B.COM.SEMESTER–5		
2	MAJOR12	BUSINESS ACCOUNTING–5 (DIGITAL ACCOUNTING USING TALLY–1)

Name of the Course: **BusinessAccounting–5(DigitalAccountingusingTally–1)**
Total marks: **100**

PARTICULAR	NO.OF LECTURES
UNITNO.1: BASICS OF ACCOUNTING AND TALLY PRIME	
Basics of Accounting: Introduction, Types of Accounts, Accounting Principles or concepts, Mode of Accounting, Rules of Accounting, Double-entry system of bookkeeping, Recording of Business Transactions, Preparation of Financial Statements, Computerized Accounting **Basics of Tally Prime:** Introduction to Tally Prime, Downloading and Installation, Types of License in Tally Prime, Features & Benefits of Tally Prime, Working Tally Prime in Educational Mode, Company Creation and Setting up Company Features and Configurations in Tally Prime.	**7+12**
UNITNO.2: MAINTAINING CHART OF ACCOUNTS	
Maintaining Chart of Accounts: Introduction to Chart of Accounts, Accounting Masters, Creation of Groups & Ledgers, Alteration & Deletion of Masters, Multi-Masters Creation and Display, **Practical Exercises**. **Inventory Masters:** Three Category of Inventory Masters, Inventory Masters-Stock Groups, Flow Chart of Stock groups creation in Tally, Stock Category, Flow Chart of Stock Category Model in Tally Prime, Units of Measures, Go down, Stock items, **Practical Exercises**	**8+16**
UNITNO.3:RECORDING ACCOUNTING TRANSACTIONS & BASIC REPORTS	
Recording Accounting Transactions: Recording Accounting Transactions and Vouchers in Tally Prime: Business Scenarios, Receipt Voucher, Contra Voucher, Payment Voucher, Purchase Voucher, Sales Voucher, Debit Note Voucher, Credit Note Voucher, Journal Voucher, Practical Exercises **Basic Reports:** Generating Financial Accounts Reports in Tally Prime, Generating MIS (Management Information System)Reports in Tally Prime, **Practical Exercises**	**8+18**
UNITNO.4: TECHNOLOGICAL ADVANTAGES OF TALLY PRIME	
Introduction to Data Security, Security Control, Accessing the company using security level, Tally Vault, Backup and Restore, Split Company Data, Export and	**7+14**
Import of Data, Company Data Repair, Printing various reports, **Practical Exercises**	
Total Lectures/Hours	**30+60**

UNIT:1 BASIC OF ACCOUNTING AND TALLY PRIME

Introduction:
Types of accounts, accounting principles or concept mode of accounting rules of accounting double entry system of bank keeping recording of business transaction preparation of financial statement computerized accounting.

Basic of tally prime:
Introduction to tally prime downloading installation type of license in tally prime features and benefits of tally prime. Working tally prime in educational mode, company creation and setting up company features and conflagration in tally prime.

Unit:2. Maintaining charts of accounts
Maintaining charts of accounts:
Introduction accounting masters creation of groups and leaders. Alteration and declaration of masters. MultiMate's creation and display practical exercises.

Inventory Masters:
Three category of inventory Masters: Inventory masters stock groups, flow charts of stroke group's creation of tally stock category. Flowcharts of stock category model in tally prime. Unit of measures go down stock items practical exercise.

Unit : 3. Recording accounting transaction and basic reports
Recording accounting transactions: Recording accounts transaction and voucher in tally prime. Business scenarios, Receipt voucher, payment voucher, purchase voucher, sales voucher, debit not voucher, credit not voucher, journal voucher.

Basic reports:
Generating financial accounts reports in tally prime generating MIS reports in tally prime.

Unit:4. Technological advantages of tally Prime
- Introduction to data security, security control accessing the company using security level tally valuate backup and restore Split Company data exported.
- Determination of under writer's liabilities according to contract.
- Accounting treatment journal entries leaders ACC in books of the company.

UNIT: 1. BASIC OF ACCOUNTING AND TALLY PRIME

Basic of accounting:
Introduction:
Accounting in the process of recording classify summarizing and interpreting financial transaction to provide financial information for decision making.
It involves tracking revenues, expenses, assets liabilities and organizing this information into financial statements like the income statement balance sheet cash flow statement. Essentially accounting is the language of the business providing Insight into the company's financial health and performance.

Functions of accounting:

1) Identifying:

The business transaction of the financial character from the source document such as invoice, agreement, case memo Etc and measure them in terms of money.

2) Recording:

The next function of accounting is to keep an systematic record of all business transaction which are identify chronological order of their occurrence in general or subsidiary Books.

3) Classifying:

Classification of the recorded business transaction so as to group the transaction similar type at one place. for example: ledger account

4) Summarizing:

The classified information available from the trial balances sheet is used to prepare P and L Acc. Balance sheet in a manner useful to the accounting information.

5) Analyzing:

It established the relationship between the item of P and L Acc and balance sheet to the purpose of analyzing is to identify to financial strength and a weakness of business.

6) Interpreting:

It is a concerned with explaining the meaning and significance of relationship so establish by the analysis. Interpretation should be useful to the users so as to enabled them to take correct decision.

7) Communicating:

The result of obtain from the summarized, analyzed and interpreted information are communicate to the interested parties.

- **Types of accounts:**

1) Traditional approach
2) Modern approach

1) Traditional approach:

In financial accounting every debit or credit transaction entry will belong to one of the three types of accounts:

A) Nominal Account:

These accounts record the income expenses gain and losses of business. Example: sales revenue rent and expense Acc, salaries account, Interest revenue account.

- **Debit all exp and losses: credit all incomes and gains**.

2) Real account:

These accounts represent the asset and liabilities of a business. These include physical touchable asset like cash equipments, land and building and non physical or intangible assets like patent, trade mark and good will.
Example: cash A/c, land A/c, account receivable. A/c payable.

- **Debit what comes in; credit what comes out**

3) Personal account:

These accounts track transaction with individual or organization customer, supplier etc.

- **Debit the receiver; credit the giver.**

2) Modern approach:

1. Asset:
Resources owned by a business like cash inventory, equipment.

2. Liabilities:
Obligation of a business to others such as loan and A/c payable.

3. Revenue:
Income generated from business operation.

4. Expenses:
Costs incurred in the process earning revenue.

5. Equity:
Equity accounts show the value left in a company is asset after its total liabilities to represent the current worth of the company.

- **Accounting principles or concept:**

Accounting principles are the common guidelines and rules related to accounting transaction that are followed to prepare financial statements successfully.

- **Concept of accounting:**

1) Business entity concept:
A business and its owner should be treated separately as for as their financial transaction are concerned.

2) Money measurement concept:
Only business transaction that can be expressed in terms of money are recorded in accounting records of other types of transaction may be kept separately.

3) Dual aspect concept:
For every credit a corresponding debit is made the recording of a transaction is complete only with these dual aspect.

4) Going concern concept:
If accounting a business is expected to continue for a fairly long time and carrying out is commitment and obligation these assume that business will not be forced to stop functioning and liquidate its asset and fire sales price.

5) Cost concept:
The fixed assets of a business are recorded on the basis of their original cost in the first year of accounting. Subsequently these asset are recorded minus depreciation no rise or fail in market price is taken into acc. The concept applied only to fixed assets.

6) Accounting year concept:
Each business chooses a specific time period to compute a cycle of the accounting process for example: monthly quarterly or annually as per fiscal or calendar year.

7) Matching concept:

This principle state that every entry to revenue recorded in a given accounting period on equal expenses entry has to be recorded for calculating profit or loss in a given period.

8) **Realization concept:**

According to this concept profit is recognized only when it is earned. An advance or fee paid is not considered a profit until the goods or services have been delivered to buyer.

<u>Mode of accounting:</u>

- There are 2 primary modes of accounting cash basic and accrual basis.
- Cash basic accounting records transaction when cash is received or paid while accrual basis accounting records transaction when they occur regardless of when cash changes hand.

<u>Cash basic accounting:</u>

Definition:
Transactions are recognized when cash is exchanged.

Example: revenue is recorded when payment is received and expenses are recorded when payment is made.

Used by: often used by individual very small business and some professionals.

Advantages: simple to understand and implement good for managing personal finance and small business with minimal credit transaction.

Disadvantages: may not accurately reflect the financial position of a business especially those with significant credit transactions or long term project.

<u>Accrual basis accounting:</u>

Definition:
Transactions are recognized when they are earned or incurred, regardless of when cash is exchange.

Example: revenue is recorded when goods are sold or services are provided even if payment is received later expenses are recorded when they are incurred even if payment is made later.

Used by: most companies, especially larger, business as it provides a more comprehensive view of financial performance.

<u>Double entry system:</u>

Double entry system of bookkeeping is a method where every financial transaction is recorded in at least two accounts with one account being debited and another is credited.
This ensure that the accounting equipment (asset= liabilities + equity) remained balanced for every transaction there's an inflow and outflow of value which is reflected in debit and credit entries.

- **Core principle:**

The fundamental principle is that every transaction has a dual effect impacting at least two accounts.

- **Debit and credit:**

One account is debited and another is credited.

- **Balance:**

The total value of debit must always equal the total value of credit maintaining the balance of the accounting equation.

- **Completeness:**

The double entry system provides a complete records of all transaction, unlike single entry system.

- Accuracy:

This system helps in maintaining accuracy and provide clear picture of company's financial position.

Examples: if a company buys office equipments for cash the office equipment account would be debited (increased in asset) and the cash account would be credited (decrease in asset).

- **Recording of business transaction:**

Recording business transaction is the process of systematically documenting all financial activities of business in its accounting records.

This involves capturing details of cash transaction including the date involved accounts and the amount of money exchanged. Ensuring accuracy and transparency in financial reporting. The process typically starts with identifying the transaction then recording it in a journal and finally posting it to the relevant ledger account.

1) **Identification and documentation:**

- **Recognize a transaction:**

Identify when a business event has financial implications such as a sales purchase or payments.

- **Gather supporting document:**

Collect relevant paperwork like invoices receipts, contract or bank statements to serve as evidence of transaction.

2) **Journalizing:**

- **Record in the journal:**

The initial recording of transaction done in journal a chronological record of all business activities.

- **Journal entries:**

Each journal entry includes the date the account affected (debit and credit) and a brief description of the transaction.

- **Double entry bookkeeping:**

A common method where each transaction affect at least two accounts with equal and off setting debit and credit entries to maintain balance.

3) **Posting to ledger:**

- **Transfer from journal to ledger:**

The information from the journal is then transferred to appropriate accounts.

- **Ledger accounts:**

The account provide a categorized view of the financial activity related to specific items. Ex: cash, sales exp.

- **Trial balance:**

After posting to ledger a trial balance is prepared to verify the total debits equal the total credits ensuring accuracy.

4) **<u>Financial reporting</u>**:

- **Adjusting entries:**

At the end of an accounting period. Adjustment may be needed to reflects accounts, deferrals or other necessary correction.

- **Financial statement:**

The recorded and adjusted transaction from the basis for preparing financial statements like the balance sheet income statement and cash flow statements.

- **<u>Importance:</u>**

1) **Accurate record keeping:**

Provides a clear and organized way to track all financial activities of a business.

2) **Informed decision making:**

Allow for analysis of financial performance and strategic business decision.

3) **Adjusting and compliance:**

Creates an audit trial, which is crucial for audit and ensuring compliance with accounting standards.

<u>Preparation of financial statements:</u>

Financial statements are formal records of a business financial activities and position providing key insights into its profitability financial health and cash flow. They are essential for decision making by various stakeholder including investor creditors government and management.

The primary financial statement include balance sheet income statement cash flow statement and statement of change in equity.

<u>Key components of financial statements:</u>

Balance sheet:

Presents a snap chat of a company's asset liabilities and equity at a specific point in time following the fundamental accounting equation. Asset = liabilities + equity.

Income statement con profit and loss statement:

Summaries a company's revenue expenses and resulting profit on loss over a specific period.

Cash flow statement:

Tracks the movements of cash both into and out of a company during specific period categorized into operating investment and financing activities.

Statement of change in equity:

Explain the changes in a company's equity over a specific period including retained earning and other comprehensive income.

<u>Purpose of financial statements:</u>

1) **Decision making:**

Provide crucial information for investor decision regarding investment loans and business operation.

2) Performance evaluation:
Allow for the assessment of company's profitability, efficiency and overall financial health.

3) Compliance:
Financial statements are often required for regulatory filling and tax reporting.

4) Transparency and accountability:
Enhance transparency by providing a clear picture of company financial performance and position.

- **Key consideration:**

1) Accounting standard:
Financial statement should be prepared in accordance with relevant accounting standard to ensure consistency and comparability.

2) Notes to the financial statements:
Provide additional information and explanation to clarify the figures present in main statements.

3) Accuracy and reliability:
Ensure the accuracy and reliability of financial statement to maintain stake holder trust and confidence.

- **Computerized accounting:**

Computerized accounting refers to the use of software to mange financial records and transaction automating task that were traditionally done manually.

This system replaces physical ledger with digital ones, streamlining process like book keeping and financial reporting.

By using accounting software business can reduce errors, save time and gain better insight into their financial health.

- **What is computerized accounting:**

Computerized accounting involves using software to records store and process financial data. Instead of using physical document and manually calculating business utilize accounting software to manage their finance.

- **Key features of computerized accounting:**

1) Automation:
Computerized system automate many accounting tasks such as invoicing expenses tracking and bank reconciliation.

2) Efficiency:
By automating task, business can save time and resource reducing the need for manual data entry and calculation.

3) Accuracy:
Accounting software minimize errors associated with manual data entry and calculation leading to more accurate financial records.

4) **Integration:**

Accounting software can integrate with other business system. Such as inventory management and sales system for stream lined work flow.

5) **Data security**:

Many accounting software packages offer features like data backups access control to protect sensitive financial information.

Benefits of computerized accounting:

1) **Reduced errors:**

Automation and built in validation features minimize human errors in financial transaction.

2) **Increased efficiency:**

Streamline processes and automated tasks save time and resources.

3) **Improved accuracy:**

More accurate financial data leads to better decision making.

4) **Better reporting:**

Real time reporting capabilities provide valuable insight into a company's financial performance.

5) **Cost saving:**

Efficient process and reduce errors can leads to saving in long run.

Different accounting software:

- Fresh books
- Quick book
- Invoiced
- Turbo cash
- Zoho book
- Oracle
- Tally solution

Basic of tally prime:

Tally is accounting software used for recording and managing financial transaction in a business. It simplifies financial transaction in a business. It simplifies various accounting tasks. Including book keeping inventory management and generate financial reports. Tally help business of all sizes, track expenses, manage cash flow and company with tax regulation.

Features of tally prime:

- **Voucher entry:**

Tally uses voucher based entry allowing you to records transaction with specific details.

- **Ledger:**

You can create and manage ledger for different account. (Example: cash, bank, debtor, creditor) to categorized transaction.

- **Cost centers:**

Tally allows you to track expenses and revenue against different cost centers to analyze profitability.

- **Multi currency support:**

It handles transaction in multiple currencies.

- **GST compliance:**

Tally is designed to company with GST regulation.

- **User access control:**

You can restrict user access to specific features or data.

- **Downloading and installation:**

To download and install tally prime you need to visit the tally solution website and download the setup file. Choose to install it in a new location or the default and followed on screen instruction you can launch tally prime and start using it.

Detailed steps:

1) **Download tally prime:**

- Go to the official tally solution website.
- Navigate to download section and locate the tally prime setup file
- Click on the download button to save the setup file to your computer.

2) **Install tally prime:**

- Double click the downloaded setup file. Casually name (set up exe)
- The tally prime setup manager will guide you through installation process.
- You can choose to install. It is in default location or specifies a different folder using the "configure" option.
- Follow the on screen instruction and click "install to begin the installation.
- Once the installation is complete you can launch tally prime.

3) **Start tally prime:**

- After installation you can find tally prime in your start menu or by searching for it.
- Double click the tally prime icon to launch the application.
- If you are a new user, you may need to activate your license before using tally prime.
- For existing users you may need to migrate your data or upgrade your existing tally prime version.

- **Tally prime offer two main types of license:**

1) Silver (single user) and
2) Gold (multi user)

This licenses can be purchased as per punctual license (one time purchase for lifetime use) or as rental license (subscription based with monthly, quarterly or annual payment).

- **Difference between silver and gold license:**

1) **No of users:**

Silver is for single users while gold for multi user environments.

2) **Cost:**

Perpetual license involves one time purchase, while rental licenses require recurring subscription payment.

3) **Access :**

Perpetual licenses offer lifetime access to software while rental licenses are valid for the duration of the subscription.

4) **Security:**

Tally prime offer different security level (E.g.: owner, data entry operation) to manage user access and permission.

5) **Activation:**

Tally prime licenses are activated through a gate way server and he activation process may vary depending on licenses type.

- **Tally prime in education mode:**

Tally in education mode allows users to explore and learn software without a license with certain function limits.

It's free version for learning purpose letting you experience the software features but restarting data input to the first and last day of each month.

- **Features:**

Free access:
You can use tally prime in education mode without license.

Functional restriction:
Data entry is limited to first and last day of each month.

Learning tool:
It's primary designed for learning and exploring tally prime's features.

Educational mode indicator:
The application status bar will indicate "education version".

- **How to enter education mode:**

1) **Start tally prime:**

Launch the tally prime education.

2) **Select education mode:**

At the start up screen choose the work in "education mode" option.

- **Steps to create company in tally prime:**

1) **Launch tally prime:**

Open tally prime application in your computer.

2) **Access company info:**

If you have an existing company open press alt + f3 to access the company info menu. Then select "create company". If you are starting tally prime for the first time the create company screen will appear automatically.

3) **Enter company's details:**

- **Name:**

Enter the legal name of Year Company.

- **Mailing name:**

Enter the name that will appear on invoice and reports. This can be the same as company name or different for more formal name.

- **Address:**

Enter the full address of Year Company.

- **Country & state:**

Select the country and state where your company is register.

- **Pin code:**

Enter the postal code for your company's address.

- **Contact details:**

Enter phone number, email and website etc.

4) **financial year:**

Specify the start date of the financial year of your company.

5) **Base currency:**

Select the appropriate currency of your company

6) **Enable GST (optional):**

If your business is registered for GST, enable GST features and configure the relevant setting.

7) **Security setting:**

You can set up tally vault password for enhanced security and also configure user roles and access permission.

8) **Save:**

Review all your entered information and press y or enter to save the company setting.

- **Configuration in tally prime:**

In tally prime configuration setting allow user to customize the software to meet specific business needs.

This setting can be accessed through "F12" configuration option. In various screens or through the "f11 features" menu for broader functionally changes. Configuration option include setting up company data path, managing users access. Customizing reports and configuration tax and payrolls details.

- **Types of configuration:**
- **Company configuration:**

This involve setting up company details like name, address and financial year as well as enabling features like users access control. Tally vault password and disallowing education mode.

- **Data path configuration:**

User can specify where company data is stored which is useful for organizing data or using cloud storage.

- **General configuration:**

This section allow for customization of various aspects of tally prime including.

- **Number forming:**

Setting up how numbers currency symbols are displayed.

- **Language and regional setting:**

Setting the appropriate language and regional setting for users.

- **Report customization:**

Configuration how reports displayed including showing graphs. Detailed information and filtering option.

- **Tax and pay roll configuration:**

This setting allow users to configure tax details, including..

- **Pay roll income tax:**

Setting up tax rates, components and calculation methods for employee salaries.

- **GST / VAT configuration:**

Configuration tax type rate and other setting related to GST and VAT.

- **Server configuration:**

In tally prime server, user can configure server setting, including data location, user access and security setting.

UNIT: 2. MAINTAINING CHARTS OF ACCOUNTS

Introduction:
In tally prime, the chart of account is a structured list of all your company's financial account.
It is essentially an index of all ledgers groups and other master created within your company, organized for easy access and reporting.

Meaning:
The chart of account in tally prime act as a comprehensive index of all your financial records including ledger group and other masters.

It allows you to organize and manage your financial data efficiently.

You can view and manage the charts of accounts for ledger, stock items, stock group and other master types.

How to access chart of account:
You can navigate to the chart of account by going to getaway of tally chart of account. Alternatively use the alter+ G (go to) feature type of account and select it.

You can also drill down to specific ledger details by selecting the ledger name and pressing enter.

Key function and functionalities:

1) **Flexibility:**

Tally prime allows you to group ledger account at the time of creating your chart of accounts.

2) **Drill down:**

You can drill down from the chart of account to view or alter individual details.

View option:
You can customize your view by pressing Ctrl+ H (change view) and selecting ledger or group view.

Basic of view:
Use Ctrl+ B (basic of values) to configure the report to show all ledgers or altered ledger.

Verification:
Use the verification of charts of accounts report to identify description or unused masters.

Predefined group:
Tally prime predefined group like capital current asset, current liabilities etc. you can also create your own group.

Groups are accounting master:
Groups are classification under which ledger are organized tally has 28 predefined groups like fixed asset. Indirect expenses sundry debtor, capital account, creditors. User can also create customer group. Each ledger must belong to one group which help in generating accurate report such as P & L and balance sheet.

Proper grouping ensures correct treatment of items in report.

Ledger are individual account in which transaction are recorded for example "SBI Bank", "Rent paid" or "Salary payable" each ledger is linked to a group to determine its behavior in report. Ledger configuration includes details like GST applicability, opening balance and cost center assignment. Ledger plays a key role in data entry and are used in voucher such as payment, receipt and journal.

Charts of accounts:

Account type	Account name	Example
1) Asset	Cash bank Bank A/c Account receivable Inventory Fixed asset Prepaid exp. Deposits	Cash in hand business current A/c customer outstanding stock of goods computer, furniture rent paid in advance security deposit.
2) Liabilities	Account payable Credit card Accrued exp.	Unpaid supplier's bills business credit card wages payable.
3) Equity	Owner's capital retained earning	Owner's investment in business profit retained
4) Income	Sales revenue other income	Product or service sale interest commission.
5) Expenses	Rent expenses Utilities Wages and salaries Office supplier Professional fees	Office rent electricity. Water staff salaries stationary paper accountant, legal service.

How to identify the group:

Ledger	Group
Capital	Capital account
Cash	Cash in hand
Purchase	Purchas account
Sales return	Sales account
ICICI bank, SBI	Bank account
Drawing	Capital account
Furniture	Fixed account
Discount paid	Indirect expenses
Discount received	Indirect income
Rent paid	Indirect expenses
Rent received	Indirect income
Commission paid	Indirect exp.
Commission received	Indirect income
Bad debt	Indirect exp.
Aman	Sundry debtor A/c
CGST,SGST,UGST	Tax and rate
Closing stock	Stock in hand
Mutual fund	investment
Good will	Current asset
Outstanding exp.	Current liability

Alterations and deletion on masters:

In tally prime "masters" are the foundation records that define elements like ledger, groups units of measure currencies etc. These are the element that you use to record transaction.

Ex: when you pass a sale entry you use ledger master stock items and possibly cost center master.

Any mistake in master may lead to improper classification and thus alteration and deletion become important for correction.

Altering a master necessary when there are error or change in the existing master data.

Ex: if the ledger “office rent" is wrongly grouped under” direct expenses" in step of” indirect expenses" it must be altered.

To alter a master go to gateway tally> alter> select the type of master. Tally will show a list of all created master of that type. Make the required changes such as name, group, and GST details.

Alteration steps:

1) Gateway of Tally> Alter.
2) Choose the “ledger" or desired master.
3) Select "Telephone expenses" -> change group to "indirect expenses".
4) Press Ctrl+ A to save.

To delete a master go to gateway of tally> alter> select the type of master (ex: ledger) open the specific master and press Alt+ D on your keyboard.

A confirmation prompt will appear press "Y" to confirm deletion.

Note:

A master can only be deleted if it is not used in any voucher. If even one transaction is recorded using master tally will not allow deletion unless that entry deleted first. This ensures data consistency.

Deletion steps:

1) Gateway of tally> alter> ledger.
2) Select "Trail expenses".
3) Press Alt+ D -> confirm with Y
4) Master get deleted (only if unused)

Deletion is mainly done during the initial company set up correction process when wrong or duplicate master are created and not yet used.

Ex: if you accidentally create "electricity expenses" and “electricity expenses" and the former has no entries.

You can safely delete the incorrect one it helps in maintaining a clean error free chart of accounts.

Multiple master creation:

Multi master refers to the features in tally prime that allows the creation or display of multiple ledger, stock items or cost centers at once instead of entering them one by one.

Tally prime allows multi creation of various masters such as multiple ledgers, multiple ledgers, multiple stock, multiple cost centers and multiple cost unit of measures.

Each option is accessible from the Gateway of tally> create> multiple menu.

To create multiple stock items go to gate way of tally> stock items> create> multiple stock items. Select the groups under which the stock items falls. You can enter item's names, units of measures. Opening quantities rates and values. It helps large manufacturing and that deal with large inventory base.

To create multiple ledger. Go to gateway of tally> create> multiple ledger. Select "All items" if you want to create ledger from various group or select particular group. It helps when setting up ledger for multiple customer vendors or expenses head in go, press Ctrl+ A to save all entries together.

Cost centers can be created in bulk from gateway of tally> cost category and start entering the name of various cost centers like department (marketing, sales, HR) or branches (Delhi office, Mumbai office). This helps in cost tracking.

Displaying multiple master:

To view multiple master go to gateway of tally> display> list of accounts. Here's you can view ledger group stock items.

Ex: To view multiple ledger. Go to display> account book> ledger. You can also use Alt+ G (go to) and type the name of master to quickly access it.

Editing multiple master:

If you want to make change to multiple master at once use multi alter.
Ex: Go to gateway of tally> alter> multiple ledger.

You can edit opening balance tax details etc. it helps when mass update are needed such as receiving rate of stock items.

Use Ctrl+ A to save all changes after editing.

Benefits of multi master:

Improve efficiency reduce repetitive task and ensure standardization in data entry.
It especially useful for accountants or inventory managers holding bulk data.
It supports fast company set up regular updates and quick reference to all master record.

- **Real life example of multi master creation:**

Imagine a wholesaler starting a new tally company needing to enter so customer account and 200 product items.
Instead of creating each ledger and stock items one by one. The user can use multiple ledger and multiple stock items features to enter all names balance and rate in one place. This saves hours of annual effort.

Inventory master:

There category of inventory master.

1) **Stock group (classification of items):**

Stock group and tally prime are used to classify and organize stock item based on similar characteristics or product types.
Ex: If business deals in electronic stock group can be "television", "laptop" and "mobile phones".
Proper grouping help in applying common pricing, GST, stock valuation method easily across similar items.

2) **Stock categories (parallel classification of items):**

Stock categories are use for parallel, classification of items a part from stock groups.
Ex: if company deal in mobile phone of different brands the stock group can be “Mobile phone” and the stock categories can be “Samsung”, “Apple”, “ Vivo” etc.

It help in better comparison of similar items across brands or models without disturbing the main grouping.

3) **Stock items (individual product for transaction):**

Stock items are the actual inventory products that are bought sold or manufactured, there are the lowest level in the inventory hierarchy.
Each items link with stock groups and optional to stock categories.
Ex:"Samsung galaxy s21", "HP laptop 155" or "Sony LEO 42 Inch".

Each item include details like unit of measurement, opening stock, standard cost rate and tax configuration.
Stock item used directly in purchase, sales and stock journal vouchers. It ensure proper inventory tracking billing and stock valuation.

<u>Inventory master stock group:</u>

Stock group in tally prime are used too classify stock items into logical categories based on similar nature type or functionality.
Ex: in clothing business stock group can be "shirts", "trouser" and "jackets".
It helps in better inventory control and reports generation. It enables the company to get consolidated stock position consumption details and valuation summaries by group.

Tally can generate reports like group wise stock summary. Sale summary and item movement it help to set pricing and tax rules for a group of similar items.

<u>Types of stock group primary and sub group:</u>

In tally you can create both primary group and such group. Primary group are the top level classification like "electronics", "grocery" such group are created under these primary groups for more classification.
Ex: under "electronics", you can have "mobile phones" and "televisions.

To create a new stock group in tally prime go to gateway of tally> inventory info> stock groups> create press Ctrl+ A to save.

To view existing stock group, go to gateway of tally> inventory info> stock groups> display. This allows you to see all created groups. If you need to make changes go to alter instead of display.

There you can change the group name its parent group or enable or disable quantity addition.

Tally come with predefined stock group which help in quick set up example include "finished goods" "raw materials", "packing material", "consumable".

This can be used directly on altered to match company's terminology.
Ex: stock group structures are business dealing in home appliances sample stock group structure can be:

- **Primary group**: home appliance
- **Sub group**: kitchen appliance (mixer, oven)
- **Sub group**: cleaning appliance (vacuumed, mops)

<u>Flow chart of stock group:</u>

The process of creating stock groups beings at the gateway of tally. The gateway of tally give access inventory info where stock group creation is performed.

Once in the gateway of tally, go to the option related to tock management such as stock items, stock categories unit of measure and go down selecting unit menu allows you to create alter or display related masters.

Inside inventory info select stock group to create or manage item classification. This section enables you to create new group view existing ones and alter or delete than.

In the creation screen type of group name (e.g.: “printer”) then select the parent group in the under field such as “computer accessories” or primary. You will also be asked whether the quantities of items in this group should be added.

Once all details are filled in press Ctrl + A to accept and save the group. To confirm the successful creation of group go to stock group> display.

If you notice any error in group name hierarchy or quantity setting go to stock group> alter. Here you can change name parent group or update setting.

Once the group is created verified and linked to items. It is fully functional for day to day use in purchas4e, sales, stock transfer and reports.

It can be used for viewing group wise stock summary, consumption report and profitability analysis.

Inventory classification:

A) Stock group:

Stock group classify inventory items for reporting valuation.

Ex:

Group	**Item number**
Mobile phone	I-phone, Samsung, one plus
laptop	HP, Dell, Enova

Creating stock group:

1) **Gateway of tally-> create -> inventory master -> stock group.**
2) **Filled to fill:**

- **Name of group:** “mobile phone”
- **Under:** primary
- **Should quantities to be added :**yes

3) Press Ctrl + A to save.

B) Stock categories:

Stock categories allow cross classification of stock item based on feature (like brand, size)

Ex: **Category: brand** -> apple, Samsung, one plus
Category: segment -> premium, midrange, budget

Flow chart: stock category

Start
Gateway of tally
Create -> inventory master -> stock category
Define category name and patent
Ctrl + A -> save.

Tax rate of stock items:

Stock items attract different tax rates as per department. You can set up tax rate detail for stock items.

1) In the stock item master. Press F12 + set GST details taxes.
2) **GST applicable**: select applicable if the stock item is eligible for tax calculation.
3) **Set/ alter GST details**: GST detail for stock items coca cola 750ml

Tax detail:
Calculation type: on value
Taxability: taxable

Tax type	**Rate**
Integrate tax	28%
less	0%

<u>Inventory quantification master:</u>
Depending on business you may be selling or buying stock items in different units. Ex: meters, centimeters, NOS.

Simple unit:
1) While creating a stock item Alt + C to create a unit master.
   The unit creation (secondary / screen open)
2) Enter the symbol by default the type filled will be selected as simple.
3) Enter formal name of unit.
4) Select unit quantity code (UQC)

(The unit consist of the number of UQC available for your product) by govt or GSTIV.

5) Specify the number of decimal places required based on your business need.

Unit creation:
Type: simple
Symbol: GM
Formal name: Gram
Unit quantity code: GMS- GRA

6) Press Y to accept the screen.
7) Press Ctrl + A to create a simple unit

<u>Compound unit:</u>
1) Press Alt + C to create unit master.
2) Enter the details in the unit creation screen.

- Press backspace and select compound if the type is selected type.
- Enter the conversion for example 1000.
- Enter compound unit as first unit e.g.: Kg.

Note: compound unit can be created up to any level.
- Milligram < gram < kg< quintal > tone.

Unit creation:
Type: compound
Unit with multiplier factor (e.g. kgs to 1000 gms)

First unit	**conversion**	**Second unit**
kg	1000	GM

3) Press X to accept the screen.
4) Press Ctrl + A to create compound unit.

<u>Alter unit for stock items:</u>
After creating simple unit or compound unit in tally prime you can alter it.

<u>Simple unit:</u>

1) Press Alt + G (go to) > alter master> type or select unit and press enter.
2) In the unit alteration screen make the necessary changes as per your requirements.

Unit alteration:
Type: simple
Symbol: kg
Formal name: kilogram
UQC: not applicable

3) Press Ctrl + A to save.

Compound interest:
1) Press Alter + G > alter master > type or select all and press enter.
2) In the unit alteration screen make the necessary changes as per your requirement.

Unit alteration:
Type: compound
Unit with multiple, factor (e.g. kg to 1000 gms)

First unit	conversion	Second unit
kg	1000	GM

3) Press Ctrl + A to save.

Go down:

In your business, you may be managing the inventory in multiple physical location such as shops, warehouses. Cabinets using go down will help you keep a record of inventory moving from project or manufacturing stage to another.

Similarly you can also track the stock moving in and out of your business premises for consignment sales or job work.

Creating go downs:

You can create individual go down or multiple in a hierarchy it help you to see details of the material at the top level as well as each individual level in a hierarchy of go downs.

To start allocating your stock item in go down you need to create go down first.

1) **Gateway of tally> create> select go downs> press enter.**

When you create a go down first time you are promoted to alter the existing internal go down, where all inventory stored by default.

2) **Name and alias:**

As in other master you can specify multiple alias for the go down name.

3) **Under select primary or main location:**

Once you have created the require location you can allocate stock items to one or more locations.

1) Open the stock item allocation screen.
2) To allocate the opening balance of your stock in the stock items alteration screen select the opening balance and press enter.
3) To allocate stock item during voucher entry creation screen select stock item and press enter.

A sample stock item allocation screen is shown:

Item allocation for: Bajaj wX3 net grinder				
Go down	**Quantity**		**Rate per**	**Amount**
	Actual	**Billed**	**Dis%**	
Whitefield cast go down	₹ 20	₹ 20	391700 pcs	78340000
Auramangla	100 pcs	100 pcs	391700 pcs	39170000
Koramangla go down	25 pcs	26 pcs	391700 pcs	10284200
		146 pcs	**146 ₹**	**57188200**

Transaction masters: stock items:
Stock items are the actual inventory product used in purchase, sale, stock transfer voucher.

To create stock item:

1) Gateway of tally -> create -> stock items
2) Enter:

Name: "I phone 14"
Under group: mobile phone
Category: apple
Unit: NOS
GST rate: 18% (if applicable)

3) Save each group item should have correct

Classification: (group, category)
Valuation method: (FIFO, Aug cost)
GST configuration for auto return filling.

Practice case studies:

Q.1) multi location inventory management in an FMCG business?

- **Company name =** Sampurna distribution pvt.ltd
- **Industry:** just moving consumer goods (FMCG)
- **Location:** Ahmadabad
- **Background:** sampurna distribution deals in items like biscuits, juices and ready eat food they operators actors three cities and require item wise, brand wise location wise, inventory control.
- **Objective :**

➢ classify inventory based on product type (biscuit, beverage)
➢ sub categorize inventory by brand (parle, PepsiCo)
➢ Track stock quantities using proper unit.
➢ Monitor inventory across multiple go downs.

ANS: tally prime solution

Inventory component	**Tally master type**	**example**
Product type	Stock group	Biscuits, beverages
Brand	Stock category	Price, Britannia, PepsiCo
Measurement unit	Unit of measure	NOS. Bov (1 box=12 NOS)
Storage location	Go down	Ahmadabad, surat, Rajkot
Inventory item	Stock item	Parley G 1009, slice juice

		250ml

Step in tally:
1. **Create stock groups**: biscuits, beverages.
2. **Create stock categories**: parley, Brittanie
3. **Create unit of measure**: NOS, box compound unit.
4. **Create go down**: Ahmadabad warehouse, Surat ware house, Rajkot ware house.
5. **Create stock items:** Parley G 100gm -> under biscuit parley (category), NOS (unit)

Q.2) Raw material and finished goods tracking in a manufacturing from company:

Company name: Akriti steel pvt.ltd
Industry: steel manufacturing
Location: Maharashtra
Background: Akriti steel manufacturing structural steel components

They manage both raw materials (roads, plants) and finished goods (colors, beams) and classify based on steel grade like TMT or Mild steel.

Objectives:
- Distinguish between raw material and finished goods product.
- Classify stock items by steel grade.
- Measure and value item using kg and tone.
- Track goods through production stage via go downs.

Tally prime solutions:

Inventory components	Tally prime master type	Example
Type	Stock group	Raw material, fini.goods
Grade	Stock category	TMT mind steel
Unit	Unit of measure	Kg. ton (1 tone=1000kg)
Go down	Go down	Intake 90% dispatch god
Item		Steel road TMT 12mm, ms plate, 10 mm

Step in tally:

1. **Create stock group:**
Raw material, finished goods.

2. **Create stock category:**
TMT grade, mild steel

3. **Create unit:**
Kg (simple) tone (compound)

4. **Create go down:**
Intake, dispatch

5. **Create stock item with proper:**
Classification and valuation method.

Q.3) Brand and location, based inventory for retail garment chain:

Company: Urban wear pvt.ltd
Industry: Fashion and garments retail
Location: Mumbai, Pune, Hyderabad.
Background: Urban wear operates retail outer and inventory based on gender (men, women) brands (ven, heasen, levi's) and size (S,M,L)

Objectives:
- Maintain gender based stock group.
- Category by brand.
- Use, standard unit of "PCS".
- Track inventory by store location.

Tally prime solution:

Inventory component	**Tally master group**	**Example**
Gender	Stock group	Men's wear, women's wear
Unit	Unit of measure	Pcs
Location	Go down	Mumbai, store, Pune store..
Items	Stock items	Ven hesuen shirt size-M

Steps in tally prime:

1. **Create stock group:**
Men's wear, women's wear.

2. **Create stock categories:**
Levi's, roadster, van heusen.

3. **Create unit in measure**: Pcs
4. Create go down: Mumbai store, Pune store, Hyderabad wear house.
5. Create items by size, brand and group.

UNIT:3. RECORDING ACCOUNTING TRANSACTION AND BASIC REPORTS

Recording accounting transaction:

1) **It builds a strong financial story:**

Your business report card:
When you record every sales bill paid every time you get money. Tally prime takes all that raw info and create improvement reports.

- **Balance sheet:**

It shows you can what are liabilities and what left’s for owner.

- **Profit and loss:**

This tally you if you business actual money or lost money over period.

- **Cash flow statement:**

This track all money following in and out of your business. It’s important for knowing if you have enough cash to pay your bills.

- **Accounting standard:**

Tally prime helps you follow me rules of accounting standard as your record.

- **Ready for inspection (audits):**

Sometimes, an external person auditor check your financial record to make sure everything is honest and correct. If your transaction are neatly recorded in tally prime. With all voucher linked the audit process become easy.

2) **Keeps the government happy:**

Government wants to know how much money business makes so they can collect tax.

- **Tax time made simple:-**

Every sales you make might have GST on it recording these details in tally prime automatically calculate, your tax liabilities. Tally Prime generates the specific reports. like (GSTR 1, GSTR 3B) needed for filling your taxes.

- **Staying legal:**

Tally prime creates a digital achieve of all your transaction and their corresponding voucher.

- **Providing your worthy**

Accurate records from tally Prime show them. that your business is financially sound and trust worthy.

(3) Your business GPS: Guiding smart decision

Mastering your money flow:
Tally prime in stantly shows you how much cash you have, who owe you money, and who you need to pay. This help you avoid running out of cash and manage your spending.

Becoming and expense detective:
By recording every single expense under specific category. You can see exactly where yours money is going. This help you spot unnecessary spending and find ways to save money.

In short recording accounting transaction and voucher in tally prime is like giving your business a super power.

Two keys terms of accounting transaction:

1) **Transaction:**

Any financial event that changes your business's financial position.
E.g. buying a laptop, selling service, paying salary.

In tally prime single entry mode and double entry mode refer to different ways of entering voucher transaction especially for accounting voucher like receipts payment, contra and journal.

Point wise comparison:

Features	**Single entry mode**	**Double entry mode**
Interface type	Simplified	Traditional
User input	Enter one ledger and amt: tally auto fill the others.	Enter both debit and credit sides manually.
Usability	Easy for beginners or routine entries	Preferred by professional for details entries.
Voucher type affected	Primarily used in pymt receipt contra journal.	Available for all voucher type.
System used	Still based on double entry	Explicitly shows the double entry system.
Switching mode	Press f12: configure in voucher screen -> enable/ disable “use single entry mode”	Default mode is double entry.

Now let's understand the all vouchers in details:
(1) Receipt voucher [FG] "Money In":
Purpose: This voucher is your go to whenever your business receives money.

Account logic:

- When you receive money, your casher bank account (which are assets) increase (debited)
- The other account involved will either be
- An income account increasing [credit] E.g.: sale income interest income
- A liability account increasing (credited) e.g. loan received.
- A capital account increasing (credited) E.g.: owner introduce money.
- Another asset account decreasing (credited) E.g.: money received from a customer who owed. You (debtor)

Tally Prime load map:-

- From gateway of tally > select voucher > Press F6 (receipt).

1. Open the receipt voucher in single entry mode:
a) Press Alt + G create voucher > Press FG (receipt).
b) Press Ctrl + H (change mode)> select single entry.

2. Select the cash account and income account.
a) In the account field, select cash ledger.

b) Under Particular, select the income ledger and enter corresponding amount.

Accept the screen as away, you can press Ctrl + A + o to save receipt voucher.

Further you can receive bank receive bank receipt and me record them using receipt voucher. Select the bank account field and income or partly ledger under particular.

1**) Open the receipt voucher in single entry mode**
   a) Press Alt + G > create voucher> press F6
   b) Press Ctrl + H> select single entry mode

2) Press F12 and set option set ledger wise back allocation during voucher creation to yes to view bank details defined in the partly ledger.

3) **Select bank account and partly account.**
   A) In the account field select bank ledger.
   B) Under particular select the partly ledger and enter the corresponding amount.

4) **Provide the bank details in the allocation screen.**
   a) Select the required transaction type.
   The transaction type is by default set to cheque you can change If needed like e fund electronic cheque.
   b) Enter the detail in remaining field.
   c) Press Ctrl+ A to save bank allocation screen.

5) **Accept the screen, you can press Ctrl + A to save voucher.**

Bank receipt in double entry mode:
1) Open the receipt voucher and select double entry mode.
a) Press Alt + G (go to> create voucher> press F6.
b) Press Ctrl + H (change mode) > select double entry.

2) Select Bank / Cash account income account:
a) Credit the income or party ledger and other amount.
b) Debit the cash or bank ledger and enter amount.

3) Press Ctrl + A to save.

Ex: 1 getting cash from customer.
Business scenario= " Happy Home electronics"

- Sold TV to Mr. Sharma last month on credit today June 10, 2025. Mr. Sharma pays.
- Happy Homes ₹ 15000 in cash to clear his bill.

Journal entry logic:
- Cash is coming in= debit cash A/c.
- Mr. Sharma no longer owns you= credit Mr. Sharma A/c.

ANS:
Tally prime solution
1) **Date:** 10/06/25 (Press F2: and enter the date)

2) **Cr**=Mr. Sharma (select his ledger from the list if he doesn't exist you had to create under" Sunday debtor)
3) **Amount:** 15000
4) Dr Cash (select cash in hand ledger)
5) **Amount** = 15000 (Auto fill)
6) **Narration** = being cash received from Mr. Sharma against sale invoice no. 123456
7) Ctrl + A (save)

2) Contra voucher (f4) money moving internally:

1) Purpose: it is used where cash and bank accounts are involved in internal transfer this means money is just moving from one pocket to another within your business coming from or going to an external location.

2) Account logic:

- It always involves at least one cash A/c and one bank A/c.
- One of these asset account increase (debit) and other asset account (decrease) total asset do not change.

3) Tally prime road map

1) Press Alt + G > create voucher> press f4 (contra).
2) If you want to change the voucher date, press F2 (date).
3) Debit the destination account and credit the source account for example. If you are withdrawing cash from you bank's ATM the cash ledger should be debited and bank ledger should be credited.

a) Select the ledger account that you want to debit in account field.
b) Under particulars, select acc you want to credit and enter amount.
c) Press Alt + G > create master> type or select ledger> enter.

4) Specify the bank cheque or cash details:

- For bank and cheque you can specify the details in the bank allocation screen.
- For cash you can specify denomination details in bank allocation> cash denomination.
- Provide narration if any and accept the voucher as always you can use Ctrl+ A to accept.

Ex: 1. Depositing cash into bank:

- **Business scenario**:" books brew café" collects a loss of cash daily n June 12,2025, they deposited ₹ 30000 cash info their HDFC bank A/c.

- **Journal entry logic:**

HDFC bank balance increasing debit HDFC A/c cash in hand in decreasing credit cash A/c.

ANS: tally prime solution:

1) **Date:** 12/06/2025
2) **Cr:** cash (select your "cash in hand") ledger
3) **Amt:** 30000
4) **Dr.** : HDFC bank (select HDFC ledger)
5) **Amt:** 30000 (auto fill)
6) **Narration:** being cash deposit into HDFC bank
7) Ctrl+ A to save.

3) Payment voucher "money out"

Purpose: this voucher is used to record all money paid out by the business whether it's cash leaving your hand or funds being debited from your bank account.

Account logic:

- When you make a payment your cash or bank account decrease.
- The other account involved will either be.
- An expense account increasing eg: rent, electricity.
- A liability account decreasing e.g. payment to a supplier, loan repayment.
- A capital account decreasing a drawing by owner.
- An asset account increasing e.g. purchasing a fixed asset.

Tally prime road map:

1) **Open the payment voucher in single entry mode.**
   a) Press Alt+ G > create voucher> press f5 (Payment)
   b) Press Ctrl+ H (change mode) > select single entry.

2) **Select the cash account and expenses account.**
   a) In the account field, select cash ledger.
   b) Under particulars, select the convenience and telephone ledger and enter the corresponding amount.
   c) Accept the screen and press Ctrl + A to save the payment voucher.
   d) Now if you are making bank payment.

1) Same as above.
2) Press f12 and set option set ledger wise bank allocation during defined in party ledger.
3) Select the bank account and furniture A/c.
a) In account field select bank ledger.
b) Under particulars ledger select furniture ledger and enter corresponding amount.
4) Provide bank details (e fund, transfer, cheque)
5) Press Ctrl + A to save bank allocation screen.

Ex: paying office rent:

- Business scenario," creative design studio" pay its monthly office rent of ₹ 20000 by cheque from axis bank on June1, 2025.
- Journal entry logic: rent is an expenses increasing debit rent expenses A/c.
- Axis bank balance is decreasing (assets decreasing) credit axis bank A/c.

ANS: tally prime steps (fs: payment voucher)

1) **Date:** 1/06/2025
2) **Dr:** rent expense (create if not exists, under indirect exp)
3) **Amount:** 20000
4) **Cr:** axis bank (select your axis bank ledger)
5) **Amount:**20000 (auto fills) enter cheque no. instrument date etc. in "bank allocation details)
6) **Narration:** being office rent paid for June 2025 via axis bank cheque no 123456
7) Save (Ctrl + A).

4) **Purchase voucher (fq) "we bought goods service.**

Purpose: this voucher is used to record all purchase of goods (stock item) or services by your business. This is where you enter details from your suppliers bill.

Account logic:

- When you purchase, your purchase account or a fixed asset account increase.
- The other account will either be
- Cash/ bank account decreasing (credit) for cash/ bank purchase.
- Suppliers account (creditor) increasing (credit) for purchase of credit.

Tally prime roadmap:

1) **Open the purchase voucher.**
   a) Press Alt+ G> create voucher > pressf9 (purchase)
   b) Press Ctrl+ H (change mode) to select the required voucher mode.
2) **Specify supplier details**
   a) Supplier invoice no. and date
   b) Party A/c name
   c) Receipt details
   d) Party details
3) **Purchase ledger:** select the common purchase ledger created under purchase account.
4) **Provide the stock item or service details**

In item invoice select the stock item and enter the quantity the rate will be auto filled.
In accounting invoice select the service ledger and enter amount.

5) Select additional ledger like transportation charge insurance on discount.
6) Provide narration and accept screen, you can press Ctrl+ A to save.
7) Print the invoice.
   a) Press Alt + P (print) > press enter on current
   b) Press I (preview) to check the invoice before printing if needed press f12 to view the print configuration screen and configure the invoice if needed.
   c) Press p to print.

Ex: buying goods on credit (stock items)
Business scenario:"super mart distribution" purchase 100 unit of "cooking oil" at 120₹ each from "wholesale" foods ltd." On credit, invoice no. wf |p| 101 dated June 22,2025.

ANS: tally prime solution:

1) **Date:** 22/06/2025
2) **Supplier invoice no:** wf|p|101
3) **Date:** 22/06/2025 (supplier invoice date)
4) **Party A/c name:** wholesale food ltd.
5) **Purchase ledger:** purchase A/c
6) **Name of item:** cooking oil (1 ltr) create if no. exists ensure unit of measure is ltr or "NOS"

   Quantity-100
   Rate-120
   Amount-12000
7) **Narration:** being 100 ltr cooking oil purchases on credit from whole sale food ltd.
8) Save (Ctrl +A).

5) **Sales voucher (f8) we sold goods / services:**

Purpose: this voucher is your invoice generator it's used to record all sales of goods or services your business provide to customer.

Accounting logic:

- When you sale, your sales account increase (credit)

- Other account either will be……
- Cash bank account increasing (debited)
- Customer's account (debtor) increasing (debited)

Tally prime road map:
From category of tally> select vouchers press f8

- Sale ledger: choose relevant sales ledger
- Item quantity: if using invoice note quantities and rates
- Tax ledger: select the appropriate (CGST, SGST etc) and enter the applicable tax amount.
- Other details: discount transportation charge etc. press Ctrl+ A to save.

Ex: 1. Selling goods on credit:
Business scenario: on June 28, 2025, "gadget hub" 5 unit of "smart watch at 8000 each to Mr. vimal on credit invoice no. GH/5/001
Journal entry logic:
Mr.vimal -debit vimal A/c
Sales -credit sales A/c.

Tally prime steps: (f8 sales voucher)

1) **Date:** 28/06/2025
2) **Reference:** tally's invoice no.1 (usually auto numbered)
3) **Party A/c name:** Mr. Vimal (create if not exists, under sundry debtor)
4) **Sales ledger:** sales A/c
5) **Name of items:** smart watch (create if not exists, ensure units of measure is NOS)
   Quantity-5
   Rate-8000
   Amount-40000 (auto calculated)
6) **Narration:** being 5 smart watch sold on credit to Mr. Vimal
7) Save (Ctrl + A)

6) Debit note voucher(f10)

In same situation where you return the supplier due to varied reason such as the quantity of supply late delivery etc. in tally prime you can record purchase return using a debit note.

Step:

1) Open the debit note voucher.
   a) Press Alt + G> create voucher> press f10> type of select debit note and press enter.
2) In party A/c name select party name whom the original purchase was mode and press enter this dispatch details screen will appear.
3) Under original invoice detail enter invoice no. and date
4) Name of stock items select stock item
5) Specify quantity rate
6) Press Ctrl + A to save.

7) Credit note voucher:

Sales return happen when a customer returns a product or services to the seller for a refund or exchange. Sales return accrue for a variety of reasons, including low quality product damage to product, late quality product, damage to product late delivery etc.

Tally prime steps:

1) Open the credit note in item invoice mode.

a) Press Alt + a> create voucher> f10 (other voucher) > type or select credit note.
b) Press Ctrl + H (change mode) > select item invoice.

2) Specially buyer details:
a) Party A/c name than receipt details screen appear.
b) **Receipt details:** original invoice no, date and press enter: the party details screen will appear.
c) **Party details:** update original buyer details.

3) Select the sale ledger to allocation stock items
4) Provide stock items details.
  a) Name of item,
  b) Specify quantity and rate

5) Select bill wise details
  a) Press f12 (configure) > set are default bill wise details for bill allocation to no.

6) **Provide narration:** press Ctrl + A to save.

8) Journal voucher (f7):
Purpose: the journal voucher is your catch all it's used to record transaction that don't invoice cash or bank directly and don't fit into the other specific voucher types (purchase, sale, receipt, payment, contra, debit/ credit note).

Account logic: this voucher strictly require to the double entry system

Common used include:
- Adjustment entries: e.g. for depreciation, outstanding exp. Prepaid exp.
- Rectification entries: correcting error from previous entries.
- Transfer entries: movies amount between ledger account (closing entries)
- Non cash transaction: e.g. goods used for personal use goods given as sample bad debts written off.

Tally prime road map:
1) Press Alt + G > create voucher> press f7
2) Press f2 to charge the transaction date if needed.
3) Specify the payment details
4) In dr. select exp ledger and specify debit amount for example, you can select exp ledger for rent and enter rent paid.
5) In cr. Select the payment mode provide narration if any and accept the voucher creation screen press Ctrl + A to save.

Ex:1. Recording depreciation on fixed asset. Business scenario," Mega manufacturing" calculates depreciation on it's machinery at ₹10000 for the month of July 2025. This is non cash expenses.

Journal entry logic: dep- debit dep. A/c machinery credit machinery A/c.

ANS: tally prime steps:
1) Date : 31/07/2025
2) Dr, depreciation account (create if not exists, under indirect exp)
3) Amount :10000
4) Cr. Machinery account (select your machinery ledger, under fixed assets)

5) Amount: 10000 (auto filled)
6) Narration: being dep charged on machinery for the month of July 2025
7) Ctrl + A to save.

Basic reports:

1) Financial account reports:

Tally prime path

- Press Alt + G > type or select balance sheet > press enter.

You can see the liabilities for your company on left and the assets on right.

- Alt + f1: it expands all categories and see every single ledger that make up totals.
- Alt + f2: if you want to see balance for a different date.
- F12: its use to customize what you see you can show percentage change now numbers are scaled in lakh, carore.
- For viewing vertical balance sheet press Alt+ G > press Ctrl + H > click on vertical.

2) Profit and loss account:

Tally prime path

- Press Alt + G > type or select profit and loss A/c press enter. To can see the profit and loss A/c to compare financial information across companies. You can choose different time period such as daily, weekly, monthly, quarterly and so on.

1) Profit and loss A/c > Alt + N.
2) Select quarterly in auto column field.

- Alt + f1 for detailed view.
- Alt + f2 to change the period.
- F12 for choosing to show percentage it helps to compare item.
- Gross profit vc. Net profit.
- Gross profit in sales direct exp net profit is what's left after all exp. Are subtracted from your total income.

3) Trial balance:

- Tally prime path
- From gate way of tally> type or select trial balance> press enter.
- In trial balance press f12 (configure) > show opening balance> yes.
- You can view the detail of the opening balance and closing balance side by side.

4) Day book:

The day book is exactly what is sound like: a daily record of all the transaction you are entered. It's chronological list of every single voucher.

- Daily review: great for manager to quickly check what happened today.
- Audit trial: if you need to track back a transaction the day book is a fantastic's starting point because it's sorted by date.
- Checking entries: help ensure that all your physically bill and receipt have been entered in tally prime.

Tally prime path:

- Press Alt + G > type or select day book > press enter.
- Press Alt + f5 for detail format of report.
- If you want to view more details of the transaction such as narration and cost enter press f12.

5) Cash book:

These are specific ledger that show all the money flowing in and out of your actual cash box and your bank account.

- Cash book: all cash receipt and cash payment.
- Bank book: all money coming into and going out of a specific bank account.

Relevance:

- Know your cash: know how much physical cash you have on hand at any moment.
- Bank reconciliation: help in comparing your bank balance in tally prime with actual bank statement.
- Avoid over draft: help in manage your bank balance to avoid penalties.

Tally prime path:

- From gate way of tally > display more reports > account books> cash/ bank book.
- Select cash A/c for cash book and bank A/c for bank book.

1) The cash bank summer screen appear display cash and bank transaction'
2) Select cash ledger press Alt + f2 to select required period and drill down to view ledger voucher.

MIS reports:

MIS (management information system) reports are like special tool for decision maker inside the business.

1) Ratio analysis:

This report automatically calculated important financial ratio for your business, ratio are like quick measurements that compare two numbers to give you a meaningful insight (e.g. how much profit you make for every sale, or if you can pay your short term debt)

Tally prime path:

1) Press Alt + G > type or select ratio analysis and press enter
2) In case you need to configure the report press f12.

2) Cash flow statement:

Cash flow is the inflow and out flow of cash during an accounting period.

Tally prime path:

1) Alt + G > type or select cash flow> press enter a sample image of cash flow statement appears.
2) To select any period like month quarter on year you can press f2 and view cash flow for the particular period.

3) Statistics report:

Statistics is crucial in business as you can make decision based on historical data and on going trends.

Tally prime path:

1) Press Alt + G > type on select statistics> and press enter.
2) Drill down a specific type of voucher to view the detail for example: you can select journal as type of voucher and press enter the voucher monthly register screen appear into an unreadable code.
3) Even if someone get a copy of your tally data file. They cannot read the company's name or any of financial detail without the tally vault password. The company name it self is hidden and shown as (******).

4) Important note: if you forget the tally vault password, there is no way to record the data.

Security control:
Tally prime help you self up security for your company and change the credential when required based on your business practice you can enable security features.

Steps:
1) Press Alt + K (company) > alter
2) Enter security details
   a) Set control user access to company data types
   b) Provide the username and password
3) Accept the change press Ctrl + A to save.

To alter security from the company alteration screen.
1) Press Alt + K company > alter
2) Select the company if multiple company are loaded.
3) You can change administrator name or password.
   a) To alter the name of administrator
      - Security> enter a new user name
      - Enter the existing password
   b) To alter only the password
      - Security control > enter the existing user name
      - Enter a new password and report it in the repeat password field.
      - Enter the old password.
   c) To alter both the administration name and password.
      - Enter new username and a new password.
      - Enter the old password.

To alter security from the user and password menu:
1) Press Alt + K (company) > select change user
2) Change the username and password
   - Change user: select change username and provide a different username
   - Change password:
   a) Enter old password
   b) Enter new password and repeat in the confirm new password field.

Control centre at tally prime:
The control centre for tally prime works as an interface between user and tally prime installed at different sales. It enables the user to centrally configure and administer site or user belonging to an account. To access the control central from portal.

1) **Log into tally solution.com:**
- Press f1 [help]> setting> licenses> manage account
- Enter your tally. NET Id and password
- If you have forgotten your password.
a) Click for got ID, Password
b) In the administrator email id screen, click reset password.
c) Provide you tally net id on the reset password screen and click reset.
d) Password will be send to your email-id, you can use the password to login.

2) **Access your account**
a) Click your account id under My tally NET accounts

b) Click control centre on the left navigation pane.
c) To alter security from the user and password menu.

1) Press Alt + K (company) > select change user.
2) Change the username and password.
   - Change user: select change username and provide a different username.
   - Change password:
   a) Enter old password
   b) Enter a new password and repeat it in the confirm new password help.

Example:1.
Set up the user right for an individual

ANS: 1) press Alt + K > user role. The security levels screen appear.
The available security level including owner data entry and other are visible.

3) In the security levels screen assign report rights

a) Select data entry in the use basic facilities of option e.g. Rajesh is data entry operator) as Rajesh is data entry operator.

b) Days allowed for back dated voucher:
By default this field is set o. enter the require number of days.

c) Cut off date for back dated voucher:
You can specify the required date.

- Tally prime does not allow you to record a transaction prior to the date mentioned.
- This can be used in additional to days allowed for backdated voucher.

d) Set / alter rules for print before save:
Use this option to prevent the printing of certain voucher type before typing or restrict the printing all the available voucher types before saving the voucher.

e) Allow to override tax details:
Set this to yes if you need to allow the user to override tax details.

f) Exclude on account from bill allocation:
If you set this to yes them the user will not get on account option in the list of bill wise reference type.

g) Exclude new number from bill allocation:
If you set this to yes, them the user will not have the option to select a new number in tracking and order reference.

h) Allow company to connect:
Set this to “yes” if you need to connect the company to the tally. NET server.

i) Under disallow/ the following facilities:
Select type of access (such as full access create, alter and so on)

Accessing the company using security levels:
When security control is activated in tally prime each user must log in using user in and password think of it like a college with staff and password.

- The principle can enter all rooms owner

- The teacher can access class room owner
- The student can only go to their assigned classroom, data entry the log in experience.

Step:1. Selecting company

When you open tally prime you will see the list of companies. Company with security enabled will be clearly visible however if a company is protected with tally vault, it name will be hidden (****) like this.

Step:2 log in prompt

Once you select a company and press enter you will be presented with a log in screen asking for.

- Username
- Password

Practical:

Mr. Sharma the owner of “national traders” wants to log into check the company’s quarterly profit and approve the final accounts.

1) **Select company:** he selected “national traders” from the list
2) **Enter credentials:**
    - **Username:** admin
    - **Password :** his secure password
    - Upon successful login Mr. Sharma lands on gate way of tally. He sees the complete menu with all option available.
    - **Master:** create/ alter ledger group.
    - **Voucher:** access all voucher type
    - **Reports:** can view all reports like balance sheet stock summary
    - **Company menu: (**Alt + K) has access to all administrative function including security control, tally vault and backup.