Recording of Day-to-Day Transactions

Learning Objectives

- Recording contra voucher
- Recording payment voucher
- Recording receipt voucher
- Recording sales voucher
- Recording credit note voucher
- Recording purchase voucher
- Recording debit note voucher
- Recording journal voucher
- Recording optional voucher
- Recording memorandum voucher
- Recording inventory vouchers
- Recording stock transfers

6.1 Introduction

Accounting is the practice of maintaining a record of the financial dealings of a business. It involves identifying business transactions, recording them, and summarising the same in such a way that important financial information can be communicated to stakeholders of the business.

The different phases of an accounting cycle are:

1. Identification of transactions
2. Preparation or receipt of business documents
3. Recording of transactions in books of original entry
4. Posting of transactions to ledgers
5. Preparation of trial balance
6. Preparation of final accounts
7. Passing of closing and adjustment entries

In this chapter, we will learn how day-to-day transactions are recorded in an actual business scenario using Tally.ERP 9, and the simplicity of generating reports through Tally software.

6.2 Business Transactions

The accounting cycle begins with the occurrence of a business transaction, which is then recorded in the books of accounts.

A transaction is an event or happening that changes an organisation's financial position and/or its earnings. This involves a business concern and its clients, suppliers or others with whom the concern has business dealings. For example, when a company purchases goods for cash, the company's cash balance reduces and its stock balance increases. The transaction involves a reciprocal exchange of two things, i.e., receipt of cash and delivery of stock and vice versa. Similarly, every transaction involves the aspect of 'give and take'. Thus, business transactions are exchanges of economic consideration between parties and have two-fold effects that are recorded in at least two accounts.

Business transactions can be classified as follows:

- Purchases – cash or credit
- Sales – cash or credit
- Payments – cash or bank
- Receipts – cash or bank
- Purchase returns
- Sales returns

6.2.1 Source Document or Voucher

Business transactions are usually evidenced by appropriate documents such as cash memo, invoice, sales bill, pay-in slip, cheque, salary slip, and so on. A document which provides evidence of the transactions is called the source document or voucher.

6.2.2 Recording Transactions in Tally.ERP 9

Recording of a financial transaction is the first step in an accounting cycle. Every day, business concerns are involved in business activities like making purchases, sales, making payments to vendors, receiving payments from customers and so on. Even if one of the transactions is not recorded or is inaccurately recorded, the financial reports will not reflect the correct financial performance or position of the company.

Under the manual system of accounting, transactions are first recorded in the books of original entry called journals, as per the golden rules of accounting.

Type of Accounts	Golden Rules
Personal accounts	Debit the receiver
	Credit the giver
Real accounts	Debit what comes in
	Credit what goes out
Nominal accounts	Debit all expenses and losses
	Credit all income and gains

Table 6.1

A journal is a record of financial transactions in order, by date. Manual systems usually have a variety of journals such as a sales journal, purchase journal, cash receipts journal, cash disbursements journal, and a general journal. However, in today's computerized accounting environment, a general journal is maintained in which adjusting entries and unique financial transactions like provision entries are recorded. In other words, accounting software has eliminated the need to first record routine transactions into a journal.

Next, the entries are posted into ledgers (if an organisation is large, then the entries are recorded in subsidiary books like purchase, sales, credit note, debit note etc.), and then a trial balance is prepared from the ledger accounts.

Now, let us see how day-to- day business transactions are maintained in Tally.ERP 9.

In Tally.ERP 9, the first step is a one-time activity of creation of ledgers for recording transactions. Recording of transactions in Tally.ERP 9 follows the Golden Rules of Accounting.

It involves use of separate vouchers for recording different types of transactions, like purchase vouchers are used for recording purchase entries, sales vouchers for recording sales entries, debit note vouchers to record purchase return entries, credit note vouchers for recording sales return entries, etc.

After the transactions are entered using vouchers, posting to ledgers, and preparation of trial balance and financial statements are automated in Tally.ERP 9, speeding up the accounting process thus, saving precious time.

6.3 Accounting Vouchers

Accounting Voucher is the primary document in which the complete details of accounting transactions are recorded. Businesses require to maintain documentary evidence of their transactions to arrive at meaningful accounting information. This will help them to arrive at relevant reports.

Without accounting vouchers, there would be no record of transactions occurring in a company. Further, it would not be possible to get the relevant accounting reports.

Tally.ERP 9 is pre-programmed with a variety of accounting vouchers, each designed to perform a different job.

The standard Accounting Vouchers are:

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

These vouchers can be altered to suit a company's requirements. Tally.ERP 9 also allows creation of new ones.

Let us illustrate the different types of transactions that take place in a real-time business environment and the accounting procedure in Tally.ERP 9.

Business Scenario

Pratap started a company KRA Traders, with a capital of ₹ 20, 00,000, in April 2017. The company traded in water bottles – steel and plastic water bottles. The company made frequent purchases

from MK Traders; its biggest and most frequent customer is Chakri Traders. The company had a current account in SBI for business purpose.

Before recording the transactions of KRA Traders, one must first create the company in Tally.ERP 9.

Activity: In order to record transactions in Tally.ERP 9, create the following company.

Company Name: **KRA Traders**

Address: No: 204, Hayavadana Main Road, Gavipuram Extension, Ramalaya Building, Gandhi Bazar, Bengaluru - 560001

Country: **India**

State; **Karnataka**

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

Now, the company is created. Let us begin recording the company's business transactions.

6.3.1 Receipt Voucher

Any money received by a business concern, from sales or any other source capital introduced by owners are considered receipts and any money received from debtors against sales, where money is received are accounted using the Receipt Voucher in Tally.ERP 9.

Illustration 1: Recording a Receipt Voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

Date	Particulars				
01-07-2017	**Voucher: Receipt** KRA Traders Introduced ₹ 20, 00,000 as Capital into the business.				
		Particulars	**L.F**	**Dr.**	**Cr.**
		Cash Account_____ Dr.		20,00,000	
		To, Owners Capital A/c			20,00,000
		(Being cash invested by the proprietor)			

Table 6.2

To record the transaction of table 6.2, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Capital Ledger

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

Owners Capital A/c	
Against the Field	**Action to be Performed**
Name	Enter as **Owners Capital A/c**
Under	Select as **Capital Account**
Inventory values are affected	Set to **No**

Table 6.3

The **Owners Capital A/c** Ledger Creation screen appears as shown in the figure 6.1

Figure 6.1 Owner's Capital A/c Ledger Creation Screen

2. Accept the screen

Note: *Cash Account is available as a pre-defined default account in Tally. ERP 9*

Step 2: Recording Receipt Voucher

To record the receipt voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt**

   Receipt entries can be entered in Tally.ERP 9 in the following modes:

   - **Double Entry Mode:** This mode allows debiting and crediting of multiple accounts at a time.
   - **Single Entry Mode:** This mode allows debiting multiple accounts but crediting of only one account at a time.

2. Press **F12: Configure** to get the **Receipt Configuration**, and set the option **Use single entry mode for payment/receipt/ contra vouchers** to **No**.

3. Set **Use Cr/Dr instead of To/By during entry** to **Yes**.

4. **Credit** the **Owners Capital A/c** ledger and enter the amount, **₹**20, 00,000.

5. **Debit** the **Cash Account,** the amount will get captured automatically.
6. Enter the **Narration**.

The **Receipt Voucher Creation** screen appears as shown in the figure 6.2:

Figure 6.2 Receipt Voucher Creation Screen

7. Accept the screen.

Note: *The same entry can be recorded in single entry mode by setting the option -* **Use single entry mode for payment/receipt/ contra vouchers to Yes** *from* **F12: Configure**.

6.3.2 Contra Voucher

Contra Voucher is a transaction involving transfer of cash between one Cash A/c to another or one Cash A/c to another Bank A/c. A transaction indicating transfer of funds from:

- Cash account to Cash account
- Cash account to Bank account
- Bank account to Cash account
- Bank account to Bank account

Illustration 2: Recording a Contra Voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

Date	Particulars

01-07-2017	**Voucher: Contra**			
	KRA Traders deposited cash of ₹ 2, 00,000 into SBI Bank Account.			
	Particulars	**L.F**	**Dr.**	**Cr.**
	SBI Bank A/c _____ Dr.		2,00,000	
	To, Cash A/c			2,00,000
	(Being cash deposited to SBI A/c)			

Table 6.4

To record the transaction of table 6.4, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Bank Account Ledger

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

SBI Bank A/c	
Against the field	**Action to be performed**
Name	Enter as **SBI Bank A/c**
Under	Select as **Bank Accounts**
Bank Account Details	
A/c holder's name	**KRA Traders**
A/c no.	Enter as **00054215451**
IFS code	Enter as **SBII0123214**
Bank name	Select **State Bank of India (India)**
Branch	Enter as **Koramangala**
Bank Configuration	
Set cheque books	Set to **No**
Set cheque printing configuration	Set to **No**
Enable auto reconciliation	Set to **No**

Table 6.5

The **Ledger Creation** screen appears as shown in the figure 6.3

Figure 6.3 SBI Bank A/c Ledger Creation Screen

2. Accept the screen

Step 2: Recording Contra Voucher

To record the Contra voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F4: Contra**

   Receipt entries can be entered in Tally.ERP 9 in the following modes:

   - **Double Entry Mode:** This mode allows debiting and crediting of multiple accounts at a time.
   - **Single Entry Mode:** This mode allows debiting multiple accounts but crediting of only one account at a time.

2. Press **F12: Configure** to get the **Contra Configuration**, and ensure the options are set as given below:

   - **Skip Date field during creation for faster entry to Yes** (By enabling this option, the cursor will not move to date field).
   - **Use single entry mode for payment/receipt/ contra vouchers to No** (By disabling this option, entries will be recorded in double entry mode i.e., Debit and Credit mode).
   - **Use Cr/Dr instead of To/By during entry to Yes** (By enabling this option, the screen displays Cr and Dr instead of To/By).

3. **Credit** the **Cash Account** and enter the amount ₹ 2, 00,000.

4. **Debit** the **SBI Bank A/c**, the amount will get captured automatically.

5. Press **Enter** to view the **Bank Allocations** screen, by default **Transaction Type** will be selected as **cash**, press **Enter** from the **amount** field, you will get the **Cash Denominations** screen.

6. In the **Denominations** screen, enter the denomination of amount deposited

The **Cash Denominations** screen appears as shown in the figure 6.4:

Figure 6.4 Cash Denomination Screen

7. Press **Enter**.
8. Enter the **Narration**.

The **Contra Voucher Creation** screen appears as shown in the figure 6.5:

Figure 6.5 Contra Voucher Creation Screen

9. Accept the screen.

Note: *In Tally ERP 9, the same entry can be recorded in single entry mode by setting the option - **Use single***

6.3.3 Payment Voucher

Payment voucher is used to account all the payments made by the company by cash or through bank.

Illustration 3: Recording a Payment Voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

Date	Particulars			
01-07-2017	**Voucher: Payment** KRA Traders Paid ₹ 50,000 as Salaries to Staff through cheque.			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Salaries to Staff _____ Dr.		50,000	
	To, SBI Bank A/c			50,000
	(Being Salaries paid to staff)			
05-07-2017	**Voucher: Payment** KRA Traders made a cash payment of ₹ 20,000 towards travelling expenses and 20,000 towards food expenses.			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Travelling Expenses _____ Dr.		20,000	
	Food Expenses _____ Dr.		20,000	
	To, Cash A/c			40,000
	(Being Travelling and Food Expenses incurred)			

Table 6.6

To record the transaction of table 6.6, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Salaries to Staff Ledger

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

Salaries to Staff	
Against the Field	**Action to be Performed**
Name	Enter as **Salaries to Staff**
Under	Select as **Indirect Expenses**
Inventory values are affected	Set to **No**

201FTable 6.7

Activity: Similarly, create the ledgers Travelling Expenses and Food Expenses.

Step 2: Recording Payment Voucher involving one Debit and one Credit Account each

To record the Payment voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
   Payment entries can be entered in Tally.ERP 9 in the following modes:
   - **Double Entry Mode:** This mode allows debiting and crediting of multiple accounts at a time.
   - **Single Entry Mode:** This mode allows debiting multiple accounts but crediting of only one account at a time.
2. **Debit** the **Salaries to Staff** ledger and enter the amount ₹50,000.
3. **Credit** the **SBI Bank A/c,** the amount will get captured automatically
4. Press **Enter** to skip Cheque Range.
5. Enter the **instrument number** and date in **Bank allocation** screen
6. Enter the **Narration**.

The **Payment Voucher Creation** screen appears as shown in the figure 6.6:

Figure 6.6 Payment Voucher Creation Screen

7. Accept the screen.

Note: *The above entry (figure 6.6) is recorded in double entry mode. The same entry can be recorded in single entry mode by enabling the option -* **Use single entry mode for payment/receipt/ contra vouchers to Yes** *from* **F12: Configure.**

Step 3: Recording Payment Voucher where One Account is Credited and Multiple Accounts are Debited (Compound Entry)

To record the Payment voucher using multiple accounts in Tally.ERP 9, follow the steps given below:

1. From Payment Voucher Creation screen, Press **F2: Date** and change the date to 05-07-2017.
2. **Debit** the **Travelling Expenses** ledger and enter the amount ₹20,000.
3. **Debit** the **Food Expenses** ledger and enter the amount ₹20,000.
4. **Credit** the **Cash A/c,** the amount will get captured automatically**.**
5. Enter the **Narration**.

The **Payment Voucher Creation** screen appears as shown in the figure 6.7:

Figure 6.7 Payment Voucher Creation Screen

6. Accept the screen.

In the entry of figure 6.7, two accounts have been debited and one account has been credited. This is one form of Compound Entry. Similarly, you can debit multiple accounts and credit multiple accounts in Tally.ERP 9.

Illustration 4: Recording a Payment Voucher in Single Entry Mode

10-07-2017	**Voucher: Payment**			
	KRA Traders made a cheque payment of ₹ 20,000 towards travelling expenses and 30,000 towards food expenses.			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Travelling Expenses _____ Dr.		20,000	
	Food Expenses _____ Dr.		30,000	
	To, SBI Bank A/c			50,000
	(Being Travelling and Food Expenses incurred, paid by cheque)			

Table 6.8

Note: All three ledgers, i.e. SBI Bank A/c, Travelling Expenses and Food Expenses involved in this transaction have been already created in Tally.ERP 9.

Step 1: Recording Payment Voucher Using Single Entry Mode

To record the Payment voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
2. Click **F2:Date** and change the date to 10-07-2017
3. Click **F12: Configure** to get the **Payment Standard Configuration**, and set the option **Use single entry mode for payment/receipt/ contra vouchers** to **Yes**.

*Observation: On enabling the Single Entry mode, the payment screen displays the **Account field** (Select the ledger which has to be credited), **Particulars field** (Select the ledgers which has to be debited) and the **amount field** (Enter the amount)*

4. Under **Account** field select **SBI Bank A/c**
5. Under **Particulars** field Select **Travelling Expenses** ledger and enter the amount, ₹20,000.
6. Then select the **Food Expenses** ledger and enter the amount, ₹30,000
7. Press **Enter**.
8. Press **Enter**. The **Bank Allocations** screen appears.
9. Press **Enter** to skip the field **Cheque Range**.
10. Enter the **instrument number** and **date** in **Bank Allocations screen.**
11. Enter the **Narration**

11. Enter the **Narration.**

The **Payment Voucher Creation** screen in single entry mode appears as shown in the figure 6.8:

Figure 6.8 Payment Voucher Creation Screen (Single Entry Mode)

12. Accept the screen.

In the entry of figure 6.8, one account i.e., SBI Bank A/c has been credited and two accounts i.e., Travelling Expenses and Food Expenses have been debited. This is one form of compound entry. Similarly, multiple accounts can also be debited.

6.3.4 Purchase Voucher

Purchase is the cost incurred by the business concern during a period, for further sale of inventory. Purchase is an expense to the company. It is included in the income statement and is also considered under cost of goods sold.

In accounting, the purpose and type of purchases is important. Purchase of fixed assets for own consumption will be accounted as fixed assets and shown in the Balance Sheet, while purchases made for further sale will be accounted as Expenses. (Inventory Accounting will be explained in the later section.)

In Tally.ERP 9, a Purchase Voucher is used to record transactions, when a company purchases some goods on cash, cheque or on credit basis. A purchase voucher can be recorded in the following three modes:

- Voucher Mode
- Item Invoice Mode
- Account Invoice Mode (will be explained in detail in chapter 17)

Voucher Mode: In Voucher mode, the debit and credit amount fields are shown adjacent to each other.

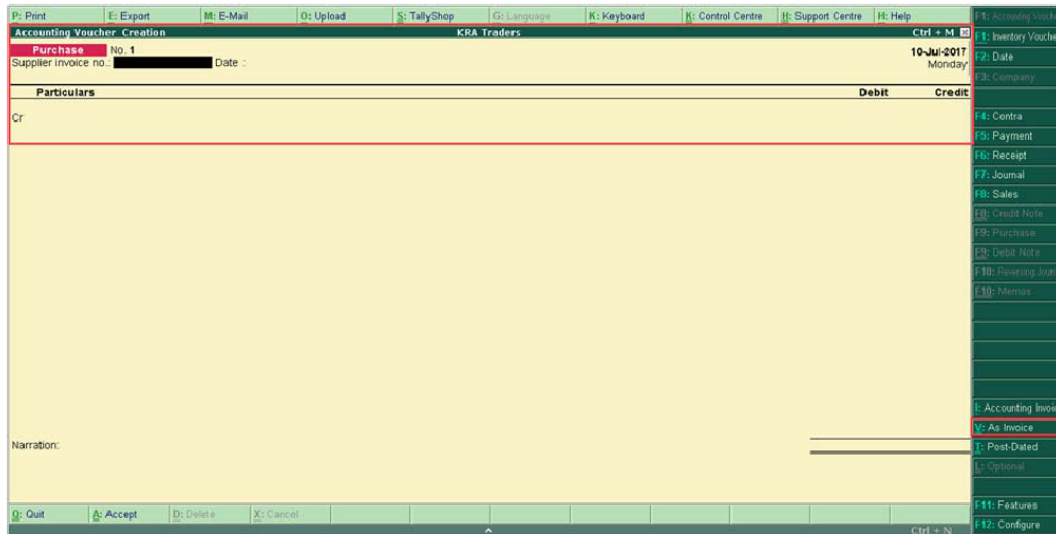The **Sample Format of Voucher Mode** in Tally.ERP 9 is shown in the figure 6.9:

Figure 6.9 Purchase (Voucher Mode Sample Format)

Note: *From the Purchase Voucher Creation screen, press* **Ctrl+V** *to move to the Item Invoice mode and vice versa.*

Item Invoice Mode: This mode allows entry of inventory details like Name of Stock Item, Quantity, Rate and amount details. This mode is useful for recording inventory movements in the books of account.

Note: *To pass a purchase entry in the invoice mode, ensure the the option-* **Enable invoicing** *in* **F11: Accounting Features** *is set to* **Yes.**

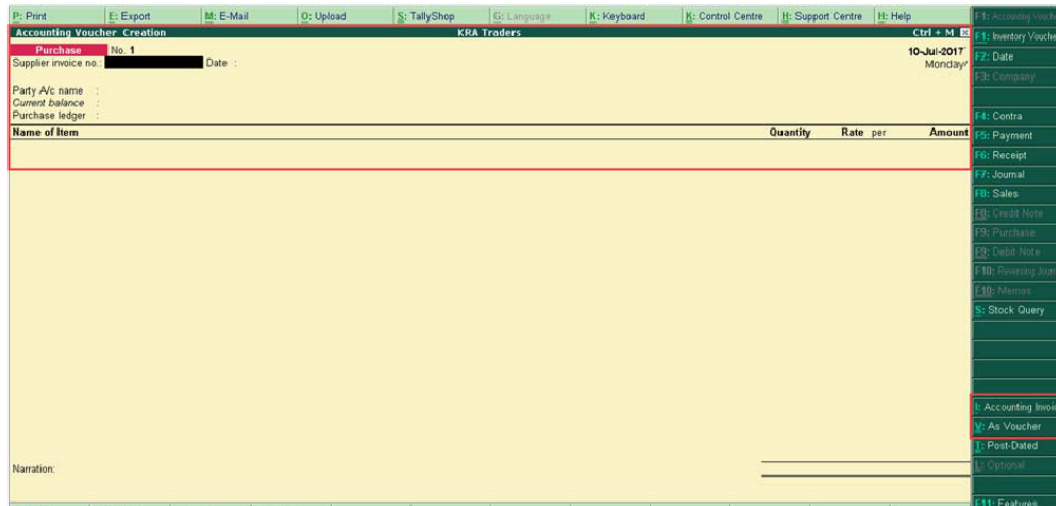The **Sample Format of Item Invoice Mode** in Tally.ERP 9 is shown in the figure 6.10:

Figure 6.10 Purchase (Item Invoice Mode Sample Format)

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Note: *From the* **Accounting Voucher Creation** *screen in item invoice mode, press* **Alt+I** *or click* **I: Accounting Invoice** *to change the mode to Accounting Invoice Mode and vice versa.*

Accounting Invoice Mode: This mode allows a user to directly select/debit a ledger account while passing an entry in Accounting Invoice mode. This mode is useful especially when a Service Bill is being entered (as it does not include inventory details).

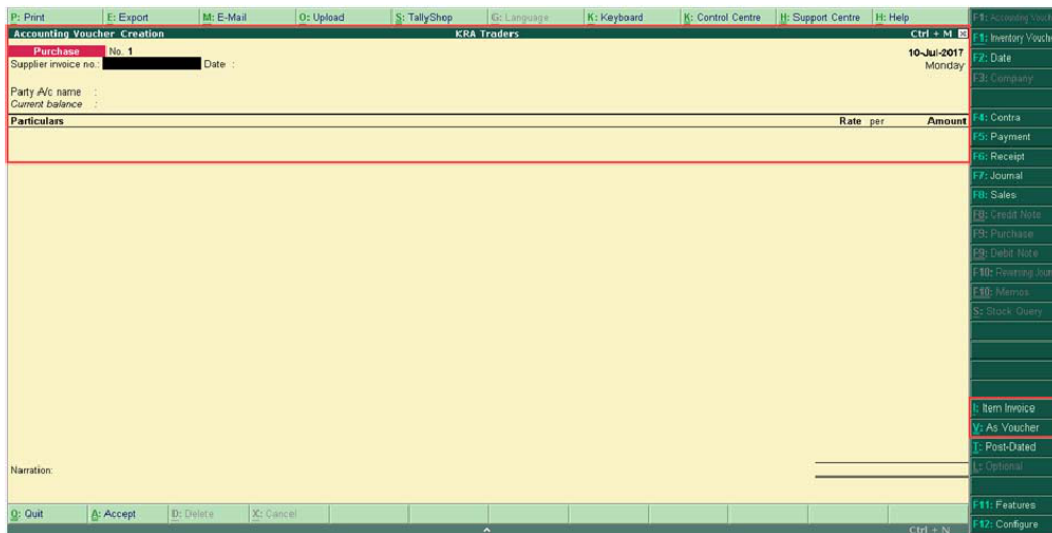The **Sample Format of Accounting Invoice Mode** in Tally.ERP 9 is shown in the figure 6.11:

Figure 6.11 Purchase (Account Invoice Mode Sample Format)

Note: *The above screen displays the fields* **Particulars**, **Rate,** *and* **Amount**. *To change to voucher mode, press* **Ctrl+V** *and for item invoice mode from this screen, press* **Alt+I** *key combinations.*

Similarly, we can record Sales transactions, Debit Notes, and Credit Notes in voucher mode, item invoice mode or accounting invoice mode.

Once after understating about the different modes of voucher like item invoice, accounting invoice and voucher mode, let us record the transactions in different vouchers like purchase, sales, debit note and credit note using these modes.

In Tally.ERP 9, purchase entries can be recorded with and without inventory details.

Let us now record the transactions in the different modes.

Illustration 5: Recording Purchase Transaction in Voucher Mode

Pass the following transactions in the book of KRA Traders:

11-07-2017	**Voucher: Purchase**			
	KRA Traders, purchased goods for ₹ 20,000 on cash with supplier invoice number 1.			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Purchase A/c_____ Dr.		20,000	
	To, Cash			20,000
	(Being purchase of goods on cash)			

<p align="center">Table 6.9</p>

To record the transaction of table 6.9, in the books of account, 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 **No**
Voucher mode: *By disabling the option* **Inventory values are affected?** *One can debit the purchase ledger but cannot define the inventory details like stock item name in voucher mode.*	
Item invoice mode: *By enabling the option* **Inventory values are affected?** *One can select the Purchase Ledger from the List of Ledger Account, if the same is disabled then the purchase ledger will not appear for selection in item invoice mode.*	

<p align="center">Table 6.10</p>

Note: *By disabling the option* **Inventory values are affected?** *the purchase ledger can be debited in a transaction but inventory details can't be provided in the transaction. This ledger can be used in the voucher mode or an accounting invoice mode but will not be available in the* **List of Ledger Accounts** *for selection in the Item*

Invoice mode.

Step 2: Recording a Purchase Transaction in Voucher Mode

To record the Purchase transaction in voucher Mode, follow the steps given below:

1. Go to the **Gateway of Tally > Accounting Vouchers > F9: Purchase.**
2. From the Accounting **Voucher Creation** screen, press **F12: Configure** to view the **Purchase Standard Configuration**.
3. Set **Enable supplementary details** to **No.**(If you enable this option, you will have to specify supplier details like Name , Address etc.)
4. Press **F2: Date** and change the date to 11-07-2017.
5. Press **Ctrl+V (V: As Voucher)** to record the transaction in voucher mode, if you are on the invoice mode.
6. Enter the **Supplier Invoice No.** as **1**
7. **Credit** the **Cash Ledger** and enter the amount ₹20,000
8. **Debit** the **Purchase A/c** and the amount will get captured automatically
9. Enter the **Narration.**

The **Purchase Voucher Creation** screen appears as shown in the figure 6.12:

Figure 6.12 Purchase Voucher (Voucher Mode)

10. Accept the screen.

Illustration 6: Recording Purchase Transaction in Item Invoice Mode

Pass the following transactions in the book of KRA Traders:

12-07-2017	**Voucher: Purchase**
	KRA Traders purchased following stock items from MK Traders on cash, with supplier invoice number 2.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Plastic Water Bottle	100 Nos	100	10,000
Steel Water Bottle	100 Nos	500	50,000

Table 6.11

To record the transaction of table 6.11, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Purchase ledger

Purchase of Goods	
Against the Field	**Action to be Performed**
Name	Enter as **Purchase of Goods**
Under	Select as **Purchase Accounts**
Inventory Values are effected	Set to **Yes**

Step 2: Creation of Inventory Masters

To record the purchase voucher in item invoice mode, the following inventory masters are to be created in Tally.ERP 9.

Unit of Measure

1. **Go to Gateway of Tally > Inventory Info. > Units of Measure > Create.**

Numbers	
Against the field	**Action to be performed**
Symbol	Enter as **Nos**

Formal Name	Enter as **Numbers**
Number of decimal places	Enter as **0**
By default the type of units will be as **Simple**	

Table 6.12

Stock Items

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

Plastic Water Bottle	
Against the field	**Action to be performed**
Name	Enter as **Plastic Water Bottle**
Under	Under **Primary**
Units	Select **Nos**

Table 6.13

Steel Water Bottle	
Against the field	**Action to be performed**
Name	Enter as **Steel Water Bottle**
Under	Under **Primary**
Units	Select **Nos**

Table 6.14

Step 3: Recording Purchase Transaction in Item Invoice Mode

1. Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**
2. From the Accounting **Voucher Creation** screen, click **F12: Configure** to view the **Purchase Standard Configuration.**
3. Set **Enable supplementary details** to **No** (If you enable this option, you will have to specify the supplier details like Name, Address etc.)
4. Click **F2: Date** and change the date to 12-07-2017
5. Press **Ctrl+V** to record the transaction in item invoice mode
6. Enter the **Supplier Invoice No.** as **2**
7. In the **Party A/c name** field select **Cash** (In this field, you must select Sundry Creditors ledger, if purchases are made on credit basis)
8. In the **Purchase ledger** field select Purchase of Goods ledger
9. Under the field **Name of Item**, select **Plastic Water Bottle,** enter the **Quantity** as 100 Nos, **Rate** as 100 per Nos, and the amount 10,000 will get captured automatically.
10. Press **Enter.**

11. Select the second stock item, **Steel Water Bottle,** enter the **Quantity** as 100 Nos, rate as 500 per Nos, and the amount 50,000 will get captured automatically
12. Enter the **Narration**.

The **Purchase Voucher Creation** screen appears as shown in figure 6.13:

Figure 6.13 Purchase Voucher (Item Invoice Mode)

13. Accept the screen.

On recording of entries, relevant accounts like purchase and cash are updated automatically.

Note: *Recording transactions in Account Invoice mode will be covered in later chapters.*

6.3.5 Sales Voucher

A Sales voucher is used when a company sells goods to customers on cash, cheque or credit basis. Sales entries lead in an increase in sales revenue.

In Tally.ERP 9, a sales entry can be recorded with and without inventory details.

The following illustration will demonstrate how a sales entry is recorded in Tally.ERP 9.

Illustration 7: Recording Sales Transaction in Voucher Mode

Pass the following transactions in the book of KRA Traders:

15-07-2017	**Voucher: Sales**			
	KRA Traders, sold goods for ₹ 40,000 to Chakri Traders on cash with reference number 1.			
	Particulars	**L.F**	**Dr.**	**Cr.**

Particulars	L.F.	Dr.	Cr.
Cash A/c_____ Dr.		40,000	
To, Sales A/c			40,000
(Being sold goods to chakri traders on cash)			

Table 6.15

To record the transaction of table 6.15, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Sales Ledger

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

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 **No**

Table 6.16

Step 2: Recording Sales Transaction in Voucher Mode

To record the sales transaction in voucher mode, follow the steps given below:

1. Go to the **Gateway of Tally > Accounting Vouchers > F8: Sales**.
2. From the **Accounting Voucher Creation** screen, click **F12:Configure** andset **Enable supplementary details** to **No** (If you enable this option, you will have to specify the despatch details ,Order details, and Buyers details.)
3. Press **F2: Date** and change the date to 15-07-2017.

4. Press Ctrl+V or click **V: As Voucher** to record the transaction in voucher mode.
5. **Enter** the **Reference No.** as **1**
6. **Debit** the **Cash Ledger** and enter the amount 40,000.
7. **Credit** the **Sales A/c** and the amount will get captured automatically.
8. Enter the **Narration.**

The **Accounting Voucher Creation** screen appears as shown in the figure 6.14:

Figure 6.14 Sales Voucher (Voucher Mode)

9. Accept the screen.

Illustration 8: Recording Sales Transaction in Item Invoice Mode

Pass the following transactions in the book of KRA Traders:

18-07-2017	**Voucher: Sales**
	KRA Traders sold the following stock items to Mahavir Traders on credit with reference number 2.

Name of Item	Quantity	Rate/Nos (₹)	Amount (₹)
Plastic Water Bottle	50 Nos	150	7,500
Steel Water Bottle	50 Nos	700	35,000

Table 6.17

To record the transaction of table 6.17, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Activity

1) Create a Customer's Account as Mahavir Traders under Sundry Debtors.

*2) Create a sales ledger **Sale of Goods** (Set the option - **Inventory values are affected to Yes**)*

Stock items Plastic Water Bottle and Steel Water Bottle are already created in the books.

Step 2: Recording Sales Transaction in Item Invoice Mode

1. Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**
2. From the **Voucher Creation** screen, press **F12: Configure** to get the **Sales Invoice Standard Configuration** and set **Enable supplementary details** to **No** (If you enable this option, then you will have to specify the supplier details like Name and Address etc.)
3. Press **F2:Date** and change the date to 18-07-2017
4. Press **Ctrl+V** to record the transaction in item invoice mode.
5. Enter the **Reference No.** as **2**
6. In the **Party A/c name** field select **Mahavir Traders** (In this field, you must select Cash ledger, if sale is made on cash basis)
7. In the field **Sales ledger** select **Sale of Goods**.
8. Under the field **Name of Item**, select **Plastic Water Bottle,** enter the **Quantity** as 50 Nos, rate as 150 per Nos and the amount 7,500 will get captured automatically.
9. Press **Enter**.
10. Select the second stock item, **Steel Water Bottle,** enter the **Quantity** as 50 Nos, **Rate** as 700 per Nos and the amount 35,000 will get captured automatically.
11. Enter the **Narration.**

The **Accounting Voucher Creation** screen appears as shown in the figure 6.15:

Figure 6.15 Sales Voucher (Item Invoice Mode)

12. Accept the screen.

On recording an entry, other relevant accounts such as sales, cash and sundry debtors are updated automatically.

Note: Recording transactions in Account Invoice mode will be covered in later chapters.

6.3.6 Debit Note Voucher

A **Debit Note** Voucher is used to record the transaction details of the purchases returns or returns outwards. The reason for purchases returns could vary from supply of damaged goods, or goods not as per specifications, to any other.

Purchases Returns must be recorded in the books of account, because the value of returned goods must be deducted from the purchases.

In Tally.ERP 9, a purchase return transaction using Debit Note voucher can be recorded for change in price consideration also. A Debit Note can be recorded in voucher mode as well as in item invoice mode.

Illustration 9: Recording Debit Note Voucher without Inventory.

Activity: Record the below purchase transaction in voucher mode.

As on 18-07-2017, KRA Traders, purchased goods for ₹ 30,000 on cash, with supplier invoice number 3.

20-07-2017	**Voucher: Debit Note**			
	Goods for ₹ 15,000 was returned to supplier for the purchase made on 18-07-2017 against invoice number 3			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Cash A/c_____ Dr.		15,000	
	To, Purchase A/c			15,000
	(Being purchase returned to supplier)			

Table 6.18

Note: Ledgers used in this transactions are already created in Tally.ERP 9, hence there no need of creating these ledgers once again.

Step 1: Recording Debit Note voucher for accounting the details of purchase return for cash purchase made.

To record the Debit Note voucher without inventory details, follow the steps given below:

1. This voucher type is made available when the option **Use debit and credit notes** is set to **Yes** in the **F11: Features (F1: Accounting Features)**
2. Go to the **Gateway of Tally > Accounting Vouchers > F9: Debit Note**

3. Press**F2: Date** and change the date to 20-07-2017
4. Mention the **Original Invoice No** as **3** and **original invoice date** as **18-07-2017** which is returned
5. **Debit** the **Cash Ledger** and enter the amount ₹15,000
6. **Credit** the **Purchase A/c** and the amount will get captured automatically
7. Enter the **Narration**

The **Debit Note Voucher Creation** screen appears as shown in the figure 6.16:

Figure 6.16 Debit Note Voucher (Cash Purchase Return)

8. Accept the screen

The entry of figure 6.16, will increase the cash balance and decrease the purchase/expense balance.

Illustration 10: Recording Debit Note Voucher with Inventory.

Activity: *Record the below purchase transaction in Item Invoice mode.*

21-07-2017	***Voucher: Purchase***			
	KRA Traders purchased following stock items from MK Traders on credit, with supplier invoice number 4			
	Name of Item	***Quantity***	***Rate per (₹)***	***Amount (₹)***

		Rate per (₹)	Amount (₹)
Plastic Water Bottle	*100 Nos*	*100*	*10,000*
Steel Water Bottle	*100 Nos*	*500*	*50,000*

Table 6.19

Pass the following transactions in the book of KRA Traders:

23-07-2017	**Voucher: Debit Note**
	Returned the following goods which are in damaged condition to MK Traders for the purchase made on 21-07-2017, with supplier invoice no. 4.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Plastic Water Bottle	50 Nos	100	5,000
Steel Water Bottle	50 Nos	500	25,000

Table 6.20

Note: *Ledgers and Stock Items used in this transactions are already created in Tally.ERP 9, hence there is no need of creating these once again.*

Step 1: Recording Debit Note Voucher for accounting the details of purchase return for credit purchase made.

To record the Debit Note Voucher with inventory details, follow the steps given below:

1. This voucher type is made available when the option **Use debit and credit notes** and **Record debit notes in invoice mode** is set to **Yes** in the **F11: Features (F1: Accounting Features).**
2. Go to the **Gateway of Tally > Accounting Vouchers > F9: Debit Note.**
3. Click **F2: Date** and change the date to 23-07-2017.
4. Enter the **Original Invoice No** as 4 and **original invoice date** as **21-07-2017**
5. In the **Party A/c name** field select **MK Traders.**
6. In the **Purchase ledger** field select **Purchase of Goods** ledger.
7. Under **Name of Item** field, select **Plastic Water Bottle** and enter the **Quantity** as 50 **Nos**, **Rate** as ₹ 100 per Nos and the amount ₹ 5,000 will get captured automatically.
8. Press **Enter** and select the second stock item, **Steel Water Bottle** and enter the quantity as 50 Nos, rate as ₹ 500 per Nos and the amount ₹ 25,000 will get captured automatically.

Enter the **Narration. The Debit Note Voucher Creation** screen appears as shown in the figure 6.17:

Figure 6.17 Debit Note Voucher (Purchase Return)

9. Accept the screen.

6.3.7 Credit Note Voucher

A Credit Note Voucher is used to record transaction details of sales returns or returns inwards. The reason for sales returns could be damaged condition of goods sold, not as per specifications of the buyer or any other.

Goods are mostly returned because they were damaged when sold, or were not as per the buyer's specifications.

Sales returns must be recorded in the books of account, because the value of returned goods must be deducted from the sales.

In Tally.ERP 9, a sales return transaction is recorded using Credit Note Voucher, generally issued by the seller to the buyer. The Credit Note voucher can be recorded in Voucher mode as well as in Item invoice mode

Illustration 11: Recording Credit Note Voucher without Inventory.

As on 24-07-2017, KRA Traders, sold goods for ₹ 40,000 on cash, with reference number 3.

Pass the following transactions in the book of KRA Traders:

25-07-2017	**Voucher: Credit Note**			
	Goods for ₹ 20,000 was returned by customer for the sales made on 24-04-2017 against invoice number 3			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Sales A/c_____ Dr.		20,000	
	To, Cash			20,000
	(Being sales return from customer)			

Table 6.21

Note: *Ledgers used in this transactions are already created in Tally.ERP 9, hence there no need of creating these ledgers once again.*

Step 1: Recording Credit Note Voucher for accounting the details of sales return for cash sales made.

To record the Credit Note Voucher without inventory details, follow the steps given below:

1. This voucher type is made available when the option **Use debit and credit notes** is set to **Yes** in the **F11: Features (F1: Accounting Features)**
2. Go to the **Gateway of Tally > Accounting Vouchers > F8: Credit Note**
3. Click **F2:Date** and change the date to 25-07-2017
4. Mention the **Original Invoice No** as **3** and **original invoice date** as **24-04-2017**
5. **Credit** the **Cash Ledger** and enter the amount ₹20,000
6. **Debit** the **Sales A/c** and the amount will get captured automatically
7. Enter the **Narration.**

The **Debit Note Voucher Creation** screen appears as shown in the figure 6.18:

Figure 6.18 Credit Note Voucher (Sales Return)

8. Accept the screen.

The entry of figure 6.18, will decrease the cash balance as well as the sales balance.

Illustration 12: Recording Credit Note Voucher with Inventory.

Activity: *Record the below sales transaction in Item Invoice mode.*

26-07-2017	**Voucher: Sales**			
	KRA Traders sold following stock items to Kalyani Traders on credit, with reference number 4.			
	Kalyani Traders			
	Name of Item	**Quantity**	**Rate per (₹)**	**Amount (₹)**
	Plastic Water Bottle	*40 Nos*	*150*	*6,000*
	Steel Water Bottle	*40 Nos*	*700*	*28,000*

Table 6.22

Pass the following transactions in the book of KRA Traders:

28-07-2017	**Voucher: Credit Note**
	Returned the following goods to Kalyani Traders for the sales made on 26-04-2017, with invoice number 4.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Plastic Water Bottle	20 Nos	150	3,000
Steel Water Bottle	20 Nos	700	14,000

Table 6.23

Note: *Ledgers and Stock Items used in this transactions are already created in Tally.ERP 9, hence there no need of creating these once again.*

Step 1: Recording Credit Note Voucher for accounting sales return made on cash sales.

To record the Credit Note Voucher with inventory details, follow the steps given below:

1. This voucher type is made available when the option **Use debit and credit notes** and **Record credit notes in invoice mode** is set to **Yes** in the **F11: Features (F1: Accounting Features).**
2. Go to the **Gateway of Tally > Accounting Vouchers > F8: Credit Note**
3. Press **F2: Date** and change the date to 28-07-2017
4. Enter the **Original Invoice No** as **4** and **Original Invoice Dt.** as **26-07-2017** which is returned
5. In the **Party A/c name** field select **Kalyani Traders**
6. In the **Sales ledger** field select **Sale of Goods** ledger
7. Under **Name of Item** field, select **Plastic Water Bottle** and enter the quantity as 20 Nos, rate as ₹ 150 per Nos and the amount ₹ 3,000 will get captured automatically
8. Press Enter and select the second stock item, **Steel Water Bottle** and enter the quantity as 20 Nos, rate as ₹ 700 per Nos and the amount ₹ 14,000 will get captured automatically
9. Enter the **Narration**

The Credit Note Voucher Creation screen appears as shown in the figure 6.19:

Figure 6.19 Credit Note Voucher (Credit Sales Return)

10. Accept the screen.

Since the transaction of figure 6.19, involves sales returns entries with inventory details, the inventory in hand will increase (as goods are received).

6.3.8 Journal Voucher

Journal vouchers are used to pass adjustment entries, to adjust the debit and credit amounts without involving cash or bank accounts. Adjusting journal entries are typically made just before issuing a company's financial statements.

Activity: As on 01-08-2017, KRA Traders made purchase of 100 Nos of Plastic Water Bottles worth ₹ 10,000 from Kalyani Traders. Freight charges incurred towards purchase was ₹ 1,000 as on 15-08-2017.

Freight charge was not recorded at the time of purchase, hence the same has to be recorded through a journal vourcher

Illustration 13: Recording a Journal Voucher in Tally.ERP 9

Date	Particulars

15-08-2017	**Voucher: Journal**

Freight charges incurred ₹ 10,000 towards the purchase on 01-08-2017.

Particulars	L.F	Dr.	Cr.
Freight Charges A/c_____ Dr.		1,000	
To, Purchase of Goods A/c			1,000
(Being Freight Charges incurred on purchase of Plastic Water Bottle			

Table 6.24

To record the transaction of table 6.24,in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Ledgers

Freight Charges Ledger

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

Freight Charges A/c	
Against the Field	**Action to be Performed**
Name	Enter as **Freight Charges A/c**
Under	Select as **Indirect Expenses**
Inventory values are affected	Set to **No**

Table 6.25

Step 2: Recording Journal Voucher

To record the Journal voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**
2. Press **F2:Date** and change the date to 15-08-2017
3. **Debit** the **Freight Charges A/c** and enter the amount, ₹ 1,000
4. **Credit** the **Purchase of Goods**
5. Accept the **Inventory Allocations screen** and the amount will get captured automatically in the Credit field

6. Enter the **Narration**.

The **Journal Voucher Creation** screen appears as shown in the figure 6.20:

Figure 6.20 Journal Voucher Creation Screen

7. Accept the screen.

In the above section, we have seen how accounting transactions are recorded using different vouchers available in Tally.ERP 9.

6.4 Creation of New Voucher Type

In Tally.ERP 9, you have seen that there are predefined voucher types available to record transactions. However, you can create voucher types to suit specific requirements using the pre-defined voucher types as the base.

For example: KRA Traders wants to record bank payments and petty cash payments separately. The company wants to maintain different voucher types to record only bank related transactions.

Illustration 14: Creating a new voucher type and recording transactions in Tally.ERP 9

In this scenario, KRA traders will create a new voucher type using payment voucher type as the base. The new voucher type will inherit the functions of a payment voucher.

Step 1: Accounting Masters Creation

Bank Payment Voucher Type

To create **Bank Payment Voucher Type**, follow the below given procedure:

1. Go to the **Gateway of Tally > Accounts Info. > Voucher Types > Create**
2. Enter **Name** as **Bank Payment**
3. **Select Type of Voucher** as **Payment Voucher.**

4. Enter an abbreviation for the new voucher. The abbreviation will be used to denote this new voucher in reports
5. Select the **Method of Voucher Numbering** as **Automatic**

Methods of Numbering and the purpose of using the numbering

Method of Numbering	Purpose
Automatic	Select this option if you want Tally.ERP 9 to automatically number the vouchers in this voucher type sequentially.
Automatic (Manual Override)	This method will automatically number the voucher and also we can manually enter the number. Choose this option if you want Tally.ERP 9 to automatically number the vouchers, but also manually enter the voucher number when required.
Manual	Select this option to manually enter the voucher number.
Multi-user Auto	Select this option in a scenario where multiple users simultaneously record vouchers, and the voucher numbering between different users should be managed by Tally.ERP 9.
None	Select this option to disable voucher numbering.

Table 6.26

6. Set the option **Use Advance Configuration** to **No.** (To modify the voucher number as per your requirement like, you want to add suffix & prefix details, then the same need to be enabled)
7. Set the option **Use effective dates for vouchers** to **No** (By enabling this option, you will get the additional effective date field while recording the entry)
8. Set the option **Make this voucher type as 'Optional' by default** to **No** (By enabling this option the voucher will behave like a permanent Non Accounting Voucher, it will not reflect in books of account)
9. Set the option **Allow Narration in voucher** to **Yes** (If the same is disabled, then you will not get the option to enter **Narration** details while recording the entry in this particular voucher)
10. Set the option **Provide Narrations for each ledger in voucher** to **No** (If you enable this option, then after selecting each ledger, you will get the **Narration** option)

11. Set the option **Enable default accounting allocations to No & set/alter Default Accounting Entries** to **No** (If you enable this option, you will be able to define the default entries or automation of the entry)
12. Set the option **Printing voucher after saving** to **No**
13. Press **Enter** on the field **Name of Class** to skip the field.

The **Voucher Type Creation** screen appears as shown in the figure 6.21:

Figure 6.21 Bank Payment Voucher Type Creation Screen

14. Accept the screen.

Similarly, in Tally.ERP 9, you can create many voucher types based on your requirements. For example, an organization wants to maintain its credit & cash sales in separate vouchers. These requirements may vary from one organization to another.

Activity:

1) Create a new voucher type as Cash Payment

2) Go to **Gateway of Tally > Accounting Vouchers > Press F5: Payment** > *Select the required voucher type from the list of voucher types (It will display two payment voucher types Bank Payment and Cash Payment)*

Note: *Observe the voucher type menu, you will notice that you can also display and alter voucher types. Selecting these options brings up a list of voucher types, from which you can select the one you want to view or work on. Apart from the heading and function, the voucher type Display/Alter screens are identical to the creation screen.*

Activity

1) Create a Payment voucher type to record for Petty Cash transactions in Tally.ERP 9

2) Record further entries in the books of KRA Traders:

Date	Particulars

21-08-2017	**Voucher: Cash Payment** Cash Payment made to Kalyani Traders for ₹ 5,000 from SBI Bank account. *(Use Cash Payment Voucher Type to record the transaction)*
22-08-2017	**Voucher: Receipt** Received cheque for ₹ 4,000 received from Mahavir Traders.
23-08-2017	**Voucher: Bank Payment** Salaries to staff of ₹ 2,500 amount paid through SBI Bank Account, vide cheque number 345678, date 23-08-2017 *(Use Bank Payment Voucher Type to record the transaction)*
24-08-2017	**Voucher: Petty Cash** Paid stationary charges of ₹ 50 from Petty Cash. *(Use Petty Cash Payment Voucher Type to record the transaction)*
25-08-2017	**Voucher: Receipt** Received Cheque for ₹ 1, 50,000 received from MK Traders. and the same is deposited in SBI Bank Account.

Table 6.27

Once after recording above transactions of table 6.27 check the Day Book Report (This report will display the details of day to day transactions)

The Day Book is a report of all the transactions recorded on a day or in a period of time. Let us view the transactions recorded in the Day Book.

To view the Day Book,

1. Go to **Gateway of Tally > Display > Day Book**

2. Press **F2: Period** and mention the period as **21-08-2017 to 31-08-2017.**

The **Day Book** Report appears as shown in the figure 6.22

Figure 6.22 Day Book Report Screen

You can see that along with the pre-defined voucher types in Tally.ERP 9, the new voucher types created are also listed in the Day Book.

6.5 Automation of Invoices (Voucher Classes)

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

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

Voucher Classes are available for all major voucher types like Contra, Payment, Receipt, Journal,

Sales, Credit Note, Purchases, Debit Note, Sales Order, Purchase Order, Delivery Note, Stock Journal and Payroll.

Business Scenario:

KRA Traders use SBI Bank account for all the bank payments that they make. They can avoid selecting the SBI Bank A/c ledger every single time a bank payment transaction is made. They automate this by using voucher classes in Tally.ERP 9.

Illustration 15: Creation and recording a bank payment voucher with voucher class and automation of bank ledger in transaction.

Pass the following transactions in the book of KRA Traders:

26-08-2017	**Voucher: Payment**			
	KRA Traders made a cheque payment of ₹ 1, 20,000 towards Rent Paid vide cheque number 002314			
	Particulars	**L.F**	**Dr.**	**Cr.**
	Rent Paid A/c _____ Dr.		1, 20,000	
	To, SBI Bank A/c			1,20,000
	(Being Rent Paid by cheque)			

Table 6.28

To record the transaction of table 6.28, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Activity: *Create the ledger by name* **Rent Paid A/c** *ledger under* **Indirect Expenses** *group.*

Step 2: Creation of Class in Voucher Type Master

SBI Payment Class

To create a voucher class in the **Bank Payment Voucher Type**, follow the steps given below::

1. Go to the **Gateway of Tally > Accounts Info. > Voucher Types > Alter.**
2. Select **Bank Payment** from the **List of Voucher Types.**
3. Press **Enter** and move the cursor to **Name of Class** field.
4. Enter as **SBI Payment** in **Name of Class** and Press **Enter.**

The **Voucher Type Class** screen appears as shown in the figure 6.23:

Figure 6.23 Voucher Type Class Creation Screen

5. Under **Exclude these Groups** field, select as **End of List**
6. Under **Include these Groups** field, select as **End of List**

Note: End of list *is selected because we don't want to exclude any ledger for this voucher type*

7. Under **Specific Ledger for which this Class is created (e.g. Cash, or a Bank Account)** field, select **SBI Bank A/c** as shown in the figure 6.24.

Figure 6.24 Voucher Type Class Creation Screen

8. Accept the **Voucher Type Class** screen.

The **Voucher Type Alteration** screen appears as shown in the figure 6.25:

Figure 6.25 Voucher Type Alteration Screen

9. Accept the screen.

Step 3: Recording Payment Voucher Using Voucher Class

To record the Payment voucher using voucher class in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
2. In **Name** field, select **Bank Payment** from the **List of Types**.
3. In **Class** field, select **SBI Payment** from **Voucher Class List** as shown in figure 6.26.

Figure 6.26 Voucher Class Selection Screen

4. Click **F2:Date** and change the date to **26-08-2017**

5. Under **Account** field, **SBI Bank A/c** is selected by default and the cursor does not move to **Account** field.

6. Under **Particulars** field Select **Rent Paid A/c** ledger and enter the amount, ₹1, 20,000.

7. Enter the **instrument number** and **date** in the **Bank Allocations screen**.

8. Enter the **Narration**.

The **Accounting Voucher Creation** screen in single entry mode appears as shown in the figure 6.27:

Accounting Voucher Creation	KRA Traders	Ctrl + M ⊠
Bank Payment No. :2	Voucher class: **SBI Payment**	26-Aug-2017 Saturday

Account : **SBI Bank A/c**
    Cur Bal: 1,31,500.00 Dr

Particulars	Amount
Rent Paid A/c Cur Bal: 1,20,000.00 Dr	1,20,000.00

Narration:
Being Rent Paid

1,20,000.00

Accept ?

Yes or No

Figure 6.27 Payment Voucher Creation Screen (Single Entry Mode)

9. Accept the screen.

You can see that the **Voucher Type** is **Bank Payment**, and the **Voucher Class** is **SBI Payment**. Once the voucher class is selected, the SBI Bank Ledger is automatically selected and you need to select only the Ledgers which are to be debited.

Note: *The entry is done in Single Entry System, to make the data entry faster.*

Activity:

1) Create a Ledger as Petty Cash A/c under Cash-in-Hand.

2) Create a Voucher Class as Petty Cash Payment in Petty Cash Payment Voucher Type.

3) Create a Voucher Class as Cash Receipt in Receipt Voucher Type.

4) Record further entries in the books of KRA Traders:

Date	Particulars
28-08-2017	**Voucher: Petty Cash** Cash Payment made on purchase of stationary for ₹ 150 using petty cash. *(Use Petty Cash Payment Voucher Type with class to record the transaction)*
28-08-2017	**Voucher: Receipt** Cash Receipt made on sale of goods for ₹ 1,500 from Kalyani Traders. *(Use Receipt Voucher Type with class to record the transaction)*

Table 6.29

6.6 Non-Accounting Vouchers

The **Non-Accounting/Unconventional Vouchers** are the special vouchers that are used to record provisional or non-accounting transactions. They are used as provisional entries from the books of accounts and make them available for what-if (future reports, projections, forecasts etc.) reports required at any given time. These Non-Accounting transactions doesn't affect the regular books of accounts.

Tally.ERP 9 comprises the following predefined non-accounting vouchers, to suit different business requirements and for recording various transactions. Tally.ERP 9 also allows you to create user-defined vouchers (voucher types) according to your requirements.

- Memorandum Voucher
- Optional Vouchers

Let us see understand the non-accounting voucher in Tally.ERP 9 are used in real time business scenarios:

6.6.1 Memorandum Voucher

Memorandum Voucher (memo voucher) is a non-accounting voucher and the entries made using memo voucher will not affect your books of accounts. You can use memo vouchers when you are uncertain about the account to which the amount has to be allocated to when recording the transaction. When the account is determined, the memo voucher can be converted into a regular voucher, and the transaction can be brought to the books of accounts.

Until then, Tally.ERP 9 stores these entries in a Memorandum Register.

Uses of Memo Vouchers

- Making suspense payments
- Vouchers not verified at the time of entry

- Items given on approval

Illustration 16: Recording a Memorandum Voucher in Tally.ERP 9

KRA Traders gave cash to office staff to buy stationeries, the company does not know the actual cost of stationaries and gave ₹ 1,000 as suspense payment assuming that the actual cost incurred on stationaries can be recorded in future.

KRA traders made a suspense cash payment of 1,000 to the office staff. However, the actual cost of purchase wasn't known. Pass the following transaction in the book of KRA Traders:

Date	Particulars

01-09-2017	**Voucher: Memorandum** KRA Traders gave cash ₹ 1,000 to Office Staff to buy stationaries.

Particulars	L.F	Dr.	Cr.
Stationary A/c _____ Dr.		1,000	
To, Cash			1,000
(Being cash given to Office Staff to buy Stationaries)			

Table 6.30

In this transaction, the exact nature and cost of stationary is unknown. So we need to record the Memorandum Journal.

To record the transaction of table 6.30, in the books of KRA Traders, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Stationary A/c Ledger

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

Stationery A/c	
Against the field	**Action to be performed**

Against the field	Action to be performed
Name	Enter **Stationary A/c**
Under	Select **Indirect Expenses**
Inventory values are affected	Set to **No**

Table 6.31

Step 2: Enabling Memorandum Voucher

Memorandum vouchers have to be enabled for the company from F: 11>Features.

To enable Memorandum Vouchers for the company,

1. Go to **Gateway of Tally>F11: Features>F1:Accounts**
2. Set the option- **Use reversing journals and optional vouchers** to **Yes.**
3. Accept the screen.

Step 3: Recording Memorandum Voucher

To record the memorandum voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F10: Memos.**
2. Press **F2: Date** and change the date to **01-09-2017.**
3. **Debit** the **Stationary A/c** and enter the amount, 1,000
4. **Credit** the **Cash Account,** the amount will get captured automatically**.**
5. Enter the narration in the Narration field

The **Memorandum Voucher Creation** screen appears as shown in the figure 6.28:

Figure 6.28 Memorandum Voucher Creation Screen

6. Accept the screen

The Memorandum voucher will not affect the regular books of accounts, you can convert this

The Memorandum voucher will not affect the regular books of accounts, you can convert this Memo Voucher into a regular voucher (Journal) by pressing F7 from the memorandum voucher alteration screen, when you decide to bring this entry into your books.

Memorandum voucher can also be converted to payment by pressing F5 from memorandum voucher alteration screen

Memorandum Voucher is posted in Memorandum Register. To view the report,

Go to **Gateway of Tally >Exception Reports >Memorandum Vouchers**

The **Memorandum Register** screen appears as shown in the figure 6.29:

Figure 6.29 Memorandum Register

The report of figure 6.29, displays the details of total monthly summary. Further, you can press **Enter** from the monthly summary to get **Voucher Register**. It shows all the Memorandum Vouchers made for the specified period.

*Note: You can also view memorandum vouchers from the Day Book. To view the same, go to **Gateway of Tally > Display > Day Book.***

6.6.2 Optional Vouchers

Optional Vouchers are non-accounting vouchers. You can mark any existing vouchers as optional by Pressing **Ctrl+L**. Optional Vouchers do not affect regular books of accounts, but

remain in the **Optional Voucher Register**. Again, by pressing **Ctrl+L,** from the voucher, the optional vouchers can be marked as regular.

Optional vouchers can also be used to forecast future sales projections, to see the impact of transactions without actually posting them, and the transaction that is incomplete to affect the accounts (Proforma sales invoice).

Proforma Invoice

A **Proforma invoice.** is an estimated invoice sent by a seller to the buyer in advance before delivery of goods. Proforma invoices are commonly used as introductory invoices along with the Quotation.

Illustration 17: Recording proforma sales invoice in Tally.ERP 9

Pass the following transaction in the book of KRA Traders:

01-09-2017	**Voucher: Proforma Sales**
	On 01-09-2017, KRA Traders is making sales to Kalyani Traders with the Reference no: 5. Before making the actual sales, KRA Traders is issuing a proforma invoice as an estimated invoice in advance before the delivery of goods.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Plastic Water Bottle	10 Nos	250	2,500
Steel Water Bottle	10 Nos	850	8,500

Table 6.22

Note: *Stock items: Plastic Water Bottle and Steel Water Bottle, and party ledger are already created in the books.*

Step 1: Recording Sales Transaction in Item Invoice Mode

1. Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**
2. Press **F2:Date** and change the date to 01-09-2017
3. Press **Ctrl+L** and make the entry as Optional.
4. Enter the **Reference no.** as **5**
5. In the **Party A/c name** field select **Kalyani Traders** (In this field, you must select Cash ledger, if sale is made on cash basis)
6. In the **Sales ledger** field select **Sale of Goods** ledger.
7. Under **Name of Item** field, select **Plastic Water Bottle** and enter the quantity as 10 Nos, rate as ₹ 250 per Nos and the amount ₹ 2,500 will get captured automatically.
8. Press Enter and select the second stock item, **Steel Water Bottle** and enter the quantity

as 10 Nos, rate as ₹ 850 per Nos and the amount ₹ 8,500 will get captured automatically

9. Enter the **Narration**.

The **Sales Voucher Creation** screen appears as shown in the figure 6.30:

Figure 6.30 Sales Voucher (Optional)

10. Accept the screen

The sales voucher recorded is marked as optional voucher and will not affect the regular books of accounts.

To view the Optional Voucher Register

1. Go to **Gateway of Tally >Exception Reports > Optional Vouchers**
2. Press **Enter.**

The **Optional Vouchers Register** screen appears as shown in the figure 6.31:

Figure 6.31 Optional Voucher Register

The report of figure 6.31, displays the details of total number of optional vouchers made for the specified period.

To print Proforma Invoice,

1. Press **Enter** on the sales voucher which is made optional. From sales voucher alteration screen press **Alt+P**

The **Proforma Invoice** printing screen appears as shown in the figure 6.32:

Figure 6.32 Voucher Printing Screen

2. Press **Alt+I** for print preview.

3. Press **Enter**

The **Proforma Invoice** appears as shown in the figure 6.33:

PROFORMA INVOICE							
KRA Traders		Invoice No. **5**		Dated **1-Sep-2017**			
		Delivery Note		Mode/Terms of Payment			
		Supplier's Ref. **5**		Other Reference(s)			
Buyer **Kalyani Traders**		Buyer's Order No.		Dated			
		Despatch Document No.		Delivery Note Date			
		Despatched through		Destination			
		Terms of Delivery					
Sl No.	Description of Goods			Quantity	Rate	per	Amount
1	Plastic Water Bottle			**10 Nos**	250.00	Nos	**2,500.00**
2	Steel Water Bottle			**10 Nos**	850.00	Nos	**8,500.00**
			Total	**20 Nos**			**₹ 11,000.00**

Figure 6.33 Proforma Invoice

You can convert this Optional Voucher (Proforma Invoice) into a regular voucher (Sales Invoice) by pressing **Ctrl+L** from the voucher alteration screen, when you decide to bring this entry into your books.

Note: *You can also view optional vouchers from the Day Book.*

6.6.3 Reversing Journal

Reversing Journals are special journals that are automatically reversed after a specified date. These accruals are usually short term and are cleared in the subsequent period.

Reversing journals can be used for accounting for **Provisions**.

For example: You can account for or providing for depreciation. Since, provision for depreciation is made at the end of the year, you can create **Reversing Journal** for a specific period to give more accurate status or position.

This **Reversing Journal** voucher will not affect the regular books of accounts, you can convert this Reversing Journal into a regular voucher (Journal) by pressing F7 from the Reversing Journal voucher alteration screen, when you decide to bring this entry into your books

6.7 Recording Provisional Entries

Provision refers to the amount that is kept aside from profits for future known liabilities. Provisions are shown on the liabilities side of a Balance Sheet. For example, provision for expenses, provision for bad debts and provision for depreciation.

Business Scenario: During the year-end (31-03-2018), KRA Traders incurred expenses of ₹ 10,000 payable the next year. To show the correct financial position of the company in its reports, the company must raise a provision for the expense.

The company's accounting entry for provision as on 31-03-2017 will be:

31-03-2018	Particulars	L.F	Dr.	Cr.
	Expense A/c_____ Dr.		10,000	
	To, Provision for Expense A/c			10,000

Table 6.33

By accounting the above entry in its books of accounts, the company balance sheet will reflect a liability of ₹ 10,000.

Reverse the above entry as on 01-04-2018, as shown below:

01-04-2018	Particulars	L.F	Dr.	Cr.
	Provision for Expense A/c _____ Dr.		10,000	
	To, Expense A/c			10,000

Table 6.34

By recording the entry of table 6.34, the problem of double counting of expenses or revenues is eliminated.

Note: *Reversing Entries are recorded on the first day of the accounting period. These entries are required to remove the adjustment entries made in the previous accounting period.*

Illustration 18: Recording Provisional entry in journal and changing the financial year in Tally.ERP 9

Date	Particulars
31-03-2018	KRA Traders, incurred expenses of ₹ 15,000 as audit fee, but it is payable in the next financial year. (Because the bill is not yet received from the KR Vendor)
01-04-2018	Record the reversal entry for the provision made.

Table 6.35

To record the transactions of table 6.35, in the books of KRA Traders, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Expenses Incurred Ledger

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

Expenses Incurred A/c	
Against the Field	**Action to be Performed**
Name	Enter as **Expenses Incurred A/c**
Under	Select as **Indirect Expenses**
Inventory values are affected	Set to **No**

Table 6.36

Provision for Expenses Ledger

Provision for Expenses A/c

Against the Field	**Action to be Performed**
Name	Enter as **Provision for Expenses A/c**
Under	Select as **Provisions**
Inventory values are affected	Set to **No**

Table 6.37

Activity: Create a party as KR Traders under sundry creditors

Step 2: Recording Journal Voucher

To record the Journal voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**
2. Click **F2:Date** and change the date to **31-03-2018**
3. **Debit** the **Expenses Incurred A/c** and enter the amount, ₹ 15,000
4. **Credit** the **Provision of Expenses A/c** and amount will get captured automatically.
5. Enter the narration in the Narration field

The **Journal Voucher Creation** screen appears as shown in the figure 6.34:

Figure 6.34 Journal Voucher Creation Screen (Provisional Entry)

6. Accept the screen

After recording the entry check the following reports:

- **Balance Sheet:** Go to Gateway of Tally > Balance Sheet > the amount will be reflected as a Current Liability. To check the exact provision amount, press the Enter key on Current Liability Account.

- **Profit & Loss Account:** Go to Gateway of Tally > Profit & Loss Account > the amount will be reflected under Indirect Expenses Account. To check the exact Expense Incurred amount, press the Enter key on Indirect Expenses Account

Step 3: Recording Reversal Entry in the New Financial Year

1. Go to **Gateway of Tally >** Press **Alt+F2: Period.**
2. Enter date as **01-04-2018 to 31-03-2019 (**Changing the Financial Year**)** and **Accept.**

Note: *After the financial year is changed in Tally.ERP 9, you cannot view the data which belongs to previous year, but the closing balance of the previous year will automatically be carried forward to the new financial year as opening balance.*

3. Go to **Gateway of Tally>Accounting Vouchers > Press F7: Journal**
4. Press **F2: Date** and change the date as 01-04-2018
5. **Debit** the **Provision for Expenses A/c** Ledger and enter the amount as ₹ 15,000
6. **Credit** the **Expense Incurred A/c** Ledger and the amount will get captured automatically
7. Enter the **Narration.**

The **Journal Voucher Creation** screen appears as shown in the figure 6.35:

Narration:
Being reversal entry recorded

15,000.00   15,000.00
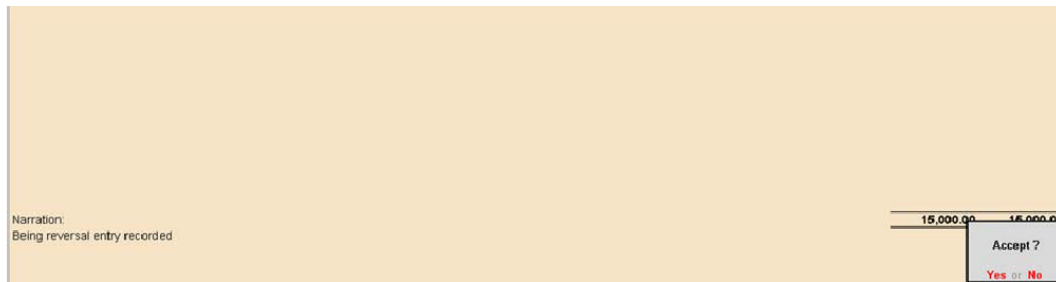
Accept ?
Yes or No

Figure 6.35 Journal Voucher Creation Screen (Reversal Entry)

8. Accept the screen

After recording the entry check the following reports:

- **Balance Sheet**: Go to Gateway of Tally > Balance Sheet > the amount will be reversed (i.e., amount will not appear in the balance sheet)
- **Profit & Loss Account:** Go to Gateway of Tally > Profit & Loss Account > the amount will be nullified.

Activity: *Go to Gateway of Tally and press Alt+F2: Change Period and set the financial period as 01-04-2017 to 31-03-2019.*

6.8 Recording Inventory Vouchers

A voucher is a document that contains details of a financial transaction and is required for recording the same into the books of accounts.

Inventory management is an integral part that helps in smooth running of the business and in determining the deficiency/excess of stock at any time. Inventory management implies maintaining an accurate record of incoming and outgoing stock.

Inventory vouchers record the details of receipt and issue of goods/stock, movement of goods, transfer of stock between locations, and physical stock adjustments

Without inventory vouchers, it would be impossible to record the movement of inventory when an accounting transaction has not taken place.

Business Scenario

TRA Traders expanded its business and now deals in Mobile Phones. The company would like to deliver stock to their customer. The sales invoice will be sent on a later date. In this scenario, an inventory voucher recording movement of inventory but not affecting accounts is required.

The Inventory Vouchers are:

- Receipt Note Voucher (Alt+F9)
- Delivery Note Voucher (Alt+F8)
- Rejections In Voucher (Ctrl+F6)
- Rejections Out Voucher (Alt+F6)

- Material Out Voucher (Ctrl+J)
- Material In Voucher (Ctrl+W)
- Stock Journal Voucher (Alt+F7)
- Physical Stock Voucher (Alt+F10)

These vouchers can be altered to suit a company's requirements. Tally.ERP 9 also allows creation of new inventory voucher types.

Let us illustrate the different types of inventory transactions that take place in a real-time business environment and the accounting procedure in Tally.ERP 9.

6.8.1 Receipt Note Voucher

Receipt note is used for recording goods received from the supplier or receipt of goods/items at stores. It is also called as GRN i.e. Goods Receipt Note. Receipt Note updates only inventory books and does not affect accounting books.

Example: Purchase Register, Party Accounts and other Subsidiary Books.

Illustration 19: Recording a receipt note voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

| 01-06-2018	**Voucher: Receipt Note**			
	KRA Traders received the following goods from JJ Enterprises with the reference number 1 for ₹ 10,000 each.			
	Name of Item	**Quantity**	**Rate per (₹)**	**Amount (₹)**
	Samsung 32GB Mobile Phone	10 Nos	10,000	1,00,000

Table 6.38

To record the transaction of table 6.38, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Configuration of Receipt Note

To configure Receipt Note voucher, follow the steps given below:

1. Go to **Gateway of Tally > F11: Company Features > F2: Inventory Features**
2. Set the option **Use tracking numbers (enables delivery and receipt notes) to Yes**

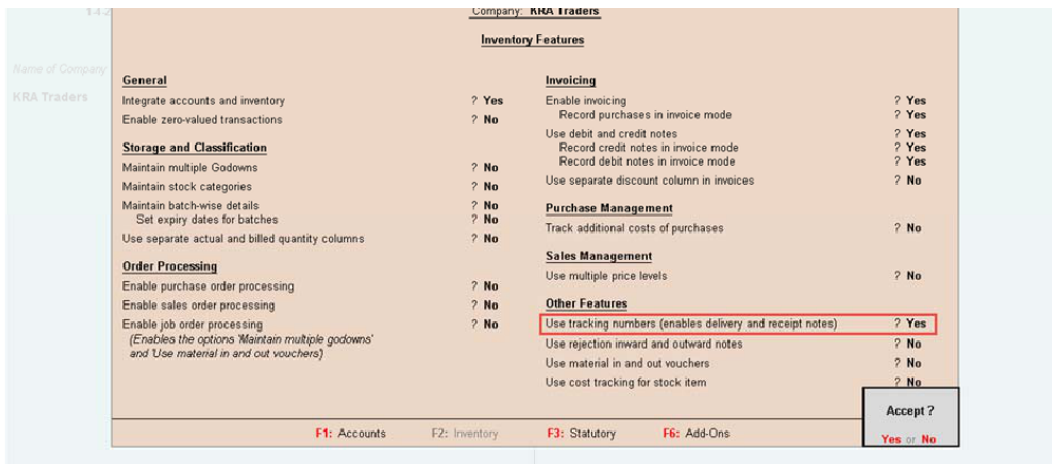The **Inventory Features** screen with the required options enabled, appears as shown in the figure 6.36
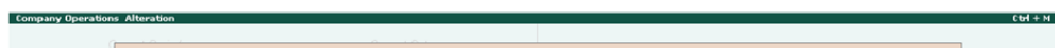
Figure 6.36 Inventory Features screen

3. Accept the screen

Step 2: Creation of Accounting Masters

Party Ledger

1. Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**
2. Enter **Name** as **JJ Enterprises**
3. Select **Sundry Creditors** from the **List of Groups**

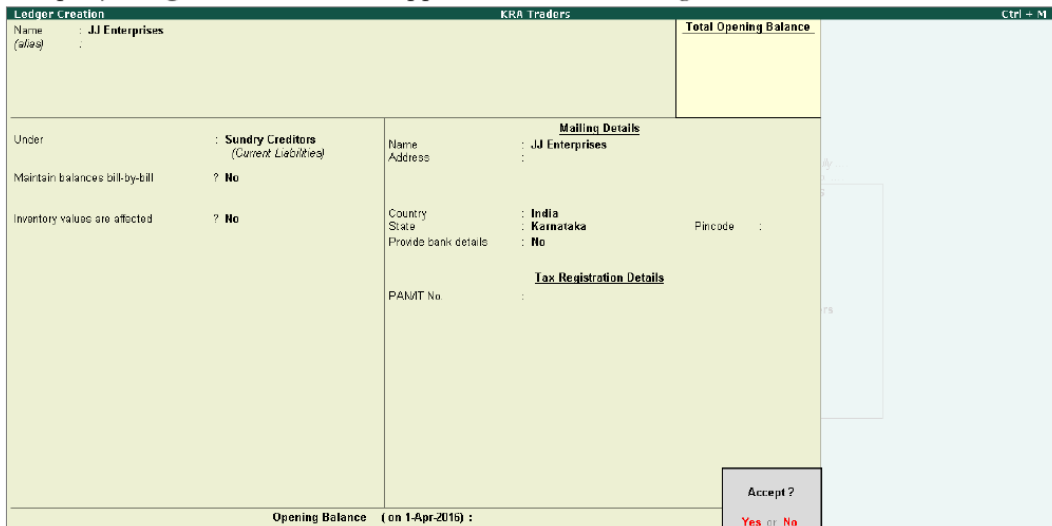The party **Ledger Creation** screen appears as shown in the figure 6.37:

Figure 6.37 Party Ledger Creation screen

4. Accept the screen

*Activity: In Purchase A/c Ledger alteration, set the option – **Inventory values are affected to Yes***

Step 2: Creation of Inventory Masters

Stock Item

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

Samsung 32GB Mobile Phone	
Against the field	**Action to be performed**
Name	Enter as **Samsung 32GB Mobile Phone**
Under	Select as **Primary**
Units	Select as **Nos**
Opening Balance	Leave it Blank

Table 6.39

The **Stock Item Creation Screen** appears as shown in the figure 6.38:
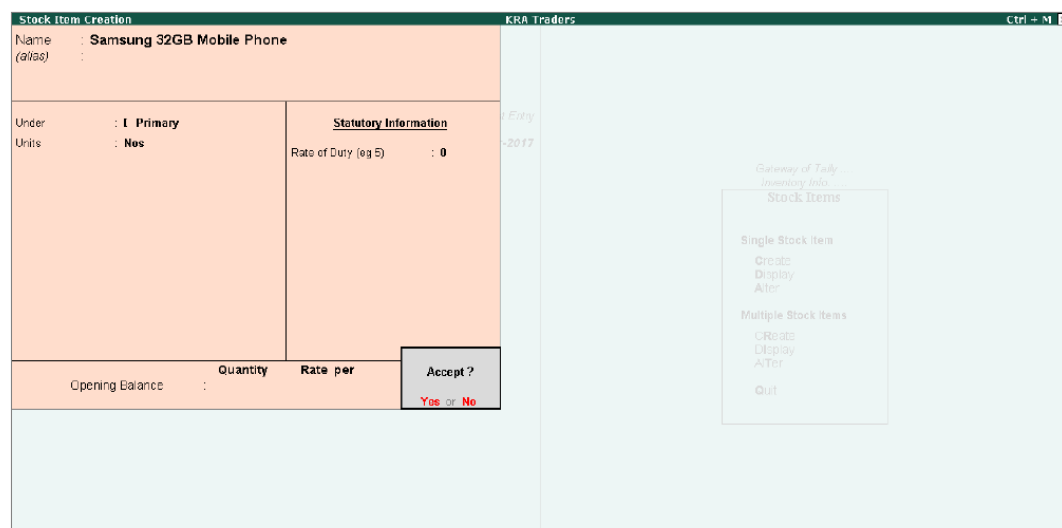

Figure 6.38 Stock Item Creation- Samsung 32GB Mobile Phone

1. Accept the screen

Step 3: Recording Receipt Note Voucher

To record the Receipt Note voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Vouchers > Alt+F9: Receipt Note**
2. From the **Inventory Voucher Creation** screen, click **F12: Configure.**

3. **Set the option Enable supplementary details to Yes.**

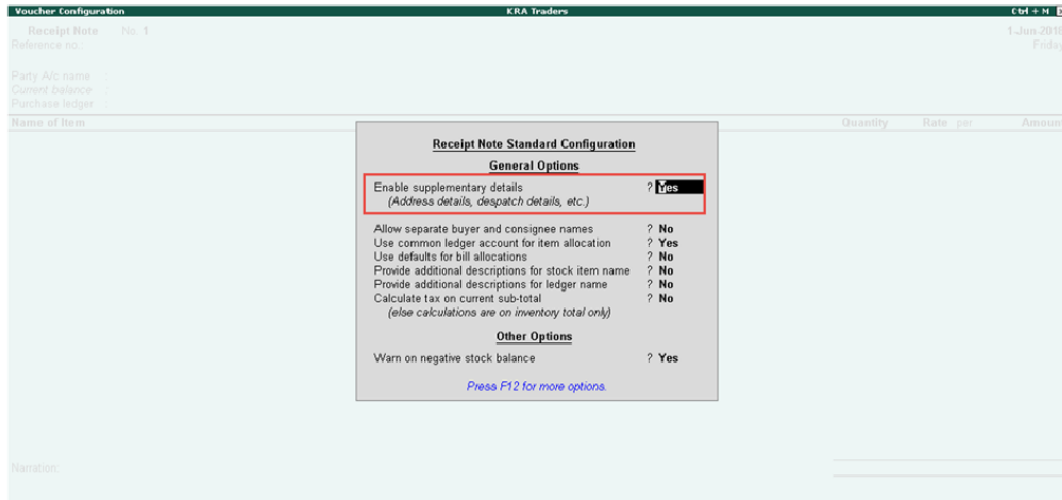The **Receipt Note Standard Configuration** screen appears as shown in the figure 6.39:

Figure 6.39 Receipt Note Standard Configuration screen

4. Accept the screen

Note: *By enabling the option* **Enable supplementary details to Yes***, you will be able to get the Supplier Details and Order Details while passing the Receipt Note Voucher.*

5. Enter the **Reference no. as 1**
6. In the **Party A/c name** field, select **JJ Enterprises**
7. Provide the **Other Reference(s) as GRN 01** in the Supplementary details screen.
8. Select the **Purchase A/c ledger**
9. Under **Name of Stock Item** select **Samsung 32GB Mobile Phone**
10. In the **Item Allocations** screen, Select **Not Applicable** from the **List of Tracking Numbers.**
11. Enter **Quantity** as 10 Nos, **Rate** as ₹ 10,000 and the amount will get captured automatically as ₹ 1, 00,000.

The completed **Receipt Note Voucher Creation** screen appears as shown in the figure 6.40:
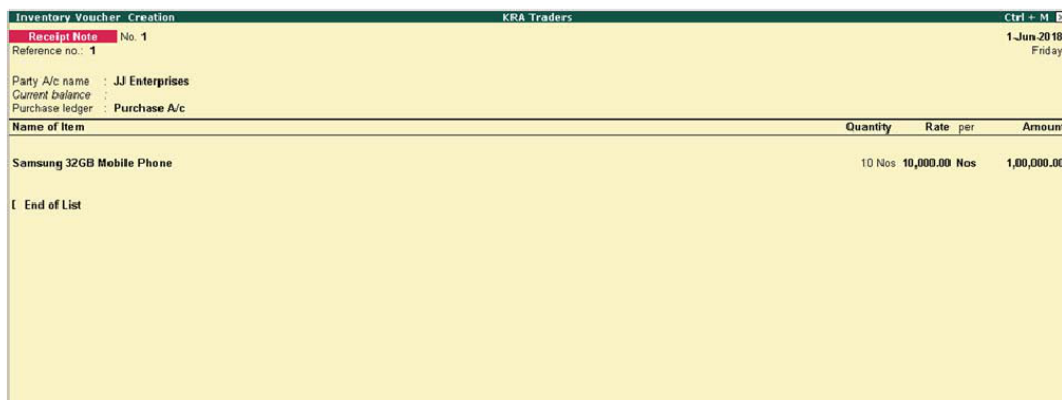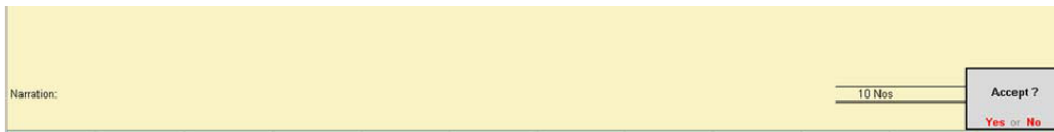
Figure 6.40 Receipt Note Voucher Creation screen

12. Accept the screen

The receipt note transaction will affect in stock summary, and all inventory books. If the option integrate accounts with inventory is enabled in **F11:F1:Accounting** feature, then the stock value will reflect in accounting reports like balance sheet, profit & loss account, trial balance etc.

6.8.2 Delivery Note Voucher

Delivery note is used for recording goods delivered to the customer or deliver of goods/items from stores. It is also called as DC i.e. Delivery Challan. Delivery Note does not affect accounting books.

Illustration 20: Recording a Delivery Note Voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

05-06-2018	**Voucher: Delivery Note**
	KRA Traders delivered following goods to Manya Enterprises with the reference number – 1 for ₹ 15,000 each.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Samsung 32GB Mobile Phone	05 Nos	15,000	75,000

Table 6.40

To record the transaction in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Accounting Masters

Activity: Create the following Ledger Accounts in the books of KRA Traders:

*1) Create **Manya Enterprises** (Customer) under Sundry Debtors*

*2) Alter **Sales A/c** and **set Inventory values are affected to Yes***

Step 2: Recording Delivery Note Voucher

To record the Delivery Note voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Vouchers > Alt+F8: Delivery Note**
2. Press **F2:Date** and change the date to 05-06-2018
3. Enter the **Reference no. as 1**
4. In the **Party A/c name** field, select **Manya Enterprises**
5. In the **Party Details** screen, provide the details as shown below:
   - **Order Details**
     - **Order No(s) :** DC 1 and date 05-06-2018
     - **Mode/Terms of Payment** : Cheque Payment
     - **Other Reference(s)** : DC 1 to Manya Enterprises
     - **Terms of Delivery** : Delivery and payment on same day
   - **Despatch Details**
     - **Despatch Doc No.**: 01
     - **Despatch through** : Truck
     - **Destination** : Mysore

The **Party Details** screen displays as shown in the figure 6.41

Figure 6.41 Party Details screen (Delivery Note)

6. Select the **Sales A/c ledger**
7. Under **Name of Stock Item** select **Samsung 32GB Mobile Phone**
8. In the **Item Allocations Screen**, Select **Not Applicable** from the **List of Tracking Numbers.**
9. Enter **Quantity** as 5 Nos, **Rate** as ₹ 15,000 and the amount will get captured automatically

as ₹ 75,000.

The completed **Delivery Note Voucher Creation** screen appears as shown in the figure 6.42:

Figure 6.42 Delivery Note Voucher Creation screen

10. Accept the screen

The delivery note transaction will affect in stock summary, and all inventory books. If the option integrate accounts with inventory is enabled in **F11:F1:Accounting** feature, then the stock value will reflect in accounting reports like balance sheet, profit & loss account, trial balance etc.

6.8.3 Rejection In Voucher

Rejections In Voucher is used to record the goods that are rejected and returned by the customer before recording the sales invoice.

Illustration 21: Recording a rejection in voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

07-06-2018	**Voucher: Rejection In**
	KRA Traders received following goods from Manya Enterprises for ₹ 15,000 against the goods delivered on 05-06-2018.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Samsung 32GB Mobile Phone	01 Nos	15,000	15,000

Table 6.41

To record the transaction of table 6.41, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Configuration of Rejection In

To configure Rejection In voucher, follow the steps given below:

1. Go to **Gateway of Tally > F11: Company Features > F2: Inventory Features >** Enable the option **Use rejection inward and outward notes to Yes**

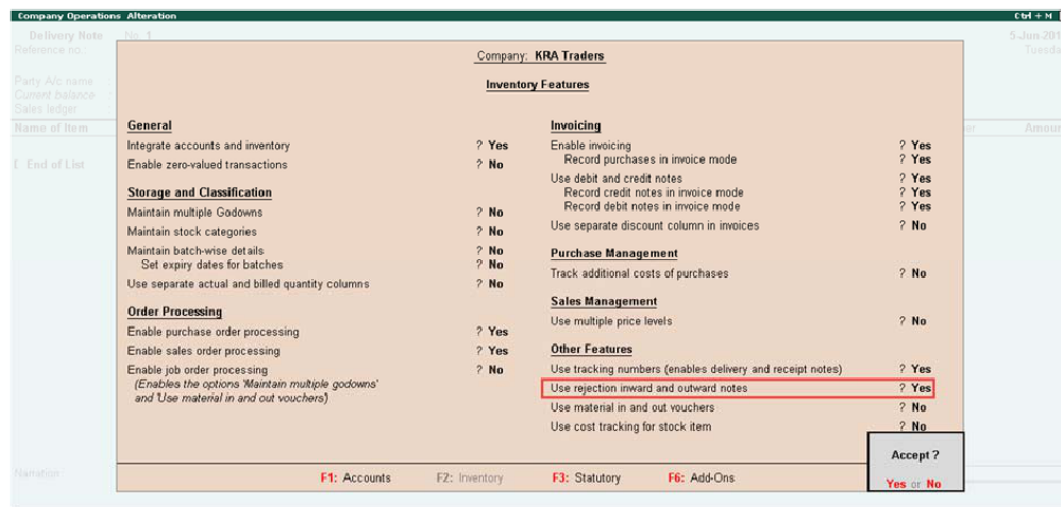The **Inventory Features** screen with the required options enabled, appears as shown in the figure 6.43

Figure 6.43 Inventory Features screen

2. Accept the screen

Step 2: Recording Rejection In Voucher

To record the Rejection In voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Vouchers > Ctrl+F6: Rejection In**
2. Press **F2:Date** and change the date to 07-06-2018
3. In the **Ledger Account** field, select **Manya Enterprises**
4. In **Customers Name and Address** field, Manya Enterprises will capture automatically
5. Under **Name of Item** select **Samsung 32GB Mobile Phone**
6. In the **Item Allocations Screen**, Select **Not Applicable** from the **List of Tracking Numbers.**
7. Enter **Quantity** as 1 Nos, **Rate** as ₹ 15,000 and the **amount** will get captured automatically as ₹ 15,000.

The completed **Rejection In Voucher Creation** screen appears as shown in the figure 6.44:

Figure 6.44 Rejection In Voucher Creation screen

8. Accept the screen

The rejection in transaction will affect in stock summary, and all inventory books

6.8.4 Rejection Out Voucher

Rejections Out Voucher is used to record the goods that are rejected and returned to a supplier before recording the purchase bill.

Illustration 22: Recording a rejection out voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

10-06-2018	**Voucher: Rejection Out**
	As on 10-06-2018, KRA Traders Rejected 3 Nos of Samsung 32GB Mobile Phones received from JJ Enterprises for ₹ 10,000 against the goods received on 01-06-2018

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Samsung 32GB Mobile Phone	3 Nos	10,000	30,000

Table 6.42

To record the transaction of table 6.42, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Recording Rejection Out Voucher

To record the Rejection Out voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Vouchers > Alt+F6: Rejection Out**
2. Press **F2:Date** and change the date to **10-06-2018**
3. In the **Ledger Account** field, select **JJ Enterprises**
4. **Supplier's Name and Address** field, JJ Enterprises will capture automatically
5. Under **Name of Item** select **Samsung 32GB Mobile Phone**
6. In the **Item Allocations** screen, select **Not Applicable** from the **List of Tracking Numbers.**
7. Enter **Quantity** as 3 Nos, **Rate** as ₹ 10,000 and the amount will get captured automatically as ₹ 30,000.

The completed **Rejection Out Voucher Creation** screen appears as shown in the figure 6.45:

Narration: 3 Nos   Accept ?
                                                                                                             Yes or No
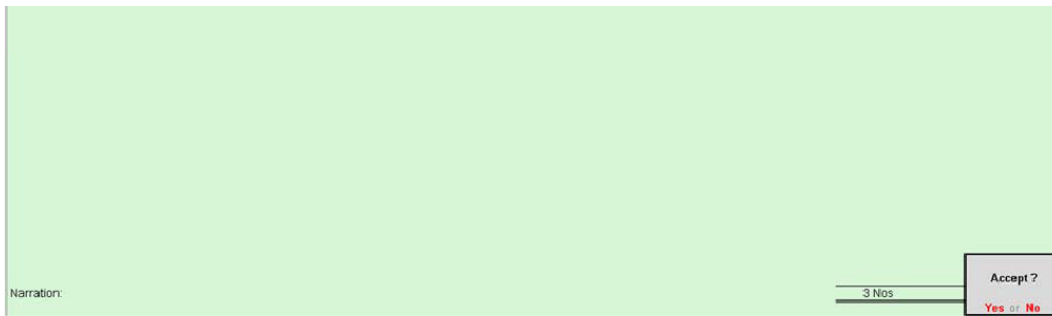
Figure 6.45 Rejection Out Voucher Creation screen

8. Accept the screen

The rejection out transaction will affect in stock summary, and all inventory books

To view a Stock Summary Report,

1. Go to **Gateway of Tally > Stock Summary> Press Alt+F1** for detailed mode.

The **Stock Summary** screen appears as shown in the figure 6.46:

Particulars	Closing Balance		
	Quantity	Rate	Value
Plastic Water Bottle	180 Nos	100.00	18,000.00
Samsung 32GB Mobile Phone	3 Nos	10,000.00	30,000.00
Steel Water Bottle	80 Nos	500.00	40,000.00
Grand Total	**263 Nos**		**88,000.00**

Figure 6.46 Stock Summary Report

2. Press Enter on **Samsung 32GB Mobile Phone**
3. You will get **Stock Item Monthly Summary,** Select **June Month.**

4. Press Enter to view the **Stock Vouchers**

The **Stock Vouchers** screen appears as shown in the figure 6.47:

Figure 6.47 Stock Vouchers Report

The stock vouchers report displays (-) 1 Nos towards the rejection in entry passed in the outward side of the report with (-) 15,000, because the stock is rejected by the customer Manya Enterprises. The closing stock in the godown raises from 5 Nos to 6Nos after passing the rejection in voucher.

Similarly, (-) 3Nos displays in the inwards column for the rejections out entry made, because the stock was rejected by KRA Traders and returned to supplier JJ Enterprises. The Closing stock in the godown decreases from 6Nos to 3Nos after passing the Rejection Out voucher.

6.8.5 Stock Journal Voucher

Stock Journal Voucher is used to transfer the goods from one location to another. The quantity of stock remains the same, but the location (godown) changes. Stock journal voucher can also be accounted for wastage or shortage of stock to increase or decrease in the Stock Item.

Illustration 23: Recording a Stock Journal Voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

15-06-2018	**Voucher: Stock Journal**
	As there is shortage in stock in Delhi Location, KRA Traders transferred the following goods from Bengaluru Location to Delhi Location.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Samsung 64GB Mobile Phone	20 Nos	15,000	1,00,000

Table 6.43

To record the transaction of table 6.43, in the books of account, first ensure that the required ledgers are created in Tally.ERP 9.

Step 1: Creation of Inventory Masters

Stock Item

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

Samsung 64GB Mobile Phone	
Against the Field	**Action to be Performed**
Name	Enter as **Samsung 64GB Mobile Phone**
Under	Select as **Primary**
Units	Select as **Nos**
Opening Balance	Leave it Blank.

Table 6.44

Activity: *In F11: Company Features >F2: Inventory Features > Enable the option* **Maintain multiple Godowns**

Godown
Go to **Gateway of Tally > Inventory Info. > Godowns > Create**

Bengaluru Location	
Against the Field	**Action to be Performed**
Name	Enter as **Bengaluru Location**
Under	Select as **Primary**

- **Allow storage of materials:** This option is used for deciding whether storage of materials is allowed in this Godown or not. This option will appear only if the option **Allow advanced entries in master** is enabled in F12: Configuration, while creating stock items. If the option is not visible, then by default this option will be set to Yes.

- **Our Stock with Third Party:** Set this option to Yes, if the godown is used to account the company's goods lying with the third party.

- **Third Party Stock with us:** Set this option to Yes, if the godown created is used to account the goods received from third party and the stock of third party should not affect the company

stock value.

<div align="center">Table 6.45</div>

<div align="center">

Delhi Location

Against the field	Action to be performed
Name	Enter as **Delhi Location**
Under	Select as **Primary**

</div>

<div align="center">Table 6.46</div>

Activity: *Record the following transaction in the books of KRA Traders.*

11-06-2018	**Voucher: Purchase**
	KRA Traders purchased following stock items from JJ Enterprises, with supplier invoice number 6 and stored in Bengaluru Location.

Name of Item	Quantity	Rate per (₹)	Amount (₹)
Samsung 64GB Mobile Phone	*100 Nos*	*15,000*	*15,00,000*

<div align="center">Table 6.47</div>

Step 2: Recording Stock Journal Voucher

To record the Stock Journal voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Vouchers > Alt+F7: Stock Journal**
2. Press **F2:Date** and change the date to 15-06-2018
3. Select **Samsung 64GB Mobile Phone** under Name of Item from the List of Items, which needs to be transferred under **Source**(**Consumption**)
4. Select the Godown as **Bengaluru Location** from the List of Godowns
5. Enter Quantity as 20 Nos, Rate ₹ 15,000 and the Amount ₹ 3, 00,000 will capture automatically.
6. Press **Enter**
7. Select **Samsung 64GB Mobile Phone** under Name of Item from the List of Items, to which goods are being transferred under **Destination (Production)**.
8. Select the Godown as **Delhi Location** from the **List of Godowns**
9. Enter **Quantity** as 20 Nos, **Rate** ₹ 15,000 and the amount ₹ 3, 00,000 will get captured automatically
10. Enter the Narration

The completed **Stock Journal Voucher Creation** screen appears as shown in the figure 6.48:

Figure 6.48 Stock Journal Voucher Creation Screen

11. Accept the screen

The stock journal transaction will affect in stock summary, and all inventory books. If the option integrate accounts with inventory is enabled in **F11:F1:Accounting** feature, then the stock value will reflect in accounting reports like balance sheet, profit & loss account, trial balance etc.

6.8.6 Physical Verification of Stocks

Physical Stock Voucher is used for recording the actual stock which is verified or counted. It happens when the stocks in books of accounts and the physical stock do not match.

Example: If KRA Traders has 80 Nos of Samsung 64GB Mobile Phones as on 15-06-2018 in Bengaluru Location godown and. On 20-06-2018, while physically counting it was found that the stock in Bengaluru was 75 Nos.

In the above scenario, stock recorded in books of accounts is 80 Nos and while physically counting the stock was 75 Nos. Remaining 5 Nos of stock, there is a shortage in Bengaluru Location godown found during Physical verification should be accounted in the books of accounts.

Considering the above example, will illustrate the same in Tally, using Physical Stock Voucher.

Illustration 24: Recording a Physical Stock Voucher in Tally.ERP 9

Pass the following transactions in the book of KRA Traders:

20-06-2018	**Voucher: Physical Stock**		
	Physical Verification done on 20-06-2018 and found that there is only 75 Nos of Samsung 64GB Mobile Phones in Bengaluru Location.		
	Name of Item	**Godown**	**Quantity**

	Samsung 64GB Mobile Phones	Bengaluru Location	75 Nos

<div align="center">Table 6.48</div>

Step 1: Recording Physical Stock Voucher

To record the Physical Stock Voucher in Tally.ERP 9, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Vouchers > Alt+F10: Physical Stock Voucher**
2. Press **F2:Date** and change the date to 20-06-2018
3. Under **Name of Item** select **Samsung 64GB Mobile Phones**
4. Select **Godown** as **Bengaluru Location**
5. Enter **Quantity** as 75 Nos.

The completed **Physical Stock Voucher Creation** screen appears as shown in the figure 6.49

<div align="center">*Figure 6.49 Physical Stock Voucher Creation Screen*</div>

6. Accept the screen.

6.   Accept the screen

The physical stock entry will affect in **Stock Summary, Physical Stock Register** and all **Inventory Reports.**

Godown Summary Report to Display Physical Stock Value.

To view a Stock Summary Report to display the physical stock values in the particular godown,

1. Go to **Gateway of Tally > Stock Summary>** Press **F9: Inventory Reports >** Select **Godown Summary.**
2. Press **F2:Period** and enter the required period

The **Godown Summary** screen appears as shown in the figure 6.50:

Particulars	KRA Traders 1-Apr-2017 to 31-Mar-2019 Closing Balance		
	Quantity	Rate	Value
Bengaluru Location	75 Nos	15,000.00	11,25,000.00
Delhi Location	20 Nos	15,000.00	3,00,000.00
Main Location	263 Nos	334.60	88,000.00
Grand Total	358 Nos		15,13,000.00

Figure 6.50 Godown Summary Screen

3. Press Enter on **Bengaluru Location**
4. Press Enter on **Samsung 64GB Mobile Phone**

Samsung 64GB Mobile Phone Stock Quantity displays 45 Nos as shown in the figure 6.51

Particulars	Bengaluru Location KRA Traders 1-Apr-2017 to 31-Mar-2019 Closing Balance		
	Quantity	Rate	Value
Samsung 64GB Mobile Phone	75 Nos	15,000.00	11,25,000.00

Grand Total		75 Nos	11,25,000.00

Figure 6.51 Godown Summary screen (Samsung 64GB Mobile Phone)

5. Press Enter to get the **Godown Monthly Summary**
6. Select June Month and to display the **Godown Vouchers** screen to get the Physical Stock Voucher as shown in the figure 6.52:

Figure 6.52 Godown Vouchers Screen (Samsung 64GB Mobile Phone)

Here, the stock summary is displayed in detail for the particular godown (Bengaluru Location) to have better visibility in Physical Stock quantity.

Note: *Physical Stock quantity will be displayed as actual stock in the Stock Summary from the date of entry of the Physical Stock.*

Physical Stock Register

This register summarises the stock adjustments made during the reporting period. An analysis of the stock recorded in the register gives us an insight into the causes of discrepancies to ensure that timely action is taken. Physical stock register displays a list, showing the number of vouchers in each month

To view a **Physical Stock Register** Report,

1. Go to **Gateway of Tally > Display> Inventory Books > Physical Stock Register >** Press Enter on June month transaction

The **Physical Stock Voucher Register** screen appears as shown in the figure 6.53:

Date	Particulars	Vch Type	Vch No.	Inwards Quantity	Outwards Quantity
20-6-2018	Samsung 64GB Mobile Phone	Physical Stock	1	75 Nos	

Figure 6.53 Physical Stock Voucher Register screen

Conclusion

In this chapter we have learnt, how day-to-day business transactions are recorded in Tally.ERP 9. The instant report generation feature of Tally makes it possible to check out the impact of each transaction in the books of a business concern and helps in tracking the status of inventory and movement of goods, leading to efficient logistics and supply chain management.

Key Takeaways

- A voucher is a document containing the details of a financial transaction.
- Any transaction indicating the transfer of funds from cash account to cash account, cash account to bank account; bank account to cash account and bank account to bank account is referred to as a Contra Entry.
- In Tally.ERP 9, a Payment Voucher is used to record all transactions involving payments made by cash or bank.
- In Tally.ERP 9, a Receipt Voucher is used to record transactions involving receipt of cash and through bank.
- In Tally.ERP 9, a Sales Voucher is used to record entries when the company sells some goods to the customers either by cash, cheque or on credit basis.
- In Tally.ERP 9, a Credit Note entry is passed to account for return of goods sold, generally issued by the seller to the buyer.
- In Tally.ERP 9, a Purchase Voucher is used when a company purchases some goods from its suppliers on cash, cheque or credit basis.

- In Tally.ERP 9, a Debit Note entry is passed for purchase returns or for any change in price consideration
- You can generate Proforma Invoice in Tally.ERP 9, generally issued by the seller to buyer as an estimated invoice.
- You can account Non-Accounting vouchers in Tally, which are used for provisions.
- You can account all inventory vouchers, Receipt Note, Delivery Note, Rejection in and out, Stock Journal and Physical Stock voucher.

Shortcut Keys

Shortcut Key	Description
F2	- From any Accounting voucher creation or alteration - To Change the Date
F4	- From accounting voucher creation screen - To access a Contra Voucher
F5	- From accounting voucher creation screen - To access a Payment Voucher
F6	- From accounting voucher creation screen - To access a Receipt Voucher
F7	- From accounting voucher creation screen - To access a Journal Voucher
F8	- From accounting voucher creation screen - To access a Sales Voucher
F9	- From accounting voucher creation screen - To access a Purchase Voucher
Ctrl+F8	- From accounting voucher creation screen - To access a Credit Note Voucher
Ctrl+F9	From accounting voucher creation screen

	To access a Debit Note Voucher
Alt+F9	- From inventory voucher creation screen - To access a Receipt Note Voucher
Alt+F8	- From inventory voucher creation screen - To access a Delivery Note Voucher
Alt+F7	- From inventory voucher creation screen - To access a Stock Journal Voucher
Alt+F6	- From inventory voucher creation screen - To access a Rejections In Voucher
Ctrl+F6	- From inventory voucher creation screen - To access a Rejections Out Voucher
Ctrl+L	- From accounting voucher creation/alteration screen - To make any voucher as Optional
Ctrl+F10	- From accounting voucher creation screen - To access Memorandum Voucher