDGER** **Total Opening Balance:**

Under

- Loans & Advances (Asset)** (Current/Assets)
- SGST CREDIT LEDGER**
 - Mailing Details:**
 - Name
 - Address
 - Slate: Maharashtra
 - Country: India
 - Pincode
 - Banking Details: Provide bank details
 - Tax Registration Details: PAN/IT No., Registration type: Regular, GSTIN/UIN, Set/Alter GST details

Opening Balance (on 1-Apr-21) :

3. IGST CREDIT LEDGER: Keep this account UNDER GROUP-LOANS & ADVANCES.

TallyPrime **MANAGE**
EDU K: Company Y: Data Z: Exchange G: Go To E: Export
 Ledger Creation O: Import ABC LTD Total Opening Balance

Name (alias) IGST CREDIT LEDGER

Under

Loans & Advances (Asset)
(Current Asset)

Name: [Redacted]
 Address: [Redacted]

State: Maharashtra
 Country: India
 Pincode: [Redacted]

Banking Details
 Provide bank details

Tax Registration Details

PAN/IT No. [Redacted]
 Registration type: Regular
 (GSTIN/UIN) [Redacted]
 (Set/Alter GST details) No

IGST CREDIT LEDGER

[Redacted]

Opening Balance (on 1-Apr-22) :

2. Purchase Entries: Purchase voucher - F9

On 01.01.23 from XYZ Ltd goods purchased of Rs.59000.

cost price of the goods Rs.50000 and IGST is 9000 at 18% So the entry will be as follows.

Purchase Voucher. F9 - Purchase Voucher.

MANAGE
TallyPrime
EDU
K: Company
Y: Data
Z: Exchange
G: Go To
ABC LTD
O: Import
E: Export
M: E-mail
P: Print
F1: Help

Accounting Voucher Creation
Supplier Invoice No. : T-25
Purchase No. : 1
Date : 1-Jan-23

Particulars

Particulars	Debit	Credit
Cr: XYZ Ltd Cur Bal: 59,000.00 Cr		59,000.00
Dr: Purchase IGST 18% Cur Bal: 50,000.00 Dr	50,000.00	
Dr: IGST 18% Cur Bal: 9,000.00 Dr	9,000.00	
		59,000.00

Provide GST details : No

Narration:

Q: Quit
A: Accept
D: Delete
X: Cancel Vch
F12: Configure

Another entry was made in which goods worth 47200 were purchased from DEF Limited on 02.01.23, out of which the original value is 40000 and CGST is 3600 + SGST is 3600. The entry is as follows:

TallyPrime		MANAGE		F1: Help	
EDU		K: Company	Y: Data	Z: Exchange	P: Print
Accounting Voucher Creation		C: Go To	E: Import	M: E mail	E: Export
Purchase No. : 2		ABC LTD		F2: Date	
Supplier Invoice No. : M-47		Date	2-Jan-23	F3: Company	
Particulars		Debit	Credit	F4: Contra	
Cr: DEF Ltd			47,200.00	F5: Payment	
Cur Bal: 47,200.00 Cr				F6: Receipt	
Dr: Purchase GST 18%		40,000.00		F7: Journal	
Cur Bal: 40,000.00 Dr				F8: Sales	
Dr: CGST 9%		3,600.00		F9: Purchase	
Cur Bal: 3,600.00 Dr				F10: Other Vouic	
Dr: SGST 9%		3,600.00		F: Autofill	
Cur Bal: 3,600.00 Dr				H: Change Mode	
				I: More Details	
				O: Related Reperc	
				L: Optional	
				T: Post-Dated	
Narration:					
		47,200.00	47,200.00		

Entries for sale: Sale voucher - F8.

I) Sold Goods to JKL Ltd. on 02.01.2023 for Rs.70800 (Basic Price Rs.60000 and IGST Rs.10800 at 18%

The entry will be as follows:

TallyPrime **MANAGE** K: Company Y: Data Z: Exchange G: Go To ABCLTD F1: Help
EDU Accounting Voucher Creation Reference No: Sales No: 1 Date: 2-Jan-23 Monday X F2: Date F3: Cont F4: Contr F5: Paytr F6: Rece F7: Journ F8: Sales F9: Purc F10: Othk E: Autofill H: Chang I: More D O: Relate L: Option T: Post-F

Particulars	Debit	Credit
Dr: JKL Ltd Cur Bal: 70,800.00 Dr	70,800.00	
Cr: Sales IGST 18%		60,000.00
Cr: IGST 18%		10,800.00
Cur Bal: 60,000.00 Cr		
Cur Bal: 1,800.00 Cr		
Provide GST details		No
Narration:	70,800.00	70,800.00

D) GHI Ltd. as on 02.01.2023 has sold goods of Rs. 49,560 of which the original value is 42000. CGST is 3780 + SGST is 3780. The entry is as follows:

TallyPrime
 MANAGE
 K: Company
 Y: Data
 Z: Exchange
 G: Go To
 ABC L TD
 Accounting Voucher Creation
 E: Export
 O: Import
 M: E-mail
 P: Print
 F1: Help

Reference No. : 2
 Date :
 2-Jan-23
 Monday

Particulars	Debit	Credit
Dr: GHI Ltd	49,560.00	
Cur Bal: 49,560.00 Dr		
Cr: Sales GST 18%		42,000.00
Cur Bal: 42,000.00 Cr		
Cr: CGST 9%		3,780.00
Cur Bal: 180.00 Cr		
Cr: SGST 9%		3,780.00
Cur Bal: 180.00 Cr		
Narration:	49,560.00	49,560.00

E: Auditfill
 H: Change Mode
 I: More Details
 C: Related Reports
 L: Optional
 T: Post-Dated
 F12: Configure

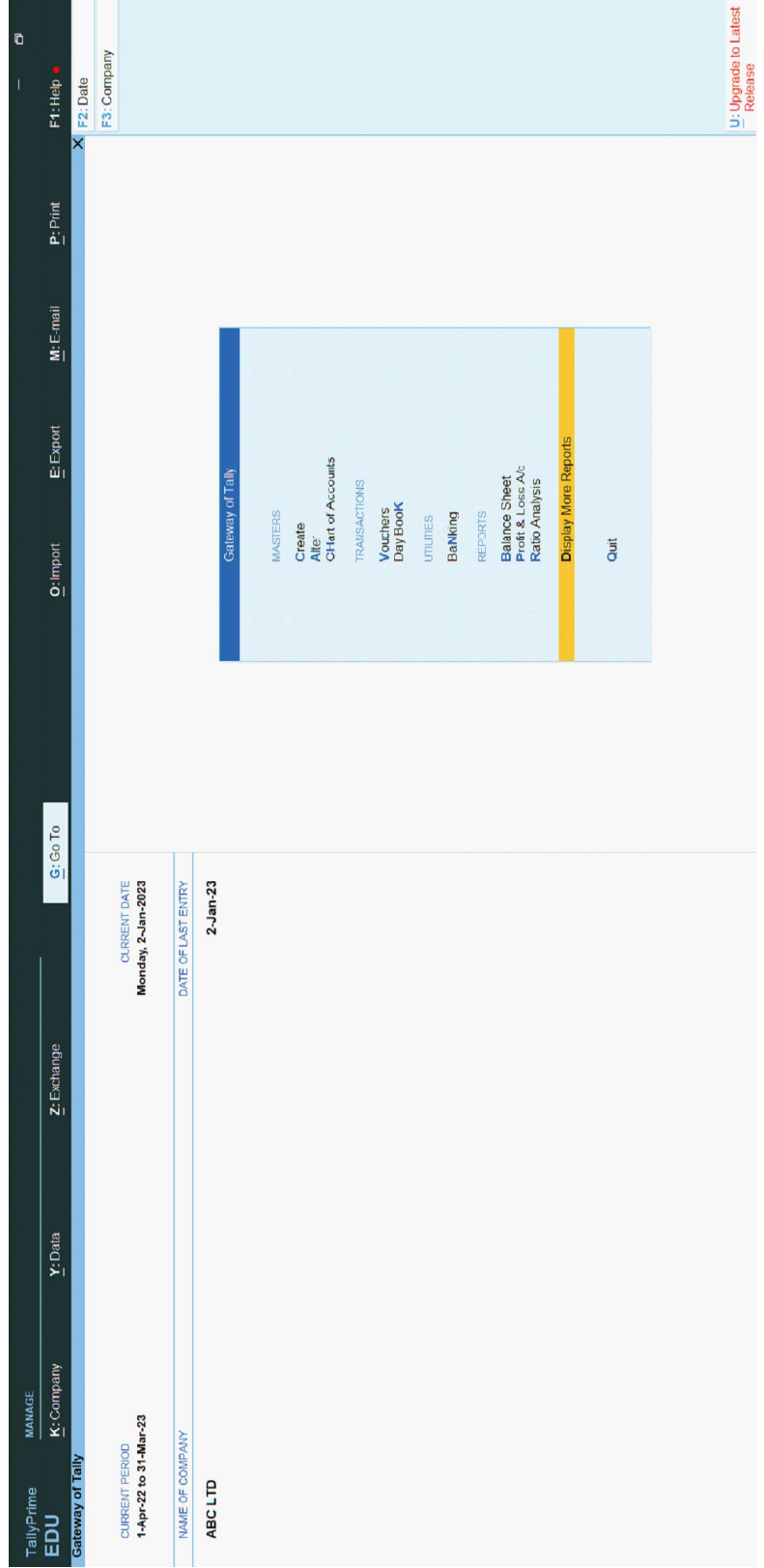
Q: Quit
 A: Accept
 D: Delete
 X: Cancel Vch

GST reports:

The reports that are prepared in Tally. Which has to be filed monthly or quarterly. A summary can be found here.

1. GSTR-1 - Reports of sales and credit note summary are to be filed. It is as follows.

STEP 1. DISPLAY MORE REPORTS



STEP 2: GST REPORTS

TallyPrime MANAGE
EDU K: Company Y: Data Z: Exchange G: Go To F1: Help F2: Data F3: Compa
Gateway of Tally X P: Print M: E-mail E: Export O: Import

CURRENT PERIOD
1-Apr-22 to 31-Mar-23

CURRENT DATE
Monday, 2-Jan-2023

NAME OF COMPANY
ABC LTD

DATE OF LAST ENTRY
2-Jan-23

Gateway of Tally
Display More Reports

- ACCOUNTING
 - Trial Balance
 - Day Book
 - Cash Flow
 - Funds Flow
- Account Books
 - Statements of Accounts
- STATUTORY
 - GST Reports**
- EXCEPTION
 - EXception Reports
 - Analysis & Verification
- Quit

U: Upgrade Release

Step 3: click F2 for the month in which you want to view the GSTR-1 report.

Change Period

From : [REDACTED] = 1-1-2023

To : [REDACTED] = 31-1-2023

TallyPrime F1: Help

MANAGE P: Print

K: Company M: E-mail

Y: Data E: Export

Z: Exchange O: Import

G: Go To F2: Period

ABC LTD F3: Company

1-Jan-23 to 31-Jan-23 F4

Voucher Count F5: Return View

4 F6

2 F7

2 F8

0 F9

0 F10

0 F11: Basis of Value

0 F12: Change View

0 J: Exception Repr

0 L: Save View

0 J: Stat Adjustmen

0 V: Open GST For

Particulars	Taxable Amount	Integrated Tax Amount	Central Tax Amount	State Tax Amount	Gross Amount	Total Tax Amount
Total Vouchers	0					
<i>Included in Return</i>						
<i>Included in HSN/HSN Summary</i>						
<i>(Incomplete information in HSN/HSN Summary (Corrections needed))</i>						
<i>Uncertain Transactions (Corrections needed)</i>						
PARTICULARS						
Outward Supplies						
Local Sales	42,000.00		3,780.00	3,780.00	7,560.00	7,560.00
Taxable	42,000.00		3,780.00	3,780.00	7,560.00	7,560.00
Inter State Sales	60,000.00	10,800.00			10,800.00	10,800.00
Taxable	60,000.00	10,800.00			10,800.00	10,800.00
Total Outward Supplies	1,02,000.00	10,800.00	3,780.00	3,780.00	18,360.00	18,360.00

2.GSTR-2 - This report is to reconcile the GST credit of the buyer.

TallyPrime									
MANAGE									
K: Company Y: Data Z: Exchange G: Go To AEC LTD									
GSTR-2									
GSTIN/UN : 24ABGPP2221JZZ									
1-Jan-23 to 31-Jan-23									
Voucher Count									
4									
Total Vouchers									
Included in Return									
Invoices ready for returns 1									
Invoices with mismatch in information 1									
Uncertain Transactions (Corrections needed)									
Not relevant in this Return									
Incomplete information in HSN/SAC Summary (Corrections needed)									
Particulars									
Voucher Count									
Taxable Amount									
Tax Amount									
Total ITC Available									
Reconciliation Status									
F2: Period									
F3: Company									
F4									
F6: Status-wise									
F6									
F7									
F8									
F9									
F10									
B: Basis of Value									
H: Change View									
J: Exception Re									
L: Save View									
B: Save Return									
J: Star Adjustme									
V: Open GST Pr									
To be reconciled with the GST portal									
B2B Invoices - 3, 4A									
Credit/Debit Notes Regular - 6C									
To be uploaded on the GST portal									
B2BUR Invoices - 4B									
Import of Services - 4C									
Import of Goods - 5									
Credit/Debit Notes Unregistered - 6C									
Nil Rated Invoices - 7 - (Summary)									
Advance Paid - 10A - (Summary)									
Adjustment of Advance - 10B - (Summary)									
Total Inward Supplies									
90,000.00									
16,200.00									
16,200.00									
ITC Reversal/Reclaim - 11 - (Summary)									
Total No. of Invoices									
HSN/SAC Summary - 13									
Reverse Charge Liability to be Booked									
Reverse Charge Inward Supplies									
Import of Service									
Advance Payments									
Amount Unadjusted Against Purchases									
Purchase Against Advance from Previous Periods									
0.00									
0.00									

3. GSTR-3B - On the basis of this report, it is decided that GSTR3B remains CREDIT.

TallyPrime **MANAGE** **EDU** Gateway of Tally

K: Company Y: Data Z: Exchange G: Go To F1: Help F2: Date F3: Comp

M: E-mail P: Print

O: Import E: Export

U: Upgrad Releases

CURRENT PERIOD **1-Apr-22 to 31-Mar-23** CURRENT DATE **Monday, 2-Jan-2023**

NAME OF COMPANY **ABC LTD** DATE OF LAST ENTRY **2-Jan-23**

Gateway of Tally
Display/More Reports

- GST Reports
- GSTR-1
- GSTR-2
- GSTR-3B
- Challan Reconciliation
- GST Annual Computation
- Update Party GSTIN
- Quit

TallyPrime MANAGE

EDU K: Company Z: Exchange Y: Data G: Go To ABC LTD

GSTR-3B D: Import E: Export M: E-mail P: Print F1: Help

GSTIN : 24ABGPP2221JZZ F2: Period 1-Jan-23 to 31-Jan-23

Particulars F3: Company Voucher Count

Particulars	Taxable Amount	Integrated Tax Amount	Central Tax Amount	State Tax Amount	Cess Amount	Total Tax Amount
Total Vouchers						
Included in Return						4
Participating in return tables						4
No direct implication in return tables						0
Not relevant in this Return						0
Uncertain Transactions (Corrections needed)						0
Particulars						
Outward Supplies						
Local Sales	42,000.00		3,780.00	3,780.00		7,560.00
Taxable	42,000.00		3,780.00	3,780.00		7,560.00
Interstate Sales	60,000.00	10,300.00				10,800.00
Taxable	60,000.00	10,800.00				10,800.00
Total Outward Supplies	1,02,000.00	10,300.00	3,780.00	3,780.00		18,360.00
Total Liability	1,02,000.00	10,300.00	3,780.00	3,780.00		18,360.00
Inward Supplies						
Local Purchase	40,000.00		3,600.00	3,600.00		7,200.00
Taxable	40,000.00		3,600.00	3,600.00		7,200.00
Inter State Purchases	50,000.00	9,000.00				9,000.00
Taxable	50,000.00	9,000.00				9,000.00
Total Inward Supplies	90,000.00	9,000.00	3,600.00	3,600.00		16,200.00
Total Input Tax Credit	90,000.00	9,000.00	3,600.00	3,600.00		16,200.00

F12: Configure

Other journal entries:

In GST, additional accounts are closed and taken to the Payable / Credit Ledger.
like.

TallyPrime
EDU | MANAGE | K: Company | Y: Data | Z: Exchange | G: Go To | M: E-mail | P: Print
Accounting Voucher Creation (Secondary) | ABC LTD | O: Import | E: Export | X

Reference No : 1 | Date : | 31-Mar-24 | Sunday

Particulars	Debit	Credit
Dr: CGST 0%	180.00	
Cur Bal: 0.00 Dr		
Cr: CGST PAYABLE		180.00
Cur Bal: 180.00 Cr		
	180.00	180.00

Narration:
TRF

TallyPrime MANAGE
EDU K: Company Y: Data Z: Exchange G: Go To ABC LTD
Accounting Voucher Creation (Duplication) O: Import E: Export M: E-mail P: Print

Journal No. 1 Date :
Reference No. :
31-Mar-23 Friday

Particulars	Debit	Credit
Dr: SGST 9% Cur Bal: 0.00 Dr	180.00	
Cr: SGST PAYABLE Cur Bal: 180.00 Cr		180.00

Narration:
TRF

Cur Bal: 180.00

TallyPrime **M**ANAGE **K**: Company **Y**: Data **Z**: Exchange **G**: Go To **F1**: **F2**: **F3**: **F4**: **F5**: **F6**: **F7**: **F8**: **F9**: **F10**: **E**:A **H**:C **I**:Mk **O**:F **L**:C **T**:P **J**:S

EDU Accounting Voucher Alteration (Secondary) **ABC LTD** **P**: Print **M**:E-mail **E**:Export **O**:Import

Journal No. 3 Date : : **31-Mar-23** Friday

Particulars	Debit	Credit
Dr IGST 18%		
<i>Cur Bal. 0.00 Dr</i>		
Cr IGST PAYABLE	1,800.00	
<i>Cur Bal. 1,800.00 Cr</i>		
		1,800.00
	1,800.00	1,800.00

Narration:
TRF

This entry can be made monthly, and it's easy to calculate. If there is an outstanding debit of this account, it is closed and taken to the credit ledger. In Balance Sheet GST Payable is shown on the liability side as Duties & Taxes under the group Current Liabilities and credit ledger is shown on the assets side in Loans & Advances under the group Current Assets.

TallyPrime
MANAGE
F1: Help

EDU
K: Company
Y: Data
Z: Exchange
G: Go To
M: E-mail
P: Print
O: Import
E: Export

ABC LTD		ABC LTD	ABC LTD
		as at 31-Mar-23	as at 31-Mar-23
Liabilities	Assets		
Capital Account	Current Assets		1,20,360.00
Loans (Liability)	Loans & Advances (Asset)		
Current Liabilities	Sundry Debtors	1,08,360.00	1,20,360.00
Duties & Taxes	Cash-in-Hand	2,160.00	
Sundry Creditors		1,06,200.00	
Profit & Loss A/c		12,000.00	
Opening Balance			
Current Period		12,000.00	

F2: Period
F3: Company
F4
F5
F6
F7
F8: Valuation
F9
F10

B: Basis of Values
H: Change View
J: Exception Reports
L: Save View

C: New Column
A: Alter Column
D: Delete Column
N: Auto Column

TallyPrime		MANAGE		K: Company		Y: Data		Z: Exchange		G: Go To		M: E-mail		P: Print		F1: Help	
EDU		Group Summary		ABC LTD												F2: Period	
Particulars																	
		<i>Duties & Taxes</i>		ABC LTD		1-Apr-22 to 31-Mar-23		Closing Balance									
			Debit		Credit												
CGST PAYABLE					180.00												
IGST PAYABLE					1,800.00												
SGST PAYABLE					180.00												
Grand Total																	
																2,160.00	

TallyPrime		MANAGE		ABC LTD	
K: Company		Z: Exchange		G: Go To	
Y: Data		E: Export		M: E-mail	
O: Import		P: Print		F:	
Balance Sheet					
Liabilities		Assets		ABC LTD	
ABC LTD		ABC LTD		as at 31-Mar-23	
as at 31-Mar-23		as at 31-Mar-23		as at 31-Mar-23	
Capital Account		Current Assets			1,33,360.00
Loans (Liability)		Loans & Advances (Asset)		13,000.00	
Current Liabilities		Sundry Debtors		1,20,360.00	
Duties & Taxes	2,160.00	Cash-in-Hand			
Sundry Creditors	1,06,200.00				
Profit & Loss A/c					
Opening Balance	25,000.00				
Current Period					
Total	1,33,360.00	Total			1,33,360.00

TallyPrime		MANAGE		K: Company		Y: Data		Z: Exchange		C: Go To		ABC LTD		Q: Import		E: Export		M: E-mail		P: Print		F: F2										
Group Summary																																
Particulars																																
Loans & Advances (Asset)																																
ABC LTD																																
1-Apr:22 to 31-Mar:23																																
Closing Balance																																
											Debit		Credit																			
											4,000.00																					
											5,000.00																					
											4,000.00																					
CGST CREDIT LEDGER																																
IGST CREDIT LEDGER																																
SGST CREDIT LEDGER																																
																					Grand Total		13,000.00									

Conclusion :

As per the above manner all types of GST related transactions are recorded in the accounts including calculations in tally prime and are useful till the final arrangement of GST payment to the GST government authorities and filing of returns

Exercise :**Q.1 Answer the following questions in detail.**

1. Explain how to record purchase of goods entries including GST in Tally Prime. Give an example.
2. Explain how income and expense entries are recorded in Tally Prime.
3. Which GST reports are available in Tally Prime and how are they useful for traders?
4. Explain how to make GST entries under income and expense vouchers in Tally Prime.

Q.2 Answer the following questions in short.

1. Which voucher is used for GST sales in Tally Prime?
2. Name two assets that can be uploaded under GST.
3. Which two taxes are automatically applied for intra-state transactions?
4. Which shortcut key is used to change GST details in an account?

Q.3 MCQs (Choose the correct option):

1. Which voucher is used to record the entry of GST payment?

a) Sales Voucher	b) Payment Voucher
c) Receipt Voucher	d) Journal Voucher

Answer: b) Payment Voucher

2. Which tax is applicable for inter-state transactions?

a) CGST + SGST	b) IGST
c) SGST	d) CGST

Answer: b) IGST

3. Which voucher is used for inter-state supply in Tally Prime?

a) GSTR-2	b) GSTR-3B	c) GSTR-1	d) GSTR-9
-----------	------------	-----------	-----------

Answer: c) GSTR-1

4. Which of the following way is used to see GST reports in Tally Prime?
- a) Gateway of Tally → Display → Statutory Reports → GST Reports
 - b) Gateway of Tally → Accounts Info → Ledger → GST Reports
 - c) Gateway of Tally → Utilities → GST Reports
 - d) Gateway of Tally → Features → GST Reports

Answer: a) Gateway of Tally → Display → Statutory Reports → GST Reports

5. Which voucher is available for advance receipt under GST?
- a) Journal Voucher
 - b) Receipt Voucher
 - c) Payment Voucher
 - d) Purchase Voucher

Answer: b) Receipt Voucher

6. Which group is used under the Output GST account?
- a) Duties & Taxes
 - b) Sundry Debtors
 - c) Direct Incomes
 - d) Indirect Expenses

Answer: a) Duties & Taxes

7. Which of the following is used to record item wise GST entry?
- a) Accounting Invoice
 - b) Item Invoice
 - c) Journal Entry
 - d) Debit Note

Answer: b) Item Invoice

8. Which shortcut key is used to put GST details in a ledger?
- a) F12
 - b) F11
 - c) Alt + S
 - d) Alt + A

Answer: b) F11

9. What happened if the GST is not enabled in company feature?
- a) Only stock entries can recorded
 - b) Do not display GST related information
 - c) Do not make bank reconciliation
 - d) Do not record the transaction of sales

Answer: b) Do not display GST related information

10. Which voucher is used to record the input and output GST adjustment entry?

- a) Payment Voucher
- b) Journal Voucher
- c) Credit Note
- d) Debit Note

Answer: b) Journal Voucher

11. Under which group is the purchase of fixed assets like machinery are entered?

- a) Indirect Expenses
- b) Fixed Assets
- c) Purchase Accounts
- d) Sundry Creditors

Answer: b) Fixed Assets

12. Which voucher is used to record the entry of GST return from the government?

- a) Payment
- b) Receipt
- c) Credit Note
- d) Sales

Answer: b) Receipt

13. In which form is the summary of tax liability and input credit reported?

- a) GSTR-1
- b) GSTR-3B
- c) GSTR-2A
- d) GSTR-9

Answer: b) GSTR-3B

14. Which option is activated for GST transactions in Tally Prime?

- a) Banking Feature
- b) Payroll Feature
- c) GST Feature
- d) Security Control Feature

Answer: c) GST Feature

15. Which voucher is used to record the entries for the expenses for which GST input credit is not available? (Like café expenses)

- a) Purchase Voucher
- b) Journal Voucher
- c) Debit Note
- d) Payment Voucher

Answer: b) Journal Voucher

Unit - 6

Advanced Accounting Practical Features

6.1 Tax Deducted at Source (TDS)

6.1.1 Introduction

6.1.2 TDS Tax Structure

6.1.3 TDS Option

6.1.4 TDS Report

6.2 Interest Calculation

6.3 Adjustment Entries

6.4 Rectification Entries

6.5 Bank Reconciliation

Exercise

6.1 Tax Deducted at Source (TDS) :

6.1.1 Introduction

TDS, or Tax Deducted at Source, is applicable to amounts paid for rent, commission, salary, interest, professional fees, and various other items. This TDS deduction is made by the person who is making these types of payments. The process of Tax Deducted at Source was initiated to collect tax directly from a person's income source, making its representation easier. TDS is used by the government to reduce the allocation of tax; instead, the tax applicable to the income generated is collected.

A general rule is that the person who receives the income is subject to paying income tax. In the case of Tax Deducted at Source, the government utilizes this provision to deduct income tax in advance from the payments you make. The recipient receives the amount remaining after TDS has been applied. This remaining amount will be added to the recipient's income. The TDS amount is balanced against the final tax that the recipient is liable to pay. The credit goes to the recipient, as it has already been paid on their behalf. Any person making

a payment under the Income Tax Act is responsible for applying TDS while making such payment.

Types of TDS:

- Salary
- Amount paid under LIC
- Bank Interest
- Dividend
- Brokerage or Commission
- Returns received on immovable property
- Contract-based payments
- Insurance commission
- Interest on securities
- Interest other than interest on securities
- Rent payments
- Remuneration paid to a company director
- Immoveable property that has been transferred
- Prizes won from games like crossword puzzles, card games, or lotteries.

TDS Deposit Date:

The tax deducted at source must be deposited with the government by the **7th day of the following month**. For example, if TDS is deducted from a person in May, it is payable by June 7th.

How and When to File TDS Return:

It is mandatory for all individuals who have deducted TDS to file a TDS return. The TDS return has to be filed **quarterly** and requires various details such as TAN, the amount of TDS deducted, the type of payment, the deductor's PAN, etc..

6.1.2 TDS Tax Structure

TDS has different rates based on the type of payment, as shown below:

Type of Payment	Section No.	TDS Rate
Income from Salary	192	As per general Income Tax rate
Interest on Securities (Bonds & Debentures)	193	10%
Interest on Deposit	194A	10%
NSC (National Savings Certificate) on Maturity	194A	10%
Payment for Professional Services	194J	10%
Rental payment above ₹ 50,000 for an individual	194IB	5%
Lottery Ticket or Other Winnings	194B	30%
Payment based on Contract/Sub-contract	194C	1% (Individual and HUF), 2% (Others)
Insurance Commission	194D	5% (Individual and HUF), 10% (Others)
Rent paid for Machinery, Plant, and Furniture	194I	2% (Machinery, Plant, and Tools), 10% (Furniture, Land, and Building)
Payment of Commission and Brokerage	194H	5%
Commission on Sale of Lottery Tickets	194G	10%

6.1.3 TDS Option

To enable the TDS feature, surcharge, record TDS transactions, and

generate necessary reports and returns, you can follow these steps:

1. Press F11 (Features). The following screen will appear. If it does not appear, press Show more Features.

Company: National Enterprises	
Show more features	: Yes
Show all features	: No
Accounting	
Maintain Accounts	: Yes
Enable Bill-wise entry	: Yes
Enable Cost Centres	: No
Inventory	
Maintain Inventory	: Yes
Integrate Accounts with Inventory	: Yes
Enable multiple Price Levels	: Yes
Enable Batches	: Yes
Maintain Expiry Date for Batches	: Yes
Use Discount column in invoices	: Yes
Use separate Actual and Billed Quantity columns in invoices	: Yes
Taxation	
Enable Goods and Services Tax (GST)	: Yes
Enable Tax Deducted at Source (TDS)	: Yes
Enable Tax Collected at Source (TCS)	: No
Online Access	
Enable Browser Access for Reports	: Yes
Enable Tally Net Services for Remote Access & Synchronisation	: No
Others	
Enable multiple addresses	: No
Mark modified vouchers	: No

2. Once you activate the TDS feature (by setting it to YES), the next screen will appear, where you need to fill in the details of the TDS deductor.

- TAN Registration Number: Registration Number
- TDS Number: 10-digit TAN number
- Deductor Type: Individual, Firm, or Company
- Deductor Branch/Division: Location
- Name of the Person Responsible for Tax Payment: Name of the responsible person

Company TDS Deductor Details	
TAN registration number	: AA AF21234G
Tax deduction and collection Account Number (TAN):	AA AF21234G
Deductor type	: Company
Deductor branch/division	: Bangalore
Set/alter details of person responsible	: No
Rate & Exemption Details	
Ignore IT exemption limit for TDS deduction	: No
Activate TDS for stock items	: Yes

Person Responsible Details	
Name	: Manoj Shah
Son/daughter of	: Kishore Shah
Designation	: Manager
PAN	: AAPPO1234E
Flat no.	: #27
Name of the premises/building	: Koramangala 6th Block,
Road/Street/Lane	: 80 Ft Road, Industrial Area,
Area/Location	: Koramangala
Town/City/District	: Bangalore
State	: Karnataka
Pincode	: 560068
Mobile no.	: 9929229828
STD code	: 080
Telephone	: 080-22282982
E-mail ID	: salesho@nationalenterprises.com

6.1.4 TDS Report:

To prepare the TDS report:

Go to Gateway of Tally > Display More Reports > Statutory Reports > TDS Reports.

Then select Ledgers without PAN.

Ledgers without PAN				
List of ledgers without PAN details				
Supplier Ledger Name	Deductee Type	Contact Person	Contact Number	PAN / IT No.
S.M Traders	Company - Resident			
VKN Transports	Individual/HUF - Resident			
Zeta Provisions	Company - Non Resident		+303262626	

6.2 Interest Calculation :

Interest is the legal return on money invested and is chargeable on loans and delayed payments in business transactions. If you have provided a loan or sold goods to your customers, you may decide to charge interest on such loans given or on delayed payments from your customer. You can also track the interest charged by the bank on your overdraft account. Additionally, you can set advanced parameters for interest calculation and record interest receivable and payable using voucher classes for debit and credit notes.

To enable interest calculation in Tally Prime, you can do the following:

1. Press F11 and set Enable Interest Calculation to YES.
2. Verify the details on the screen and press Ctrl+A to accept and save.

Company: ABC & Co.

Show more features : Yes
Show all features : Yes

Accounting	Taxation
Maintain Accounts : Yes	Enable Goods and Services Tax (GST) : Yes
Enable Bill-wise entry : Yes	Set/Alter Company GST Rate and Other Details : No
Enable Cost Centres : No	Enable Tax Deducted at Source (TDS) : No
Enable Interest Calculation : Yes	Enable Tax Collected at Source (TCS) : No
	Enable Value Added Tax (VAT) : No
	Enable Excise : No
	Enable Service Tax : No
Inventory	Online Access
Maintain Inventory : Yes	Enable Browser Access for Reports : Yes
Integrate Accounts with Inventory : Yes	Enable Tally.NET Services for Remote Access & Synchronisation : No
Enable multiple Price Levels : No	
Enable Batches : No	Payroll
Maintain Expiry Date for Batches : No	Maintain Payroll : No
Enable Job Order Processing : No	Enable Payroll Statutory : No
Enable Cost Tracking : No	
Enable Job Costing : No	Others
Use Discount column in invoices : No	Enable Payment Request to share payment link/QR code : No
Use separate Actual and Billed Quantity columns in invoices : No	Enable multiple addresses : No
	Mark modified vouchers : No

Subsequently, when creating a new ledger for a person or bank, set Activate Interest Calculation to YES. A new screen will then open as shown below:

Ledger Creation

Name : Ramesh
(alias) :

Total Opening Balance

Under : Sundry Debtors (Current Assets)	Mailing Details
Maintain balances bill-by-bill : Yes	Name : Ramesh
Default credit period :	Address :
Check for credit days during voucher entry : No	State : Gujarat
Activate interest calculation : Yes	Country : India
	Pincode :
	Banking Details
	Provide bank details : No
	Tax Registration Details
	PAN/IT No. :
	Registration type : Regular
	GSTIN/UID :
	Set/Alter additional GST details : No

Opening Balance (on 1-Apr-24) :

Q: Quit | A: Accept | D: Delete

Enter the details as shown in the above figure and save. By doing this, interest will be automatically calculated at the determined rate on financial transactions that occur after the due date.

The report can be extracted as follows:

1. Go to Gateway of Tally > Display More Reports > Statements of Accounts > Interest Calculations > Ledger.
2. Select the Ledger. The report will be displayed as per the screen below.

Interest Parameters					
Calculate Interest Based on	: Voucher Date				
Include transaction date for interest calculation:					
For amounts added	: No				
For amounts deducted	: No				
Rate :	10 %	per Calendar Year	on All Balances		
Ledger Interest Calculation					
Ledger: SBI OD Alc					Nat
					1-Apr-22 to 15-Jan-23
Balance	From:	To:	Total Days	Rate %	Interest
10,000.00 Cr	1-Apr-22	30-Sep-22	183 days	10 %	6,000.00 Cr
10,000.00 Cr	1-Oct-22	3-Jan-23	95 days	15 %	4,645.16 Cr
15,000.00 Cr	4-Jan-23	15-Jan-23	12 days	15 %	870.97 Cr

6.3 Adjustment Entries (Journal Voucher) :

When a company records its transactions, they are recorded with all relevant details on the date of the transaction. However, at the conclusion of the accounting period, an adjustment entry must also be made. Adjustment entries are made during the accounting period to correspond with the initial entry and ensure there are appropriate accounting records in the period.

Adjustment entries are used to ensure the company adheres to the matching principles of accrual accounting. If this system of accounting does not utilize adjustment entries, there will be a mismatch between income and expenses. To prevent this, adjustment entries are made to ensure a proper match. Adjustment entries are also used to record depreciation, which is an essential component of the company's financial statements and tax calculation.

An adjustment entry is a journal entry that records any unrecorded transactions for a specific accounting period. It is recorded in the company's general ledger at the end of the accounting period, which is done through F7 in Tally's menu.

Types of Adjustment Entries:

1. Accrued Income
2. Accrued Expenses

3. Deferred Income
4. Prepaid Expenses
5. Depreciation Expense

6.4 Rectification Entries (Error Correction Note) :

In Tally Prime, a "Rectification Entry" or "Error Correction Note" refers to a journal entry created to correct a previous practical transaction error. This essentially reverses the incorrect part of the original transaction and records the correct amount in the relevant accounts, ensuring the financial transaction is accurate. This is done by creating a new journal voucher with the necessary debit and credit entries to correct the error.

6.5 Bank Reconciliation :

What is a Bank Reconciliation Statement (BRS)? BRS is simply defined as a platform that matches your company's cash balance (maintained in Tally Prime) with the bank statement issued by your financial institution. Preparing a Bank Reconciliation Statement helps you resolve any errors or discrepancies between these two balances. Thus, it helps to create a clear picture of your company's financial position.

Various reasons why BRS is necessary:

1. If your company has issued cheques, but the bank has not yet cleared them.
2. Amounts are deposited into your account, but they do not appear in the bank statement.
3. Fees charged by the bank that have not yet been recorded in your cash book.
4. Interest received on your company's bank account but not reflected in the cash book.

To prepare a Bank Reconciliation Statement, you need to select the manual mode and enter the bank date on which the amount is reflected in your bank. The steps to prepare a BRS are as follows:

1. Open the Bank Reconciliation Report.

2. Press Alt+U (Manual Recon).
3. In the Bank Reconciliation (Manual) screen, enter the reconciliation date under the Bank Date column.
4. Once the bank dates are updated, press Ctrl+A to accept the screen.
5. Open the Bank Reconciliation Summary Report (Press F5 (View Reconciled))

Bank Reconciliation (Manual)							National Enterprises		1 Apr 24 to 7 Nov 24	
Ledger : HDFC - CA522										
Date	Particulars	Vch Type	Instrument No	Instrument Date	Bank Date	Deposit	Withdrawal			
Available Only in Books										
25-Sep-24	Staff Welfare		Opening BRS: 986795	25-Sep-24			5,000.00			
25-Sep-24	Sogo Computers		Opening BRS: 603456	29-Sep-24		50,000.00				
1-Oct-24	Supreme Computers		Receipt		1-Oct-24	1,000.00				
2-Oct-24	Travelling Expenses		Payment	78726333	2-Oct-24		4,000.00			
3-Oct-24	Staff Welfare		Payment	435324	3-Oct-24		16,000.00			
4-Oct-24	Telephone Expenses		Payment	999000	4-Oct-24		620.00			
4-Oct-24	Hindustan Steel Suppliers		Payment	78726333	4-Oct-24		4,000.00			
4-Oct-24	Staff Welfare		Payment	78726333	4-Oct-24		4,000.00			
5-Oct-24	Travelling Expenses		Payment	424591087504	5-Oct-24		1,630.00			
5-Oct-24	Staff Welfare		Payment	874343	5-Oct-24		2,000.00			
5-Oct-24	Staff Welfare		Payment	424591087504	5-Oct-24		1,630.00			
6-Oct-24	Telephone Expenses		Payment	999000	6-Oct-24		620.00			
6-Oct-24	Mangalore Chemicals & Fertilizers		Payment	424591087504	6-Oct-24		16,250.00			
11-Oct-24	Logitech Asia Pacific Limited		Payment	7872236664	11-Oct-24		3,100.00			
11-Oct-24	Logitech Asia Pacific Limited		Payment	7872236664	11-Oct-24		3,100.00			
12-Oct-24	Centre for Informal Edn & Dev Studies		Payment	4252357653	12-Oct-24		30,000.00			
30-Oct-24	Travelling Expenses		Payment	983243	30-Oct-24		3,100.00			
30-Oct-24	Transnetics Pvt. Ltd.		Payment	424591751424	30-Oct-24		4,770.00			
1-Nov-24	Nile Apparels		Payment		1-Nov-24		5,000.00			
4-Nov-24	Mangalore Chemicals & Fertilizers		Payment	UTR1000000001	4-Nov-24		25,000.00			
4-Nov-24	Mangalore Chemicals & Fertilizers		Payment	UTR1000000002	4-Nov-24		5,000.00			
5-Nov-24	Nile Apparels		Payment	UTR1000000002	5-Nov-24		33,300.00			
6-Nov-24	Hindustan Steel Suppliers		Payment	UTR1000000003	6-Nov-24		10,000.00			
6-Nov-24	Sogo Computers		Payment	CB1000000001	6-Nov-24		15,000.00			
7-Nov-24	Super Trading Company		Payment	UTR1000000004	7-Nov-24		2,10,000.00			
7-Nov-24	Transnetics Pvt. Ltd.		Payment	UTR1000000005	7-Nov-24		14,500.00			
7-Nov-24	Bank Charges		Payment	42534322215	7-Nov-24		50.00			

Bank Reconciliation - Reconciled							National Enterprises		1 Oct 24 to 31 Oct 24	
Ledger : HDFC - CA522										
Date	Particulars	Vch Type	Inst No	Inst Date	Bank Date	Deposit	Withdrawal			
Reconciled via Linking										
1-Oct-24	Nile Apparels	Payment	233444	1-Oct-24		4,000.00				
19-Oct-24	CG AILE APPRLS,BAGIIMHIF 402126X4037 CHECKE CLEARANCE		333444	19-Oct-24		2,000.00				
8-Oct-24	Conveyance	Payment	424481751424	8-Oct-24		5,000.00				
8-Oct-24	B GUNNY SUPER MARKET ARCHAMBEDAARFF760K58: 58100029340001751424 UPI	Payment	424481751424	8-Oct-24		3,000.00				
11-Oct-24	Staff Welfare	Payment	401813448700	11-Oct-24		5,000.00				
19-Oct-24	UPI STC LTD-AHAPTEE10Q0K5B: 48183306794 UPI	Payment	401813448700	19-Oct-24		1,000.00				
13-Oct-24	Staff Welfare	Payment	42526710843	13-Oct-24		40,000.00				
13-Oct-24	NETFARMALTY FRUITS AND N 20085033-4258071843 TRF		42526710843	13-Oct-24		40,000.00				
12-Oct-24	Telephone Expenses	Payment	111222	12-Oct-24		3,000.00				
18-Oct-24	CLG 11222-CD-ARTES 10V4-4021031148-KORANAVANGLA BR		111222	18-Oct-24		3,000.00				
14-Oct-24	Mheer Capacitor Pvt. Ltd.	Payment	4254842312	14-Oct-24		10,000.00				
15-Oct-24	NETMEMBER CAPACITORS PVT LTD 4255049114 TRF		4254842312	15-Oct-24		10,000.00				
20-Oct-24	Sogo Computers	Payment	300012	20-Oct-24		3,000.00				
30-Oct-24	NETF SOGO COMPUTERS-UTR01781433-4023327863 TRF		300012	30-Oct-24		3,000.00				
29-Oct-24	Transnetics Pvt. Ltd.	Payment	42538418116	29-Oct-24		5,000.00				
30-Oct-24	NETF TRANSNETICS INDIA PVT L 4023327863 TRF		42538418116	30-Oct-24		5,000.00				
30-Oct-24	Centre for Informal Edn & Dev Studies	Payment	42548418330	30-Oct-24		4,000.00				
30-Oct-24	UPI CENTRE FOR DEV EDN A DEV 3708-0220Q0K0CA-0F86A01917-4023327863		42548418330	30-Oct-24		4,000.00				
Reconciled Manually										
1-Oct-24	Supreme Computers	Receipt		1-Oct-24	1-Oct-24	1,000.00				
2-Oct-24	Travelling Expense	Payment	78726333	2-Oct-24	4-Oct-24		4,000.00			
3-Oct-24	Staff Welfare	Payment	435324	3-Oct-24	5-Oct-24		16,000.00			
4-Oct-24	Telephone Expenses	Payment	999000	4-Oct-24	6-Oct-24		620.00			

Exercise :

Q.1 Answer the following questions in detail.

1. Explain the process of recording TDS transactions in Tally Prime. How can a user view the TDS report and what is its importance?
2. Explain how interest is calculated and its transaction is recorded in

Tally Prime. Explain how interest calculation affects the financial ledger.

3. What is adjustment entry in Tally Prime? Discuss their importance in rectification of errors, closing of accounts at the end of the financial year and bank reconciliation. Give an example.
4. Explain the process of bank reconciliation in Tally Prime. Why is it necessary to do regular bank reconciliation? And how are the gaps eliminated? Explain.

Q.2 Answer the following questions in short.

1. What is the impact of adjustment entries on the trail balance in Tally Prime?
2. What are the two reports generated in Tally Prime to verify TDS details?
3. Give two reasons why rectification of error is necessary in Tally Prime.
4. Give one example of adjustment entry which is used to close an account at the end of a financial year in Tally Prime.
5. How is the transaction 'Interest Receivable' recorded?

Q.3 MCQs (Choose the correct option):

1. From which menu is the TDS report found in Tally Prime?
 - a) Gateway of Tally → Display → Statutory Reports → TDS
 - b) Gateway of Tally → Reports → Inventory Reports
 - c) Gateway of Tally → Account Info. → Ledgers
 - d) Gateway of Tally → Display → Cash Flow Reports

Answer: a) Gateway of Tally → Display → Statutory Reports → TDS

2. Which feature activates interest calculation in Tally Prime?
 - a) F11 → Accounting Features → Activate Interest Calculation
 - b) F12 → Inventory Features → Interest Set-up
 - c) Gateway of Tally → Import Data → Interest Module
 - d) Gateway of Tally → Audit & Compliances → Interest Reports

Answer: a) F11 → Accounting Features → Activate Interest Calculation

3. Which of the following is not adjustment entry?
- a) Changes in balance
 - b) Taxability compliance
 - c) Increase in the price of the company's shares
 - d) Preparation of correct final ledger

Answer: c) Increase in the price of the company's shares

4. Which field is used to enter the date of the bank reconciliation statement in Tally Prime?
- a) Matching date
 - b) Voucher date
 - c) Statement date
 - d) Clearing date

Answer: d) Clearing date

5. Why is rectification of error done?
- a) To avoid TDS deduction
 - b) To get the company's ledger with facts
 - c) To reduce inventory stock
 - d) To generate more sales vouchers

Answer: b) To get the company's ledger with facts

Unit - 7

Introduction to Cost, Cost Categories and Cost Centers

- 7.1 Introduction
- 7.2 Meaning
- 7.3 Cost Category
- 7.4 Cost Center - Structure
- 7.5 Multiple Cost Centers
- 7.6 Tally Prime Regarding Costing – Introduction
- 7.7 Conclusion

Exercise

7.1 Introduction:

For the producing, distributing and selling of any goods or services, it becomes necessary to determine the cost of it. In accounting, the cost accounting method is used for the valuation of goods, distribution of costs and accounting for profit and loss. Through this method, production costs, selling prices and other financial decisions can be guided in the right direction. The cost accounting method plays an important role in the financial management of business and industry.

For the Management, it is very important to know the cost of each cost unit which cannot be known through financial accounting. This and some other limitations led to the development of two distinct branches of accounting (1) Cost Accounting (2) Management Accounting. Cost accounting is a method that is used to determine the cost and profit and loss of any item or service while producing, distributing and selling it. This method increases the accuracy of valuation of goods and distribution of costs, which proves to be very useful for accurate financial planning of the business.

7.2 Meaning :

☐ Cost:

The word "cost" means the total expenditure of producing a good or service. Various expenditure incurred during production or distribution (Production

expenses, Labor expenses, Transportation expenses, Administrative expenses, etc.) is called "Cost". This expenditure is analyzed using the cost accounting method, So that profitability and cost control can be done properly in business management.

According to **Institute of Cost and Works Accountancy of England**, "Cost are the amount of money spent on a specific item."

❑ **Cost Method (Costing):**

A specific method of determining cost is called the "Cost Method (Costing)," This method is one that identifies and categorizes expenses in a computational manner.

According to **ICMA London**, "The methods or techniques for determining cost are known as costing methods."

❑ **Cost accounting:**

"Cost accounting" is a branch of accounting that helps people to understand and control their expenses through proper records.

By considering the cost elements required in production, this method determines the total cost and unit cost. Through this method, various components such as materials, labor, and indirect costs can be properly controlled, which makes it easier for the manager to make the best decisions in an accurate and professional manner.

7.3 Cost Category :

Cost category is a classification method, which helps organizations analyse and manage their costs. Cost categories are used to organize (arrange) costs into categories with similar characteristics, so that information can be obtained for budgeting, forecasting, and decision-making. This type of categorization of cost categories helps organizations control and reduces their costs.

Cost category is the process of dividing costs into different categories by an organization, which helps in identifying these costs and analysing them.

Types of Cost Categories:

1. **Production cost:**

The costs associated with producing goods or services are known as production costs.

- **Material costs:** Raw materials, such as iron, plastic, etc.
- **Labor costs:** Wages of employees engaged in production work.
- **Factory wide costs:** Expenses incurred to maintain the production unit such as rent, electricity, machinery repairs.

Example: For a car manufacturing company, machinery repair costs, steel, and worker's wages are all considered as production costs.

2. **Administrative expenses:**

These are expenses that are useful for the smooth running of the company's daily operations., But not directly related to production or sales.

- **Employee salaries:** Salaries of administrative staff.
- **Legal and professional fees:** consultant fees.
- **Office expenses:** Office essentials, such as paper, pens, etc.

Example: The salary of the company's CEO and the fees of legal counsel are part of this expense.

3. **Selling and distribution costs:**

These are the costs that are associated with the sales and distribution of products and services. marketing, advertising and distribution costs are included in it.

- **Advertising and marketing:** Sales campaign, publicity, advertising expenses.
- **Sales commission:** The fee paid to the sales team for their performance.
- **Distribution costs:** Cost of delivering the product.

Example: The company's advertising expenses and expenses for product distribution fall under this category.

4. **Research and development (R&D) Cost:**

These expenses are incurred for the development of new products, technologies, or services, which are important for maintaining a company's innovation and competitiveness.

- **Employee salaries:** Salaries paid to employees for research and development.
- **Materials and tools:** Materials used in the development process.
- **Testing and trials:** Costs for prototype and testing.

Example: Cost of developing a new drug by a chemical company.

5. **Financial costs:**

Financial expenses include all expenses that are related to the financial transactions and operations of an organization.

- **Interest on debt:** Interest paid on a debt or loan.
- **Bank charges:** Charges that may be levied by the bank.
- **Certificate Management:** Costs for investment and fund management.

Example: Interest paid on a company's loan.

6. **Repair and maintenance costs:**

This is the cost incurred for the repair of machinery, equipment and factories.

- **Regular maintenance:** Regular repairs of machinery and equipment.
- **Emergency repairs:** Repairs for breakdowns of machinery.

Example: Machinery repair costs.

7. **Specific costs (Miscellaneous Costs):**

These are expenses that are not included in all other expense categories, but are necessary for the functioning of the organization.

- **Employee Benefits:** Health insurance, pension, bonus, etc.
- **Donation and philanthropy:** Donations and projects carried out by the organization.
- **Training costs:** Training sessions for employees.

Example: Expenditure on employee benefits by the company.

8. Fixed costs:

Fixed costs are costs that remain constant regardless of the level of goods or production or services.

Examples of fixed costs:

- Rent for office or factory
- Salaries of permanent employees
- Depreciation
- Insurance premium

9. Variable Costs:

Variable costs are those that increase or decrease according to the level of production or sales. As production increases, costs also increase; and as production decreases, costs also decrease.

Examples of variable costs:

- Raw materials
- Direct labor costs (salaries of borrowed workers)

10. Semi-variable costs:

Semi-variable costs are costs that include both fixed and variable costs. One is dependent on the level of production, and the other is a variable component that is associated with the cost.

Examples of semi-variable costs:

- Phone bill (basic monthly charge and variable costs with usage)
- Maintenance costs (fixed base charge and incremental costs as per usage/production)

11. Direct costs:

Direct costs are costs that are directly linked to a specific product, project, or department. These costs are incurred as a result of providing a product or service.

Examples of direct costs:

- Raw materials for production
- Direct labor (when the worker is directly involved in production)
- Packaging costs for the product

12. Indirect costs (Overhead Costs):

Indirect costs are costs that are not directly linked to a product, department, or project.

These costs are incurred to support the overall functioning of the organization and affect multiple activities or products.

Examples of indirect costs:

- Salaries of administrative employees
- Office rent
- Electricity, water
- Office supplies

13. Operating expenses:

Operating expenses include all the expenses that are necessary for the day-to-day functioning of the organization. These expenses are important for the core functioning of the organization, but do not include non-operating expenses like interest, taxes.

Examples of operating expenses:

- Rent
- Wages and salaries
- Raw materials

14. Non-operating expenses:

Non-operating expenses are those expenses that are not directly related to the main function of the organization, but are associated with economic and investment-related activities.

Examples of non-operating costs:

- Interest on loan
- Tax

Importance of cost categories:

1. **Budgeting and forecasting:** Categorizing cost helps organizations budget and forecast more accurately. Organizations can plan their spending accordingly based on how costs change.
2. **Cost control:** These categories can help identify situations where costs are high and where steps need to be taken to reduce costs. Often, an organization can become more efficient by separating fixed and variable costs.
3. **Profitability analysis:** Organizations can evaluate how their resources are being managed through various categories of expenses.
4. **Decision-making help:** Provides a simple and clear understanding of the company's financial position.

Finally, Proper classification of cost categories is useful for managing organizations more efficiently, increasing profits, and making decisions about future expansion and growth.

7.4 Cost Center- Structure :

Cost center: A section, is a unit or function that incurs costs within an organization, but does not directly generate revenue. It helps businesses to track and control their expenses.

Main features:

1. **Cost Attention :** A cost center is responsible for planning and controlling costs in a given area, but does not directly participate in revenue-generating activities. For example, an IT department can be a cost center because it supports operations.

- 2. Cost control:** The main objective of a cost center is to control costs, which makes it an important part of cost management. Cost center managers are usually responsible for budgeting, forecasting, and managing costs in their department.

Types of cost centers:

- (1) Personal (Individual) Cost Center** - Sometimes cost centers are assigned to a person or group of persons, for example, a financial manager, HR manager, etc.

Examples of individual cost center:

- 1. Sales Department:** Salaries and commissions paid to the sales team are counted under the individual cost center.
 - 2. Human Resources Department:** Wages, salaries, recruitment costs and training costs of HR staff are part of the individual cost center.
 - 3. Customer Service:** Customer service representatives' salaries fall under the individual cost center.
- (2) Non-personal Cost Center-** Here it refers to impersonal things other than people, such as equipment, machines or places. For example, South India Sales Region, Research and Development Unit, etc.

Examples of the Non-personal Cost Center:

- 1. Maintenance Department:** The expenses for maintenance of equipment, machinery and buildings come under non-personal cost center.
 - 2. IT Department:** Costs related to software licenses, hardware and infrastructure are non-personal cost centers.
 - 3. Office supplies and utilities:** Costs of electricity, water and office supplies are classified as non-personal cost centers.
- (3) Production Cost Center** - Those departments or units that are directly involved in production are classified as production cost center. For example, tools department, grinding unit of a production line, etc.

- (4) **Services Cost Center-** Services that support the main business line are known as service cost centers. For example, purchasing department, finance department, etc. These service centers serve all departments of the organization or the entire organization.
- (5) **Operational Cost Center** – This cost is for a person or machine that is captured in a specific unit. For example, operating costs in an IT organization include the salaries of people in that account and the cost of laptops used by team members.
- (6) **Process Cost Center** - This cost is captured for a specific process that takes place in the industry. For example, the cost of rolling steel in rolling mills is considered as the process cost of rolling wire rods.

Importance:

1. **Budgeting and financial control:** Cost centers help organizations budget and allocate costs accurately. Managers can track which areas are using resources and adjust operations accordingly.
2. **Performance evaluation:** Although cost centers do not generate revenue, evaluating the efficiency of their cost control is a key goal in improving the overall profitability of the organization.
3. **Resource allocation:** By identifying high-cost areas, a business can allocate resources more efficiently, reducing costs and streamlining workflow.

7.5 Multiple Cost Centers :

Multiple cost centers are the process of declaring different departments or functional areas within an organization as separate cost center. This method allows an organization to control its costs more accurately. The multiple cost center approach helps organizations to divide their costs into different departments and functions.

Types of multiple cost centers:

1. **Departmental cost centers:** These are cost centers that are

associated with specific departments of an organization, such as production, human resources, marketing, or finance. Each department's costs are tracked separately and it manages its own budget.

Example:

- Production department (cost for raw materials of goods)
- Human Resources (Employee Compensation and Benefits)
- Marketing (advertising and promotion costs)

2. **Functional cost centers:** These types of cost centers are related to the defined functions of the organization. Separate cost centers can be declared for specific functions such as research and development (R&D), customer service, and information technology (IT).

Example:

- Research and Development (R&D) work (expenses for research and development)
- IT Department (expenses for software, hardware and building)

3. **Product or project based cost centers:** These types of cost centers are accounted for a specific product or project. The main objective of this is to clearly show the costs applicable to the contribution of each product or project.

Example:

- Project A (cost for labor, materials, machinery)
- Project B (Cost for specific project)

4. **Geographical area based cost centers:** For large and global organizations, departments can be divided based on different geographical areas around the world.

Separate cost centers are declared for each region, making it easier to track costs according to local conditions.

Example:

- North America

- Europe
- Asia-Pacific
- India

Benefits of multiple cost centers:

1. **Improve cost control:** By setting up multiple cost centers, an organization can more accurately control the spending of each of its departments. Each department manager is made responsible for their budget, which brings greater accountability in tracking and controlling costs.
2. **Efficiency evaluation:** Due to having multiple cost centers, the costs of each department are more accurately mapped, thereby facilitating the analysis method of efficiency and cost control.
3. **Specialized budgeting and forecasting:** With multiple cost centers, an organization can create specific budgets and forecasts for each department. This provides greater visibility into the revenue and expenses of different departments and gives them a consistent budget and technical approach for the future.
4. **Efficient allocation of resources:** The departments with higher expenditure can be identified in the proposal account, based on which the organization can do better budgeting and reduce financial constraints. It can take more explosive and proactive operational measures for ease.
5. **Cost transparency:** Multiple cost centers provide organizations with sufficient visibility into their costs. This allows for clear classification between parts and results, making user policy and budgeting automated.

Challenges when managing multiple cost centers:

1. **Complexity in cost distribution:** Allocation of multiple cost centers, especially where resources are allocated by precise calculation, can be complex. In addition, methods such as activity-based costing (ABC) can be useful for efficient management.

2. **Challenges of coordination:** There can be difficulty in coordinating the direction of multiple independent cost centers. It is important to maintain communication and cooperation between different departments, so that all units and departments can remain aligned with the core mission of the organization.
3. **Heavy administrative burden:** The task of overseeing multiple departments separately can become more burdensome, which can put more strain on the organization. This requires managerial time and effort.

Multiple cost centers are an important management tool for organizations., Which allows them to focus on optimal cost control, efficiency and financial constraints. However, proper implementation of this requires safe coordination, proper cost distribution mechanisms and coordinated and active cooperation between each unit of the organization, so that all types of approvals are facilitated.

7.6 Tally Prime Regarding Costing - Introduction :

There are some points related to costing in the context of Tally Accounting Software. Let us understand them in detail:

❑ Introduction to Costing:

Generally, a cost is the expenses incurred to produce a goods, provide a service, or perform an activity. Costing in tally accounting is used to track and analyze the costliness of various aspects of a business. This way you can know which products, services, departments or activities are more expensive and where there is an opportunity to reduce costs.

The cost in Tally helps you with the following:

- **Profitability Assessment:** The profitability of each product, service, or cost center can be determined separately.
- **Cost Control:** Unnecessary expenses can be identified and controlled.
- **Pricing:** Helps in determining the right price for products and services.
- **Decision support:** Provides information for resource allocation and business decision making.
- **Reporting and Analysis:** Various reports related to expenses can be prepared which are useful for analysis.

❑ **Cost Category:**

Cost categories are a way to group the types of expenses. In Tally, you can create different types of cost categories, such as:

- Production costs: direct materials, labor costs, factory overhead, etc.
- Administrative expenses: office expenses, salaries, rent, etc.
- Sales and distribution costs: advertising costs, transportation costs, commissions, etc.
- Financial costs: interest, bank charges, etc.

The main purpose of creating expense categories is to organize expenses systematically and focus on specific types of expenses. While performing transactions in Tally, you can categorize each expense into the appropriate expense category.

❑ How to create a cost category in Tally:

- Go to Gateway of Tally.
- Select Cost Category.
- Click Create (or press C).
- Enter the name of the cost category (e.g., Manufacturing Cost).
- Select Primary Cost Category if you are creating a primary cost category, or select it if you want to create it under an existing category.
- Click Accept to save.

❑ **Cost Centers – Structure:**

Cost centers are those departments, units, or activities of an organization to which costs can be separately identified and assigned. For example, a company may have different departments such as production department, sales department, marketing department, etc. Each department can become a cost center.

The main objective of creating cost centers is to know how much is being spent in which part of the organization. This information helps determine

cost responsibility and evaluate the performance of each department.

Types of cost center structures:

- Simple cost centers: Each department or activity is treated as a separate cost center.
- Hierarchical cost centers: Cost centers are arranged in a hierarchy. For example, a main cost center may be "Production Department", and under it may be sub-cost centers 'Factory A' and 'Factory B'. This way, you can get cost information in both a detailed and consolidated way.

❑ How to create cost centers in Tally:

- Go to Gateway of Tally.
- Select Cost Centre.
- Click on Create (or press C).
- Enter the name of the cost centre (e.g., Production Department).
- Select Primary Cost Centre if you are creating a primary cost centre, or select it if you want to create one under an existing main centre.
- Click Accept to save.

❑ **Multiple Cost Centers:**

When a transaction affects more than one cost center, Tally allows you to allocate that cost to multiple cost centers. For example, if you pay office rent, some of that rent can be allocated to the administrative department and some to the marketing department.

In Tally, you can allocate the cost amount during each transaction between different cost centers based on a percentage or a specific amount. This gives you more accurate information about the actual costs incurred at each cost center.

❑ How to use multiple cost centers in Tally:

- When you enter an expense (e.g., payment voucher).

- Select the expense account (e.g., office rent).
- When you enter the amount, Tally will ask you for the details of the cost centers.
- You can select more than one cost center and enter an amount or percentage for each center.
- Make sure the total amount allocated across all cost centers equals the total cost.
- Save the voucher.

In this way, Tally Accounting software helps in managing cost activities effectively regarding cost, especially for cost classified cost categories and related to various cost centers.

7.7 Conclusion :

A cost center is a department or unit that adds costs but does not directly generate profit. Cost categories help in management and analysis by dividing costs into different categories. Multiple cost centers help in controlling the costs of different departments and activities by categorizing them separately. All of these are essential for controlling costs and improving efficiency in a business.

Exercise :

Q.1 Answer the following questions in detail.

1. Explain the meaning and importance of cost in accounting. How is it helpful in managerial decisions ?
2. What are cost centers ? Explain their importance in cost control with examples.
3. What is a cost category ? Explain with an example how it differs from cost centers.
4. How can multiple cost centers and cost categories be maintained in Tally Prime ? Explain the process of using it.
5. How are the cost centers structured in Tally Prime ? How does it benefit businesses ? Explain.

Q.2 Answer the following questions in short.

1. What is the main purpose of the costing ?
2. Differentiate between direct costs and indirect costs.
3. What is the cost category in Tally Prime ?
4. State two advantages of using multiple cost centers.
5. Explain the process of creating a cost center in Tally Prime.

Q.3 Multiple Choice Questions (MCQs) :

1. What is costing mainly used for?
 - a) For auditing
 - b) For management decisions
 - c) To increase selling price
 - d) To reduce staff

Answer: b) For management decisions

2. Which of the following is an example of a cost center?
 - a) Advertising expenses
 - b) Production department
 - c) Rent
 - d) Warehouse

Answer: b) Production department

3. Which option is used to maintain different cost categories in Tally Prime?
 - a) Ledger
 - b) Cost category
 - c) Voucher category
 - d) Cost centre category

Answer: b) Cost category

4. Which option needs to be activated to maintain cost centers in Tally Prime?
 - a) Payroll Management
 - b) Inventory
 - c) Cost Centers
 - d) Bill-wise Details

Answer: c) Cost Centers

5. Direct costs are directly related to:
 - a) Overheads
 - b) Cost units
 - c) Employees
 - d) Income taxes

Answer: b) Cost units

6. Indirect costs are also known as -
- a) Fixed costs
 - b) Variable costs
 - c) Overheads
 - d) Primary costs

Answer: c) Overheads

7. Which of the following structure includes sub-cost centers within a cost center?
- a) Parallel structure
 - b) Vertical structure
 - c) Tree structure
 - d) None of the above

Answer: c) Tree structure

8. Which of the following is not a benefit of using multiple cost centers?
- a) Accurate control over costs
 - b) Easy reporting
 - c) Reduced productivity
 - d) Accurate departmental cost calculation

Answer: c) Reduced productivity

9. What does the cost category allow in Tally Prime?
- a) Unidirectional tracking
 - b) Multidirectional tracking
 - c) Inventory tracking only
 - d) Creating ledger groups only

Answer: b) Multidirectional tracking

10. What is the main purpose of cost centers?
- a) To increase costs
 - b) To track revenue separately
 - c) To allocate costs to different departments of the organization
 - d) To reduce the number of accounts

Answer:c) To allocate costs to different departments of the organization

Unit - 8

Report Writing

8.1 Introduction

8.2 Basic Features of Displaying Reports

8.3 Specific Options for the Report

8.4 Integrate Accounts with Inventory

8.5 Display of Profit and Loss Account / Profit Loss Allocation Account

8.6 Displaying Accounting Books and Statements

8.7 Cash Flow and Fund Flow Statement

8.8 Display Inventory, Reports and Statements

8.9 Printing Reports

8.10 Data Export

8.11 Language

8.12 Data Import

Exercise

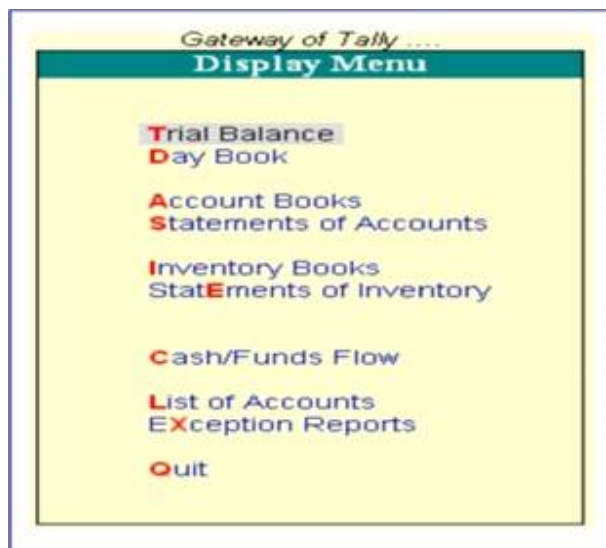
8.1 Introduction:

The way Tally presents information allows the user to get the most out of the information entered. The user gets a holistic view of the data and can use various options to present it appropriately. The main objective of data integration is to convert it into an understandable form and present it in reports. After entering the vouchers, Tally uses the same information and gives us a reliable idea of the damage to our data. In this way, managerial control becomes possible.

Display of tally of the tally is dynamic and interactive. They are not static print files but are specifications designed specifically for the screen. Whatever we see on the screen can be printed, taking into account the capabilities of the printer.

To view the display menu : Gateway of Tally > Display

The following screen displays.



Gateway of Tally directly displays only the Balance Sheet and Profit and Loss Account as these statements are considered the most important. Furthermore, all other reports are categorized into two broad sections. Namely, the Accounts Report and the Inventory Report, which correspond to the two main areas of operation. Each area is further grouped into books and statements. However, the Cash and Funds Flow Display is also not grouped under the Accounts Statements.

The trial balance reports all the accounts selected by the account holder. In other words, the trial balance shows the main accounts and their closing balances.

Stock summary is a statement of the stock on hand as of a specific date and updates every transaction by recording the goods as per the current status.

A ratio analysis statement is a one-page report that shows the performance of a company based on various prices and key indicators over a specified period of time. This report helps managers understand the company's financial position and where it is headed in the short term.

Day book contains vouchers for all transactions made during the day, including inventory vouchers. Its main purpose is to present the transactions of a day. Also, the report can be adjusted for any period by using the change period option.

Provides a master tree structure listing all accounts, such as accounts, ledgers, stock items, cost centers, currencies, etc.

An exception report is one that tracks unusual transactions or balances.

8.2 Basic Features of Displaying Reports :

The departmental reports and financial statements are prepared based on the vouchers entered in the tally till date. The appearance of the report can then be customized as per the requirement.

For example, the accounts receivable and payable of different companies can be compared during the financial year.

After highlighting an item in a report, press enter, and navigate to the lower level of detail until you reach the individual voucher. Similarly, you can go back to the higher levels by pressing Esc. The special features available for the displayed report are indicated in the button bar, which can be operated with a single click of the mouse.

Accessing Reports : The Gateway of Tally menu provides access to all the financial reports listed in the Display menu. For example, if you want to view the Sales Register, then Gateway of Tally> Display> Account Books > Sales Register. Thus, Tally will display the report for the selected period.

Modifying Reports : On selecting a report, a screen will appear. The display can be modified to suit the requirements using the appropriate buttons from the button bar. If the buttons are selected using the keyboard, the Short Cut Keys are as follows :

F (n):- Press the F (n) key.

F (n):- Press Alt + F (n) key.

F (n):- Press Ctrl + F (n) key.

Note: Here n is an example of a function key (such as F1, F2 , etc.).

F1: - Detailed/Condensed

Adds more details to the report, or summarizes the report.

F2: Period

The report period can be changed by entering the From/To dates .

F3: Company

If you have more than one company selected, this button allows you to switch between them and displays the new company's data in the current screen format.

F4 to F10:

The actions performed by these buttons vary by report.

F11: Company Features

This button is not for displaying reports but for setting options that affect voucher entry .

F12: Configure

This button is directly related to displaying the report. It also allows you to set specific options for the report.

For example, depending on the report being displayed, it can be specified whether it should be horizontal or vertical, whether it should be displayed as a percentage, whether it should show gross profit, opening and closing balances, change the time period , change the sorting method, etc.

For example, if you want to see graphs with monthly reports:

1. In the Gateway of Tally screen, select the F12: Configure button and it will take you to the configuration menu.

Country Details	
Use Accounting terminology of <i>(SAARC countries include India, Pakistan, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives.)</i>	: India / SAARC
Style of Names	
Default appearance of Names in Reports	: Name Only
Default appearance of Stock Item Names in Reports	: Name Only
Style of Dates	
Style of Short Date	: dd-mm-yy
Separator used in Short Date	: -
Configuration of Numbers	
Decimal Character to use	: .
Thousands Separator to use	: .
Put Sign before Currency/Unit Symbols	? No
Show numbers in Millions (and not Lakhs)	? No
Other Options	
Show Monthly reports with Graphs	? Yes
Use separate Menu for Final A/c Statements	? No
Ignore errors & continue during data import <i>(Applicable for importing vouchers in XML format)</i>	? No
Export Base Currency Symbol along with Amount	? No
Show tables with Masters only in Current Language	? <input checked="" type="checkbox"/>

2. Select General and, by default, allow Show Monthly Reports with Graphs under Other Options. If this option is " No ", set it to " Yes ".

(Alt + F12) F12: Range

This button allows you to filter the information displayed based on monetary value.

For example, you can specify that you want Tally to display only those vouchers in the Day Book whose Batch Names are greater than \$5,000.

Range of Information in Report
(show only those lines satisfying the given conditions)

Voucher having Batch Name equal to \$5000

Condition

End of List
and
or

(Ctrl + F12) F12: Value

This button enables us to filter vouchers.

For example, you can specify that you need vouchers that record employee activities and include all employee details, including their job title.

Value to Calculate in Report
(calculate balances using Vouchers satisfying the given conditions)

Using Voucher having Batch Name greater than

Condition

End of List
and
or

New Column (Alt + C)

allows you to add and display a new column to compare information in the report .

ABC Company	
Column Details	
From (blank for beginning) :	1-4-2006
To (blank for end) :	
Currency	
Method of Stock Valuation :	Default
Currencies	
<input type="checkbox"/> Base Currency	
\$	(U.S.A)
Rs.	(Indian Rupees)

Alter Column (Alt + A)

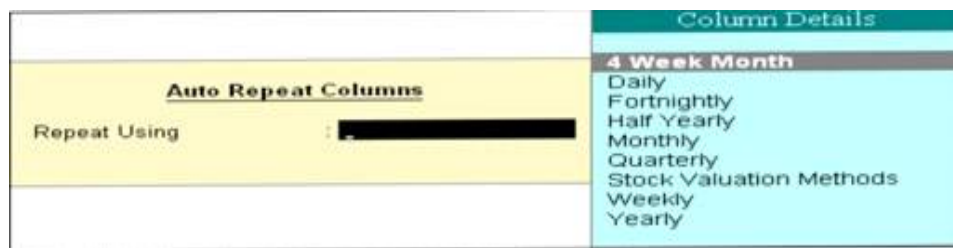
This button allows you to change the details of a new column that was previously added, such as the date range. Select the column you want to change by placing the cursor over this column.

Del Column (Alt + D)

You can use this button to remove columns from the report that you no longer want to keep .

Auto Column (Alt + N)

This button can be used to add more than one column to the report . For example, to add a column for each month or, if more than one company is selected, to add columns for other companies. You can also keep a total column.

**8.3 Specific Options for the Report :**

Specific options, if any, are displayed at the bottom of the screen and can be modified as needed.

Trial Balance Sheet

The trial balance sheet is an important statement showing the net amount of all the accounts outstanding . The trial balance serves two main purposes :

- Accuracy of Accounts : Raw survey data is checked to ensure that both the debit and credit balances are correct. If the opening balances of the accounts are not entered correctly and completely, the trial balance will not reconcile. As a result, there will be a discrepancy in the opening balance. Only the errors in the opening balances are corrected and the trial balance is validated.
- Financial Statements : Trial Balance figures are used in various business statements and annual accounts (profit and loss and balance sheet) statements.

Trial balance is a summary of ledger accounts. Trial balance is used to check the accuracy of the accounts. Also, trial balance is useful in preparing profit and loss, balance sheet and business statements.

DISPLAY OF TRIAL BALANCE SHEET

All the accounts of the company, including the main groups and their closing balances. It can be seen whether the debits and credits are matched or not. Also, in Tally, all the voucher entries are in debit - credit format.

To view the raw balance:

Accessing Ledger Accounts: Trial Balance can be accessed from the Go To Main Menu or Go To Menu.

Go To Main Menu: Select Go To > Display More Reports > Trial Balance (F-1A)

Go To Menu bar: Select Go To > Trial Balance (F-1B)

The trial balance shows the main account groups at the beginning and the closing balance at the end of the period.

F-1A: Trial Balance Go To From the main menu

F-1B: Trial Balance Go To from the list

Trial Balance Configuration: In the Trial Balance display (F-3A), click the F12: Configure button and set the configuration options (F-2A).

Go to Gateway of Tally > Display > Trial Balance

Note: According to financial principles, the trial balance does not list the ending stock.

Trial Balance		ABC Company		Ctrl + M
Particulars	ABC Company			
	1-Apr-2006 to 31-Mar-2007			
	Closing Balance			
	Debit	Credit		
Capital Account		500.00		
Current Liabilities			1,80,79,560.00	
Current Assets	16,51,679.18			
Sales Accounts		1,55,130.00		
Indirect Incomes		1,00,10,000.00		
Indirect Expenses	15,500.00		22,148.38	
Diff. in Opening Balances	2,65,99,159.20			
Grand Total		2,82,66,838.38	2,82,66,838.38	

F1: Detailed to break down grouped information or examine the group in more detail. The screen appears as follows.

F5: List all ledgers and their closing balances by selecting Ledger Wise.

Trial Balance		ABC Company		Ctrl + M	
Particulars	ABC Company		1-Apr-2006 to 31-Mar-2007		Closing Balance
	Closing Balance				
	Debit	Credit	Debit	Credit	
Opening Stock		1,500.00			
Bank		1,56,506.64			
Basic Salary		84,862.00			
Basic Salary+DA		1,334.00			
Conveyance		14,204.00			
Customer		1,720.00			
DA		9,886.67			
Direct Expenses		5,060.00			
Employee PF				2,22,305.00	
Food Coupon				47,500.00	
HRA		12,468.33			
Input Credit on Capital Goods		555.56			
Input VAT		100.00			
Input VAT 1%				50.00	
Input VAT @4				20.00	
Input Vat on Opening Stock @12.5%		6,250.00			
Input Vat on Opening Stock@4%		3,333.33			
Medical Allowance		3,250.00			
Professional Tax				200.00	
Purchases		5,000.00			
Purchases@12.5%				37,500.00	
Grand Total		3,62,565.89		3,62,565.89	

The screen appears as follows.

Trial Balance		ABC Company		Ctrl + M	
Particulars	ABC Company		1-Apr-2006 to 31-Mar-2007		Closing Balance
	Closing Balance				
	Debit	Credit	Debit	Credit	
Capital Account		500.00			
Conveyance		500.00			
Current Liabilities				1,80,79,560.00	
Duties & Taxes				55,880.00	
Sundry Creditors				1,80,23,680.00	
Current Assets		16,51,679.18			
Opening Stock					
Sundry Debtors		3,30,274.38			
Cash-in-hand		5,44,148.83			
Bank Accounts		7,77,255.97			
Sales Accounts				1,55,130.00	
Sales				1,55,130.00	
Indirect Incomes				1,00,10,000.00	
Project Inspection Charges				1,00,10,000.00	
Indirect Expenses		15,500.00		22,148.38	
Interest Received				22,148.38	
Postage		500.00			
Transportation Charges		15,000.00			
Diff. in Opening Balances		2,65,99,159.20			
Grand Total		2,82,66,838.38		2,82,66,838.38	

Bring in the closing balance for another date by selecting "New Column". The screen appears as follows.

Trial Balance		ABC Company		Ctrl + M				
Particulars	ABC Company		ABC Company		1-Apr-2006 to 31-Mar-2007		1-Apr-2006 to 31-Mar-2007	
	1-Apr-2006 to 31-Mar-2007		1-Apr-2006 to 31-Mar-2007		Closing Balance		Closing Balance	
	Closing Balance		Closing Balance		Debit		Credit	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Capital Account	500.00		500.00					
Current Liabilities		1,80,79,560.00		1,80,79,560.00				
Current Assets	16,51,679.18		16,51,679.18					
Sales Accounts		1,55,130.00		1,55,130.00				
Indirect Incomes		1,00,10,000.00		1,00,10,000.00				
Indirect Expenses	15,500.00	22,148.38	15,500.00	22,148.38				
Diff. in Opening Balances	2,65,99,159.20		2,65,99,159.20					
Grand Total	2,82,66,838.38	2,82,66,838.38	2,82,66,838.38	2,82,66,838.38				

Balance Sheet

A balance sheet is a financial statement that reports the financial position of a company. This report shows the amount of a company's assets and liabilities. The balance sheet follows the accounting formula shown below : Assets = Cash + Owner's Equity.

The balance sheet report will be generated on the date of the last voucher entry. The date can also be changed to view the report for the required period.

To view the balance sheet

1. Go to Tally Gateway > Display > Balance Sheet.
2. Press F12 to configure the balance sheet.
3. Press Ctrl+A to accept.
4. While providing the amount shown in the ledger, the amount of addition or subtraction is seen as a difference in the opening balance, so that the assets and liabilities or borrowings and deposits are equal. The entry made for the difference affects the ending balance, but the balance sheet will show the amount of the difference. To balance the difference in the opening balance, it has to be reconciled with the opening balance of the other ledger.
5. For example, if the difference in the opening balance on the debit side is ₹ 5000/-, you will have to reconcile this difference by crediting ₹ 5000/- to the opening balance of the other ledger

Balance Sheet		ABC Company	
Liabilities		Assets	
ABC Company as at 30-Jun-2006		ABC Company as at 30-Jun-2006	
Capital Account		Current Assets	
Loans (Liability)		14,97,549.18	
Current Liabilities			
Profit & Loss A/c			
Opening Balance			
Current Period			
Diff. in Opening Balances			
14,75,400.80			
Total		Total	
14,97,549.18		14,97,549.18	

This is a horizontal balance sheet.

The balance sheet screen appears in horizontal form. F12: Enabling "Show Vertical Balance Sheet" in the configuration will make it appear in vertical form.

<u>Configuration</u>	
Show Vertical Balance Sheet	? No
Profit or Loss, both as Liability	? No
Show Percentages	? No
Show Working Capital figures	? No
Method of showing Balance Sheet	? Liabilities / Assets
Appearance of Names	: Name Only
Scale Factor for Values	: Default

Use the options available in the button bar to retrieve information from the balance sheet .

1. To display summary information, press F1: - Select Descriptive / Collapse.
2. F2: Changing the balance sheet date using period.
3. Add new columns and :
 1. Display the balance sheet of a different date for comparison with the current date.
 2. Display the balance sheet in a different currency.
 3. Display budget figures and analyze variances.
 4. Look at the impact of different stock valuations on the balance sheet.

ABC Company		All Valuation Methods
<u>Column Details</u>		
Name of Company	ABC Company	At Zero Cost
From (blank for beginning) :	1-4-2006	At Zero Price
To (blank for end) :	20-12-2006	Avg. Cost
Method of Stock Valuation :	[REDACTED]	Avg. Price
		Default
		FIFO
		Last Purchase Cost
		Last Sale Price
		LIFO Annual
		LIFO Perpetual
		Monthly Avg. Cost
		Std. Cost
		Std. Price
20,778.38	14,75,400.80	

8.4 Integrate Accounts with Inventory :

Impact on Balance Sheet and Profit & Loss Account

F11: Consolidating accounts with inventory in features has a significant impact on the balance sheet and profit and loss account.

If "Accounts with Inventory" is set to Yes in F11: Features, stock / inventory balance figures are updated from inventory records, enabling access to stock registers from the balance sheet.

- If "Accounts with Inventory" is set to No in F11: Features, the figures from the inventory books are ignored and the closing stock balance is entered manually.

Note : Stock records often contain incorrect items, which leads to errors. This feature of Tally allows for instant financial review of stock. The report can be prepared.

8.5 Display of Profit and Loss Account / Profit Loss Allocation Account:

The profit and loss account shows the results of operations during a specified period. It records income and expenses based on the primary groups of the account, and the profit and loss account is updated immediately with the transaction vouchers recorded and saved in each transaction.

To view the profit and loss account :

Gateway of Tally > Profit and Loss Account.

Profit & Loss A/c		ABC Company		Ctrl + M
Particulars	ABC Company 1-Apr-2006 to 31-Mar -2007	Particulars	ABC Company 1-Apr-2006 to 31-Mar -2007	
Opening Stock	1,500.00	Sales Accounts	1,200.00	
Gross Profit c/o	52,700.00	Purchase Accounts	53,000.00	
		Closing Stock	54,200.00	
Indirect Expenses	1,24,775.00	Gross Profit b/f	52,700.00	
		Nett Loss	72,075.00	
Total	1,24,775.00	Total	1,24,775.00	

HORIZONTAL FORM OF PROFIT LOSS ACCOUNT

The sample screen shown is in horizontal format , which is the default display. You can also set it to show in vertical format.

Using the button bar :

1. Select F1: Detailed/Condensed to display more information or to summarize it.
2. Change the date of the Profit and Loss account using F2: Period.
3. Add new columns :
 1. To show the profit and loss account for a different period , to compare it with the current one.
 2. To display the profit and loss account in a different currency.
 3. To display a column with budget figures and analyze the variances.
 4. To see the impact of various stock appreciations on the profit / loss account.
 5. To select and compare the profit and loss of different companies.

Income Expense Statement

(Account statements for non-profit organizations)

Trading and profit and loss statements are not appropriate for non-trading accounts (such as accounts for charitable organizations).

In such a case , you can use Income and Expenditure Accounts by selecting Income/Expense Statement instead of P&L in F11: Features.

The Income and Expenditure statement is shown as follows

Income & Expenditure Statement		ABC Company		Ctrl + M	E
Particulars	ABC Company 1-Apr-2006 to 31-Mar -2007	Particulars	ABC Company 1-Apr-2006 to 31-Mar -2007		
Opening Stock		Sales Accounts	1,55,130.00		
Closing Stock	1,56,000.00	Gross Loss c/o	870.00		
	1,56,000.00		1,56,000.00		
Gross Loss b/f	870.00	Indirect Expenses	21,648.38		
Excess of Income over Expenditure	20,778.38				
Total	21,648.38	Total	21,648.38		

8.6 Displaying Accounting Books and Statements :

BOOKS OF ACCOUNT

The details of transactions entered in the ledger are recorded. Although the details are recorded in many different ledgers, Tally collects all the transactions in a specific series, making it easy to view and print.

For example, the cash book records all transactions affecting cash and the sales book records all sales transactions.

ACCOUNTING STATEMENTS

This is related to outstanding analysis and cost centers. Statements of accounts are derived from individual transactions, but this is not a legal requirement.

FINANCIAL STATEMENTS

Taken from individual transactions, summary totals, ratios, and figures attempt to present, and analyze a company's financial information in various ways. Financial statements include a balance sheet, profit and loss account, and cash flow analysis, and are a legal requirement in many countries.

Ledger Monthly Summary		ABC Company		Sales@9%	
Particulars		1-Apr-2006 to 31-Mar-2007		Transactions	
		Debit	Credit	Closing Balance	
Opening Balance					
April			1,200.00	1,200.00	Cr
May				1,200.00	Cr
June				1,200.00	Cr
July				1,200.00	Cr
August				1,200.00	Cr
September				1,200.00	Cr
October				1,200.00	Cr
November				1,200.00	Cr
December				1,200.00	Cr
January				1,200.00	Cr
February				1,200.00	Cr
March				1,200.00	Cr
Grand Total			1,200.00	1,200.00	Cr

1. All books are displayed with a monthly summary showing the opening and closing balances.
2. Select a month and press enter to display all transactions for that month. The opening and closing balances as well as the total amount of all transactions are displayed.
3. Select a transaction to open the voucher. Whether it can be modified depends on the voucher access rights.

Let's look at some general examples of how to display the ledger and financial

statements. You can then try with other statements.

Cash Book - Bank Book

To view Cash/Bank Summary:

Tally Gateway > Display > Account Books > Cash/Bank Book(s)

1. If you have more than one bank account, select a bank account. Press Enter to view the Ledger Monthly Summary.

Cash/Bank Summary		ABC Company		Ctrl + M
Particulars		Bank Accounts ABC Company 1-Apr-2006 to 31-Mar-2007		
		Closing Balance		
		Debit	Credit	
Cash-in-hand			5,44,148.83	
Cash			5,44,148.83	
Bank Accounts			7,17,255.97	
Co-Operativ Bank Ltd			5,46,791.72	
Cooperation Bank			563.00	
Deposit A/c			2,29,911.25	
Grand Total			13,21,404.80	

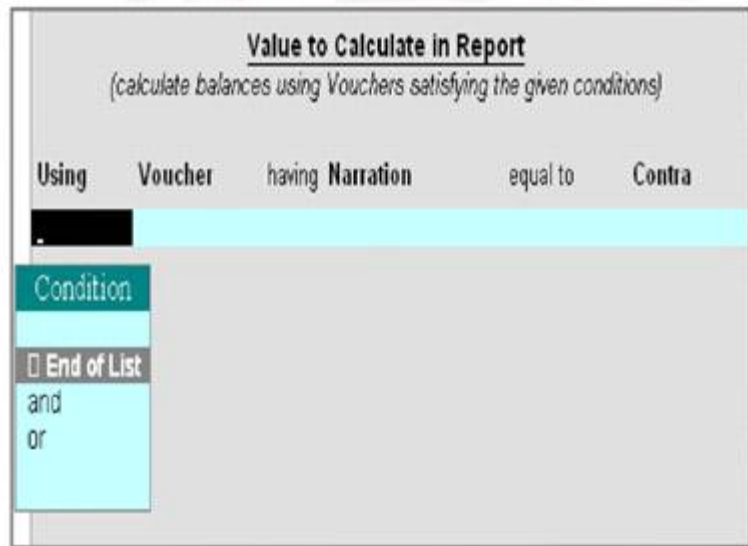
2. Select F12: Configuration and enable the "Show with Graph " option to Yes.
3. Highlight a month, press Enter and the Ledger Vouchers screen will open.

<u>Configuration</u>	
Nett transactions only	? No
Show Closing Balances	? Yes
Show Percentages	? No
Appearance of Names	: Name Only
Scale Factor for Values	: Default
Periodicity to use	: Monthly
Show Average Details	? No
<u>Graphs</u>	
Show with Graph	? Yes

4. All vouchers for the selected month are listed. Press Esc to return to the Ledger Monthly Summary screen.

Ledger Vouchers		ABC Company		1-Mar-2007 to 31-Mar-2007	
Ledger: Customer					
Date	Particulars	Vch Type	Vch No.	Debit	Credit
31-3-2007	Sales	Sales	1	1,56,000.00	
31-3-2007	Sales	Credit Mem	1		3,120.00
31-3-2007	Sales	Sales	2	2,250.00	
				Opening Balance	
				Current Total	1,58,250.00
				Closing Balance	1,55,130.00

5. F12: Select Value to open the Value to Calculate in Report screen.
 - A) Select Voucher Type from the Particulars menu.
 - B) Select Narration in the Particulars menu.
 - C) Select equal to in the Range of Info. menu.
 - D) Type Contra in the next field and press Enter.
 - E) Select End of List in the Condition menu and press Enter twice.



6. In the Ledger Monthly Summary screen, the figures now show Contra vouchers only. To verify this, place the highlight bar on the figures for July and press Enter to view the details .
7. Continue pressing Esc to return to the Gateway of Tally menu.

Accounts and Registers

The purpose of keeping ledgers and registers in a bookkeeping system is to organize similar entries into a single unit so that they make sense, such as,

organizing all cash entries in the cash book, and all sales entries in the sales day book (sales register).

Tally Transaction Statement from sub-accounts, entries are made for each voucher type. Therefore, there will be as many registers as there are voucher types.

Journals, Day Book and Registers

There are different types of registers like journal, sales register, purchase register, debit note register, credit note register, payment register, receipts register etc. There are three ways to view different types of registers :

1. From the Display menu
2. Changing the voucher type within the register
3. From the statistics page

The sales register has the most options .

Sales Register

Gateway of Tally > Display > Account Books > Sales Register

The screen shown below will appear.

Sales Register		ABC Company		Ctrl + M
Particulars	Sales			
	ABC Company			
	1-Apr-2006 to 3-Jul-2006			
	Transactions		Closing	
	Debit	Credit	Balance	
April		4323832004923138200		
May		4323832004923138200		
June				
July		4323832004923138200		
August				
September				
October				
November				
December				
January				
February				
March				
Grand Total				

Month	Sales Value
Apr	4323832004923138200
May	4323832004923138200
Jun	4323832004923138200

All registers show a summary of the month, including transactions and closing balances. For balance sheet accounts, the opening balance is displayed at the top of the screen.

Select a month and press Enter to view the sales voucher register.

A list of all sales vouchers related to the month you selected is displayed. You can use the options in the button bar to change the display according to

your preference. You can change the report period and the depth of information.

F12: View the report with the following information or some of it by configuring : narrations, bill - of-view details, cost center details, and inventory details.

View the report in detailed format by clicking F1: Detailed.

INVOICE PROFITABILITY

To view the sales voucher register for a period, click on the month and change the period if necessary.

Select F2: Show Profit or F12: Click Yes to set the "Show Gross Profit Estimate" option in the Configuration.

Voucher Register		ABC Company		Ctrl + M			
List of All Sales Vouchers		1-Apr-2006 to 31-Mar-2007					
Date	Particulars	Vch Type	Vch No.	Transaction Value	Gross Revenue	Cost	Gross Profit
1-4-2006	Customer	Sales	1	4,800.00	4,800.00	12,000.00	(+7,200.00) 150.00%
1-4-2006	Supplier	Sales	2	1,500.00	1,500.00	15,000.00	(+13,500.00) 900.00%
1-4-2006	Customer	Sales	3	4,800.00	4,800.00	12,000.00	(+7,200.00) 150.00%
1-4-2006	Supplier	Sales	4	1,500.00	1,500.00	15,000.00	(+13,500.00) 900.00%
Total :				12,600.00	12,600.00	54,000.00	(+41,400.00) 329.00%

The report so far now shows each invoice as follows:

- Transaction value - Invoice value including tax
- Gross Revenue - Actual sales value after tax
- Cost - Book value of the product
- Gross Profit - profit or loss on sales

EXTRACT OF SALES REGISTER

When you are in the Sales Voucher Register, select F6: Extract from the button bar.

It will then be displayed on the screen given below.

Voucher Register		ABC Company		Ctrl + M	
Extract of All Sales Vouchers				1-Apr-2006 to 31-May-2007	
Particulars		Debit Amount		Credit Amount	
Sundry Debtors				9,600.00	
Customer				9,600.00	
Sundry Creditors				3,000.00	
Supplier				3,000.00	
Sales Accounts				12,600.00	
Sales@9%				12,600.00	
Grand Total				12,600.00	12,600.00

The extract provides a breakdown of sales vouchers and the total value for the ledger used for sales vouchers for each group and period. This information is useful when you want to know how much each customer group purchased, how much tax was charged, or what the total value of each sales ledger is.

Inventory-Viz Extract of Sales Register:

- Select F6: Extract in the Sales Voucher Register.
- F12: Go to Configure.
- Set Show Inventory-wise Extract to Yes to see a report with quantity and value details.

Then the screen below will be displayed.

Voucher Register		ABC Company		Ctrl + M			
Extract of All Sales Vouchers				1-Apr-2006 to 31-May-2007			
Particulars		Inwards Qty	Rate	Amount	Outwards Qty	Rate	Amount
Stock Item					360 nos	35.00	12,600.00
Grand Total					360 nos	35.00	12,600.00

MONTHLY SUMMARY

The first screen displayed when drilling down to a group, ledger, stock item, or cost center from a statement is the monthly summary. The monthly summary can also be accessed from the voucher level screen using the Monthly tab. The monthly summary displays the opening balance for the year and then lists the total transactions for the cash month, including both debits (in for stock) and credits (out for stock), and finally the closing balance for each month. Below the monthly summary, a bar chart is displayed that shows the movement of the accounts.

Display the monthly summary as per your requirement using F12: Configure.

The options available on the button bar are very useful for configuring managerial reports.

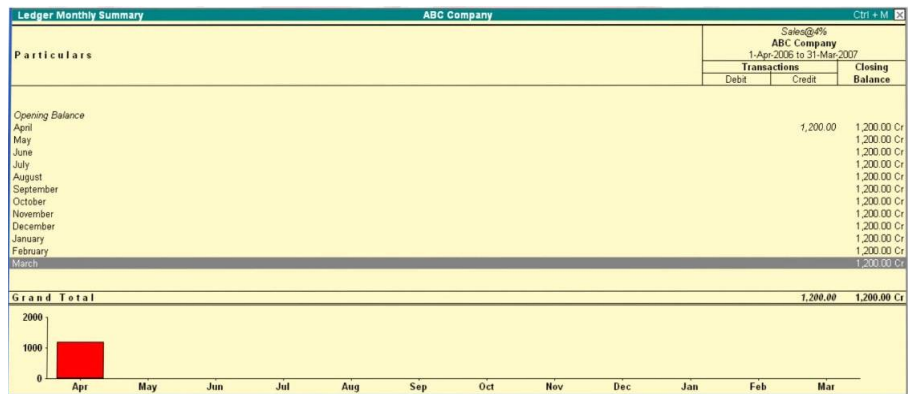
For example, you can use the New Column button to display a monthly summary of another ledger or object, or a monthly summary of the same object in another company.

The quarterly figures provided can be viewed by pressing the F5: Quarterly button.

Use the options available in F12: Configure to view the percentage, average, and other details.

Ledger Voucher Monthly Summary

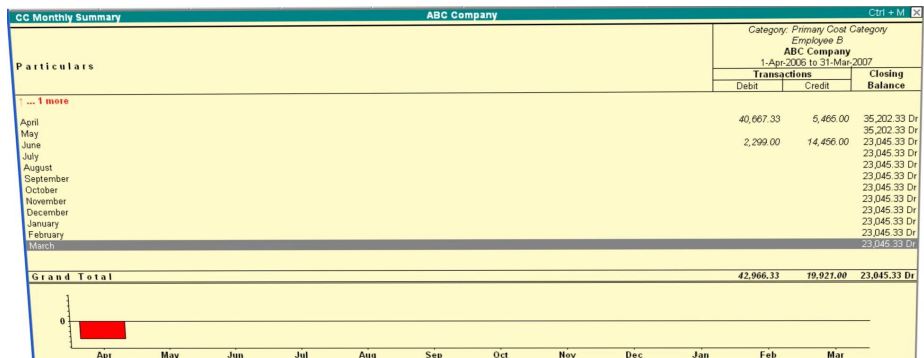
The Ledger Voucher Month Summary screen is displayed as shown below.



Cost Category Month Summary

The monthly summary of the cost category is displayed as shown below.

You can drill down for more details by hovering over a specific month, such as October.



Stock Item Monthly Summary

The screen will be displayed as follows. If you want to see the details of a particular month, you have to place the cursor on the month and check its details.

Stock Item Monthly Summary		ABC Company		CBI + M		
Particulars	Stock Item ABC Company 1-Apr-2006 to 31-Mar-2007					
	Inwards		Outwards		Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value
Opening Balance					10 nos	1,500.00
April			360 nos	12,600.00	(350 nos)	(62,500.00)
May					(350 nos)	(62,500.00)
June					(350 nos)	(62,500.00)
July					(350 nos)	(62,500.00)
August					(350 nos)	(62,500.00)
September					(350 nos)	(62,500.00)
October					(350 nos)	(62,500.00)
November					(350 nos)	(62,500.00)
December					(350 nos)	(62,500.00)
January					(350 nos)	(62,500.00)
February					(350 nos)	(62,500.00)
March	(10 nos)	(500.00)			(350 nos)	(62,500.00)
Grand Total			(10 nos)	(500.00)	360 nos	12,600.00
						212/328

8.7 Cash Flow and Fund Flow Statement :

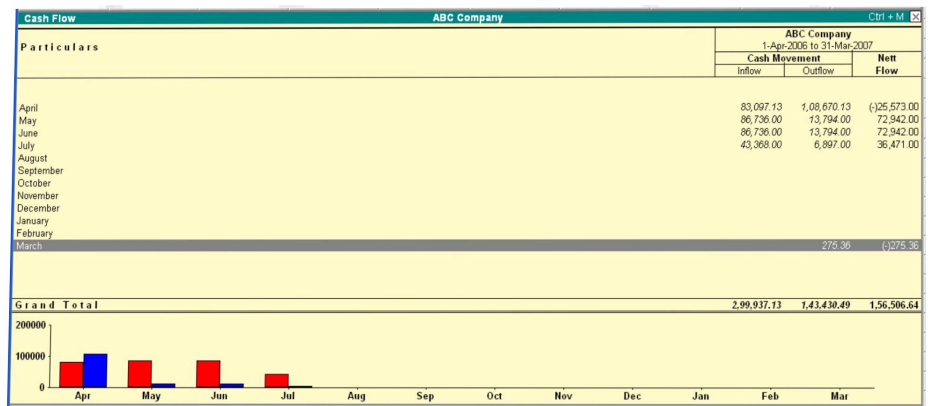
Cash management is essential for any business. Many companies, when they go into liquidation, continue to make profits due to viability. Businesses close due to lack of funds, yet they are profitable. Cash and fund flow statements are helpful in cash management and are an important component of management accounting.

CASH FLOW STATEMENT

A cash flow statement is a statement of cash inflows and outflows in a business. It includes all cash transactions made with the bank. Used in conjunction with the balance sheet and profit & loss account, the cash flow statement helps to understand the difference between net income and net cash flow, and to monitor the impact of cash / non - cash investments and financial transactions.

To access cash flow :

1. Go to Tally Gateway > Display > Cash / Funds Flow > Cash Flow
2. A monthly cash flow summary will be shown, showing the inflows and outflows of money, as well as the net flow, for each month.



3. Select a month and press Enter for detailed information . Select the F1: Detailed button on the button bar to view the cash flow for that month.

For quarterly cash flow :

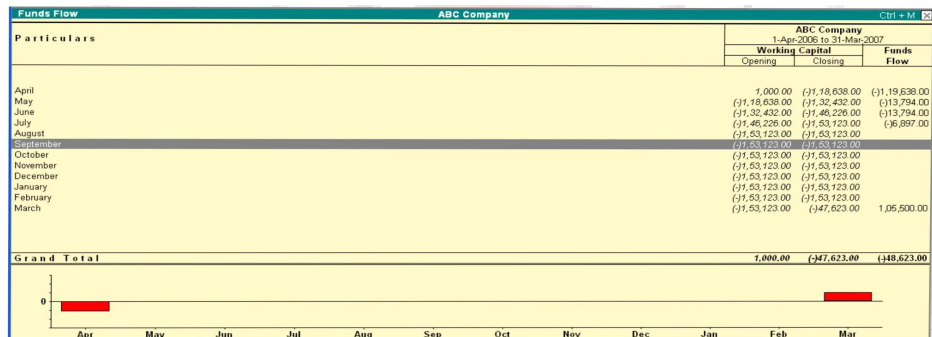
- Change the period by pressing F2: Period and set the time period, for example, 1-4-05 to 1-12-05.
- Select the Auto Column option on the button bar.
- You can select Quarterly (or Monthly or any other period) from the list.

FUND FLOW STATEMENT :

Where the cash flow statement deals only with cash, the funds flow includes the flow of all working capital. It includes increases and decreases in inventories, creditors, and debtors, in addition to cash and bank. This statement shows the sources of funds and how they are used.

To access Funds Flow :

1. Go to Tally Gateway > Display > Cash / Funds Flow > Funds Flow
2. Monthly Funds Flow Summary appears along with the working capital flow for each month . It shows the opening and closing balance for each month.



3. Select a month and press Enter for detailed information.
4. Select F1: Detailed to view the funds flow for the selected month.
5. The working capital flow is shown at the bottom of the screen . For more details, you can click on any line to get detailed information.

Funds Flow Summary		ABC Company		Ctrl + M	
Sources	ABC Company 1-May-2006 to 31-May-2006	Applications	ABC Company 1-May-2006 to 31-May-2006		
		Nett Loss	13,794.00		
Total		Total	13,794.00		
Particulars		Opening Balance	Closing Balance	Wkg Cap Increase	
Current Assets		73,938.00 Cr	87,732.00 Cr	(13,794.00)	
Current Liabilities		44,700.00 Cr	44,700.00 Cr		
Working Capital		1,18,638.00 Cr	1,32,432.00 Cr	(13,794.00)	

Quarterly funds flow :

1. Press F2: Period to change the period.
2. Set the period , such as 1.1.04 to 1.5.04.
3. Select the Auto Column option on the button bar.
4. Alternatively, select Quarterly (or Monthly or any other period) from the list.

Bank Account Reconciliation

Reconciling a company's bank accounts with bank statements is a routine accounting task. In Tally, the features for reconciling bank accounts are as follows :

- Ability to 'check back' the purity of recombination.
- The bank uses the date against the televoucher.

For example, if you issue a check on April 8 and your bank clears it on April 19, you would set the bank date for the voucher as April 19. This means that when you 'check back' to check whether the entry made is correct, you will only have to check the bank statement for the 19th.

Retrieving recombination of any date

This is very important in auditing. There is a need to certify the adequacy of

bank reconciliation auditing and the accuracy of accounts at the end of the year. However, this is not a 'real - time' task, meaning auditors do not do it on the first day of the new year.

For example, a reconciliation done on March 31 should still be 'visible' in August, when almost all checks will have been reconciled by then. Tally also offers this feature.

Bank accounts can have different starting dates for reconciliation. When you create a bank account, you are asked to provide an effective date for reconciliation. Typically, this date will be the opening date of the book. However, you may have imported data from an older version of Tally or from another system (where the reconciliation process was not available or was different). In such a case, you may not want to reconcile the bank account with your bank statements from the beginning. Provide the date after which the reconciliation feature should be operational. Once you do this, the previous entry will be taken as the reconciled opening balance.

A quick test with recombination will give you a full understanding of it. Here's how to proceed :

1. Bring a monthly summary of any bankbook.
(You can select any bankbook from the following list : Balance Sheet, Trial Balance, Display > Account Book > Cash / Bank Book).
2. Move the cursor to the first month (usually April) and press Enter. This will bring up the vouchers for the month of April. Since this is a bank account, you may see another button on the button bar, F5: Reconcile. Press F5.
3. The screen will go into recombination mode, which can be edited. The main component of the current screen is the column for Bankers Date.
4. The recombination found below the screen shows :
 1. Balance as per the company's books
 2. Amounts shown in the bank

3. Bank wise balance shows the balance as of the last date (for example, April 30) as per the company's books.

"Amounts showing in bank" are the debit and credit amounts of all vouchers whose bank date is BLANK or after April 30 (i.e., these vouchers have not yet come up for showing in the bank statement).

According to the bank, the balance is the net effect on the account balance, reduced by the amounts shown in the bank - which should be compared to the balance in the bank statement.

There may be some errors with the entries made in the bank statement, which have not yet been posted to the accounts. These can be reconciled manually and a printout of the reconciliation can also be taken.

When you mark individual vouchers by setting the bank date, you will notice that the reconciliation at the bottom of the screen is constantly updated. Once this process is complete, press Ctrl + A or Enter as needed.

When you select Reconciliation, the screen will only display vouchers that have not been identified. If you need to edit the marking, you can also display vouchers that have already been marked as Reconciliation using F12: Configure.

<u>Configuration</u>	
Select vouchers to show	: All Vouchers
Format	: Condensed
Show Billwise Details also	? No
Show Cost Centre Details also	? Yes
Show Inventory Details also	? No
Show Narrations also	? No
Include Opening Balances <i>(set as 'no' to remove from filtered reports)</i>	? Yes
Appearance of Names	: Name Only
Sorting Method	: Default

Also set "Show Reconciled Vouchers" to Yes so you can see reconciled vouchers.

Note : Reconciliation of opening balance is not possible and can only be done with available actual transactions. Set "Allow back dated Reconciliation" to Yes so that you can enter a bank date earlier than the voucher date. Press Alt + P or click the Print button to print your reconciliation report.

8.8 Display Inventory, Reports and Statements :

Tally Inventory works by allowing you to view, edit, and print reports that show items and their details. Tally generates inventory reports based on the vouchers entered . You can use custom reports to compare inventory information between different companies, time periods, etc.

Highlight any item and press Enter to move to the next detail in the report. Complete this process step by step until you reach the individual voucher. Similarly, press Esc to go back to the previous level. The special features available for the currently displayed report are displayed on the button bar and can be selected with a single click of the mouse.

This section highlights some of the special inventory screens and demonstrates the level of customization supported.

Viewing Stock Summary

A stock summary is a statement of the stock on hand at a given date. This is updated in real time with each transaction and provides the current stock status. This statement, like all Tally reports, can be drilled down and configured to view different details, for example, total stock flow can be viewed in a single report.

Tally validates the stock summary as a primary statement and makes it available directly from the Tally gateway.

To view stock summary :

1. Go to Tally Gateway > Stock Summary
2. The default display is of the stock group balance.
3. Select Detailed to display more details.

- groups or stock items (where there are no sub - groups) are included in the previous report,

Stock Summary		ABC Company		Ctrl + M	
Particulars		ABC Company		1-Apr-2006 to 31-Mar-2007	
		Closing Balance			
		Quantity	Rate	Value	
CD Rom Drives		50 nos	7,500.00	3,75,000.00	
Freight				7,500.00	
Stock Item		(1360 nos)			
Grand Total		(1310 nos)		3,82,500.00	

such as,

In the above example , stock groups "Hardware" and "Software" have stock items and they have closing balances.

Stock groups display total quantities because the unit of measure is the same for all stock items. A grand total is available because there is only one unit of measure for each "edible" item. If there are different units of measure, the grand total is not calculated and displayed.

Goods valuation methods (STOCK EVALUATION METHODS)

Stock valuation methods can be used with the stock summary report to see the effects of different methods on the value of a stock. A different valuation method can be set for each stock item. Sometimes, a specific valuation method may be needed, for example, to estimate the replacement value or realizable value of a stock. Tally displays the stock or all valuation methods dynamically and simultaneously, without any complicated processing.

Purchase cost method to estimate replacement value and the last sale price method for realizable value, on the Stock Summary screen, select the New Column button on the button bar or press Alt+C. The screen appears as shown below.

Select Last Sale Price from the list of stock valuation methods. The stock summary report with the Last Sale Price column appears as follows :

Column Details		All Valuation Methods
From (blank for beginning) :	1-4-2006	At Zero Cost
To (blank for end) :		At Zero Price
Name of Group :	<input type="checkbox"/> Primary	Avg. Cost
Method of Stock Valuation :	Default	Avg. Price
		Default
		FIFO
		Last Purchase Cost
		Last Sale Price
		LIFO Annual
		LIFO Perpetual
		Monthly Avg. Cost
		Std. Cost
		Std. Price

8.9 Printing Reports :

Generated reports and documents is very easy thanks to Tally's extensive display capabilities.

Two options are available for printing :

1. Using the Print (Alt + P) button
2. Multi - Account Printing

Using the Print (Alt + P) button

You can choose to print directly from the current screen by selecting the PRINT button (the top button on the right side of the screen). This opens the Print Configuration screen and displays new button options on the right side of the screen.

Features can be changed and modified in the print configuration screen :

- Printer - You can change printer settings by pressing Alt + S (Select Printer). This also shows you the default paper size set for the printer.
- Number of copies - You can specify the number of copies to print by pressing Alt + C (Copies).
- Print Language - Set Enable Multilingual Support to Yes in F12: Configure and print in your preferred language by pressing Alt + L (Print Language).

Method - Select the print format by pressing Alt + F (Print Format). This will bring up a pop - up list, which shows the printing formats available in Tally : Dot - matrix format, Neer format , and Quick (Draft) format. Here, you can select either pre - printed or plain paper to print your reports.

PRE-PRINTED / PLAIN PAPERS :

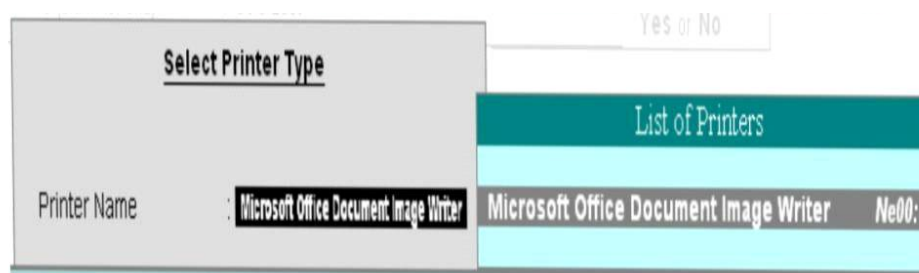
By default, the printing configuration screen is set to print on plain paper. The printout will look like this.

To print on a pre - printed invoice / report, select Pre-printed (Alt + R) and the print preview screen will appear.

allows you to print company details on invoices / reports. You can toggle between the two options and print as per your preference.

- Page Range - Select the starting page number and ending page number range by pressing Alt + G (Page Nos).
- Paper Type - Paper type can be set after selecting the printer.
- Paper Size - By default , the paper size in the Tally is set to 8.50 X 10.98 inches or 216 mm X 279 mm.

To change the paper size as per your requirement , select Alt + S (Select Printer) which will display a list of Printers.



8.10 Data Export :

Use the Export option to export data (reports and statements) from Tally. The exported data can be reorganized into a spreadsheet , published on the web, or exported to another company using Tally.

Data export

Go to a report or statement and click the Export button or use ALT+E . The Export screen will display an option to select Export? Yes or No.

Press Backspace or No to browse the fields and change the parameters .

Exporting Profit & Loss	
Language	: Default (All Languages)
Format	: XML (Data Interchange)
Output File Name	: PandL.xml
Scale Factor for Values : Default	
Format : Detailed	
Show Vertical Profit & Loss ? No	
Show Percentages ? No	
Show with Gross Profit ? Yes	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Export ? Yes or No </div>	

8.11 Language :

This option allows you to export your report in English or any Indian language.

- By selecting Default (All Languages) you can export your reports in any Indian language. However, the display language must be set to the relevant Indian language.

You can export your reports in English by selecting Restricted (ASCII Only).

Note : If you export company reports created in an Indian language using the Restricted (ASCII Only) option , the exported data will be displayed with a question mark.

Exporting Profit & Loss	
Language	: Default (All Languages)
Format	: XML (Data Interchange)
Output File Name	: PandL.xml
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Format ASCII (Comma delimited) HTML (web-publishing) XML (data interchange) </div>	

There are three formats available for data export in Tally :

- ASCII (Comma-delimited)
- HTML (Web-publishing)
- XML (Data-interchange)

By default, the exported file will be saved in the Tally folder on your computer. To export to another folder, enter the drive and folder path in Output File Name. The exported file can be imported as it is by using another program.

Export formats (EXPORT FORMAT)

ASCII

American Standard Code for Information Interchange (ASCII) is a plain - text format, with no special formatting or fonts, and data is separated by commas. Commonly used for email and all email programs, ASCII data can be easily manipulated by other programs.

HTML

Hyper Text Markup Language (HTML) format maintain their formatting and fonts. This can be read using HTML- enabled programs or browsers such as Microsoft Internet Explorer.

Resolution (in HTML format only)

Resolution is based on the pixels used to format the report. Higher resolution gives higher quality output. The resolution option in Tally is only available in HTML format.

XML

Extensible Markup Language (XML) is an extension of HTML, but data can be imported by other XML- aware systems. Using XML, Tally allows the user to exchange information with systems that do not run Tally. The XML file from Tally is in XML Envelope and formatted with XML tags, so that it can be imported into other systems. The destination system needs to reformat the XML style sheets (XSLT) based on the styles used in Tally before importing the data. When the two systems are running Tally with different versions, the XML data can be imported directly using the Import menu option, with no reformatting required.

XML format from Tally can be imported into another system easily and in less time.

XML is rapidly emerging as the de facto standard for worldwide information exchange. This format helps users collaborate and share information with others.

The exported file is saved in the Tally folder on your computer. To export to another folder, enter the drive and folder path in Output File Name. Another program can be used to import the contents of the exported file or it can be used as it is.

8.12 Data Import :

Data can be imported into Tally from other Tally users. Tally can also be programmed to import data from other systems, so that it can be used as an integrated system. For example, a customer contact management program, which contains order status and last contact details, can be imported into Tally. This imported data can be merged into a report containing outstanding balances. When data changes in the other system, those changes are also reflected in Tally.

To import data, go to Gateway of Tally > Import of Data.

Export formats

XML format is supported for importing data into Tally.

Tally (XML) format

This option imports data in XML format. For more information about XML, see.

SYNCHRONISATION

Synchronisation is the replication of data between two or more locations using Tally. Data can be sent over the Internet or in a private network system. Tally provides control over the frequency of replication. Data can be replicated after each transaction or updated at a specified time.

Integration occurs in a client - server environment and is initiated only by the client. Data from the client is transmitted to the server and from the server to the client.

In Tally, once the integration is set up between the server and its clients, data replication is possible in a single click.

Exercise :

Q.1 Answer the following questions briefly:

1. What is the purpose of the Day Book report in Tally Prime?
2. Write any two differences between the Balance Sheet and the Cash Flow Statement.
3. How can a report be printed in Tally Prime?
4. Write the names of the two types of inventory reports available in Tally Prime.
5. What is the purpose of the Cash Flow Statement in Tally Prime?

Q.2 MCQs (Choose the correct option)

1. What is the shortcut key to print a report in Tally Prime?
a) Alt + P b) Alt + F1 c) Ctrl + M d) Shift + P

Answer: a) Alt + P

2. What does the Day Book report show?
a) All outstanding amounts
b) All transactions made during a specified day or period
c) Sales transactions only
d) Stock valuation summary

Answer: b) All transactions made during a specified day or period

3. Which report in Tally Prime shows the financial position of a business?
a) Profit and loss account b) Cash flow statement
c) Balance sheet d) Trial Balance

Answer: d) Trial balance

4. In which format can data be exported in Tally Prime?
a) Excel b) XML
c) PDF d) All of the above

Answer: d) All of the above

5. What is the cash flow statement in Tally Prime mainly used to track?
- a) Daily cash sales
 - b) Changes in working capital
 - c) Quantity of stock items
 - d) Account balances

Answer: b) Changes in working capital

યુનિવર્સિટી ગીત

સ્વાધ્યાય: પરમં તપ:

સ્વાધ્યાય: પરમં તપ:

સ્વાધ્યાય: પરમં તપ:

શિક્ષણ, સંસ્કૃતિ, સદ્ભાવ, દિવ્યબોધનું ધામ
ડૉ. બાબાસાહેબ આંબેડકર ઓપન યુનિવર્સિટી નામ;
સૌને સૌની પાંખ મળે, ને સૌને સૌનું આભ,
દશે દિશામાં સ્મિત વહે હો દશે દિશે શુભ-લાભ.

અભણ રહી અજ્ઞાનના શાને, અંધકારને પીવો ?
કહે બુદ્ધ આંબેડકર કહે, તું થા તારો દીવો;
શારદીય અજવાળા પહોંચ્યાં ગુર્જર ગામે ગામ
ધ્રુવ તારકની જેમ ઝળહળે એકલવ્યની શાન.

સરસ્વતીના મયૂર તમારે ફળિયે આવી ગહેકે
અંધકારને હડસેલીને ઉજાસના ફૂલ મહેંકે;
બંધન નહીં કો સ્થાન સમયના જવું ન ઘરથી દૂર
ઘર આવી મા હરે શારદા દૈન્ય તિમિરના પૂર.

સંસ્કારોની સુગંધ મહેંકે, મન મંદિરને ધામે
સુખની ટપાલ પહોંચે સૌને પોતાને સરનામે;
સમાજ કેરે દરિયે હાંકી શિક્ષણ કેરું વહાણ,
આવો કરીયે આપણ સૌ
ભવ્ય રાષ્ટ્ર નિર્માણ...
દિવ્ય રાષ્ટ્ર નિર્માણ...
ભવ્ય રાષ્ટ્ર નિર્માણ