

Expenses and Incomes

Learning Objectives

- Create and maintain cost centres
- Create and maintain the cost categories
- View reports relating to cost centres and cost categories
- Create and maintain cost centres class
- Generate reports related to cost center and categories

9.1 Introduction

In any organisation, it is very important to keep the track of cost and profit made by an organisation. It is also very important to keep the track of expenses incurred by each department and the profit earned by each department. The tracking of expenses and incomes helps an

organisation to find out the details like, which department is earning profit and which department is incurring more expenses, these information will help an organisation in making right decision at right time.

In Tally.ERP 9, we can allocate the expenses and incomes to the unit of an organisation, this unit vary from business to business. For example unit can be department, product, company or individuals etc. We can configure and maintain cost allocation in Tally.ERP 9 with ease and the reports gets generated instantly after recording the transactions related to cost centres.

9.2 Cost Centre and Cost Categories

A Cost Centre is any unit of an organisation to which transactions (generally, revenue) can be allocated. When only costs or expenses are allocated to these units, they are referred to as Cost Centres. When profits are allocated to these units, they become Profit Centres.

Tally.ERP 9's cost centres allow a dimensional analysis of financial information. Tally.ERP 9 gives you the cost centre break-up of each transaction as well as details of transactions for each cost centre and also it gives the information about whether a particular unit/product/Individual is undergoing loss or earning profit to an organisation.

Examples are:

- Departments of an organisation - Finance, Manufacturing, Marketing, and so on.
- Products of a company.
- Individuals such as Salesman Manish, Salesman Jemil.

Cost Categories are useful for organisations that require allocation of revenue and non-revenue items to parallel sets of Cost Centres. Cost categories facilitate third dimensional reporting of Expenditure and Revenue. And Cost Categories are the distinct for any cost centre, hence each cost centre can have a particular category

Examples are:

- Region-wise or Geography-wise
- Employee-wise
- Department-wise

Note: It is not necessary to create the Cost Categories, if required we can use the default cost category by name Primary Cost Category.

Let us take an example of Cost Centres and Cost Categories given above. To understand the above examples in combination of cost centre and categories given in table 9.1:

Cost categories	Cost Centres
Employees	Salesman Manish
	Salesman Jemil

Table 9.1

In the table 9.1, employees will be a Cost Category and Salesman Manish & Jemil are the Cost Centres, which falls under Cost Category Employees.

Business Scenario

PCNet World Pvt Ltd started a company as on 01-04-2016. They sell **DataNet Protect Antivirus**. The organisation have different departments and many employees in the organization. In trading activity business generates some expenses and income from different levels. The objective of an organization is to generate, view and analyse the reports of sources of income and expenses generated by department and employees, which helps to develop and control the finance.

Activity: Create the following Company

Company Name: PCNet World Pvt Ltd

Company Address: Block No: 879, 3rd Cross Road, Tilaknagara, Near Silicon Stationery, Bengaluru,

Country: India

State: Karnataka

Pin: 560001

Financial Year: 01-07-2017 to 31-03-2018

9.2.1 Activation of Cost Category and Cost Centre

To activate Cost Centre and Cost Categories:

1. Go to **Gateway of Tally > F11: Company Features > F1: Accounting Features**
2. Set the option - **Maintain cost centres to Yes**
3. Set the option - **Maintain more than one payroll/cost category to Yes**

Illustration 1: Creation of cost centres and cost categories in Tally.ERP

Date	Particulars						
01-07-2017	The company has decided to track the expenses and incomes of the following branches. <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="2">Name of Cost Centres</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Gurgaon Office</td> </tr> <tr> <td colspan="2" style="text-align: center;">Mumbai Office</td> </tr> </tbody> </table>	Name of Cost Centres		Gurgaon Office		Mumbai Office	
Name of Cost Centres							
Gurgaon Office							
Mumbai Office							
01-07-2017	The company has decided to track the expenses and incomes of the following employees with further breakdown. <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Name of Cost Categories</th> <th>Name of Cost Centres</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Employees</td> <td style="text-align: center;">Salesman Manish</td> </tr> <tr> <td style="text-align: center;">Employees</td> <td style="text-align: center;">Salesman Jemil</td> </tr> </tbody> </table>	Name of Cost Categories	Name of Cost Centres	Employees	Salesman Manish	Employees	Salesman Jemil
Name of Cost Categories	Name of Cost Centres						
Employees	Salesman Manish						
Employees	Salesman Jemil						

Table 9.2

To maintain the details of table 9.2, in the books of accounts, first ensure that the required masters are created in Tally.ERP 9

Step 1: Creation of Accounting Masters

Cost Categories

Go to **Gateway of Tally > Accounts Info > Cost Categories > Create**

Employees	
Against the Field	Action to be Performed
Name	Enter as Employees
Allocate Revenue Items	Set to Yes
Allocate Non-Revenue Items	Set to Yes
<p><i>Allocate revenue items: if you enable this option, then the cost centres created under this cost category will appear while recording the entry for Purchase, Sales, Expense and Incomes.</i></p> <p><i>Allocate non-revenue items: if you enable this option, then the cost centres created under this cost category will appear while recording the entry for Assets and Liabilities.</i></p>	

Table 9.3

Note: While creating cost category, it is mandatory to enable any one of the option **Allocate revenue items** or **Allocate Non-revenue items**, or both can be enabled, but if both the options are disabled, then you will not be able to save the cost category.

Cost Centres

Go to **Gateway of Tally > Accounts Info > Cost Centres > Create**

Salesman Manish	
Against the Field	Action to be Performed
Category	Select as Employees
Name	Enter as Salesman Manish
Under	Select Primary
<p><i>Note: Press Backspace key to change the category as Employees.</i></p>	

Table 9.4

Salesman Jemil	
Against the Field	Action to be Performed
Category	Select as Employees
Name	Enter as Salesman Jemil
Under	Select Primary

Table 9.5

Gurgaon Office	
Against the Field	Action to be Performed
Category	Select as Primary cost category
Name	Enter as Gurgaon Office
Under	Select Primary

Category	Select as Primary cost category
Name	Enter as Gurgaon Office
Under	Select Primary

Under	Select Primary
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Table 9.6

Mumbai Office	
Against the Field	Action to be Performed
Cost Category	Let it be Primary cost category
Name	Enter as Mumbai Office
Under	Select Primary

Table 9.7

Note: Cost Centre will not affect the Books of Account

Cost centres are applicable: Once this option is set to yes, then while recording the transaction using this ledger, we will get the allocation screen in which we can allocate the amount to their respective cost centers and categories.

9.2.2 Allocation of Expenses and Incomes using Cost Centre

In this section, we will learn how to allocate the expenses and incomes to their respective cost centres.

Illustration 2: Allocation of expenses and incomes to cost centre

Pass the following transactions in the book of PCNet World Pvt Ltd.

Date	Particulars
05-07-2017	Voucher: Payment PCNet World Pvt Ltd Paid ₹ 75,000 towards Rent, out of which ₹ 30,000 was paid towards Gurgaon Office and ₹ 45,000 towards Mumbai office (Use Cost Centre), vide cheque no 000002 dated 05-07-2017
05-07-2017	Voucher: Receipt PCNet World Pvt Ltd, received 40,000 income from its branch office, out of which 20,000 earned by Gurgaon Office and 20,000 by Mumbai Office.

Table 9.8

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

Step 1: Creation of Accounting Masters

Ledgers

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

SBI Bank	
Against the Field	Action to be Performed
Name	Enter as SBI Bank
Under	Select as Bank Account
Cost centres are applicable	Set to No
Opening balance	Enter as 10,00,000 Dr

Table 9.10

Rent	
Against the Field	Action to be Performed
Name	Enter as Rent
Under	Select as Indirect Expenses
Cost centres are applicable	Set to Yes

Table 9.11

Step 2: Recording of Payment Voucher

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
2. Press **F2:Date**, set the Date as 05-07-2017
3. To record the entry in double entry mode the user need to disable, **Use single entry mode for payment/ receipt/ contra vouchers** to **No** from the **F12 Configure**
4. **Debit the Rent** ledger and enter the amount as **₹ 75,000**, you will get the option **Cost Allocation for** screen
5. Select **Primary Cost Category**, then select the cost centre as **Gurgaon Office** enter the amount as **30,000** and **Mumbai Office** amount of **45,000**, will be captured automatically.

The **Cost Centre Allocations** screen appears as shown in the figure 9.1

Cost Allocations for : Rent		Debit	Credit
Upto: ₹ 75,000.00 Dr		75,000.00	
Cost Category			
Name of Cost Centre	Amount		
Primary Cost Category			
Gurgaon Office	30,000.00		
Mumbai Office	45,000.00		
	75,000.00		
			75,000.00

Figure 9.1 Cost Centre Allocations Screen

6. Credit the **SBI Bank** ledger and the amount will get captured automatically

6. Click the **SBI BANK** ledger and the amount will get captured automatically
7. Enter the bank details, the Instrument no: 000002 and date 05-07-2017.

The **Payment Voucher** appears as shown in the figure 9.2

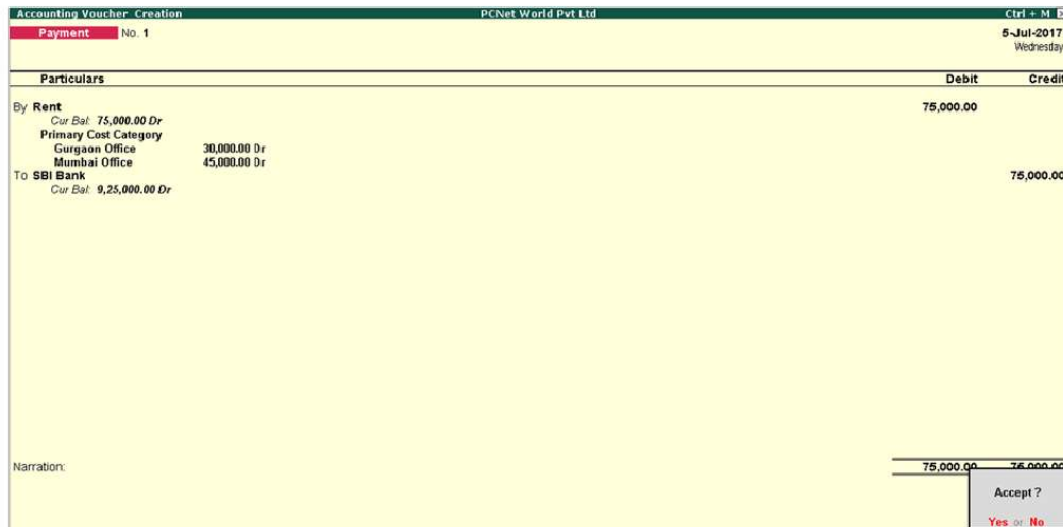


Figure 9.2 Payment Voucher Screen

8. Accept the screen

Once after recording the entry of figure 9.2, let us check how this entry is reflecting instantly in the report. To check the same follow the steps given below:

1. Go to **Gateway of Tally > Statements of Accounts > Cost Centres**
2. Select **Category Summary**, you will get the **Cost Category Summary** report.
3. Cost Category summary report displays the details of allocated amount with closing balance.

Note: If the closing balance amount have debit balance, then it is a cost to the company, if it has credit balance then it an income to the company

Activity: Record the following transaction

Date	Particulars
05-07-2017	Voucher: Receipt PCNet World Pvt Ltd, received 40,000 income from its branch office, out of which 20,000 earned by Gurgaon Office and 20,000 by Mumbai Office.

Table 9.12

9.2.3 Allocation of Expenses and Incomes using Cost

Centre with Cost category

In this section, we will learn to allocate the expenses and income to parallel sets of cost centres. For example: We can allocate expenses and incomes to the classification based on the following types:

- Region-wise or Geography-wise
- Employee-wise
- Department-wise

Illustration 3: Allocation of expenses and income to cost centre and cost categories.

Pass the following transactions in the book of PCNet World Pvt Ltd.

Date	Particulars
01-08-2017	<p>Voucher: Payment</p> <p>The sales team of PCNet World Pvt Ltd Began customer visits for giving a demo of its DataNet Protect Antivirus. The company provided ₹ 35,000 towards their transportation and food expenses. Out of which, ₹ 15,000 was allocated for Salesman Manish and ₹ 20,000 to Salesman Jemil, vide cheque no: 000003 dated 01-08-2017 (Use Cost Centre and Cost Category).</p>

Table 9.13

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

Step 1: Creation of Accounting Masters

Expense ledger

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

Cost of Expenses	
Against the Field	Action to be Performed
Name	Enter as Cost of Expenses
Under	Select as Indirect Expenses
Cost centres are applicable	Set to Yes

Table 9.14

Step 2: Recording Cost of Expenses in Payment Voucher

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
2. Press **F2:Date** and change the date to 01-08-2017
3. To record the entry in double entry mode the user need to disable, **Use single entry mode for payment/ receipt/ contra vouchers** to **No** from the **F12 Configure**
4. **Debit the Cost of Expenses** ledger and enter the amount **₹ 35,000** you will get the option **Cost Allocation** for screen
 - Select cost category as **Employees**

- Select Cost centre as **Salesman Manish** and enter amount **₹ 15,000**, and the **Salesman Jemil ₹ 20,000**

categories

In this section, we will learn to allocate expenses to multiple cost centres and cost categories while recording a payment voucher and also check the relevant reports.

Let us bring two cost categories and cost centres.

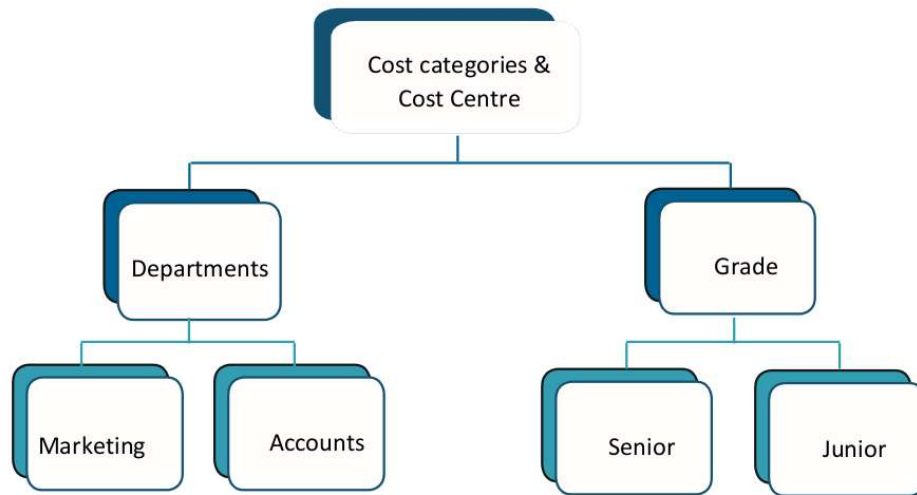


Figure 9.5 Cost Category and Cost Centre Chart

Illustration 4: Allocation of expenses to multiple cost centre and cost categories

Pass the following transactions in the book of PCNet World Pvt Ltd.

Date	Particulars														
12-09-2017	<p>Voucher: Payment</p> <p>Made a payment towards cost of expenses for ₹ 1, 50,000, vide cheque no: 000004, cheque dated 13-09-2017. Allocate the total amount as follows</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Cost Category: Department</th> </tr> <tr> <th style="width: 50%;">Cost Centre</th> <th style="width: 50%;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Marketing</td> <td style="text-align: right;">90,000</td> </tr> <tr> <td style="text-align: center;">Accounts</td> <td style="text-align: right;">60,000</td> </tr> <tr> <th colspan="2" style="text-align: center;">Cost Category: Grade</th> </tr> <tr> <td style="text-align: center;">Senior</td> <td style="text-align: right;">1,10,000</td> </tr> <tr> <td style="text-align: center;">Junior</td> <td style="text-align: right;">40,000</td> </tr> </tbody> </table>	Cost Category: Department		Cost Centre	Amount	Marketing	90,000	Accounts	60,000	Cost Category: Grade		Senior	1,10,000	Junior	40,000
Cost Category: Department															
Cost Centre	Amount														
Marketing	90,000														
Accounts	60,000														
Cost Category: Grade															
Senior	1,10,000														
Junior	40,000														

Table 9.15

To record the transaction of table 9.15 in the books of account, first ensure that the required masters are created in Tally.ERP 9

Step 1: Creation of Accounting Masters

Cost Categories

Go to **Gateway of Tally > Accounts Info > Cost Categories > Create**

Departments	
Against the Field	Action to be Performed
Name	Enter as Departments
Allocate Revenue Items	Set to Yes
Allocate Non-Revenue Items	Set to Yes

Table 9.16

Grade	
Against the Field	Action to be Performed
Name	Enter as Grade
Allocate Revenue Items	Set to Yes
Allocate Non-Revenue Items	Set to Yes

Table 9.17

Cost centres

Go to **Gateway of Tally > Accounts Info > Cost Centres > Create**

Marketing	
Against the Field	Action to be Performed
Cost Category	Departments
Name	Enter as Marketing
Under	Select Primary

Table 9.18

Accounts	
Against the Field	Action to be Performed
Cost Category	Departments
Name	Enter as Accounts
Under	Select Primary

Table 9.19

Activity: Refer to cost centre of department and create the senior and junior cost centres and select the cost category as grade

Step 2: Record Payment Voucher

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**
2. Press **F2:Date** and change the date to 12-09-2017
3. To record the entry in double entry mode the user need to disable, **Use single entry mode for payment/ receipt/ contra vouchers** to **No** from the **F12 Configure**
4. **Debit the Cost of Expenses** ledger and enter the amount as ₹ 1,50,000, and you will get the **Cost Allocation for**, screen now allocate the costs as shown in the figure 9.6:

The **Cost Centre Allocations** screen appears as shown in the figure 9.6:

Particulars		Debit	Credit
Cost Allocations for : Cost of Expenses Upto: ₹ 1,50,000.00 Dr		1,50,000.00	
Cost Category		Name of Cost Centre	Amount
Departments			
	Marketing		90,000.00
	Accounts		60,000.00
			1,50,000.00
Grade			
	Senior		1,10,000.00
	Junior		40,000.00
			1,50,000.00
			1,50,000.00

Figure 9.6 Cost Centre Allocation Screen

5. **Credit the SBI Bank** ledger, and the amount field will get updated automatically
6. Enter the bank details like Instrument no: 000004 and date 13-09-2017

The **Payment Voucher** screen appears as shown in the figure 9.7:

Accounting Voucher Creation		PCNet World Pvt Ltd	Ctrl + M
Payment No. 3		12-Sep-2017 Tuesday	
Particulars	Debit	Credit	
By Cost of Expenses Cur Bal: 1,85,000.00 Dr		1,50,000.00	
Departments			
Marketing	90,000.00 Dr		
Accounts	60,000.00 Dr		
Grade			
Senior	1,10,000.00 Dr		
Junior	40,000.00 Dr		
To SBI Bank			1,50,000.00
Cur Bal: 1,40,000.00 Dr			
Narration:		1,50,000.00	1,50,000.00
		Accept ? Yes or No	

Figure 9.7 Payment Voucher Screen

- Accept the screen

9.3 Automation of Cost Centre and Cost Categories while recording transactions

In this section, we will learn to automate cost centre and cost categories while recording the transactions. This is done when the percentage of allocation is fixed.

9.3.1 Cost Centre Classes

Cost Centre Classes are used to automate cost centre allocations in transactions, i.e., while recording the transactions, we have assigned the amount to cost centers manually but with Cost Centre Classes the same will be done automatically. On creating a Cost Centre Class, you need to select it in the voucher screen before making the entry. You can also use Cost Centre Classes when voucher classes are being used.

Illustration 3: Using cost centre class in the transaction

Date	Particulars												
20-010-2017	<p>Voucher: Sales</p> <p>The company has pre-allocated the sales percentage to its employee as, 35% to Salesman Manish and 65% to Salesman Jemil. Sold 2,000 Nos, of Booklets @ ₹ 5/ Nos and 40 Nos of Antivirus CD's @ ₹ 750 each</p> <table border="1"> <thead> <tr> <th>Name of Stock</th> <th>Quantity</th> <th>Rate/Nos</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Booklets</td> <td>2,000</td> <td>5/No</td> <td>10,000</td> </tr> <tr> <td>Antivirus CD's</td> <td>40</td> <td>750</td> <td>30,000</td> </tr> </tbody> </table>	Name of Stock	Quantity	Rate/Nos	Amount	Booklets	2,000	5/No	10,000	Antivirus CD's	40	750	30,000
Name of Stock	Quantity	Rate/Nos	Amount										
Booklets	2,000	5/No	10,000										
Antivirus CD's	40	750	30,000										

Table 9.20

To record the transaction of table 9.20 in the books of account, first ensure that the required masters are created in Tally.ERP 9

Step 1: Configuration of Cost Centre Classes

1. Go to **Gateway of Tally > F11: Company Features > F1: Accounting Features**
2. Set the option **Use pre-defined cost centre allocations in transactions** to **Yes**, and then **Cost Centre Classes** screen is displayed
3. Type **Class Name** as **CC Class**
4. Press enter and select **Cost Category** as **Employees**
5. Select the **Cost Centres** and enter the percentage of allocation as follows:
 - **Salesman Manish 30%**
 - **Salesman Jemil 70%**

The **Auto Cost Allocations** screen appears as shown in the figure 9.8:

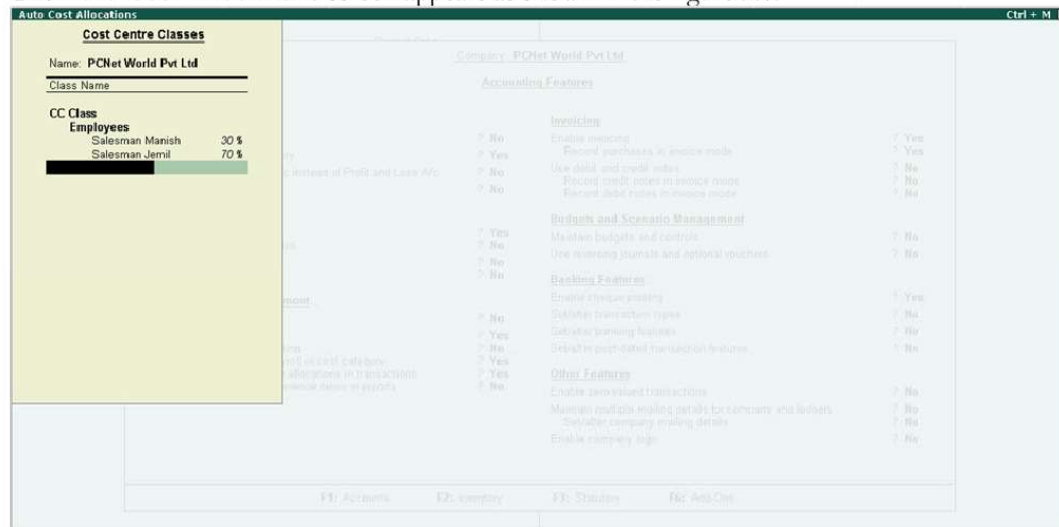


Figure 9.8 Auto Cost Allocations Screen

6. Accept the screen and save the details

Step 2: Creation of Accounting Masters

Ledgers

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 Sales Accounts
Inventory values are affected?	Set to Yes
Cost Centres Applicable?	Set to Yes

Table 9.21

Step 3: Creation of Inventory Masters

Stock Item

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

Booklets	
Against the Field	Action to be Performed
Name	Enter as Booklets
Under	Select Primary
Units	Select Nos (Bring the cursor in the units field and press Alt+C to create Units of Measure)
Opening	Enter Quantity as 2,000 – Rate as 4

Table 9.22

Antivirus CD	
Against the Field	Action to be Performed
Name	Enter as Antivirus CD
Under	Select Primary
Units	Select Nos
Opening	Enter Quantity as 400 – Rate as 500

Table 9.23

Step 3: Recording Sales Voucher

1. Go to **Gateway of Tally > Accounting Vouchers > F8:Sales**
2. Press **F2:Date**, change the date to 20-010-2017
3. Enter the **Reference no.: 1**
4. Select the **Cost centre/classes** as **CC Class**

The **Sales Voucher Creation** screen with cost center class selection appears as shown in the figure 9.9:



Figure 9.9 Selection of CC Classes

5. In the **Party A/c name** field select the ledger **SBI Bank**
6. In **Sales ledger** field select **Sales A/c**
7. Select the stock items, 2,000 Nos of **Booklet @ ₹ 5/ Nos** and 40 Nos of **Antivirus CD @ ₹ 750 each**.

The **Sales Voucher Creation** screen appears as shown in the figure 9.10



Figure 9.10 Sales Voucher Screen

8. Accept the screen

Observation: Once after recording the entry check the ledger break-up report. To do so, go to Gateway of Tally > Display > Statements of Accounts > Cost Centres > Ledger Break-up > Select Sales A/c ledger. In Cost Breakup of Ledger, we can observe that the amount is allocated to their respective cost centres based on the percentages defined at the cost centre classes.

9.4 Cost Centre Reports

Cost centre reports are primarily performance reports. To access Cost Centre reports, Go to **Gateway of Tally > Display > Statements of Accounts > Cost Centres**

The **Cost Centres Menu** comprises of the following options:

- Category Summary
- Cost Centre Break-up
- Ledger Break-up
- Group Break-up

Let us discuss each report in detail.

9.4.1 Category Summary

This report lists out all cost categories for which transactions have been allocated. Below each cost category, all the cost centres under the cost category are also listed, with the sub-cost centres, if any.

Go to **Gateway of Tally > Display > Statements of Accounts > Cost Centres > Category Summary**

The **Cost Category Summary report** for the period **01-07-2017 to 20-10-2017** appears as shown in the figure 9.11:

Cost Category Summary				PCNet World Pvt Ltd		Ctrl + M	
Particulars	PCNet World Pvt Ltd						
	1-Jul-2017 to 30-Oct-2017						
	Transactions		Closing Balance				
	Debit	Credit					
Departments	1,50,000.00			1,50,000.00	Dr		
Accounts	60,000.00			60,000.00	Dr		
Marketing	90,000.00			90,000.00	Dr		
Employees	36,000.00	40,000.00		5,000.00	Cr		
Salesman Jernil	20,000.00	28,000.00		8,000.00	Cr		
Salesman Manish	16,000.00	12,000.00		3,000.00	Dr		
Grade	1,50,000.00			1,50,000.00	Dr		
Junior	40,000.00			40,000.00	Dr		
Senior	1,10,000.00			1,10,000.00	Dr		
Primary Cost Category	75,000.00			75,000.00	Dr		
Gurgaon Office	30,000.00			30,000.00	Dr		
Mumbai Office	45,000.00			45,000.00	Dr		

Figure 9.11 Cost Category Summary Report

Observation: In figure 9.11, we can observe that the values falling under credit column indicates the income generated by the unit and the value falling under debit column indicates the expenses incurred by the unit.

From the report of figure 9.11, we can drill down to the transaction level.

Month-wise Cost Centre Summary

Selecting a cost centre, and pressing Enter leads to the Month-wise Cost Centre report. You can add new column and select another cost centre to view the details. This helps in analysing the performance of cost centres month-wise.

- Select Junior and press Enter, to get the Month-wise Cost Centre Monthly Summary of Junior will appear

You have the option to add a new column and select another cost centre.

Cost Centre Vouchers Report

All transactions pertaining to a cost centre will be displayed in this report.

- Press Enter on the required option and you will get the Cost Centre Vouchers report
- The Cost Centre Vouchers screen is also accessible from all other Cost Centre Reports but the vouchers displayed are only those that relate to the currently selected cost centre.

9.4.2 Cost Centre Break-up

We noticed that transactions were allocated to cost centres. A list of all ledger accounts used in these transactions, with details of the transaction values and balance are displayed here.

1. Go to **Gateway of Tally > Display >. Statements of Accounts > Cost Centres**
2. Select **Cost Centre Break-up**
3. Select **Salesman Manish**, from the **List of Cost Centres**
4. Press **F2:Period** and change the period 1-07-2017 to 20-10-2017
5. Press **Alt+F1**

The **Breakup of Cost Centres** screen appears as shown in the figure 9.12:

Breakup of Cost Centre		PCNet World Pvt Ltd		Ctrl + M
Particulars	Cost Centre: Salesman Manish			
	PCNet World Pvt Ltd			
	1-Apr-2017 to 30-Oct-2017			
	Transactions		Closing Balance	
	Debit	Credit		
Sales Accounts		12,000.00	12,000.00 Cr	
Sales A/c		12,000.00	12,000.00 Cr	
Indirect Expenses	15,000.00		15,000.00 Dr	
Cost of Expenses	15,000.00		15,000.00 Dr	
Grand Total		15,000.00	12,000.00 3,000.00 Dr	

Figure 9.12 Breakup of Cost Centres Screen

9.4.3 Ledger Break-up

One ledger can be allocated to different cost centres. For example, the ledger Cost of expenses is allocated to Junior and senior. We can view a comparative report of conveyance expenditures incurred by the two cost centres using the Ledger Break-up report.

1. Go to **Gateway of Tally > Display >. Statements of Accounts > Cost Centres**
2. Select **Cost of Expenses**

The **Cost Breakup of Ledger** screen appears as shown in the figure 9.13:

Cost Breakup of Ledger		PCNet World Pvt Ltd		Ctrl + M
Particulars	Ledger: Cost of Expenses PCNet World Pvt Ltd 1-Jul-2017 to 30-Oct-2017			
	Transactions		Closing Balance	
	Debit	Credit		
Departments	1,50,000.00		1,50,000.00 Dr	
Accounts	60,000.00		60,000.00 Dr	
Marketing	90,000.00		90,000.00 Dr	
Employees	35,000.00		35,000.00 Dr	
Salesman Jemil	20,000.00		20,000.00 Dr	
Salesman Marish	15,000.00		15,000.00 Dr	
Grade	1,50,000.00		1,50,000.00 Dr	
Junior	40,000.00		40,000.00 Dr	
Senior	1,10,000.00		1,10,000.00 Dr	

Figure 9.13 Cost Breakup of Ledger Screen

9.4.4 Group Break-up

This report displays the summarised information of all Cost Centres for the selected Group. We can drill down to the list of vouchers.

1. Go to **Gateway of Tally > Display >. Statements of Accounts > Cost Centres**
2. Select **Group Break-up**
3. Select **Indirect Expenses**

The **Cost Breakup of Group** screen appears as shown in the figure 9.14:

Cost Breakup of Group		PCNet World Pvt Ltd		Ctrl + M
Particulars	Group: Indirect Expenses PCNet World Pvt Ltd 1-Jul-2017 to 30-Oct-2017			
	Transactions		Closing Balance	
	Debit	Credit		
Departments	1,50,000.00		1,50,000.00 Dr	
Accounts	60,000.00		60,000.00 Dr	
Marketing	90,000.00		90,000.00 Dr	
Employees	35,000.00		35,000.00 Dr	
Salesman Jemil	20,000.00		20,000.00 Dr	
Salesman Marish	15,000.00		15,000.00 Dr	
Grade	1,50,000.00		1,50,000.00 Dr	
Junior	40,000.00		40,000.00 Dr	
Senior	1,10,000.00		1,10,000.00 Dr	
Primary Cost Category	75,000.00		75,000.00 Dr	
Gurgaon Office	30,000.00		30,000.00 Dr	
Mumbai Office	45,000.00		45,000.00 Dr	

Figure 9.14 Cost Breakup of Group Screen

Conclusion

In this chapter, we have learnt to allocate the expenses and incomes to different cost unit of the organisation and also we have automated the allocation of cost centre by creating cost centre

classes in Tally.ERP 9. We have seen how these cost centers values will get updated in the report instantly, once after recording the transactions.

Key Takeaways

- A Cost Centre is a unit of an organisation to which expenses as well as incomes are allocated.
- Cost Categories are used when the organisations have to allocate resources to parallel sets of cost centres.
- Cost Centre Classes are used to automate the allocation of cost centre and cost categories.
- In Tally.ERP 9 we can allocate expenses to multiple cost centre

Shortcut Keys

Shortcut Key	Description
F2	<ul style="list-style-type: none">• From voucher creation screen• To change the date
F4	<ul style="list-style-type: none">• From cost centre voucher report• To select the required cost centre
F6	<ul style="list-style-type: none">• From cost centre voucher report• To navigate to daily breakup of cost centre
Alt+F5	<ul style="list-style-type: none">• From CC Monthly Summary report• To view quarterly Breakup of Cost centre and vice versa.