# Accounts Receivable and Payable Management

## Learning Objectives

- Maintain party-wise bill details in Tally.ERP 9
- Keeping track of receivables and payables

- Set-off bills using the different methods of adjustment
- Make partial and full payment entries
- Record credit transactions, and
- Manage outstanding
- Credit limit
- Payment performance of debtors.

## 7.1 Introduction

Efficient management of business requires systematic maintenance of all transactions. As the number of business transactions increases, it becomes very difficult in keeping a track of the details of creditors, debtors, pending bills and over dues. The bill-wise details feature in Tally.ERP 9 enables tracking of each and every transaction and efficient management of payables and receivables.

## 7.2 Accounts Payable and Receivable

**Accounts Payable:** Accounts Payable is the amount payable to suppliers or vendors for goods or services provided on credit. Accounts Payable is credited in the books of account and it is reported as current liability in the company's balance sheet.

**Example:** Bay Traders purchased goods on credit for ₹10,000 from TT Traders on 1st July 2017

and agreed to pay the amount on 15ᵗʰ July 2017. Bay Traders receives an invoice from TT Traders stating that the amount of ₹10,000 is due on 15ᵗʰ July 2017.

After checking the invoice, Bay Traders will record the details in their books of accounts by debiting the expense account/purchase account and crediting the accounts payable account/sundry creditors account.

**Accounts Receivable:** Accounts Receivable is the amount due from customers to the business concern for goods sold or services rendered. Accounts Receivables are debited in the books of account; it is shown as a current asset in a company's balance sheet.

**Example:** Bay Traders sold goods on credit for ₹20,000 to Shabnam Traders on 1ˢᵗ July 2017. The customer is allowed a credit period of 30 days to pay for the purchases.

Bay Traders will issue the invoice to Shabnam Traders stating that the payments have to be made within 30 days from the date of purchase i.e., Payment should be made on or before 30ᵗʰ July 2017. Once the invoice is issued, Bay Traders will account the entry in their books of account by debiting the accounts receivable account/sundry debtors account and crediting the income account/sales Account.

# 7.3 Maintaining Bill-wise Details

The Bill-wise details feature in Tally.ERP 9 enables tracking of transactions and efficient management of payables and receivables. Once transactions are recorded in Tally.ERP 9, reports can be generated instantaneously. This feature, helps in tracking outstanding bills and in sending reminders on time to customers, thus managing outstandings efficiently.

Bill-wise detail help us to maintain our sundry creditors and debtors bills systematically and we can find the outstanding amount, due date of each bill and also we can allocate payments/receipts to the correct invoice to maintain an accurate account of outstanding.

Dependency on business owner reduces as user can refer the outstandings statement and know if he is liable to pay or receive. Without Bill wise, tracking pending bills will be difficult to user. This will result in adjusting wrong bill.

In Tally.ERP 9, four types of reference details can be entered for transactions. These reference details, called Methods of Adjustments are New Ref, Agst Ref, Advance and On Account.

| Method of Adjustment | Used for |
|---|---|
| New Ref | When a Purchase/Sales invoice is recorded, this method of adjustment is selected to give the transaction a reference number with which it can be tracked when required.<br>If we are making sales/purchase to the party for the first time, select New Ref |

| | |
|---|---|
| New Ref | select New Ref |
| | For example, if two purchase vouchers are recorded with the New Reference numbers 01 and 02, while recording the payment entry, the reference numbers will help in keeping track of the purchase against which payments are being made. |
| Agst Ref | When payment is received or made against any existing bill or against earlier advance, select Against ref for which the bill should be adjusted. |
| | For example, if New Reference number 02 is provided in a purchase voucher, then while recording a payment voucher, you will be able to track the particular purchase bill towards which the payment is being made, and also you will get the list of purchases. |
| Advance | Advance receipts and payments transactions are recorded using this method of adjustment as its helps in tracking the transaction for which payments or receipts are made. |
| On Account | On account is selected when one is unable to mark a payment or a receipt against any specific pending references. |
| | For Example, when the party makes lump sum payment (a huge amount), the user may not be aware whether it has to be treated as new ref or against ref. In these scenarios select On Account. So that the amount can be classified later. |

Table 7.1

Creating a reference is like writing down an entry in a notebook to use the references in future. References remember on your behalf keeps the track of due payments/receipts. To distinguish between references you need to give unique reference numbers.

Let us now use the method of adjustments in transactions to understand them better:

# Business Scenario

Bay Traders, Bengaluru deals in food items like Rice, Wheat flour, Ragi and Cooking oil. The company makes frequent credit purchases and ensures that all payments are made within the due date. It makes sales on credit basis to different dealer with the credit period of thirty days provided to all debtors.

Before proceeding with the illustrations on using the bill-wise details feature, based on the above Business Scenario, let us create the company in Tally.ERP 9 and activate the bill-wise details feature for the company.

*Activity: Create a company in Tally.ERP 9 with the following details:*

*Company Name: Bay Traders*

*Address: No 123, 5th Block, Near Jambu Circle, Jayanagar, Bengaluru - 560041*

*Country: India*

*State: Karnataka*

*Financial Year: 01-04-2017 to 31-03-2018*

# 7.4 Activation of Maintaining Bill-wise Details Feature

In order to track the details of bills payable and receivable, the feature bill-wise details has to be enabled in Tally.ERP 9.

To enable the feature maintain bill-wise details in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > F11: Company Features >F1: Accounting Features**
2. Set the option - **Maintain bill-wise details** to **Yes**
3. Set the option - **For non - trading accounts also** to **No**,  if you require to extend the tracking to non-trading accounts, then enable the option

***Note:*** *Bill wise details for non-trading accounts is useful when one needs to track either an instalment to be paid or a loan outstanding to be received over a certain period of time*

The **Accounting Features screen appears as shown in the figure 7.1:**

*Figure 7.1 Accounting Features Screen*

4. Accept the screen

**Note:** *On after configuring* **Maintain bill wise details** *option as shown in the figure 7.1,, then* **Maintain balances bill-by-bill** *will be enabled by default in all the ledgers created under the groups sundry debtors and sundry creditors the option*

# 7.5 New Reference

When a purchase/sales invoice is recorded, New Reference is selected to give the transaction a reference number with which it can be tracked as and when required.

For example, if two purchase vouchers are recorded with New reference numbers as 01 and 02, then while recording a payment entry, the reference numbers will help to keep a track of purchase, against which the payment is being made.

**Illustration 1: Use of new reference for recording purchase and sale transactions and checking of payable and receivable reports.**

Pass the following transactions in the book of Bay Traders:

| Date | Particulars | | | |
| --- | --- | --- | --- | --- |
| 01-07-2017 | **Voucher: Purchase** | | | |
| | Purchased following stock items from the Saha Traders on credit against the Ref No. ST/01 and agreed to pay the amount within 15 Days from the date of purchase. | | | |
| | **Name of the Stock Item** | **Quantity** | **Rate per (₹)** | **Amount (₹)** |
| | Basmati 455 (W) | 500 Kgs | 100 | 50,000 |

| | Basmati 455 (B) | 500 Kgs | 110 | 55,000 |
| --- | --- | --- | --- | --- |
| | Dehradooni Basmati (W) | 1,000 Kgs | 100 | 1,00,000 |
| 01-07-2017 | **Voucher: Sales** | | | |
| | Sold the following Stock Items to MM Traders on credit and agreed to pay the amount within 30 Days from the date of Sales with the Ref No. BA/01/MM. | | | |
| | **Name of the Stock Item** | **Quantity** | **Rate per (₹)** | **Amount (₹)** |
| | Basmati 455 (W) | 250 Kgs | 110 | 27,500 |
| | Basmati 455 (B) | 250 Kgs | 120 | 30,000 |

| | |
|---|---|
| | |

Table 7.2

To record the transactions of table 7.2 in the books of Bay Traders, first ensure that the required ledgers are created in Tally.ERP 9.

**Step 1: Creation of Accounting Masters**

**Purchase Ledger**

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**

| Purchase A/c | |
|---|---|
| **Against the Field** | **Action to be Performed** |
| Name | Enter as **Purchase A/c** |
| Under | Select as **Purchase Accounts** |
| Inventory values are affected | Set to **Yes** |

Table 7.3

**Sales Ledger**

| Sales A/c | |
|---|---|
| **Against the Field** | **Action to be Performed** |
| Name | Enter as **Sales A/c** |
| Under | Select as **Sales Accounts** |
| Inventory values are affected | Set to **Yes** |

Table 7.4

**Party Ledger**

| Saha Traders | |
|---|---|
| **Against the Field** | **Action to be Performed** |
| Name | Enter as **Saha Traders** |
| Under | Select as **Sundry Creditors** |
| Maintain balances bill-by-bill | Set to **Yes** |
| Default credit period | Enter as **15 Days** |
| Check for credit days during voucher entry? | Set to **Yes** |
| Inventory values are effected? | Set to **No** |

**Maintain balances bill-by-bill** *option should be enabled for tracking pending bills. If the option is disabled, it will not be possible to track bills while making or receiving payments.*

**Default credit period:** *Enter the due date i.e., the credit days allowed by the supplier to make the payment. If the credit period is left blank then while recording the entry enter the credit period.*

**Check for credit days during voucher entry:** *By setting this option to Yes, you can keep track of the credit period allowed to parties, payables to Sundry Creditors and receivables from Sundry Debtors.*

Table 7.5

| M M Traders | |
|---|---|
| **Against the Field** | **Action to be Performed** |
| Name | Enter as **M M Traders** |
| Under | Select as **Sundry Debtors** |
| Maintain balances bill-by-bill | Set to **Yes** |
| Default credit period | Enter as **30 Days** |
| Check for credit days during voucher entry? | Set to **Yes** |
| Inventory values are effected? | Set to **No** |

Table 7.6

**Step 2: Creation of Inventory Masters**

**Stock Items**

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

| Basmati 455 (W) | |
|---|---|
| **Against the Field** | **Action to be Performed** |
| Name | Enter as **Basmati 455 (W)** |
| Under | Select as **Primary** |
| Units | Select as **Kgs ( Press Alt+C to create the Unit of Measure)** |

Table 7.7

| Basmati 455 (B) | |
| --- | --- |
| Against the Field | Action to be Performed |
| Name | Enter as **Basmati 455 (B)** |
| Under | Select as **Primary** |
| Units | Select as **Kgs** |

Table 7.8

| Dehradooni Basmati (W) | |
| --- | --- |
| Against the Field | Action to be Performed |
| Name | Enter as **Dehradooni Basmati (W)** |
| Under | Select as **Primary** |
| Units | Select as **Kgs** |

Table 7.9

**Note:** *Can create the stock item at one go from Multi Stock Item menu*

**Step 3: Recording Purchase Transaction**

1.  Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**
2.  Press **F2:Date** and change the date to 01-07-2017
3.  Press **Ctrl+V from voucher mode** to enter in Item Invoice Mode
4.  Press **F12: Configure** and set the option **Use defaults for bill allocations** to **No**

**Note:** *If the option **Use defaults for bill allocations** is set to **Yes,** you will not be able to track bills or check bill-wise details*

5.  Enter the **Supplier Invoice No.** as **ST/01** and the date will capture automatically.
6.  In the **Party A/c name** field select **Saha Traders**

7.  In the **Purchase ledger** field select **Purchase A/c** ledger.

**Note:** *Once the cursor moves to purchase ledger field, if the purchase ledger is not appearing then alter the purchase ledger and make sure the option **Inventory values are affected** is set to **Yes.***

8.  Under **Name of Item** field, select **Basmati 455(W)**, and enter the quantity as 500 Kgs, rate as ₹ 100 per Kgs and the amount ₹ 50,000 will capture automatically.
9.  Press **Enter** and select the second stock item, **Basmati 455 (B)**and enter the quantity as 500 Kgs, rate as ₹ 110 per Kgs and the amount ₹ 55,000 will capture automatically
10. Press **Enter** and select the third stock item, **Dehradooni Basmati (W)** and enter the quantity as 1,000 Kgs, rate as ₹ 100 per Kgs and the amount ₹ 1,00,000 will capture automatically

11. Select **End of List** twice and then the total amount field will get selected
12. Press **Enter** to get the **Bill-wise Details** screen and fill the details given below:

- In the **Type of Ref** field select **New Ref.**
- In the **Name** field by default the **Supplier Invoice number** will be shown, change it, if required
- In the **Due Date, or Credit Days** field the credit days and date will be filled automatically. It is the credit period which you have entered while creating the party ledger
- The amount will be captured automatically

*Note:* By default, the amount will be credited, because as per the accounting rule **Account Payables** are credited.

The **Bill-wise Details** screen for Saha Traders appears as shown in the figure 7.2:



*Figure 7.2 Bill-wise Details Screen for Saha Traders*

13. Press **Enter** and save the **Bill-wise Details** screen

*Note:* If the screen of figure 7.2 is not appearing press **F12: Configure** from the voucher creation screen and set the option **Use default for bill allocation** to **No**

14. Enter the narration in **Narration** field.

The **Purchase Invoice** screen appears as shown in the figure 7.3:

| Basmati 455 (B) | | | 500 Kgs | 110.00 Kgs | 55,000.00 |
| Dehradooni Basmati (W) | | | 1,000 Kgs | 100.00 Kgs | 1,00,000.00 |
| | | | | | 2,05,000.00 |
| E End of List | | | | | |

| Narration: | | | | 2,000 Kgs | Accept ? |
| | | | | | Yes or No |

*Figure 7.3 Purchase Invoice Screen*

15. Accept the screen

After recording the purchase transaction, the details are reflected in the bills payable report as the payment to Suppliers is still pending.

To check the **Bills Payable/Outstanding report**:

Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Payables** Press **Alt+F1** to view the report in detailed mode.

The **Bills Payable/Outstanding Report** appears as shown in the figure 7.4:



| Bills Outstanding | | Bay Traders | | | Ctrl + M |
| Bills Payable | | | | | For 1-Jul-2017 |
| Date Ref. No. | Party's Name | | Pending Post-Dated | Final Due on | Overdue |
| | | | Amount Amount | Balance | by days |
| 1-Jul-2017 ST/01 | Saha Traders | | 2,05,000.00 | 2,05,000.00 Cr | 16-Jul-2017 |
| 1-Jul-2017 Purchase 1 | | 2,05,000.00 Cr | | | |
| 500 Kgs Basmati 455 (W) | | 100.00/Kgs | | | |
| 500 Kgs Basmati 455 (B) | | 110.00/Kgs | | | |
| 1,000 Kgs Dehradooni Basmati (W) | | 100.00/Kgs | | | |

*Figure 7.4 Bills Payable/ Outstanding Report*

The report of figure 7.4, gives you the details of total bills payable to all suppliers along with transaction details like date, ref. no, party name, pending amount and overdue by days.

The total amount payable by the company is ₹2, 05,000 which is payable to Saha Traders.

**Step 4: Recording Sales Transaction**

1. Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**
2. Press **F2:Date** and change the date to 01-07-2017
3. Press **Ctrl+V** from voucher mode to enter in Item Invoice Mode
4. Enter the **Reference no: as BA/01/MM**
5. In the **Party A/c name** field select **M M Traders**
6. You will get the **Party Details** screen, enter the despatch details, order details and buyer details like name and address
7. In the **Sales ledger** field select **Sales A/c** ledger.
8. Under **Name of Item** field, select **Basmati 455(W)**, and enter the quantity as 250 Kgs, rate as ₹ 110 per Kgs and the amount ₹ 27,500 will capture automatically.
9. Press **Enter** and select the second stock item, **Basmati 455 (B)**and enter the quantity as 250 Kgs, rate as ₹ 120 per Kgs and the amount ₹ 30,000 will capture automatically
10. Select **End of List** twice and then the total amount field will get selected
11. Press **Enter** to get the **Bill-wise Details** screen and fill the details given below:
    - In the **Type of Ref** field select **New Ref.**
    - In the **Name** field, enter as **BA/01/MM**
    - In the **Due Date, or Credit Days** field the credit days and date will be filled automatically. It is the credit period which you have entered while creating the party ledger
    - The amount will be captured automatically

**Note:** *By default, the amount will be debited, because as per the accounting rule Account Receivables are debited.*

The **Bill-wise Details Screen** for M M Traders appears as shown in the figure 7.5:
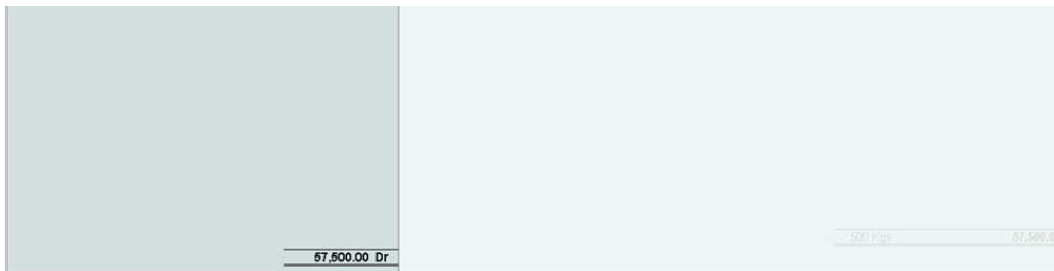
57,500.00 Dr          500 Kgs    57,500.00

*Figure 7.5 Bill-wise Details Screen for M M Traders*

12. Press **Enter** and save the **Bill-wise Details** screen

**Note:** *If the screen of figure 7.5 is not appearing press* **F12: Configure** *from the voucher creation screen and set the option* **Use default for bill allocation** *to* **No**

13. Enter the **Narration**

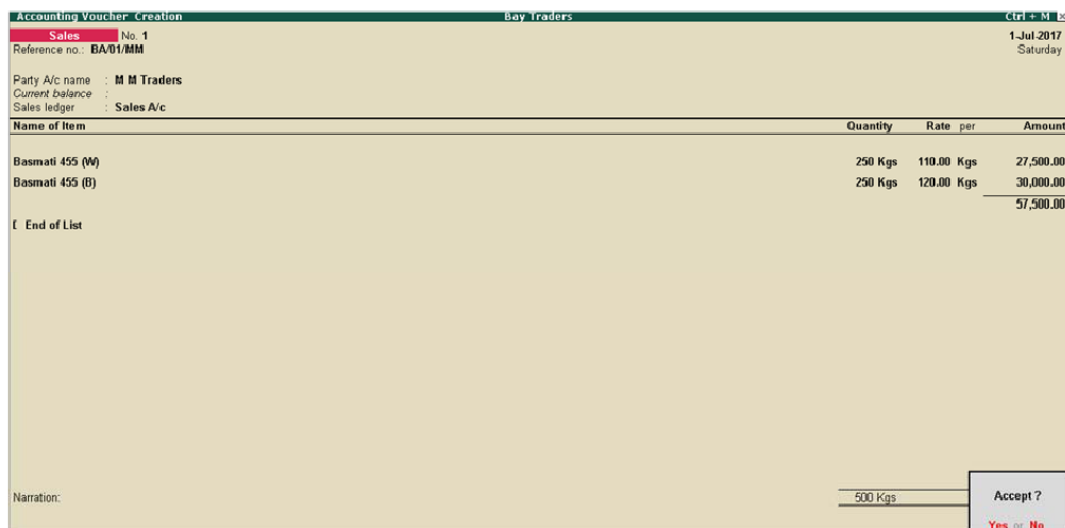The **Sales Invoice** screen appears as shown in the figure 7.6:



*Figure 7.6 Sales Invoice Screen*

14. Accept the screen

After recording the sales transactions as shown in figure 7.6, the details are reflected in the bills receivables report because the customer has not yet made any payment to the company.

To check the **Bills Receivable/Outstanding report**:

Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Receivables** Press **Alt+F1** to view the report in detailed mode.

The **Bills Receivables /Outstanding Report** appears as shown in the figure 7.7:

*Figure 7.7 Bills Receivable/ Outstanding Report*

The report of figure 7.7, gives the details of **Total Bills Receivables** from the customers. It also displays the transaction details like date , ref. no, party name, pending amount and overdue by days.

The total amount receivable from the customer M M Traders is ₹57,500.

# 7.6 Against Reference

This method of adjustment is used to track an existing transaction, which is already tagged with a reference number. It helps in recording a payment voucher by selecting the reference number against which the payment is made.

**Illustration 2: Use of against reference for recording partial and full payment & receipt transactions and checking of payable and receivable report.**

Pass the following transactions in the book of Bay Traders:

| Date | Particulars |
|------|-------------|
| 16-07-2017 | **Voucher: Payment** <br><br> Made a partial payment of ₹1, 05,000 to Saha Traders against the reference number ST/01. The payment is made through Kotak Bank. |
| 01-08-2017 | **Voucher: Receipt** <br><br> Received a Kotak cheque of ₹57,500 from MM Traders against the Bill reference number BA/01/MM |

To record the transactions of table 7.10, in the books of Bay Traders, first ensure that the required ledgers are created in Tally.ERP 9.

*Activity:* Create Kotak Mahindra Bank ledger and provide debit opening balance of ₹5, 00,000

**Step 1: Recording Payment Transaction (Single Entry Mode)**

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
2. Press **F2:Date** and change the date to 16-07-2017
3. Press **F12: Configure** and set the option **Use single entry mode for payment/receipt/contra vouchers?** to **Yes.** Again press **F12: Advanced** and enable the option **Preallocate bills for payment/receipt/contra voucher?** to **Yes**

**Note:** *If the option-* **Use single entry mode for payment/receipt/contra vouchers?** *Is set to* **No**, *then the payment voucher will appear in the Debit and Credit mode (i.e., double entry mode).*

4. In the **Account** field, select **Kotak Mahindra Bank**
5. Under the **Particulars** field, select the party ledger from the **List of Accounts** to whom the payment has to be made, i.e., **Saha Traders**
6. You will get the **Bill-wise Details** screen for **Saha Traders** with the details filled as given below:
    - In the **Type of Ref** field select **Against Ref.**
    - You will get the **Pending Bills** screen, which shows the total pending bills payable to Saha Traders along with the Reference name and Date details.
    - Select the bill name as **ST/01** and press **Enter**
    - **Due date,** or **Credit Days** and **amount** will be captured automatically.
    - When the cursor moves to the amount field, change the amount from ₹ 2,05,000 to ₹ 1,05,000 ( Partial Payment )

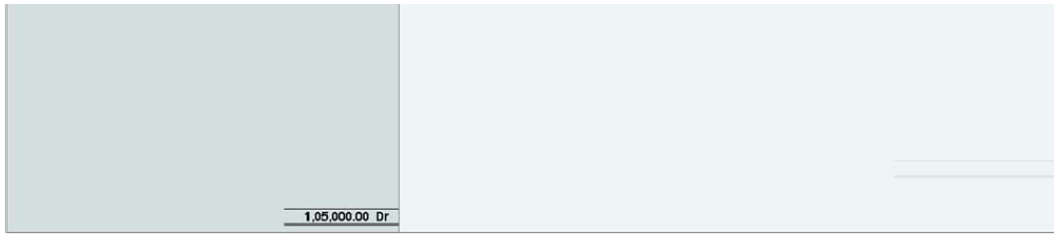The **Bill-wise Details** screen appears as shown in the figure 7.8:

1,05,000.00 Dr

*Figure 7.8 Bill-wise Details Screen with Against Reference*

- • Press **Enter** and accept the **Bill wise Details** screen

7. In **the Bank Allocation** screen, Transaction Type select as Cheque, and the amount will be captured automatically. Enter the cheque number in the **Inst no.** field and cheque date in the **Inst date** field and Accept the Screen.

8. Enter the **Narration**

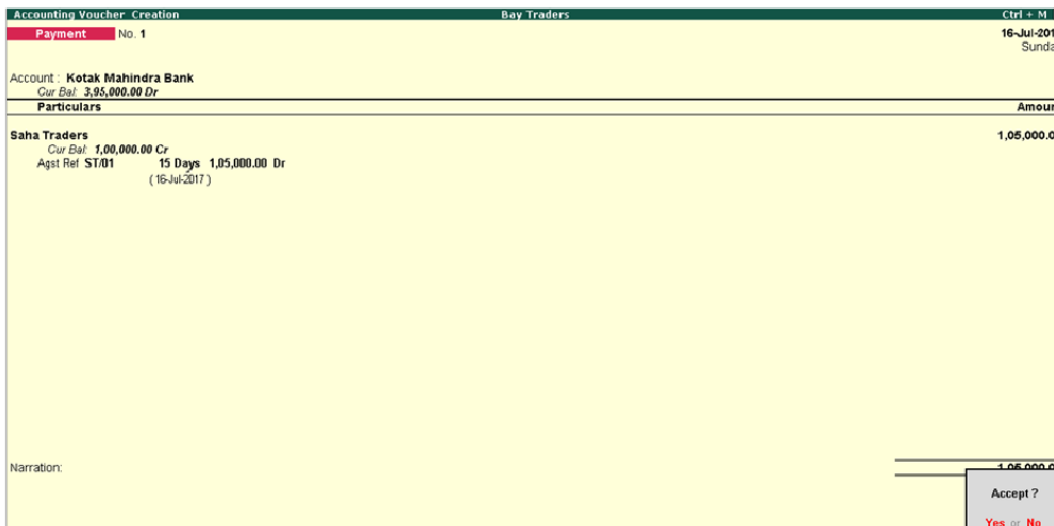The **Payment Voucher** screen appears as shown in the figure 7.9:



*Figure 7.9 Payment Voucher Screen*

9. Accept the screen

After making payment, check the **Bills Payable/Outstanding** report.

1. Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Payables >** press **Alt+F1** to view the report in detailed mode.
2. Change the period as 01-07-2017 to 01-08-2017.

The **Bills Payable/Outstanding** report appears as shown in the figure 7.10:

*Figure 7.10 Bills Payable/Outstanding Report after making Payment*

In the report of figure 7.10, we will observe that the bill in the name of Saha Traders with Reference number as ST/01 shows 1, 05,000 instead of 2,05,000, because we have made a partial payment to Saha Traders.

**Step 2: Recording Receipt Transaction (Single Entry Mode)**

1. Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt**
2. Press **F2:Date** and change the date to 01-08-2017
3. Press **F12: Configure** and set the option **Use single entry mode for payment/receipt/contra vouchers?** to **Yes.**
4. In the **Account** field, select **Kotak Mahindra Bank**
5. Under the **Particulars** field, select the party ledger from the **List of Accounts** from whom the payment is revieved, i.e., **M M Traders**
6. You will get the **Bill-wise Details** screen for **M M Traders** with the details filled as given below:
   - In the **Type of Ref** field select **Against Ref.**
   - You will get the **Pending Bills** screen, which shows the total pending bills receivable to M M Traders along with the Reference name and Date details.
   - Select the bill name as **BA/01/MM** and press **Enter**
   - **Due date,** or **Credit Days** and **amount** will be captured automatically with ₹ 57,500

The **Bill-wise Details** screen appears as shown in the figure 7.11:

*Figure 7.11 Bill-wise Details Screen with Against Reference*

- Press **Enter** and select **End of list**

**Note:** *If the* **Bill-wise Details** *screen is not displayed on selecting the party ledger, Press* **F12: Configure** *twice and enable the option-***Pre Allocate bills for payments/receipt/journal voucher** *in the* **Payment Advanced Configuration> General Options.**

7. In the **Bank Allocation** screen, Transaction Type select as Cheque/DD, and the amount will be captured automatically. Enter the cheque date in the **Inst date** field and select the Bank to which the received Cheque belongs to, and accept the screen.
8. Enter the **Narration** in narration field.

The **Receipt Voucher** screen appears as shown in the figure 7.12:

Narration:

57,600.00

Accept ?

Yes or No

*Figure 7.12 Receipt Voucher Screen*

9. Accept the Screen

After receiving payment from customer, check the **Bills Receivables/Outstanding** report.

Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Receivables >** In the bills receivable report, you will observe that of MM Traders with Reference number BA/01/MM is not visible. This is because payment has been received from MM Traders.

# 7.7 Advance Reference

The term Advance means income received in advance or payments made in advance by the company. Income received in advance will not be considered as income until the goods are delivered or services are rendered, as per accrual concept. Hence, all advance payments received will be considered as liabilities and all advance payments made will be considered as assets.

**Accrual Concept of Accounting:** Under this concept, revenues are considered as income when the goods are delivered or services are rendered before collection of cash. If the cash is collected before rendering the service or delivering the goods, then the cash collected will not be considered as income earned.

**For Example:** Assume Bay Traders, who deal in food products, receive advance/down payment of 20% from customers before selling the goods to them, and agree to deliver the goods within 10 days of receiving the advance payment.

As per the Accrual Concept, Bay Traders cannot show advance payment collected as revenue earned because the goods are not delivered to the customer. Only after the goods are delivered to the customer the revenue is considered as earned.

This method, helps in arriving at correct information about the profits earned by a company.

Similarly, whenever advance payments are made by the company to its suppliers, it is not considered as an expense incurred, until the goods or services are received.

In Tally.ERP 9, you can record advance receipts and payments by selecting the Method of adjustment as Advance. You can also check the reports related to advance payments/receipts.

**Illustration 3: Use of advance reference for recording advance receipts and payment transactions and checking of outstanding reports**

Pass the following transactions in the book of Bay Traders:

| Date | Particulars |
|---|---|
| 01-08-2017 | **Voucher: Receipt**<br><br>Received advance payment of ₹2,200 from Superior Traders against Bill No. Adv/SUT/01 |
| 11-08-2017 | **Voucher: Sales**<br><br>Sold the following Stock Items on credit to Superior Traders with Invoice no BA/02/SUT, where 20% of advance payment was made for this bill and agreed to pay rest of the amount after 10 days.<br><br>| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |<br>|---|---|---|---|<br>| Dehradooni Basmati Rice (W) | 100 Kgs | 110 | 11,000 | |
| 12-08-2017 | **Voucher: Payment**<br><br>Made an advance payment of ₹20,000 to Saha Traders before making a purchase against Bill No. Adv/ST/01. The supplier has agreed to supply the Goods after 10 days. |
| 22-08-2017 | **Voucher: Purchase**<br><br>Purchased the following Stock Items on credit from Saha Traders with Supplier invoice no. ST/03. Advance payment of ₹20,000 was made for this bill and agreed to pay the rest of the amount after 10 Days.<br><br>| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |<br>|---|---|---|---|<br>| Basmati 455 (B) | 200 Kgs | 110 | 22,000 | |

Table 7.11

To record the transactions of table 7.11 in the books of Bay Traders, first ensure that the required ledgers are created in Tally.ERP 9.

**Step 1: Creation of Accounting Masters**

**Party Ledger**

| Superior Traders |
|---|
|  |

| Against the field | Action to be performed |
|---|---|
| Name | Enter as **Superior Traders** |
| Under | Select as **Sundry Debtors** |
| Maintain balances bill-by-bill | Set to **Yes** |

| Default credit period | Leave it **Blank** |
|---|---|
| Check for credit days during voucher entry? | Set to **No** |
| Inventory values are effected? | Set to **No** |
| ***Default credit period:*** *It can be entered at the time of creating the master or while recording the transaction.* | |

Table 7.12

**Step 2: Recording Receipt Transaction (Single Entry Mode)**

1. Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt**
2. Press **F2:Date** and change the date to **01-08-2017**
3. In the **Account** field, select **Kotak Mahindra Bank**
4. Under the **Particulars** field, select the party ledger from the **List of Accounts** from whom the payment is received, i.e., **Superior Traders**
5. You will get the **Bill-wise Details** screen for **Superior Traders** with the details filled as given below:
   - In the **Type of Ref** field select **Advance.**
   - In the Name field, enter the bill number as **Adv/SUT/01**
   - In Due date, or Credit Days field do not enter any details
   - Enter the amount as **2,200**

The **Bill-wise Details** screen appears as shown in the figure 7.13:

2,200.00 Cr

*Figure 7.13 Bill-wise Details Screen with Advance Reference*

- Press **Enter** and accept the **Bill wise Details** screen
6. In **the Bank Allocation** screen, **Transaction Type** select as Cheque/DD, and the amount will be captured automatically. Enter the cheque date in the **Inst date** field and select the Bank to which the received Cheque belongs to, and accept the screen.
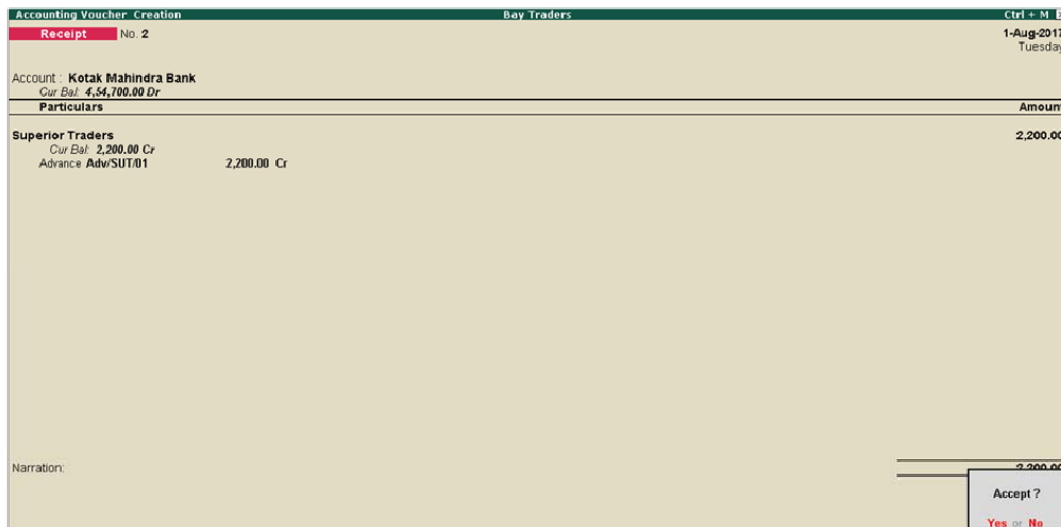7. Enter the **Narration**

The **Receipt Voucher** screen appears as shown in the figure 7.14:



*Figure 7.14 Receipt Voucher Screen*

8. Accept the screen

After receiving advance payment from customer, check the **Group Outstanding** report.

The **Group Outstandings** report displays the group-wise outstanding, total sundry creditors outstanding bills and total sundry debtors outstanding bills. To check follow the steps given below:

1. Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Group > Sundry Debtors**
2. Change the Period as 01-07-2017 to 01-08-2017

The **Group Outstandings** report appears as shown in the figure 7.15:

| Particulars | Sundry Debtors<br>**Bay Traders**<br>1-Apr-2017 to 1-Aug-2017<br>Pending Bills | |
| --- | --- | --- |
| | Debit | Credit |
| Superior Traders | | 2,200.00 |
| **Grand Total** | | **2,200.00** |

*Figure 7.15 Group Outstandings Screen*

In the report of figure 7.15, we can observe that the Superior Traders bill amount appears in the credit column. This is because the Advance payment received from Superior Traders is not considered as earned income till the goods are delivered as per **Accrual Concept of Accounting**. Hence, it is considered as a Liability.

*Note: The advance payment entry will be shown in the* **Bills Payable/Outstanding Report**, *because the goods are not yet delivered to the customer.*

From the **Group Outstandings** press **Enter** on **Superior Traders** entry line and use the **Alt+F1** key combination to view the report in detailed mode.

The **Ledger Outstandings** report is displayed as shown in figure 7.16:



| Ledger Outstandings | | Bay Traders | | | | | Ctrl + M |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Ledger : **Superior Traders** | | | | | | 1-Apr-2017 to 1-Aug-2017 | |
| Date | Ref. No. | | Opening<br>Amount | Pending<br>Amount | Post-Dated<br>Amount | Final<br>Balance | Due on Overdue<br>by days |
| 1-Aug-2017 | Adv/SUT/01 | (advance) | 2,200.00 Cr | 2,200.00 Cr | | 2,200.00 Cr 1-Aug-2017 | 0 |
| | 1-Aug-2017 Receipt | 2 | 2,200.00 Cr | | | | |

2,200.00 Cr    2,200.00 Cr    2,200.00 Cr
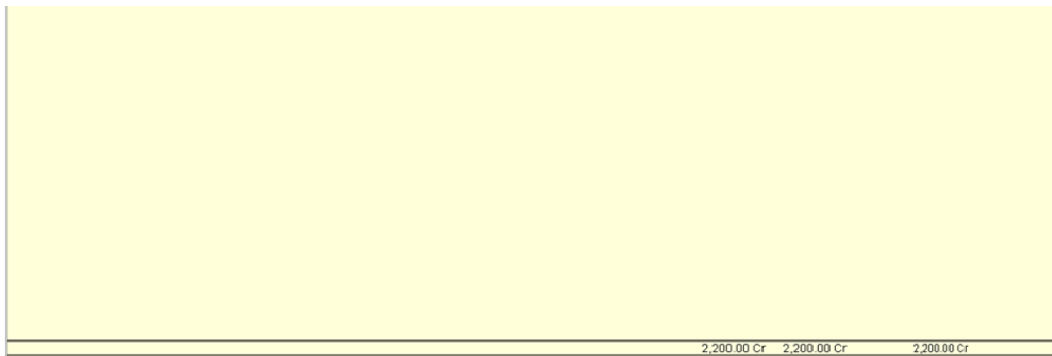
*Figure 7.16 Ledger Outstandings Screen*

The report of figure 7.16, displays the details of advance received from Superior Traders.

**Step 3: Recording Sales Transaction.**

1. Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**
2. Press **F2:Date** and change the date to **11-08-2017**
3. Enter the **Reference no: as BA/02/SUT**
4. In the **Party A/c name** field select **Superior Traders**
5. You will get the **supplementary details screen, enter** the **despatch details, order details** and **buyer details** like **name** and **address**
6. In the **Sales ledger** field select **Sales A/c** ledger.
7. Under **Name of Item** field, select **Dehradooni Basmati Rice (W)**, and enter the quantity as 100 Kgs, rate as ₹ 110 per Kgs and the amount ₹ 11,000 will capture automatically.
8. Select **End of List** twice and then the total amount field will get selected
9. Press **Enter** to get the **Bill-wise Details** screen and fill the details given below:

   - In **Type of Ref** field, select **Against Ref.** (Against reference is being selected while recording this sales transaction, as advance payment has been made for this sales. So the against reference is selected to adjust the advance payment).
   - You will get the list of pending bills to adjust, select bill no. **Adv/SUT/01** and press Enter
   - By default, the amount field reflects the total amount as 11,000. Manually change the amount to ₹ 2,200 Dr (as the total advance paid is ₹ 2,200), and press **Enter** to adjust the remaining amount.
   - In the **Type of Ref** field select **New Ref,** for the remaining amount; in the Name field enter the reference number as **BA/02/SUT**
   - In the Due Date, or Credit Days field enter 10 Days (because while creating the party ledger you had not entered the credit period).
   - Now, the Amount field will reflect the remaining amount of ₹ 8,800 i.e., ₹ 11,000 (Total bill amount) – ₹ 2,200 (Advance received) =₹ 8,800 (Amount receivable)

The **Bill-wise Details** screen for Superior Traders appears as shown in the figure 7.17:

*Figure 7.17 Bill-wise Details Screen for Superior Traders*

10. Press **Enter** and save the **Bill-wise Details** screen
11. Enter the **Narration**

The **Sales Invoice** screen appears as shown in the figure 7.18:



*Figure 7.18 Sales Invoice Screen*

12. Accept the screen

***Activity:*** *Check the Group Outstanding report and the Outstandings of Superior Traders.*

**Ledger Outstanding Report**

The Ledger Outstanding report displays the ledger wise or party wise outstanding bills along with voucher details like date, Ref. No., Opening amount, and Pending amount.

To check the Ledger Outstanding Report,

Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Ledger >** Select **Superior Traders >** Press **Alt+F1: Detailed**

The **Ledger Outstanding Report** appears as shown in the figure 7.19:

*Figure 7.19 Ledger Outstandings Report*

The report of figure 7.19 shows ₹ 8,800 as outstanding from Superior Traders, instead of ₹ ₹11,000, as the advance amount received from them has been adjusted the pending bill.

In Tally.ERP 9, after an advance amount is adjusted, the outstanding report is generated with correct figures instantly.

**Step 4: Recording Advance Payment Voucher**

***Activity:*** *Record the following transactions:*

| Date | Particulars |
|------|-------------|
| *12-08-2017* | ***Voucher: Payment***<br><br>*Made an advance payment of ₹20,000 to Saha Traders with the Bill No. Adv/ST/01 before making purchase; the supplier has agreed to supply the Goods after 10 days (enter credit days as 10 days).* |

Table 7.13

Open the Sundry Creditors Group Outstanding report and check whether the amount is reflected in the debit or credit column. The amount should appear under debit column because we have paid the amount in advance.

**Step 5: Recording Purchase Transaction**

***Activity:*** *Record the following transactions:*

| Date | Particulars |
|------|-------------|
| *22-08-2017* | ***Voucher: Purchase***<br><br>*Purchased the following Stock Items on credit from Saha Traders with the Supplier invoice no.* |

*Purchased the following Stock Items on credit from Saha Traders with the Supplier invoice no. ST/02. Advance payment of ₹20,000 was made for this bill and agreed to pay the rest of the amount after 10 Days.*

| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |
|---|---|---|---|
| *Basmati 455 (B)* | *200 Kgs* | *110* | *22,000* |

**Hint:** *In order to change the due date, which is defined at the time of creating the party ledger, enable the option* **Allow modification of all fields during entry** *to* **Yes**

Table 7.14

Open the Ledger Outstandings report of Saha Traders and check the pending amount for bill no. ST/02 and the total outstanding against this party should show as 1, 02,000

# 7.8 On Account

On Account method of adjustment is selected when you are unable to mark a payment or a receipt against any specific pending references. This method is selected whenever a lump sum amount is paid or received and not able to mark against any previous pending bills.

**Illustration 4: Use of on account for recording receipt and payment transactions and checking of payable and receivable reports**

Pass the following transactions in the book of Bay Traders:

| Date | Particulars |
|---|---|
| 22-08-2017 | **Voucher: Sales**<br><br>Sold the following stock items on credit to Ashok Traders with the Ref No. BA/03/AT and agreed to pay the amount within 10 days of purchase<br><br>| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |<br>|---|---|---|---|<br>| Dehradooni Basmati Rice (W) | 50 Kgs | 120 | 6,000 | |
| 23-08-2017 | **Voucher: Sales**<br><br>Sold the following stock items on credit to Ashok Traders with the Ref No. BA/04/AT and agreed to pay the amount within 10 days of purchase |

| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |
|---|---|---|---|
| Basmati 455 (W) | 50 Kgs | 110 | 5,500 |

| 24-08-2017 | **Voucher: Sales** |
|---|---|

Sold the following stock items on credit to Ashok Traders with the Ref No. SA/05/AT and agreed to pay the amount within 10 days of purchase

| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |
|---|---|---|---|
| Multigrain flour | 50 Kgs | 70 | 3,500 |

| 30-08-2017 | **Voucher: Receipt** |
|---|---|

Received ₹10,000 from Ashok Traders for pending bills but specific pending bill details are not provided.

Table 7.15

To record the transactions of table 7.15, in the books of Bay Traders, first ensure that the required ledgers are created in Tally.ERP 9.

**Step 1: Creation of Accounting Masters**

**Party Ledger**

| Ashok Traders | |
|---|---|
| **Against the Field** | **Action to be Performed** |
| Name | Enter as **Ashok Traders** |
| Under | Select as **Sundry Debtors** |
| Maintain balances bill-by-bill | Set to **Yes** |
| Default credit period | **Leave it Blank** |
| Check for credit days during voucher entry? | Set to **No** |
| Inventory values are effected? | Set to **No** |
| ***Default credit period:*** *It can be entered at the time of creating the master or while recording the transaction.* | |

**Step 2: Creation of Inventory Masters**

*Activity:* *Create a stock item by name Multigrain flour and enter the opening balance of 100 quantity and rate as ₹60.*

**Step 3: Recording Sales Transactions**

*Activity:* *Create the necessary masters and record all the sales transactions given in table 7.15(refer to illustration no. 4 for guidance)*

**Recording of Receipt Transaction (Single Entry Mode)**

1. Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt**
2. Press **F2:Date** and change the date to **30-08-2017**
3. In the **Account** field, select **Kotak Mahindra Bank**
4. Under the **Particulars** field, select the party ledger from the **List of Accounts** from whom the payment is received, i.e., **Ashok Traders**
5. You will get the **Bill-wise Details** screen for **Ashok Traders** with the details filled as given below:
   - In the **Type of Ref** field select **On Account.** (On Account type of reference has been selected, as we do not have information about the bill (Bill No. BA/03/AT, BA/04/AT or BA/05/AT) against which the payment has been made by Ashok Traders.

*Note:* *If you select Against Reference, you will get all the pending bills of Ashok Traders.*

   - Immediately after selecting **Type of reference** as **On Account,** the cursor will move to the amount field
   - Enter the **amount** as 10,000

The **Bill-wise Details** screen appears as shown in the figure 7.20:



*Figure 7.20 Bill-wise Details Screen with On Account Reference*

   - Press **Enter** and save the Bill wise Details screen

6. In **the Bank Allocation** screen, Transaction Type select as Cheque/DD, and the amount will be captured automatically. Enter the cheque date in the **Inst date** field and select the Bank to which the received cheque belongs to and accept the screen
7. Enter the **Narration**

The **Receipt Voucher** screen appears as shown in the figure 7.21:



*Figure 7.21 Receipt Voucher Screen*

8. Accept the screen

After receiving payment from the customer, let us check the **Ledger Outstanding** report.

Go to **Gateway of Tally > Display > Statements of Accounts > Outstandings > Ledger > Ashok Traders**

The **Ledger Outstandings Report** will appear as shown in the figure 7.22:

| | | | Amount | Amount | Amount | Balance | by days |

| 22-Aug-2017 | BA/03/AT | | | 6,000.00 Dr | 6,000.00 Dr | 6,000.00 Dr | 1-Sep-2017 |
| 23-Aug-2017 | BA/04/AT | | | 5,500.00 Dr | 5,500.00 Dr | 5,500.00 Dr | 2-Sep-2017 |
| 24-Aug-2017 | SA/05/AT | | | 3,500.00 Dr | 3,500.00 Dr | 3,500.00 Dr | 3-Sep-2017 |
| | **Sub Total** | | | 15,000.00 Dr | 15,000.00 Dr | 15,000.00 Dr | |
| 30-Aug-2017 | On Account | | | 10,000.00 Cr | 10,000.00 Cr | 10,000.00 Cr | |
| | | | | 5,000.00 Dr | 5,000.00 Dr | 5,000.00 Dr | |

*Figure 7.22 Ledger Outstandings Report of Ashok Traders*

The report of figure 7.22, displays the total outstandings of Ashok Traders. Here we can observe that the **on account** balances are also considered for calculating the outstanding amount.

# 7.9 Credit Limit

Credit Limit refers to the monetary limit agreed upon with the seller and the buyer of a business, for trading purposes. In Tally.ERP 9 credit limits can be specified for any ledger account falling under the groups Sundry Debtors and Sundry Creditors. Credit Limits can also be defined for sundry creditors for the reason that there may be a two-way trade between the parties i.e., you may sell to a sundry creditor and buy from a sundry debtor account.

Setting credit limits will help in restricting invoicing for the customers or parties exceeding the prescribed credit limits and thereby facilitating better and effective control of the outstanding.

**Example:** Bay Traders has set the credit limit of ₹50,000 to M M Traders. As on 1st September 2017, Bay Traders sold goods on credit for ₹40,000 to M M Traders; and on 5th September 2017 making a sale for ₹15,000. Bay Traders will not be able to make sales and generate sales bill because of exceeding the credit limit. The M M Traders is allowed a credit limit upto ₹50,000 and if the sale more than ₹50,000, then the transaction will be restricted.

## 7.9.1 Activate Credit Limit

In order to track the details of bills payable and receivable, the feature bill-wise details and maintain budget & control has to be enabled in Tally.ERP 9.

To enable the feature maintain bill-wise details in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > F11: Company Features >F1: Accounting Features**
2. Set the option - **Maintain budgets and controls** to **Yes**

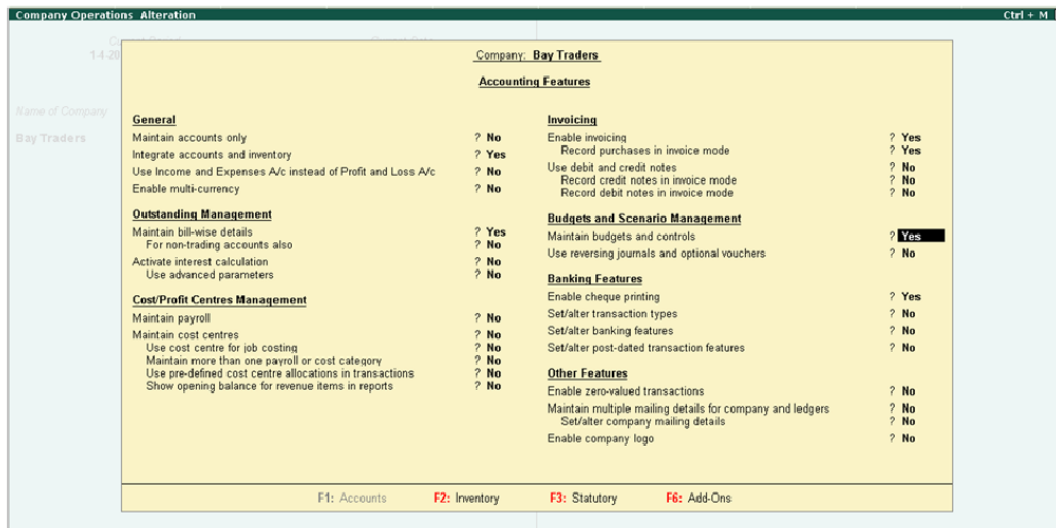The **Accounting Features** screen appears as shown in the figure 7.23:

*Figure 7.23 Accounting Features Screen*

3. Accept the screen

**Note:** *On accepting the* option - **Maintain budgets and controls** to **Yes**, *in all the ledgers created under the groups' sundry debtors and sundry creditors the option –* **Specify credit limit** *will be available.*

# 7.9.2 Setting Credit Limits

You can set credit limits for party ledger accounts at the time of ledger creation or from the alteration screen or also at the time of invoicing.

To set **Credit Limits** for single ledger account, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Ledgers > Alter**

2. Select **M M Traders** ledger from the **List of Ledgers.**

3. In the **Ledger Alteration** screen, specify the credit limit as ₹ 50,000 in the **Specify credit limit** field

The **Ledger Alteration** screen appears as shown in the figure 7.24:

*Figure 7.24 Party Ledger Alteration Screen*

4. Accept the screen

**Note**: *We can set the credit limit for multiple ledgers falling under the group sundry debtors or creditors or branch division at once. To do so,* **Go to Gateway of Tally > Accounts Info. > Ledgers > Under Multiple Ledgers > Select Credit limits**

**Note**: *Credit limit option will appear only if the option Provide advance information in masters is enabled in F12: Configure.*

# 7.9.3 Exceeding Credit Limits

During invoice or order entry, if the credit limit amount is exceeded, then on accepting the voucher, Tally.ERP 9 prompts the user with an error message displaying the amount exceeding the credit limit specified.

**Illustration 5: Checking of credit limit exceeded message while recording sales voucher.**

Record the following transactions in the books of Bay Traders

| Date | Particulars |
|------|-------------|
| 01-09-2017 | **Voucher: Sales** Sold the following Stock Items on credit to M M Traders with the Ref No. BA/06/MM <br><br> |

| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |
|------------------------|----------|--------------|------------|
| Dehradooni Basmati Rice (W) | 50 Kgs | 120 | 6,000 |

Sold the following Stock Items on credit to M M Traders with the Ref No. BA/07/MM

| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |
|---|---|---|---|
| Dehradooni Basmati (W) | 400 Kgs | 110 | 44,000 |

Table 7.17

*Activity:* *Record the sales transaction which is shown in table 7.17.*

**Note**: *In the above two transactions as shown in figure 7.17, the total amount is ₹ 50,000. I.e. the party has completely utilised the collocated credit limit.*

| Date | Particulars |
|---|---|
| 05-09-2017 | **Voucher: Sales**<br><br>Sold the following Stock Items on credit to M M Traders with the Ref No. BA/08/MM<br><br>|

| Name of the Stock Item | Quantity | Rate per (₹) | Amount (₹) |
|---|---|---|---|
| Basmati 455 (W) | 100 Kgs | 110 | 11,000 |

Table 7.18

**Note:** *While recording the entry of table 7.18, you will get the following error message as shown in the figure 7.25.*

The **Sales Invoice** screen with credit limit error appears as shown in the figure 7.25:



Figure 7.25 Sales Invoice screen

In order to complete the entry, either:

- Enter a lower value (within the prescribed credit limit), or
- Abandon the current entry and obtain authorisation to increase the credit amount limit

The significance of setting credit limits is that during voucher entry (or invoicing), the credit limit is displayed for the selected ledger along with current balance to help ascertain the amount permitted or acceptable.

## 7.9.4 Exception to Credit Limits

Transactions which do not affect the accounting or inventory balances are excluded from the application of credit limitations.

In Tally.ERP 9, Sales Order can be entered for a party with the value exceeding the credit limit set for the selected debtor.

In this case Tally.ERP 9 will display a warning message as shown in the figure 7.26:
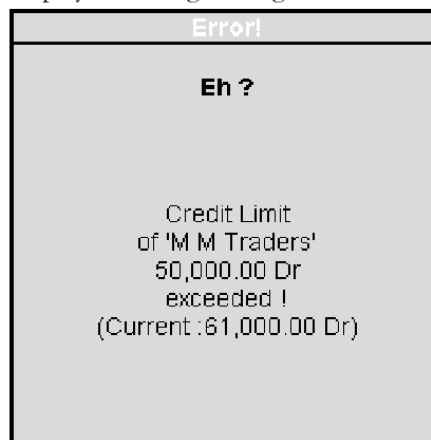


*Figure 7.26 Credit Limit warning in Sales Order*

However, sales order can be saved with the existing order value even though the message is displayed **Credit Limit Exceeded!.**

# 7.10 Payment Performance of Debtors

Payment Performance of Debtors (Receivable Turnover in days) is the average time the customers take to actually pay their bills irrespective of the outstanding balance on the statement date. It is quite possible that the receivable turnover is low and the payment performance is high, indicating that the customers cleared their outstanding, but took a long time to do so.

1. From **Gateway of Tally** >**Ratio Analysis**

The **Ratio Analysis** report appears as shown in the figure 7.27:

*Figure 7.27 Ratio Analysis Report Screen*

2. Select **Recv. Turnover in days** (It shows the amount of sales locked up with debtors in terms of sales days)

3. Press **Enter** to view the list of **Sundry Debtors**

4. Select **M M Traders** to view the **Ledger Payment Performance** report

The **Ledger Payment Performance Report** of **M M Traders** is as displayed as shown in the figure 7.28:



*Figure 7.28 Ledger Payment Performance Details of MM Traders*

5. Click **F1: Detailed** to display the report in detailed mode as shown in the figure 7.29:

*Figure 7.29 Ledger Payment Performance - Detailed*

The **Ledger Payment Performance** report gives the details of all invoices raised on the debtor and the dates when the payments were made, with the analysis of delays.

The Ledger Performance Report can also be viewed from ledger vouchers screen. From **Gateway of Tally > Display >Accounts Books > Ledger >** Select **M M Traders>** Press **F2: Period** and enter the period from 01-04-2017 to 02-06-2017 **>**Press **F8: Related Reports >** Select **Ledger Payment Performance**.

# 7.11 Changing the Financial Year in Tally.ERP 9

(While continuing to work in the same Company)

In this company, you have seen transactions being recorded for the financial year 01-04-2017 to 31-03-2018. Now, assume that you have completed recording transactions for the financial year 2017-18 and now want to record the transactions for the new financial year 2018-19.

**Note:** *Financial Year is the year in which you will earn the income and the Assessment Year is the year in which the income is taxed.*

**Activity:** *Record the Following transactions in Tally.ERP 9*

| Date | Particulars |
| --- | --- |

| 15-11-2017 | **Voucher: Sales** | | | |
|---|---|---|---|---|
| | Sold the following Stock Items on credit to Ashok Traders on cash with the Reference no. BA/08/AT | | | |
| | **Name of the Stock Item** | **Quantity** | **Rate per (₹)** | **Amount (₹)** |
| | Basmati 455 (B) | 100 Kgs | 120 | 12,000 |
| 31-03-2018 | **Voucher: Sales** | | | |
| | Sold the following Stock Items on credit to Ashok Traders on cash with the Reference no. BA/09/AT | | | |
| | **Name of the Stock Item** | **Quantity** | **Rate per (₹)** | **Amount (₹)** |
| | Basmati 455 (B) | 50 Kgs | 120 | 6,000 |
| 01-04-2018 | **Voucher: Sales** | | | |
| | Sold the following Stock Items on credit to Ashok Traders on cash with the Reference no. BA/10/AT | | | |
| | **Name of the Stock Item** | **Quantity** | **Rate per (₹)** | **Amount (₹)** |
| | Basmati 455 (B) | 100 Kgs | 120 | 12,000 |

Table 7.19

**Observation:** *Once you change the date to 01-04-2018, you will get an error* **Date cannot be above the current period (31-Mar-2018)**

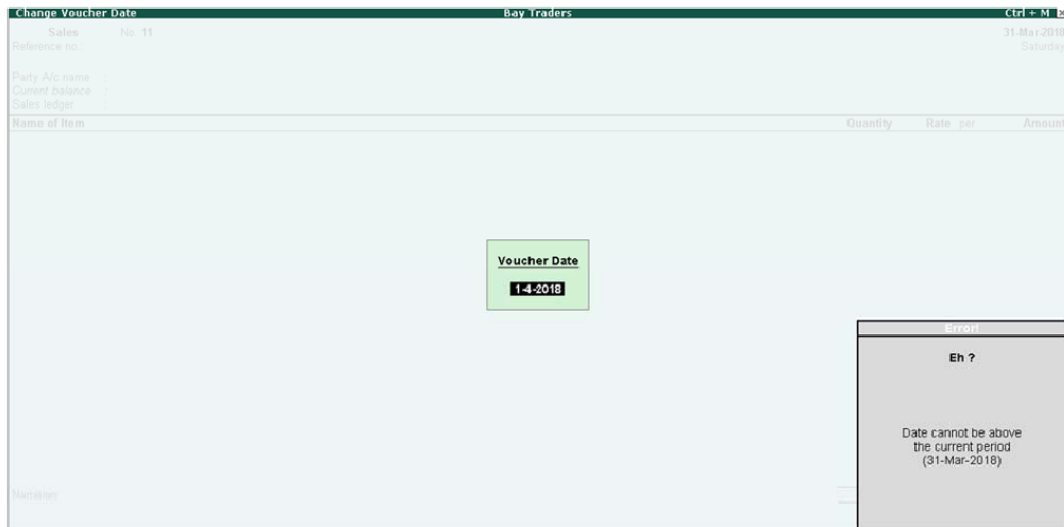The Error displays as shown in the figure 7.30:

*Figure 7.30 Change Voucher Date Screen with Error Message*

This error appears because the financial period for Bay Traders is from 01-04-2017 to 31-03-2018 and you are trying to record the entry after this period i.e., you are recording the entry for a new financial year, and hence you not able to record the entry. To check the financial period for the company, go to Gateway of Tally screen.

The **Gateway of Tally Screen with Current Financial Period** appears as shown in the figure 7.31:



*Figure 7.31 Gateway of Tally screen (Current Period)*

In order to record the sales transaction as on 01-04-2018 (This entry will fall under new financial period 01-04-2018 to 31-03-2019), you need to change the financial period.

To change the financial period, follow the steps given below:

1. Go to **Gateway of Tally >** Press **Alt+F2:Period**
2. Enter the date as 01-04-2018 to 31-03-2019.

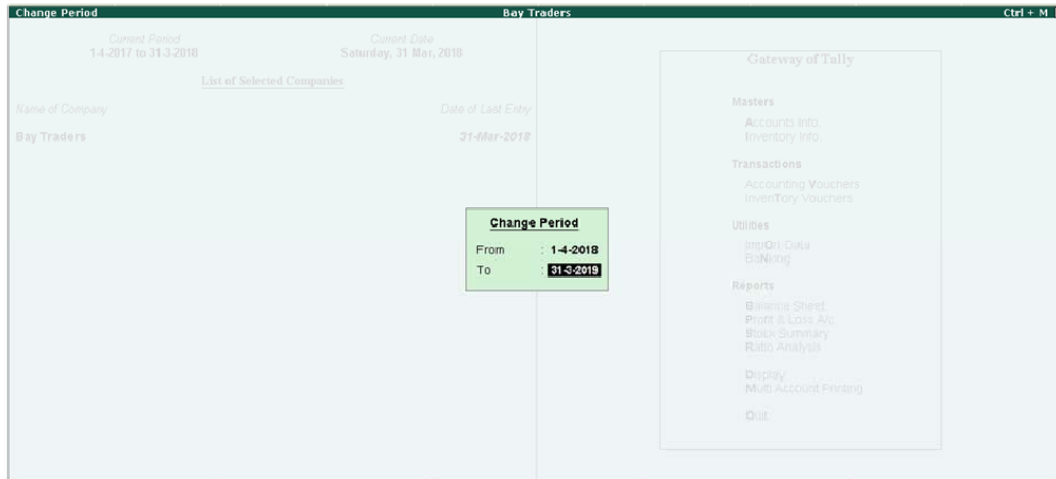The **Change Period** screen appears as shown in the figure 7.32:



*Figure 7.32 Change Period Screen*

3. Press **Enter** from the figure 7.31screen, to go back to the **Gateway of Tally** screen

The **Gateway of Tally Screen with Changed Financial Yea**r appears as shown in the figure 7.33:
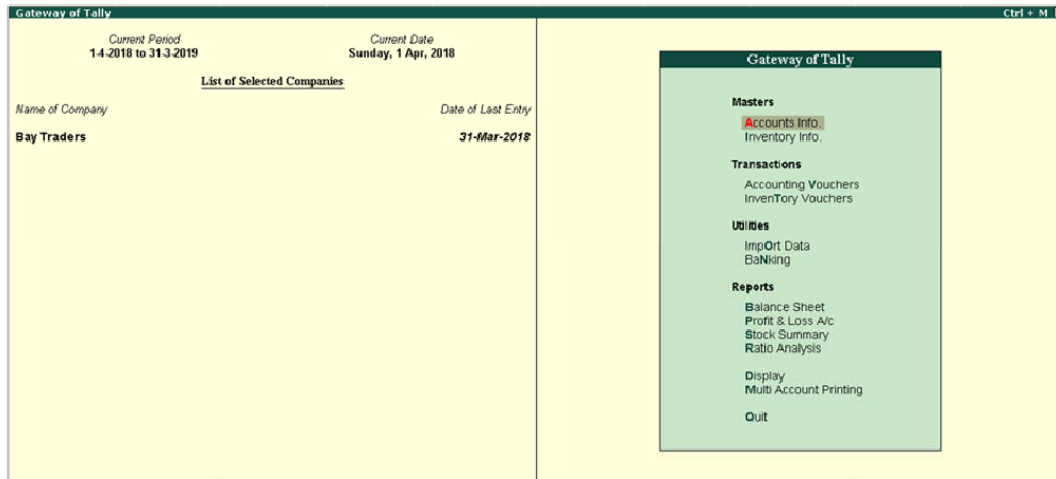


*Figure 7.33 Gateway of Tally screen (Changed Financial Year)*

After changing the current period, you will be able to record the sales entries as on 01-04-2018.

**Note:** *In Tally.ERP 9, you can continue to record the data in the same company just by changing the financial year or you can create a new company with the latest financial year and maintain the data separately.*

# Conclusion

Accounts Receivables and Payables Management is a very important aspect of any business. In Tally.ERP 9 one can keep the track of receivables and payables by using the feature **Maintain bill-**

**wise** details wherein you can define the credit limit, credit days and generate instant outstanding reports.

# Key Takeaways

- Accounts Receivables are debited in the books of account and is shown as a Current Asset in a company's Balance Sheet.
- Accounts Payables are credited in the books of account and is shown as a Current Liability in company's Balance Sheet.
- Bill-wise Details are specified while creating vouchers to allocate payments to invoices. The Outstandings Statements can be generated using Bill-wise Details.
- In Tally.ERP 9, four types of reference details can be entered for transactions. These reference details, called Methods of Adjustments are New Ref, Agst Ref, Advance and On Account.
- Advance Payment/Receipts can be adjusted to actual bills on a later date as required.
- On Account is the reference, which is used when the lump sum amount is paid or received without any bill reference details
- Setting Credit Limits will help in restricting invoicing for the customers or parties exceeding the prescribed credit limits

# Shortcut Keys

| Shortcut Key | Description |
|---|---|
| F11 | - From all screens wherever available<br>- To access Company Features |
| Alt+F1 | - From Outstanding report<br>- To view Outstanding report in detailed mode |
| F4 | - From Receivable report<br>- To go to Payables report and vice-versa |
| Alt+C | - From Ledger Outstanding report<br>- To view Ledger Contact details |