

Stock Keeping Units

Learning Objectives

- Creation stock groups
- Creation of units of measure
- Creation of stock items
- Creation of godowns
- Defining stock opening balance

Inventory is an asset that is intended to be sold in the ordinary course of business. Inventory may not be immediately ready for sale.

In accounting, inventory is determined into three categories, which are:

- **Raw materials:** Includes materials intended to be consumed in the production of finished goods.
- **Work-in-process:** Includes items that are in the midst of the production process, and which are not yet in a state ready for sale to customers.
- **Finished goods:** Includes goods ready for sale to customers. May be termed merchandise in a retail environment where items are bought from suppliers in a state ready for sale.

In Tally.ERP 9 the inventory details are maintained same way as followed in accounting system. In Tally.ERP 9, inventories can be classified by 'Stock Groups' and 'Stock Categories' are used, and 'Stock Items'.

5.2 Inventory Masters in Tally ERP 9

Stock Group

A Stock Group is similar to the groups created for accounting in Tally.ERP 9. Stock Items of similar nature, brand, etc. can be classified under a single stock group. For example, the Stock Group for 'Television' can be the brand, like 'Sony', 'Videocon', 'Philips', etc.

Units of Measure

Stock items are purchased and sold on the basis of quantity. The quantity in turn is measured by units. In Tally.ERP 9, such goods are quantified using 'Units of Measurement'. Units of measure are of two types:

Simple Units of Measure: are Numbers, Metres, Kilograms, Box and Pieces etc.

Compound Units of Measure: A Compound Unit is a combination of two simple units. Example:
1 Box = 12 Pieces.

Stock Item

Stock Item refers to goods that is manufactured or traded or can be component or by-product. It is the primary inventory entity and is the lowest level of information on your inventory. We have to create a stock item in Tally.ERP 9 for each inventory item that you want to account for.

Godowns/Locations

A place where stock items are stored is referred to as a 'Godown'. For example, a warehouse. You can obtain stock reports for each godown and account for the movement of stock between Locations/Godowns.

Stock Category

Stock Category offers a parallel classification of stock items. Like stock groups, classification is

done based on similarity in behaviour.

The advantage of categorizing items is that you can classify the stock items (based on functionality) together – across different stock groups which enables you to obtain reports on alternatives or substitutes for a stock item.

To illustrate the creation of inventory masters in Tally.ERP 9, let us use the following business scenario:

Business Scenario

Surya Mobiles, Karnataka, are into wholesale and retail business. They deal in different mobile brands, within each brand, their stock includes mobile phones with different features. Surya Mobiles has demo mobiles of each brand for promoting sales.

The company has branches located in different parts of the country. They also have store-houses to store stocks in key cities like Bengaluru and Delhi.

The stocks are sold in numbers or dozens based on the type of sales, i.e., retails or wholesale. Surya Mobiles installed Tally.ERP 9 in 2017 to maintain their accounts, and to help them make quick decisions regarding stock movement.

Help the accountant at Surya Mobiles create the Inventory Chart of Accounts.

5.3 Creating Inventory Masters

Let us now understand the process of creating required inventory masters by using the information given in the following illustrations, which are based on the above Business Scenario of Surya Mobiles.

Activity: *In order to set up inventory details in Tally.ERP 9, create the following company.*

Company Name: Surya Mobiles

Address: # 31, SP Road, Bengaluru – 560089

Country: India

State: Karnataka

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

5.5.1 CREATION OF STOCK GROUP

Let us start the illustration of creation of inventory masters with the creation of stock group and sub stock groups for Surya Mobiles.

Illustration 1: Creation of stock groups, sub stock groups using single stock group and multiple stock group creation method.

Surya Mobiles deals in mobile phones of the following 3 brands:

- Sony Mobile Phone
- Samsung Mobile Phone
- Apple iPhone

Based on the above information, the stock groups that have to be created are:

Main Stock Group and Sub Stock Group	
Main Stock Group (Grouped Under Primary)	Sub Stock Group
Mobile Phone	Samsung Mobile Phone
Mobile Phone	Sony Mobile Phone
Mobile Phone	Apple iPhone

Table 5.1

It can be seen from the above table the grouping structure in Tally.ERP 9 is as follows:

- **Mobile Phone** -main stock group, to be grouped under Primary
- **Sony Mobile Phone** - stock group under Mobile Phone
- **Samsung Mobile Phone** - stock group under Mobile Phone
- **Apple iPhone** - stock group under Mobile Phone

Step 1: Creating the Main Stock Group

1. Go to **Gateway of Tally > Inventory Info. > Stock Groups > Under Single Stock Group > Select Create**

Mobile Phone	
Against the Field	Action to be Performed
Name	Enter as Mobile Phone
Under	Select as Primary
Should quantities of items be added	Set to Yes

Note: Should quantities of items be Added, if this option is enabled then the quantities of the stock items with similar units of measure will be added up in the stock summary report.

Table 5.2

The **Stock Group Creation** screen appears as shown in the figure 5.1:

The **Stock Group Creation** screen appears as shown in the figure 5.1:

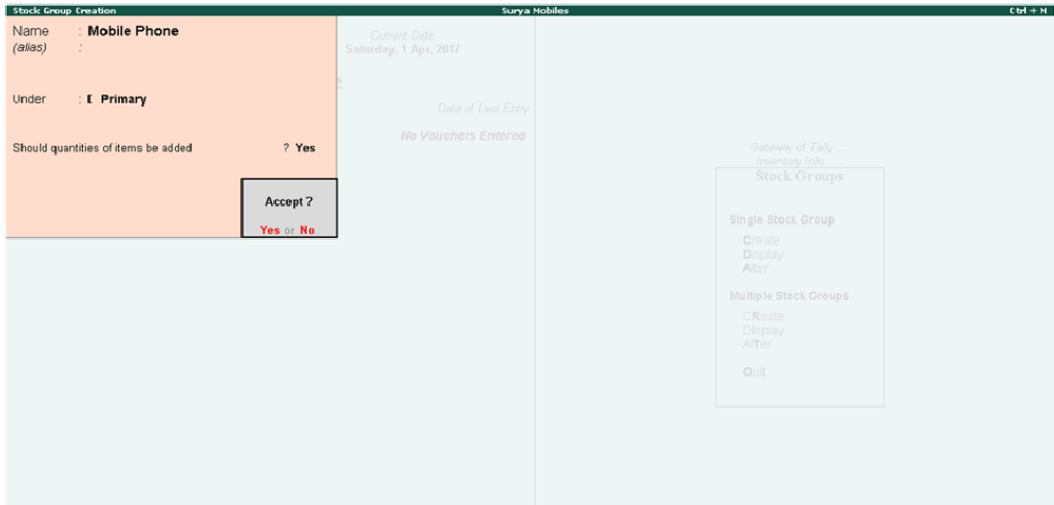


Figure 5.1 Stock Group Creation - Mobile Phone

2. Accept the screen

Note: You can delete a Stock Group by pressing **Alt+D**, option from **Gateway of Tally > Inventory Info. >Stock Groups > Under Single Stock Group > Select Alter**. The Stock Group will get deleted if the same is not used anywhere i.e., if sub stock groups or stock items are created, then the stock group cannot be deleted until and unless the sub stock group and items are deleted.

Step 2: Creating the Sub-Stock Group

Sony Mobile Phone	
Against the Field	Action to be Performed
Name	Enter as Sony Mobile Phone
Under	Select as Mobile Phone
Should quantities of items be added	Set to Yes

Table 5.3

The **Sub-Stock Group Creation** screen appears as shown in the figure 5.2:

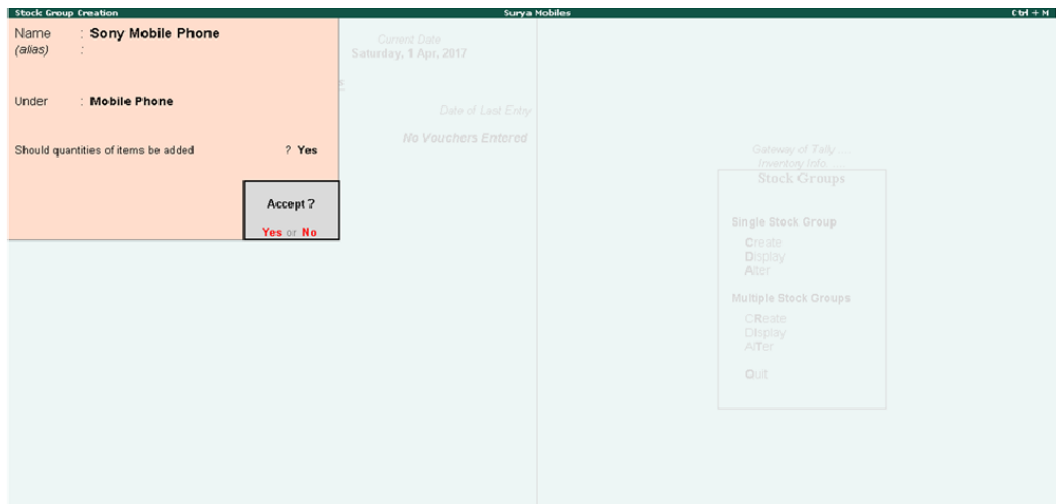


Figure 5.2 Sub-Stock Group Creation - Sony Mobile Phone

Accept the screen

Step 3: Creating Sub Stock Groups using the Multiple Stock Group Creation method

To create the remaining sub stock groups like Samsung and iPhone Mobile Phones at one go, use the Multiple Stock Group Creation method, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Info. > Stock Groups > Under Multiple Stock Groups > Select Create.**
2. **Under Group** field select **All Items**
3. Under **Name of Stock Group**, enter the name as **Samsung Mobile Phone**
4. Under field select **Mobile Phone**
5. Set the option **Should Quantities of Items be Added** to **Yes**
6. Enter details as shown in the figure 5.3:

The **Multiple Stock Groups Creation** screen is shown in the figure 5.3:

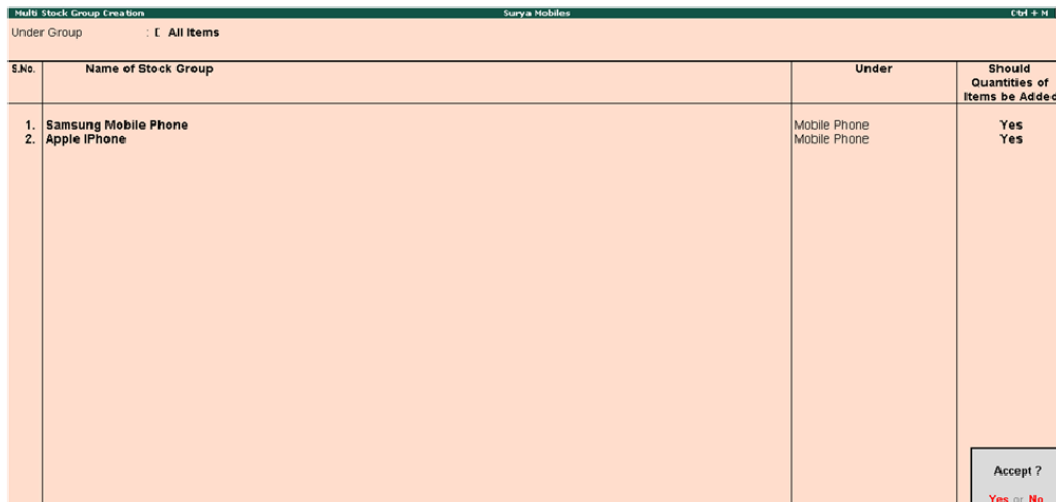


Figure 5.3 Multiple Stock Group Creation screen

7. Accept the screen

Observation: Once after creating the stock groups check whether all the stock groups are created as per the requirement. To check, go to **Gateway of Tally > Inventory Info. > Stock Groups > Under Multiple Stock Groups > Select Display > Select All Items from the List of Stock Groups.** In **Multiple Stock Group Display** screen, we will get the details of all the stock groups created in the company.

5.3.2 Creation of Unit of Measure

Now that the stock groups have been created, the next inventory master to be created is the unit of measure.

Illustration 2: Creation of simple and compound units of measure.

The stocks of Surya Mobiles are sold in numbers or dozens based on the type of sales, i.e., retail or wholesale.

Based on this information, the units of measure to create are:

Simple Unit of Measure
Numbers
Dozens
Compound Unit of Measure
Dozen of 12 Numbers

Table 5.4

Step 1: Creating Simple Units of Measure

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

Numbers	
Against the Field	Action to be Performed
Type	By default it take as Simple
Symbol	Enter as Nos
Formal name	Enter as Numbers
Number of decimal places	By default it take as 0

Table 5.5

The **Simple Unit Creation** screen appears as shown in the figure 5.4:

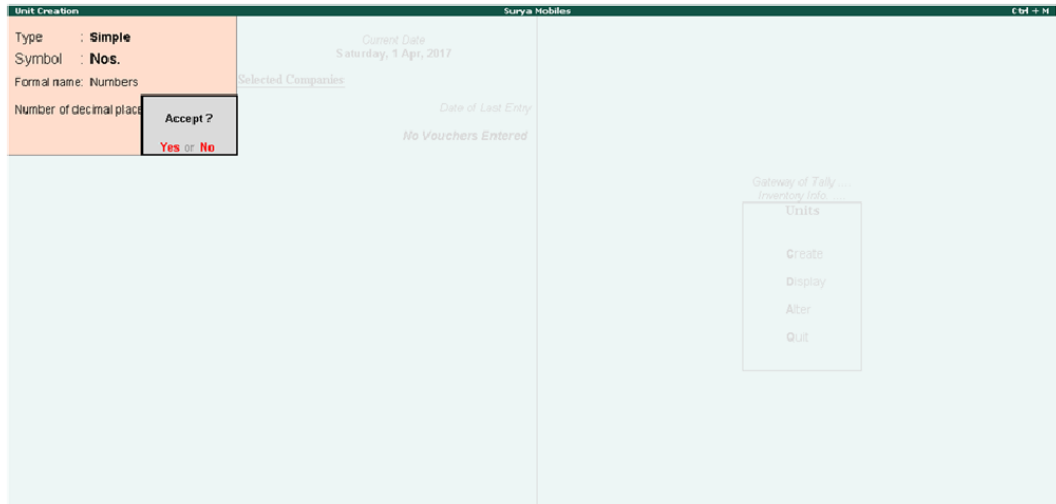


Figure 5.4 Simple Unit of Measure Creation - Nos

2. Accept the screen

Activity: Create a Simple unit of Measure,

- Doz (Dozen)

Note: We can delete the Units of Measure by using the key **Alt+D** from the **Unit Alteration** screen. However, you cannot delete the same if the Units of Measure are defined in stock item or used in creating compound nits.

Step 2: Creating Compound Unit of Measure

From Unit creation screen, Press **Backspace** to move to the Type field, and select **Compound**

Numbers	
Against the Field	Action to be Performed
Type	Select as Compound
First Unit	Select as dozen
Conversion	Enter as 12
Second Unit	Select as Numbers

Table 5.6

The **Compound Unit Creation** screen appears as shown in the figure 5.5:

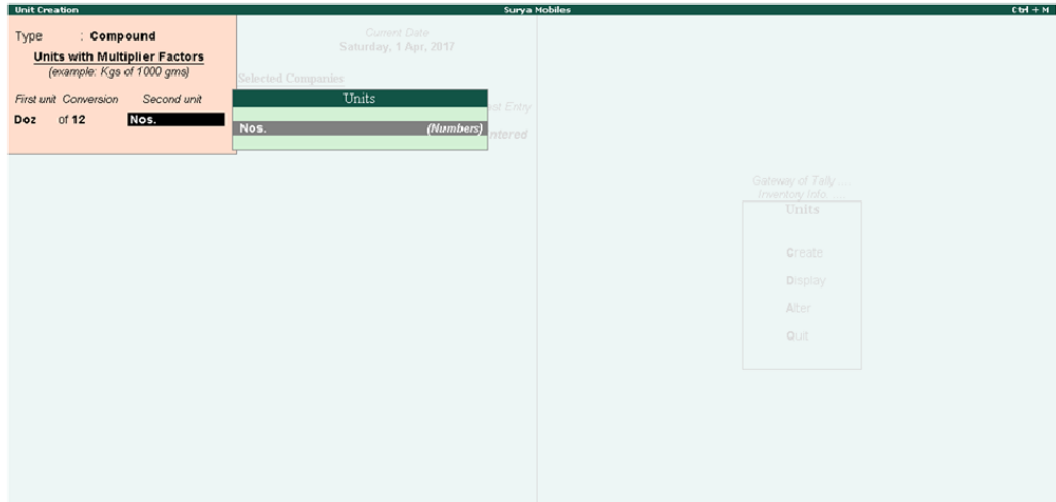


Figure 5.5 Compound Unit Creation screen

Accept the screen

5.3.3 Creation of Stock Item

The next inventory master to be created is the Stock Items

Illustration 3: Creation of stock items using single stock item and multiple stock item creation methods, and generating statistics report to check the chart of inventory.

The given table 5.7 shows the list of products within each mobile brand that Surya Mobiles deals in and the corresponding unit of measure details are given in table 5.8.

Stock Item Name	Brand
Samsung 32GB Mobile Phone	Samsung Mobile Phone
Samsung 64GB Mobile Phone	Samsung Mobile Phone
Sony 32GB Mobile Phone	Sony Mobile Phone
Sony 63GB Mobile Phone	Sony Mobile Phone
iPhone 6S	Apple iPhone

Table 5.7

Based on the information given in the scenario, the Stock Item structure in Tally.ERP 9 can be defined as follows (table 5.8):

Stock Item Name	Under	Units of Measure
Samsung 32GB Mobile Phone	Samsung Mobile Phone	Nos
Samsung 64GB Mobile Phone	Samsung Mobile Phone	Nos
Sony 32GB Mobile Phone	Sony Mobile Phone	Nos
Sony 63GB Mobile Phone	Sony Mobile Phone	Nos
iPhone 6S	Apple iPhone	Doz of 12 Nos

Table 5.8

Single Stock Item Creation Method

To Create **Single Stock Item**, follow the steps given below:

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

Note: In **Stock Item Configuration (F12: Configure)** screen, set the option **Allow advanced entries in Masters to Yes** (By enabling this option, we can define the required **Costing Method**).

Samsung 32GB Mobile Phone	
Against the Field	Action to be Performed
Name	Enter as Samsung 32GB Mobile Phone
Under	Select as Samsung Mobile Phone
Units	Select as Nos
Opening Balance leave it Blank.	

Table 5.9

The **Stock Item Creation** screen appears as shown in the figure 5.6

Figure 5.6 Stock Item Creation- Samsung 32GB Mobile Phone

Note: In the figure 5.6, **Avg. Cost** is the default costing method selected in Tally.ERP 9. If required we can define the required costing method like **FIFO, LIFO, Standard Cost** etc.

2. Accept the screen

Note: You can delete the stock item by using the key **Alt+D** from the stock item alteration screen. However, you cannot delete the stock item, if the same is used in recording any transaction.

Multiple Stock Item Creation Method

Let us create the following Stock items at one go using Multiple Stock Items creation option

Stock Item Name	Under	Units
Sony 32GB Mobile Phone	Sony Mobile Phone	Nos
Sony 64GB Mobile Phone	Sony Mobile Phone	Nos
iPhone	Apple iPhone	Doz of 12 Nos
Samsung 64GB Mobile Phone	Samsung Mobile Phone	Nos

Table 5.10

To create Multiple Stock Items at one go, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Info > Stock Items > Under Multiple Stock Items > Select Create > Under Group > Select as All Items > Press Enter**
2. Select the stock items to be created one by one as shown in the figure 5.7:

The **Multi Stock Items Creation** screen appears as shown in the figure 5.7:

S.No	Name of Item	Under	Units	Opening Qty	Rate	per	Amount
1.	Sony 32GB Mobile Phone	Sony Mobile Phone	Nos				
2.	Sony 64GB Mobile Phone	Sony Mobile Phone	Nos				
3.	Iphone 6S	Apple Iphone	Doz of 12 Nos				
4.	Samsung 64GB Mobile Phone	Samsung Mobile Phone	Nos				

Figure 5.7 Multi Stock Item Creation Screen

After the stock items are created, the same can be seen in the **Statistics Report** in Tally.ERP 9. Let us check the types of inventory account created in Tally.ERP 9.

To check the report, go to **Gateway of Tally > Display > Statement of Inventory / Statement of Accounts > Statistics**

The **Statistics Report** screen appears as shown in the figure 5.8:

Statistics		Surya Mobiles		Ctrl + M	
Types of Vouchers	Surya Mobiles For 1-Apr-2017	Types of Accounts	Surya Mobiles For 1-Apr-2017		
Contra	0	Groups	28		
Credit Note	0	Ledgers	2		
Debit Note	0	Stock Groups	4		
Delivery Note	0	Stock Items	5		
Job Work In Order	0	Voucher Types	22		
Job Work Out Order	0	Units	3		
Journal	0	Currencies	1		
Material In	0				
Material Out	0				
Memorandum	0				
Payment	0				
Physical Stock	0				
Purchase	0				
Purchase Order	0				
Receipt	0				
Receipt Note	0				
Rejections In	0				
Rejections Out	0				
Reversing Journal	0				
Sales	0				
Sales Order	0				
Stock Journal	0				
Total	0				

Figure 5.8 Statistics Report

The Statistics report displays the count of accounts created in Tally.ERP 9. To check the details within each menu item, select particular required field and press enter. i.e., select Stock Items field and press enter.

The **List of Accounts** or **Chart of Inventory** screen appears as shown in the figure 5.9:

List of Accounts		Surya Mobiles		Ctrl + M	
List of Stock Items				For 1-Apr-2017	
Mobile Phone					
Apple iPhone					
iPhone 6S					
Samsung Mobile Phone					
Samsung 32GB Mobile Phone					
Samsung 64GB Mobile Phone					
Sony Mobile Phone					
Sony 32GB Mobile Phone					
Sony 64GB Mobile Phone					

Figure 5.9 List of Accounts or Chart of Inventory Screen

The report displays the list of inventory created in Tally.ERP 9, wherein **4 Stock Groups** and **5 Stock Items** are created.

In the List of Accounts, the mobile brands are created as main stock groups, and the different products are grouped under the respective brand sub stock groups. Reports can be viewed brand wise or product-wise: **main stock group wise** (Mobile Phone) and **sub stock group wise** (Samsung, Sony Mobile Phones) and **stock item wise** (Samsung, Sony 32GB and 64GB Mobile

Phone).

5.3.4 Creation of Godown

The place where stock items are stored is termed as a **Godown**. Examples of godowns include warehouses, racks, showrooms, etc. We can obtain stock reports for each Godown and account for the movement of stock between Locations/Godowns.

Illustration 4: Creation of godowns and defining opening stock balance.

Surya Mobiles has two godowns, where it stores its Stock Items

Godowns
Bengaluru Location
Delhi Location

Table 5.11

To Create Godowns in Tally.ERP 9, follow the steps given below:

Step 1: Configuration of Godown in Tally.ERP 9

1. Go to Gateway of Tally > F11: Company Features > F2: Inventory Features
2. Enable the option **Maintain multiple Godowns to Yes**

*Note: Option **Maintain multiple Godowns** is enabled in order to create the required Godowns*

The **Inventory Features** screen with the options enabled, appears as shown in the figure 5.10:

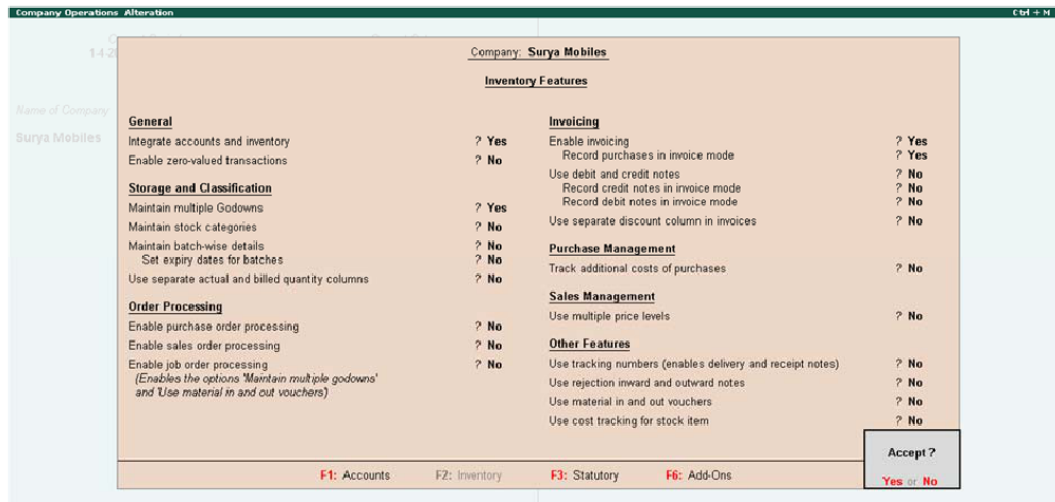


Figure 5.10 Inventory Features screen

3. Accept the screen

Step 2: Creation of Godowns

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
<ul style="list-style-type: none"> • 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. 	

Table 5.12

The **Bengaluru Location Godown** screen appears as shown in the figure 5.11:

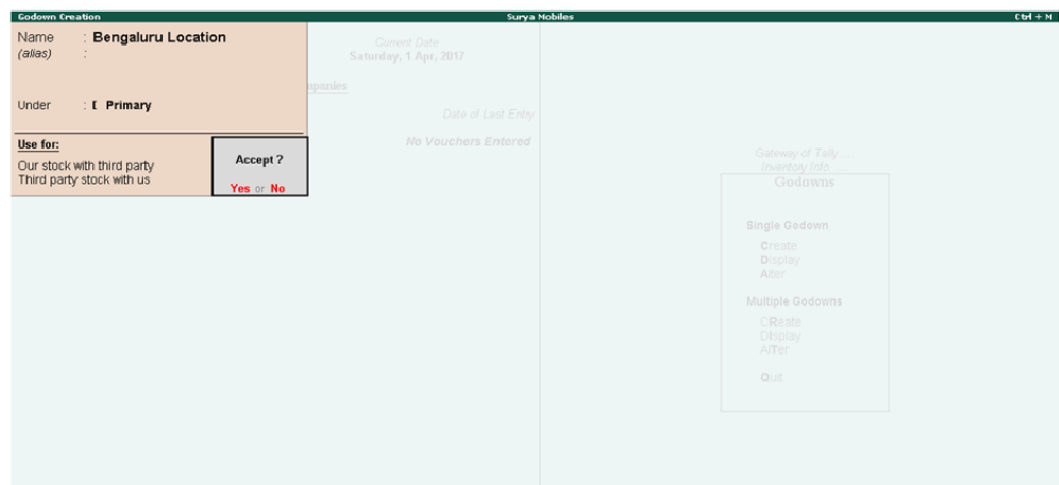


Figure 5.11 Godown Creation screen-Bengaluru Location

Activity: Create the Delhi Location godown under the head Primary

Note:

- Godowns have a pre-defined Main Location, because of which the options **Display** and **Alter** are functional even before you create a godown.

- We can delete a godown by using the key **Alt+D**. The same cannot be deleted if transactions are recorded or stock items are allocated to the godown while defining the opening quantity.

5.3.5 Defining of Stock Opening Balance in Tally ERP 9

Opening balance is defined when the accounting data is transferred from manual books of accounts to computerised books of accounts.

In Tally.ERP 9, you can define the opening balance for all the stock items one by one from the single stock item alter menu or you can define the stock opening balance at one go from the multiple stock items alter menu.

Refer to the table given below (table 5.13) and define the stock opening balance in different locations of Surya Mobiles:

Stock Item	Godown	Opening Quantity	Rate per (₹)	Amount (₹)
Samsung 32GB Mobile Phone		100 Nos	10000	1000000
	Bengaluru Location	50 Nos	10,000	5,00,000
	Delhi Location	50 Nos	10,000	5,00,000
Samsung 64GB Mobile Phone		100 Nos	15,000	15,00,000
	Bengaluru Location	50 Nos	15,000	7,50,000
	Delhi Location	50 Nos	15,000	7,50,000
Sony 32GB Mobile Phone		100 Nos	20,000	2,00,00,000
	Bengaluru Location	50 Nos	20,000	10,00,000
	Delhi Location	50 Nos	20,000	10,00,000
Sony 64GB Mobile Phone		100 Nos	30,000	3,00,00,000
	Bengaluru Location	50 Nos	30,000	15,00,000
	Delhi Location	50 Nos	30,000	15,00,000

Table 5.13

Defining stock item opening balance using single stock item alter menu

To define the opening balance of stock, follow the steps given below:

1. Go to the **Gateway of Tally > Inventory Info. > Stock Items > Under Single Stock Item > Select Alter**
2. Select **Samsung 32GB Mobile Phone**
3. Bring the cursor in the **Quantity** field and enter 100 Nos as opening balance, press **Enter**, and to get the **Stock Item Allocation** screen of a particular stock item
4. In the **Godown** field select **Bengaluru Location**
5. Enter the Quantity as 50, Rate as 10,000 and the amount will get captured automatically
6. Press Enter, then select the **Godown** name as **Delhi location**
7. Enter the Quantity as 50, Rate as 10,000 and the amount will get captured automatically

The **Allocations of Samsung 32GB Mobile Phone** screen appears as shown in the figure 5.12:

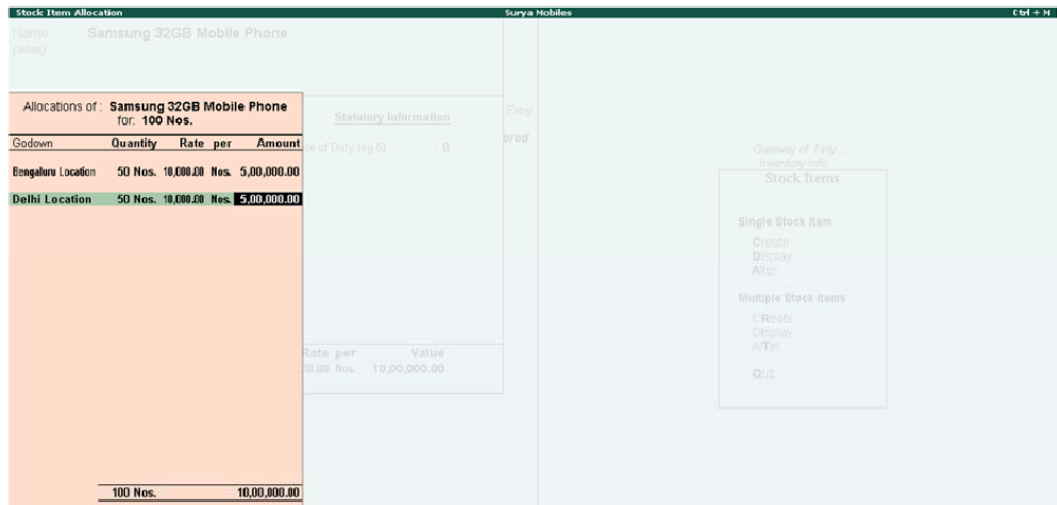


Figure 5.12 Godown Allocations screen

8. Press **Enter**, and to get the stock item alteration screen as shown in the figure 5.13:

The **Stock Item Alteration** screen appears as shown in the figure 5.13:

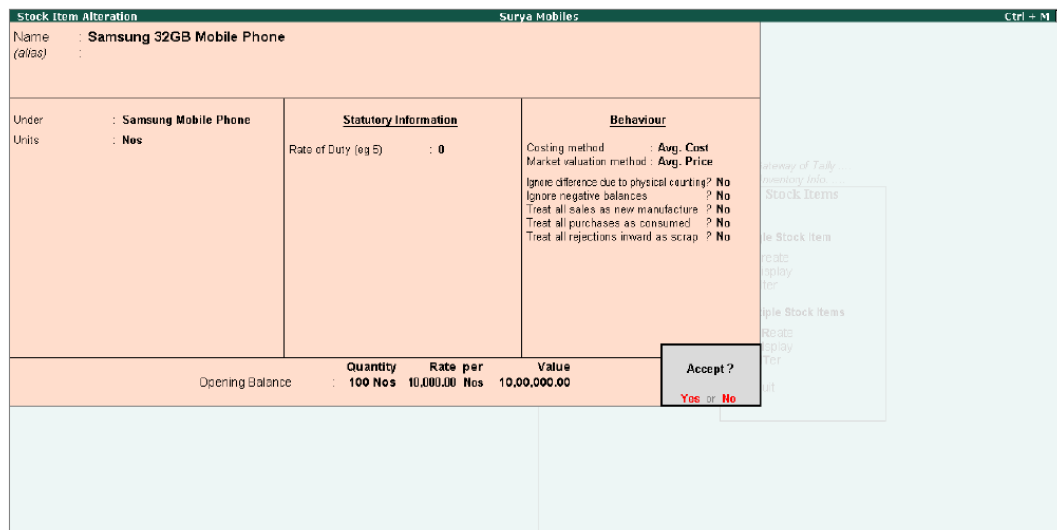


Figure 5.13 Stock Item Alteration screen

9. Accept the screen

Note: While creating the stock item, if behaviour field is not appearing, then press **F12: Configure** from the stock item creation screen and enable the option **“Allow advanced entries in master”**.

Defining stock item opening balance using multiple stock items alter menu

To define the opening balance of stock, follow the steps given below:

1. Go to **Gateway of Tally > Inventory Info. > Stock Items > Under Multiple Stock Items > Select Alter**
2. From the **List of Groups**, select **All Items**

The **Multi Stock Item Alteration** screen appears as shown in the figure 5.14:

Multi Stock Item Alteration		Surya Mobiles		Ctrl + M	
Under Group : All Items		For 1-Apr-2017			
S.No.	Name of Item	Under	Units	Opening Qty	Rate per Amount
1.	Iphon@ 6S	Apple Iphone	Doz of 12 Nos		
2.	Samsung 32GB Mobile Phone	Samsung Mobile Phone	Nos	100 Nos	10,000.00 Nos 10,00,000.00
3.	Samsung 64GB Mobile Phone	Samsung Mobile Phone	Nos		
4.	Sony 32GB Mobile Phone	Sony Mobile Phone	Nos		
5.	Sony 64GB Mobile Phone	Sony Mobile Phone	Nos		

Figure 5.14 Multi Stock Item Alteration Screen

In figure 5.14, we can observe that, for the stock item **Samsung 32 GB Mobile Phone**, the opening quantity, rate and amount are filled as per the details defined in single stock item alteration screen.

3. Now, bring the cursor in the **Samsung 64 GB Mobile phone** and enter the quantity as 100, you will get the **Stock Item Allocation** screen for particular stock item.
4. In the **Godown field** name select **Bengaluru Location**.
5. Enter the Quantity as 50, Rate as 15,000 and the amount will get captured automatically.
6. Press Enter, then select the **Godown name** as **Delhi location**.
7. Enter the Quantity as 50, Rate as 15,000 and the amount will get captured automatically.
8. Similarly, refer the figure 5.15 and provide the opening stock

The **Multi Stock Item Alteration** screen with opening balance appears as shown in the figure 5.15:

Multi Stock Item Alteration		Surya Mobiles		Ctrl + M		
Under Group		All Items		For 1-Apr-2017		
S.No	Name of Item	Under	Units	Opening Qty	Rate per	Amount
1.	Iphone 6S	Apple Iphone	Doz of 12 Nos			
2.	Samsung 32GB Mobile Phone	Samsung Mobile Phone	Nos	100 Nos	10,000.00	10,00,000.00
3.	Samsung 64GB Mobile Phone	Samsung Mobile Phone	Nos	100 Nos	15,000.00	15,00,000.00
4.	Sony 32GB Mobile Phone	Sony Mobile Phone	Nos	100 Nos	20,000.00	20,00,000.00
5.	Sony 64GB Mobile Phone	Sony Mobile Phone	Nos	100 Nos	30,000.00	30,00,000.00

Figure 5.15 Filled Multi Stock Alteration Screen

9. Accept the screen

Conclusion

This chapter shows, the simplicity and efficiency of the inventory feature in Tally.ERP 9. This feature helps in organising inventory masters, leading to efficient logistics and supply chain management.

Key Takeaways

- Stock Groups are created for classification of stock items.
- Stock Items refer to goods that you manufacture or trade.
- Godowns/Locations are places where stock items are stored.
- Inventory feature in Tally.ERP 9 helps in recording of stock details like receipt of stock, delivery of stock, stock movement between storage locations or godowns and providing information on stock availability.
-

Shortcut Keys

Shortcut Key	Description
Alt+C	<ul style="list-style-type: none"> • From any master and voucher fields. • To create a new master.
Alt+F1	<ul style="list-style-type: none"> • From any accounting and inventory reports. • To view in detailed mode.

Ctrl+L	<ul style="list-style-type: none">• From the account group creation screen.• To navigate to the ledger creation screen.
Ctrl+G	<ul style="list-style-type: none">• From the ledger creation screen.• To navigate to the account group creation screen.
Ctrl+I	<ul style="list-style-type: none">• From any inventory master creation screen.• To navigate to the stock item creation screen.