Maintaining Chart of Accounts in Tally.ERP9

Learning Objectives

- Getting started with computerised accounting
- Create a company
- Select and shut a company
- Set companies chart of accounts by creating ledgers and groups
- Display the company chart of accounts

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Introduction

In the previous chapters, **Fundamentals of Accounting and Journalising & Posting of Transactions**, introduced you to the principles of accounting, and the entire cycle of accounting, starting with recording of business transactions to preparing key financial statements.

This chapter will help you understand the application of accounting knowledge in a real-time business scenario, using a computerised accounting system, Tally.ERP 9.

Maintaining accounts under the manual system of accounting is a tedious and time-consuming activity. Under this system, transactions are first recorded in journals, then the entries are posted into the respective ledger accounts and then a trial balance is prepared, to verify whether, the ledger summaries of all account transactions are accurate. If the totals of the debit and credit side of the trial balance are not equal, then to rectify the same, adjusting entries are passed and ledger entries are corrected. Finally, the transactions data is used to prepare the accounting reports for each accounting period. With the increase in scale of business and volume of business transactions, the difficulties and complexities of maintaining accounts also increases.

Computerised accounting puts an end to the above tedious and time-consuming process. It involves the simple cycle of one-time creation of the ledgers, followed by the recording of day-to

involves the simple cycle of one-time creation of the ledgers, followed by the recording of day-to-day transactions. The rest of the accounting process including generation of financial reports is automated.

Among accounting softwares, Tally.ERP 9 stands out for its simplicity and efficiency. It is one of the fastest and most powerful concurrent multi-lingual Business Accounting and Inventory Management softwares available in the market. It is a fully integrated, affordable and highly reliable software. Tally.ERP 9 is easy to buy, quick to install, and easy to learn and use. Tally.ERP 9 is designed to automate and integrate all business operations, such as sales, finance, purchasing, inventory, and manufacturing.

Let us understand how to get started with Tally.ERP 9, before moving on to recording transactions.

3.1.1 Getting Started with Tally.ERP 9

To begin working on Tally.ERP 9, double click the Tally.ERP 9 icon on your system.

Tally.ERP 9 **Gateway of Tally** screen appears as shown in the figure 3.1:

Task bar   Calculator Pane

Figure 3.1 Gateway of Tally screen

The key components of the Gateway of Tally screen are as listed below:

Top Horizontal Button Bar: This panel contains, Option to print, e-mail, import, and upload data, access help, control centre, and support centre.

Close Button: This button allows you to exit the current screen. If you are at the Gateway of Tally, clicking this button allows you to exit the application.

Vertical Button Bar: All the button options are displayed here. The buttons vary from screen to screen.

Calculator: Mathematical calculation can be done here. Press Ctrl+N to use the Calculator function.

Information Panel: This displays details of Product, Version, License, and Configuration

Menu: This box contains options to Select Company, Create Company etc.

3.1.2 Mouse and Keyboard Conventions

While working on Tally.ERP 9, you may use the following keyboard conventions:

Mouse/Keyboard Conventions	
Action	**Particulars**
Fn	Press the Function key
F̲n̲	Press Alt+ Function key
F̲n̲	Press Ctrl + Function key

Table 3.1

Switching between Screen Areas

When Tally.ERP 9 first loads, the **Gateway of Tally** screen is displayed. To switch between the main screen area and calculator at the bottom of the screen, press **Ctrl+N or Ctrl+M.** Press **Ctrl+Alt+T** to navigate to **Product and Features** screen, press **Ctrl+Alt+L** to navigate to the **License and Services** detail screen, press **Ctrl+Alt+F** to navigate to **Configuration Information** screen.

Quitting Tally

You can exit the program from any Tally screen, but Tally requires all screens to be closed before it shuts down.

To quit working on Tally:

- Press **Esc** until you see the message **Quit? Yes or No**. Press **Y** or **Enter**, or click on **Yes** to quit Tally
- Alternatively, to **Exit without confirmation**, press **Ctrl+Q from Gateway of Tally**
- You can also press **Enter** or **Quit** in the **Gateway of Tally**

Now that you are familiar with Gateway of Tally and keyboard conventions, let us use a business scenario to illustrate the creation of a company in Tally.ERP 9, before recording business transactions in its books of account.

Business Scenario

Nidhi Sales Pvt Ltd., is a dealer in computer hardware. The company maintained its accounts manually till March 2017. In April 2017, the company installed Tally.ERP 9.

After installation of Tally.ERP 9, the company's accountant is required to create the company, 'Nidhi Sales Pvt Ltd.' in Tally.ERP 9. After company creation, ledgers and groups have to be created as per the previous year's balance sheet with their balances to record further transactions.

3.2 Company Creation

The first step in working with Tally.ERP 9 is to create a Company. A Company in Tally.ERP 9 is a central repository where you can maintain all the financial records of your business, and from where you can extract the required financial reports and statements.

The procedure to create a company is illustrated using the above business scenario.

Illustration 1: Company creation, selection, alteration and shutting of company in Tally.ERP 9

Go to Gateway of Tally > Company Info. > Create Company.

The **Company Creation** screen appears as shown in the figure 3.2:

Figure 3.2 Company Creation Screen

The fields in the **Company Creation** screen and the information to be filled in each of them are explained below.

To navigate between the fields, use **Enter/Tab,** or **Mouse clicks.**

- **Directory:** The path to the location of Tally.ERP 9 data is displayed here. By default, the path provided while installing Tally.ERP 9 will be displayed. However, you can press **Backspace** and specify the location in which you want the data to be stored.

- **Name:** Provide a name for the company that is being created. In this example, we are creating a company named **Nidhi Sales Pvt. Ltd.**

- **Primary Mailing Details:** The mailing name and address details are picked from here for any report such as balance sheet and statements of accounts.

  o **Mailing name:** The name provided for the company in the **Name** field is automatically displayed here. However, you can change it as per requirements. The name specified here will be used for mailing purposes.
  In this example, **Nidhi Sales Pvt. Ltd.** is retained.

  o **Address:** Fill in the company's address. **Country:** Select the country in which the company is located. This will allow users to choose the statutory capabilities available for that country. In this example, the country selected is **India.**

- o **State:** This field appears once India is selected as the country. Select the State in which the company is located. In this example, Nidhi Sales Pvt Ltd is located in **Karnataka.**
- o Fill in the relevant **PIN Code.**
- o Fill in the relevant numbers in the **Phone No., Mobile No. and Fax No** fields.
- o **E-mail:** Fill in the company's official E-mail ID here. This will be used while E-mailing reports and statements from Tally.ERP 9.
- o **Website:** Fill in the company's official website address.

- **Books and Financial Year Details:**

  - o **Financial year begins from:** This refers to the twelve-month accounting period of the company. For Nidhi Sales Pvt Ltd, the financial year begins on **1-4-2017**.
  - o **Books beginning from:** The date provided in the aforesaid field will be automatically displayed here. In the example, the date is retained. However, if you have started with maintaining your books of accounts with Tally.ERP 9 mid-year, the required date can be set accordingly.

- **Security Control**

  - o **Tally Vault password (if any):** Once you enter a password here, you will need it to open your company each time. The name of a company that is locked using Tally Vault will be hidden with the asterisk '*' symbol. You need to provide the Tally Vault password to open and access the company.
  - o **Use security control? :** Setting this option to 'Yes' will allow you to define the access rights for each user who will access your company. This feature is explained in forthcoming volumes. For **Nidhi Sales Pvt Ltd.**, we shall set this option to **No**.

- **Base Currency Information:**

  - o **Base currency symbol:** The base currency symbol will be filled as per the country selected. For India, it is ₹.
  - o **Formal name:** The currency's formal name will be filled here. In this example, it is INR (Indian Rupees).
  - o **Suffix symbol to amount?:** For some countries, the currency symbol is specified after the amount. This option can be enabled for such countries, so that the currency symbol may be printed after the amount. However, Nidhi Sales Pvt Ltd., is an Indian company and hence this option is set to **No**.
  - o **Add space between amount and symbol?:** Tally.ERP 9 will provide a single space between the amount and the currency symbol, if this option is set to **Yes**. For e.g.: ₹ 5,000. Notice the space between symbol and the amount
  - o **Show amounts in millions?:** If the company's financial statements need to have their values expressed in terms of millions, set this option to **Yes.**

- **Number of decimal places:** By default, the number of decimal places for the base currency is set to 2. However, you can have up to 4 decimal places. The Indian currency has 2 decimal places whereas certain other countries require 3 decimal places and so on.
- **Word representing amount after decimal:** The symbol for amounts expressed in decimals will be set by default. For India, it is **paise**.
- **No. of decimal places for amounts in words:** You can specify the number of decimal places for printing the amount in words. This number should be equal to or lesser than the number specified in Number of Decimal Places field. For example, if the currency has up to 3 decimal places, the value to be printed in words can be restricted to 2 decimal places.

Note: *Base currency information is set to default based on the country selected. In the above Illustration, we have selected India so the base currency symbol is ₹.*

The **Company Creation** screen for Nidhi Sales Pvt Ltd., appears as shown in the figure 3.3

Figure 3.3 Company Creation Screen

The message Accept? **Yes** or **No** will be displayed. Press **Enter** or **Y** to save the details

After saving the Company Creation screen**,** The **Gateway of Tally** screen will appear with the company's name displayed on the left pane as shown in the figure 3.4:

The **Gateway of Tally** screen with loaded company name appears as shown in the figure 3.4:

Figure 3.4 Gateway of Tally Screen (Company Loaded)

This indicates that the company is currently open in Tally.ERP 9

Activity: *Create a company - Indus Enterprises by pressing* **Alt+F3 > Create company >** *with the financial year begins from 1st April, 2017 and books beginning from 1st April, 2017. You may enter company details (address, email, etc.) as per your choice.*

On completing the above activity, the **Gateway of Tally** screen with two companies loaded will now appear as shown in the figure 3.5:

The **Gateway of Tally** screen with two companies loaded appears as shown in the figure 3.5
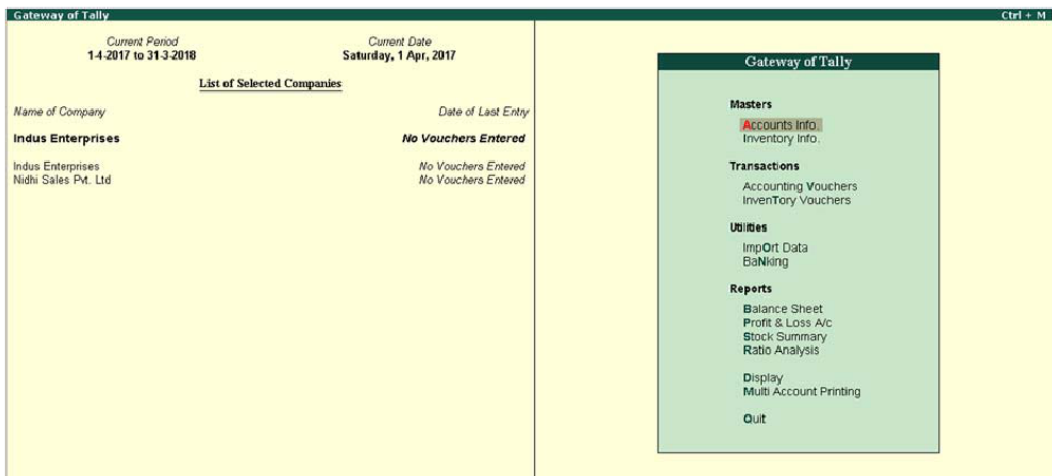
Figure 3.5 Gateway of Tally with the New Company — Indus Enterprises

Observation: *Notice that Indus Enterprises is highlighted. This indicates that it is currently the active company*

*Observation: Notice that Indus Enterprises is highlighted. This indicates that it is currently the active company from the list of loaded companies. To switch between the companies loaded, all you have to do is; click the name of the company or press **F3** and select the company on which you want to work on.*

3.2.1 Shut a Company

By shutting a company, you are essentially closing a company. To return to working on Nidhi Sales Pvt. Ltd., let us close Indus Enterprises.

To do so,

1. Go to **Gateway of Tally > <u>F3</u>: Company Info. (Alt + F3)**

2. Click **Shut Company**. Tally.ERP 9 displays the Close Company screen, with the List of Companies that are open.
   You can also use **Alt + F1** from the Gateway of Tally to get to this screen

3. **Shut** the company Indus Enterprises

3.2.2 Select a Company

By 'selecting' a company, you are essentially opening it in Tally.ERP 9.

1. Go to **Gateway of Tally > <u>F3</u>: Company Info. (Alt+F3)**

2. Click **Select Company,** or press **S**. Tally.ERP 9 displays the **Select Company** screen, with a **List of Companies** that are available in the location specified.
   You can also press **F1** to get to the **Select Company** screen. Select Nidhi Sales Pvt Ltd.

3.2.3 Alter a Company

By 'altering' a company, you are modifying the details which you have provided in the Company Creation screen.

1. Go to **Gateway of Tally > <u>F3:</u> Company Info. (Alt+F3)**

2. Click **Alter** or press **A**.

If multiple companies are loaded on **Gateway of Tally screen**, then Tally.ERP 9 displays the Select Company screen, with a **List of Companies** that are available in the location specified. Select the company which you need to alter and press **Enter** to view the **Company Alteration** screen. Alter the company details as required and accept the screen

3.3 Company Features and Configurations

Once you have created a company in Tally.ERP 9, the next step would be to setup **Tally.ERP 9's Features and Configurations**. There are sets of options that help you optimize your usage of Tally.ERP 9.

3.3.1 Company Features: F11

Features in Tally.ERP 9 are a set of capabilities, provided as options that enable you to maintain financial records as per your business needs. The **Company Features** menu can be accessed by clicking F11: Features on the vertical button bar. The effect of these options will be reflected only in the company for which they are enabled.

Company Features section in Tally.ERP 9 is divided into the following major categories:

- Accounting Features

- Inventory Features

- Statutory & Taxation

- TSS Features

- Add-On Features

You can press **F11** from any screen of Tally.ERP 9 or you may also click the **F11: Features** button available in the button bar, to enable the required features. The features are specific only to the company currently in use (for which the said feature is enabled), thereby allowing flexibility of independently enabling different features for each of the companies.

To view the company features screen of Nidhi Sales Pvt Ltd., go to **Gateway of Tally** > press **F11: Company Features.**

The **Company Features** screen appears as shown in the figure 3.6:
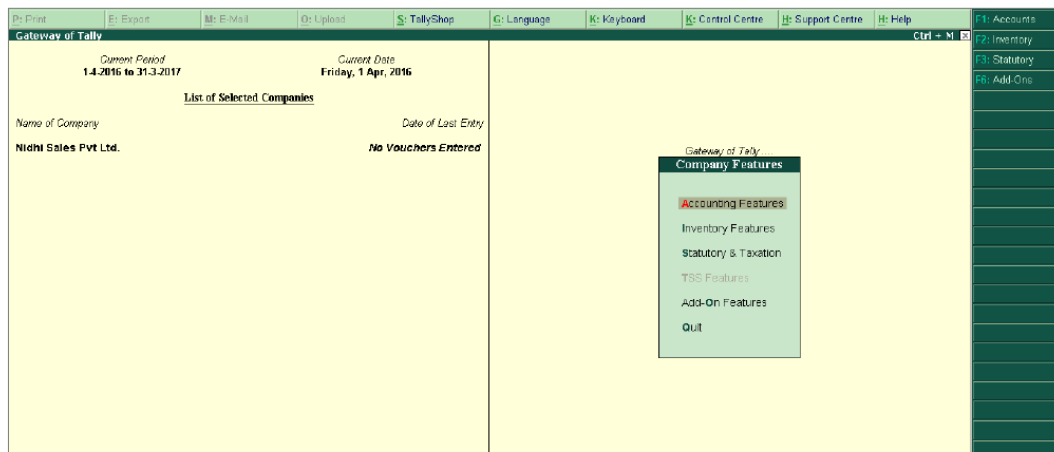
Figure 3.6 F11: Company Features menu

There are various settings available under **Accounting Features, Inventory Features and Statutory & Taxation Features,** which facilitate the advance functions during voucher entry.

3.3.2 Configuration: F12

Configuration in Tally.ERP 9 are options that help you modify the way a feature works. The configuration menu can be accessed by clicking **F12: Configure** on the vertical button bar. The options when enabled, will have an effect on all the companies in the data directory.

In Tally.ERP 9, **F12: Configure** is provided for Accounting, Inventory and Printing options and are user-definable as per the business requirements.

The **F12: Configure** is applicable to all the companies residing in the Tally.ERP 9 data directory. The **F12: Configure** options vary depending upon the operations, i.e., if you press **F12: Configure** from the voucher entry screen, the respective **F12: Configure** screen is displayed.

To view the company features screen of Nidhi Sales Pvt Ltd., go to **Gateway of Tally > click F12: Configure.**

The **Configuration** menu appears as shown in the figure 3.7:

Figure 3.7 F12: Configuration Menu screen

There are numerous settings available under various menus in the **F12: Configure** screen, which may be configured for any additional information required to be entered during master creations, voucher entry and printing.

Now let us get back to the business scenario and see how the accountant at Nidhi Sales Pvt Ltd., creates a chart of accounts, depicting the hierarchy of ledgers and groups, in Tally.ERP 9 to record the company's business transactions

3.4 Chart of Accounts

A **Chart of Accounts** is a list that describes the accounts that a business uses to record transactions in its books of account.

The purpose is to establish a framework for classifying, recording, and reporting on your business transactions and to use as an aid (reference) for looking up accounts when recording transactions. Without chart of accounts, a business user would find it very difficult to find a list of all his accounts

Tally.ERP 9 automatically displays a company's chart of accounts, based on the **Ledgers and Groups** that are created for the company.

3.4.1 Ledger

Ledgers are books in which the monetary transactions of a business are posted in the form of debits and credits. **Ledgers** are maintained to keep a record of all the transactions pertaining to an accounting entity.

Common ledgers that all businesses would maintain are cash, bank, debtors, creditors, expenses, incomes. Without ledgers, it would be difficult to organize all the transactions pertaining to an accounting entity.

In Tally.ERP 9, for a newly created company, there are two pre-defined ledgers available in Tally.ERP 9:
1. Cash
2. Profit & Loss A/c

To view the pre-defined list of ledgers (for Nidhi Sales Pvt. Ltd.), Go to **Gateway of Tally > Accounts Info. > Ledgers > Display (Multiple Ledgers) >** Select **All Items.**
The **Multi Ledger Display** screen appears as shown in the figure 3.8:

Multi Ledger Display		Nidhi Sales Pvt. Ltd		Ctrl + M ⊠
Under Group	: [All Items			For 1-Apr-2017
S.No.	Name of Ledger		Under	Opening Balance Dr/Cr
1.	Cash		Cash-in-hand	
2.	Profit & Loss A/c		Primary	

Figure 3.8 List of Ledgers

3.4.2 Group

Groups are collection of ledgers of the same nature. Account groups are maintained to determine the hierarchy of ledger accounts which is helpful in determining and presenting meaningful and compliant reports.

For example, in a business all their customers would be grouped as debtors. This would help them in easy classification

If account groups are not created, it would be difficult to determine the accounting nature of all the ledgers in books.

There are 28 pre-defined groups in Tally.ERP 9, which feature in the **Chart of Accounts** of many organisations. Out of 28 pre-defined groups, 15 groups are primary groups and 13 are sub-groups.

Among the 15 primary groups, 9 groups are **Balance Sheet** items and the remaining 6 groups are **Profit & Loss A/c** items. You can use these groups to organise the chart of accounts of your company; you may also create and use group specific to your business transactions. You may also alter the nomenclature of these 28 groups.

To view the list of the 28 groups, Go to **Gateway of Tally > Accounts Info. > Groups >**

Display (Multiple Groups) > Select **All Items**.

The **Multi Group Display** screen appears as shown in the figure 3.9:

S.No.	Name of Group	Under
1.	Capital Account	Primary
2.	Loans (Liability)	Primary
3.	Current Liabilities	Primary
4.	Fixed Assets	Primary
5.	Investments	Primary
6.	Current Assets	Primary
7.	Branch / Divisions	Primary
8.	Misc. Expenses (ASSET)	Primary
9.	Suspense A/c	Primary
10.	Sales Accounts	Primary
11.	Purchase Accounts	Primary
12.	Direct Incomes	Primary
13.	Direct Expenses	Primary
14.	Indirect Incomes	Primary
15.	Indirect Expenses	Primary
16.	Reserves & Surplus	Capital Account
17.	Bank OD A/c	Loans (Liability)
18.	Secured Loans	Loans (Liability)
19.	Unsecured Loans	Loans (Liability)
20.	Duties & Taxes	Current Liabilities
21.	Provisions	Current Liabilities

22.	Sundry Creditors		Current Liabilities
23.	Stock-in-hand		Current Assets
24.	Deposits (Asset)		Current Assets
25.	Loans & Advances (Asset)		Current Assets
26.	Sundry Debtors		Current Assets
27.	Cash-in-hand		Current Assets
28.	Bank Accounts		Current Assets

Figure 3.9 Multi Group Display screen

Out of the **15 Primary Groups**, the following groups appears in **Profit & Loss Account:**

1. Sales Accounts
2. Purchase Accounts
3. Direct Incomes or Income (Direct)
4. Indirect Incomes or Income (Indirect)
5. Direct Expenses or Expenses (Direct)
6. Indirect Expenses or Expenses (Indirect)

3.5 Ledger Creation

Since Tally.ERP 9 has only two default ledgers, i.e., **Cash and Profit & Loss A/c**, creation of ledgers is necessary for recording transactions that involve other accounts.

To understand the process of ledger creation, let us create the necessary ledgers for Nidhi Sales Pvt. Ltd., based on the **Balance Sheet** provided in the illustration given in table 3.2

Illustration 2: Creation of ledgers using single and multiple ledger creation and entering opening balance in ledgers.

Nidhi Sales Pvt. Ltd. Balance Sheet as on 31st March 2017			
Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Capital Account		**Fixed Assets**	
• Reserves and Surplus		*Furniture and Fixtures*	2,75,450
Capital Reserve	1,25,000	*Land and Buildings*	4,58,950
General Reserve	1,25,000	*Manufacturing Equipment*	6,86,650
• Proprietors Capital Account	10,12,000	*Plant and Machinery*	7,85,320
Loans (Liability)		**Investments**	
• Secured Loan		*5% Debenture of AG Com*	86,450
Loan From Axis Bank	12,75,000	*Bonds to SBI*	86,450
Current Liabilities		**Current Assets**	
• Sundry Creditors		*Closing Stock*	--
Computer Care Systems	35,450	• **Sundry Debtors**	
Horizon Enterprises	15,420	Debtors - South	
Silver Plus Computers	50,870	*Supreme Computers*	35,650

Profit & Loss Account	10,12,000	Debtors – North	
		Data Link Technologies	56,980
		Spectrum Computers	75,840
Total	**36,50,740**	**Total**	**36,50,740**

Table 3.2

The debtors of the company are classified into the following four Groups:

- Debtors - North
- Debtors - South
- Debtors – East
- Debtors – West

For illustration purpose, let us create two ledgers based on the details given in the balance sheet of Nidhi Sales Pvt Ltd. The ledgers to be created, the opening balance for each and the groups under the ledgers are to be classified are specified in table 3.3:

Ledger	Opening Balance	Group
Proprietor's Capital Account	₹ 10,12,000	Capital Account
Land & Buildings	₹ 4,58,950	Fixed Assets

Table 3.3

In Tally.ERP 9, ledgers can be created in two ways;

- **Single Ledger Creation:** Involves creation of a single ledger at a time.
- **Multiple Ledger Creation:** Involves creation of multiple ledgers at a time.

3.5.1 Single Ledger Creation

For creation of Proprietor's Capital Account ledger using single ledger creation option,

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

2. Enter Name as **Proprietor's Capital Account**
3. Select **Capital Account** from the **List of Groups**
4. Enter ₹ **10,12,000 Cr.** in the **Opening Balance (1-Apr-2017)** field

The **Ledger Creation** screen appears as shown in the figure 3.10:

Figure 3.10 Ledger Creation screen — Proprietors Capital Account

5. Accept the screen

Similarly, to create the Land & Building ledger using single ledger creation option,

1. Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**
2. Enter Name as **Land & Buildings**
3. Select **Fixed Assets** from the **List of Groups**
4. Enter ₹ **4,58,950 Dr.** in the **Opening Balance (1-Apr-2017)** field

The **Ledger Creation** screen appears as shown in the figure 3.11

Figure 3.11 Ledger Creation screen — Land & Buildings

5. Accept the screen

Note: *Tally.ERP 9 displays the total debit and credit opening balances along with the difference in opening balance, while the ledgers are being created in the Ledger Creation screen. This helps in knowing the difference amount.*

"This shows for each debit there should be a corresponding credit, if not in Tally. ERP 9, you will get the difference amount".

3.5.2 Multi Ledger Creation

Now let us create the following ledgers using the Multi Ledger Creation option

Ledger	Opening Balance	Group
Loan From Axis Bank	₹12,75,000	Secured Loan
5% Debenture of AG Com.	₹86,450	Investments

Table 3.4

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

The **Accounts Info Ledger Menu** screen appears as shown in the figure 3.12

Figure 3.12 Accounts Info Ledger Menu screen

2. Press Enter on **Multiple Ledgers Create**
3. In the **Under Group** field select **All Items**
4. Enter **Loan From Axis Bank** in the Name of Ledger field under group **Secured Loans** from the **List of Groups.**
5. Provide Opening Balance ₹12,75,000 Cr
6. Press Enter
7. Similarly create a ledger as **5% Debenture of AG Com** under group Investments and provide opening balance ₹ 86,450 Dr

Note: *If you select Investments in the 'Under Group' field, then the ledger will be created under the Investment head.*

The **Multi Ledger Creation** screen appears as shown in the figure 3.13:

Figure 3.13 Multi Ledger Creation screen

8. Accept the screen

Now that we have learnt how to create ledgers under Tally.ERP 9's default pre-defined Groups, let us move on to understand how to make alterations to ledgers that are already created.

3.5.3 Altering and Display of Ledgers

Immediately after creating any ledger(s) in Tally.ERP 9, you can view the same using single display option or the multiple display option.

The Display menu in Tally.ERP 9 provides Single Ledger Display and Multiple Ledger Display options.

3.5.3.1 Ledger Alteration

Illustration 3: Alteration of Ledgers

In the books of Nidhi Sales Pvt. Ltd. alter the ledger named **Loan form Axis Bank** to **Loan from IDBI Bank**.

To change the ledger name from **Loan form Axis Bank** to **Loan from IDBI Bank**, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Ledgers**
2. Select **Alter** from the **Single Ledger** options
3. Select **Loan from Axis Bank** from the **List of Ledgers**
4. Change the Name from **Loan from Axis Bank** to **Loan from IDBI Bank**

The single **Ledger Alteration** screen appears as shown in the figure 3.14

Figure 3.14 Single Ledger Alteration screen

5. Accept the screen

If you use Display in **Single Ledger** now, you will see that the list of ledgers shows **Loan from IDBI Bank** instead of Loan from Axis Bank.

You can also Alter ledgers from **Gateway of Tally >Accounts Info > Ledgers > Alter (Multiple Ledgers)** option.

3.5.3.2 Single Ledger Display

The display menu in Tally.ERP 9 also provides Single Ledger Display and Multiple Ledger Display options.

To view groups in single display mode, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Ledgers > Under Single Ledger >** Select

2. Select **SBI Bonds**

The single **Ledger Display** screen appears as shown in the figure 3.15

Figure 3.15 Single Ledger Display screen

3.5.3.3 Multi Ledger Display

To view groups in multi display mode, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Ledgers > Under Multi Ledgers >** Select **Display**
2. Select **All Items**

The multi **Group Display** screen appears as shown in the figure 3.16

| 23. | TAT Computers | Debtors-East |
| 24. | TRA Computers | Debtors-West |

Figure 3.16 Multiple Ledgers Display screen

3.5.4 Deleting Ledgers

To delete a ledger that has no transactions entered, follow the given path:

1. From **Gateway of Tally > Accounts Info. > Ledgers > Under Single Ledger>** Select **Alter >** Select **Sky Solutions** > Press **Alt+D** to delete

The **Ledger Alteration** screen with delete message appears as shown in the figure 3.17
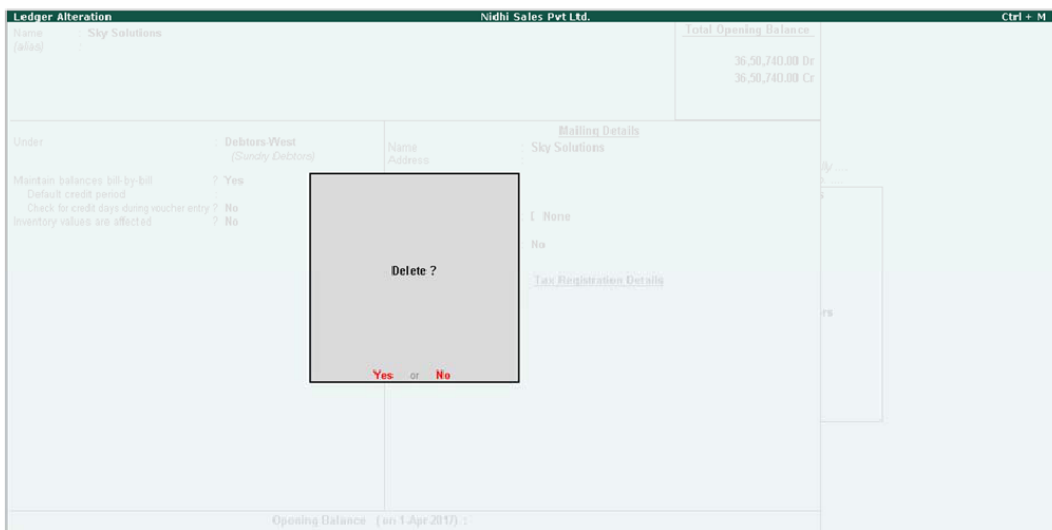
Figure 3.17 Ledger Alteration screen (Deletion)

2. Accept the screen

3.6 Group Creation

Group creation is similar to ledger creation in Tally.ERP 9. As with ledgers, there are two ways of creating Groups:

- **Single Group Creation:** Involves creation of a single group at a time
- **Multiple Group Creation:** Involves creation of multiple groups at a time

Illustration 4: Creation of groups using single and multiple group creation option.

Let us illustrate creation of Groups by creating the **Debtor Groups** of Nidhi Sales Pvt. Ltd.

3.6.1 Single Group Creation

To create a **Group** in the books of Nidhi Sales Pvt Ltd., with the details given in the table 3.5, using the **Single Group Creation** option.

Group to be Created	Classification
Debtors – North	Sundry Debtors

Table 3.5

1. Go to **Gateway of Tally > Accounts Info. > Groups > Create**
2. Enter Name as **Debtors - North**
3. In the **Under** field, select **Sundry Debtors** from the **List of Groups**

The **Group Creation** screen appears as shown in the figure 3.18:
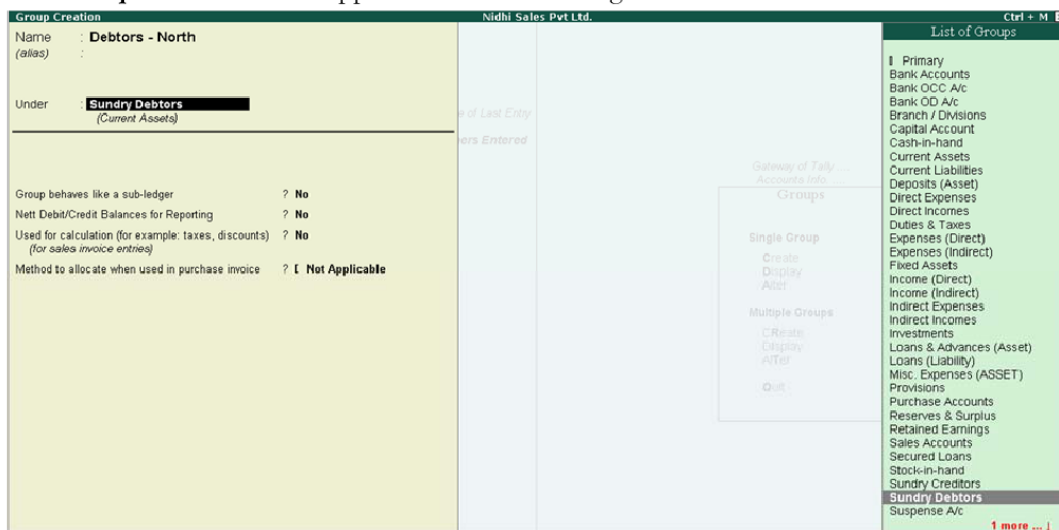
Figure 3.18 Group Creation screen — Debtors- North

Note

- o *We have created Debtors – North under the group Sundry Debtors. This means that the group Debtors – North is a sub group of Sundry Debtors.*
- o *If it is a new primary group, select Primary (requirement of a new primary group is very rare, but the option exists).*
- o *Creation of a new Primary Group will not be allowed if the option **Provide advanced information in master is set to No** in **F12: Configure**. You can also create a new Parent Group by using **ALT+C**.*

4. **Group Behaves like a Sub ledger** – If this option is set to **No**, the screen will display all the Ledgers grouped under the Group in detailed mode.
5. **Nett Debit/Credit Balances for Reporting** – Set this option to **Yes** to display either the net debit or credit balance in the report (whichever is higher). If this is set to **No**, both debit and credit balances will be displayed in the report.
6. **Used for Calculation (for example: taxes, discounts) -** Set this option to **Yes** if ledgers under this group have percentages for discounts/taxes to be used in invoice entry.
7. **Method to allocate when used in purchase invoice -** Select the appropriate **allocation method** from the list. This is used to allocate the expense of the Item in the ratio of the quantity or value.
8. Accept the screen

Tally.ERP 9 allows you to create any number of groups under all the default groups. One sub-group viz. **Debtors - North** has now been created under Sundry Debtors.

3.6.2 Multiple Group Creation

To create multiple **Groups** at a time as given in the table 3.6, using the **Multiple Group Creation** option

Group to be Created	Classification
Debtors – South	Sundry Debtors
Debtors – East	Sundry Debtors
Debtors – West	Sundry Debtors

Table 3.6

To create multiple group at one time, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Groups > Under Multiple Groups > Create**
2. In the **Under Group** field select **Sundry Debtors** (by selecting the group as sundry debtors, all groups which you create now will automatically fall under the same group i.e., Sundry Debtors)

*Note: If you select **All Items** in the **Under Group** field, then you will be able to create different account groups, whose nature are different*

3. Under **Name of Group** enter the name as **Debtors-South** the **Under** field will get captured as Sundry Debtors. (Because we have selected the under group as sundry debtors).
4. Repeat the process for the other groups (**Debtors-East and Debtors-West**)

The **Multi Group Creation** screen appears as shown in the figure 3.19:
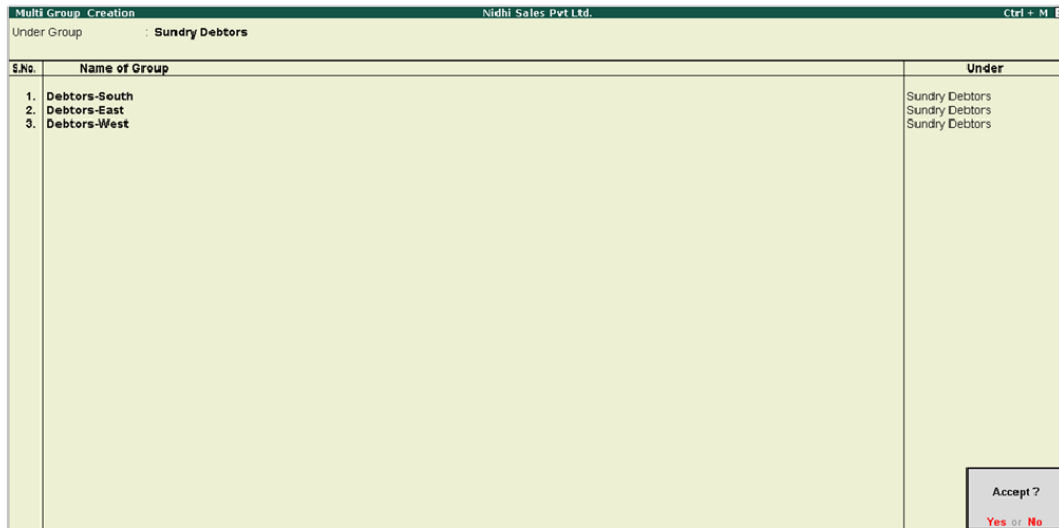
Figure 3.19 Multi Group Creation screen

5. Accept the screen

Activity: *Create the following ledgers using the* **Multiple Ledger Creation** *menu.*

Ledgers	Sub Group	Opening Balance
Data Link Technologies	Debtors – North	56,980 Dr
Spectrum Computers	Debtors – North	75,840 Dr
Supreme Computers	Debtors – South	35,650 Dr
TAT Computers	Debtors – East	--
Miyan Computers	Debtors – East	--
Sky Solutions	Debtors – West	--
TRA Computers	Debtors – West	--
Profit and Loss A/c (Do not create the ledger because it is already available, alter the ledger to provide the opening	Profit and Loss A/c	10,12,000 Cr
balance)		
Capital Reserve	Reserve & Surplus	1,25,000 Cr
General Reserve	Reserve & Surplus	1,25,000 Cr
Computer Care System	Sundry Creditors	35,450 Cr
Horizon Enterprises	Sundry Creditors	15,420 Cr
Silver Plus Computers	Sundry Creditors	50,870 Cr
Plant & Machinery	Fixed Assets	7,85,320 Dr
Furniture & Fixture	Fixed Assets	2,75,450 Dr

Manufacturing Equipment	Fixed Assets	6,86,650 Dr
SBI Bonds	Investments	86,450 Dr
Closing Stock	Stock In Hand	3,28,580 Dr
Cash (Do not create the ledger because it is already available, alter the ledger and provide the opening balance)	Cash In Hand	4,58,000 Dr
Kotak Bank A/C	Bank Account	6,45,000 Dr

Table 3.7

Note: *After completing the above activity, go to* **Gateway of Tally > Balance Sheet > Press Alt+F1** *to view the balance sheet in detailed mode.*

Check whether your **Balance Sheet** matches with the screen shot of Balance Sheet given in the figure 3.20

Figure 3.20 Balance Sheet screen

In the above figure, **Closing Stock** amount under **Current Assets** group has zero value. Because, in **F11 > F1 Accounting features > Integrate accounts and inventory** is set to Yes.

If the same option **Integrate accounts and inventory** is set to No, then the Closing Stock amount ₹ 3, 28,580 given as opening balance appears under **Current Assets** group.

3.6.3 Altering and Display of Groups

Immediately after creating any group(s) in Tally.ERP 9, you can view the same using single display option or the multiple display option.

The Display menu in Tally.ERP 9 provides Single Group Display and Multiple Group Display options.

3.6.3.1 Group Alteration

You can **alter** the Groups in Single mode or multiple mode by selecting Alter from the menu to change any information. You can change the Name of any reserved group, but its characteristics will remain the same.

Illustration 5: Alteration of Groups

In the books of Nidhi Sales Pvt. Ltd. alter the group named **Debtors-North** to **Debtors-North East**

To change the ledger name from **Debtors-North** to **Debtors-North East**, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Groups**
2. Select **Alter** from the **Single Group** options
3. Select **Debtors-North** from the **List of Groups**
4. Change the Name from **Debtors-North** to **Debtors-North East.**

The single **Group Alteration** screen appears as shown in the figure 3.21
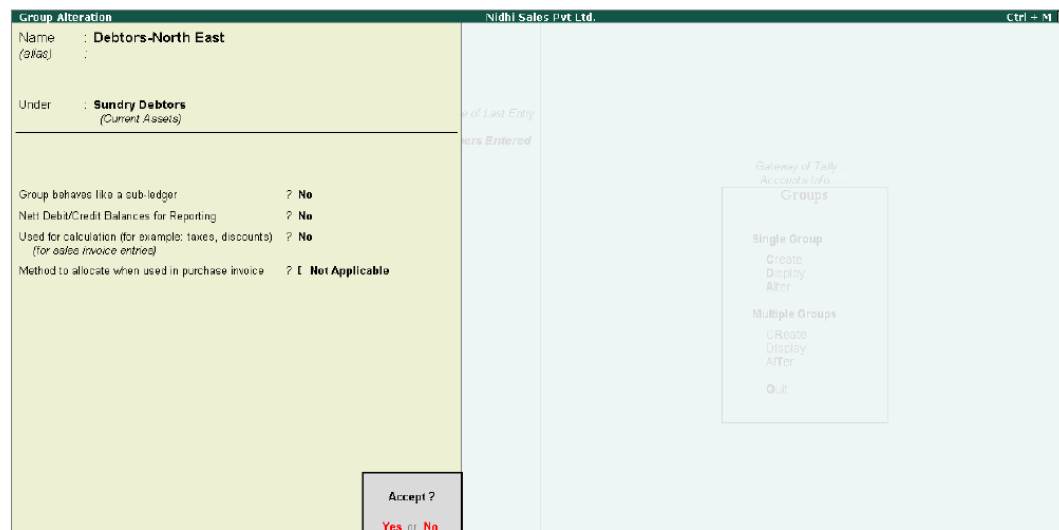

Figure 3.21 Single Group Alteration screen

5. Accept the screen

If you use Display in **Single Group** now, you will see that the list of groups shows **Debtors-North East** instead of **Debtors-North**.

Activity: Alter the ledger Debtors-North East to Debtors-North and save.

You can also Alter ledgers from **Gateway of Tally >Accounts Info > Ledgers > Alter (Multiple Ledgers) option**

3.6.3.2 Single Group Display

To view groups in single display mode, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Groups >** Under **Single Group >** Select **Display**
2. Select **Bank Accounts**

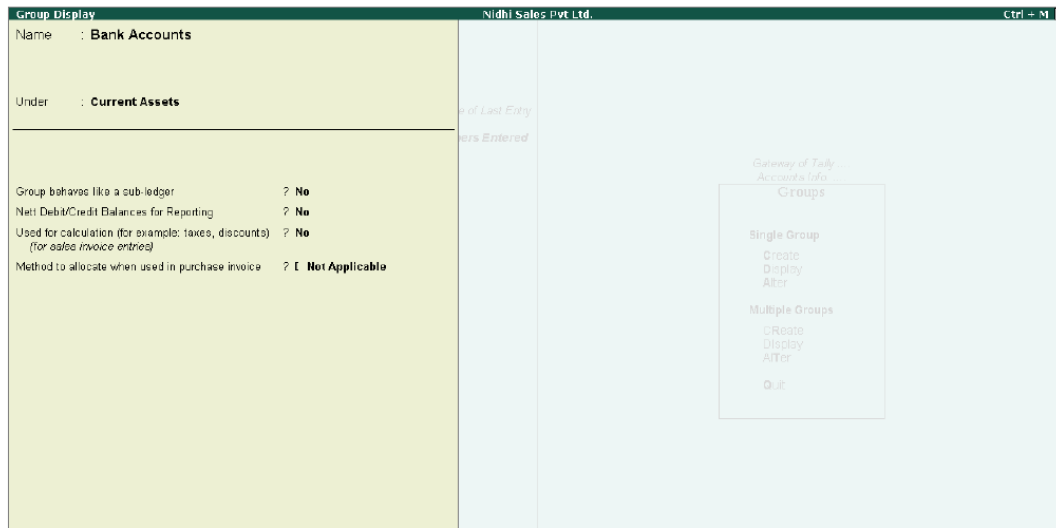The single **Group Display** screen appears as shown in the figure 3.22

Figure 3.22 Single Group Display screen

3.6.3.3 Multi Group Display

To view groups in multi display mode, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Groups >** Under **Multiple Groups >** Select **Display**
2. Select **All Items**

The multi **Group Display** screen appears as shown in the figure 3.23

15.	Indirect Expenses		Primary
16.	Reserves & Surplus		Capital Account
17.	Bank OD A/c		Loans (Liability)
18.	Secured Loans		Loans (Liability)
19.	Unsecured Loans		Loans (Liability)
20.	Duties & Taxes		Current Liabilities
21.	Provisions		Current Liabilities
22.	Sundry Creditors		Current Liabilities
23.	Stock-in-hand		Current Assets
24.	Deposits (Asset)		Current Assets
25.	Loans & Advances (Asset)		Current Assets
26.	Sundry Debtors		Current Assets
27.	Cash-in-hand		Current Assets
28.	Bank Accounts		Current Assets
29.	Debtors-East		Sundry Debtors
30.	Debtors - North		Sundry Debtors
31.	Debtors - South		Sundry Debtors
			1 more ... ↓

Figure 3.23 Multi Group Display screen

3.6.4 Deleting Groups

You can delete a group via the Group Alteration (Single Mode) screen by pressing Alt+D.

Note:

o *Groups and Ledgers cannot be deleted from the **Multi Alteration** screen. Hence to delete ledgers and groups, use the **Single Alteration Menu***

o *However, you cannot delete the predefined groups available in Tally.ERP 9, or groups with sub-groups or groups containing ledgers. The lowest level must be deleted first.*

To understand the process of deletion of a Group, first let us first create a Group in Nidhi Sales Pvt Ltd.

Activity: Create a Group called Equipment under the Fixed Assets head.

Now to delete the newly created group called Equipment, follow the steps given below:

1. Go to **Gateway of Tally > Accounts Info > Groups >** Under **Single Group >** Select **Alter>** Select **Equipment** > Press **Alt+D to delete**

The **Group Alteration** screen with delete message appears as shown in the figure 3.24
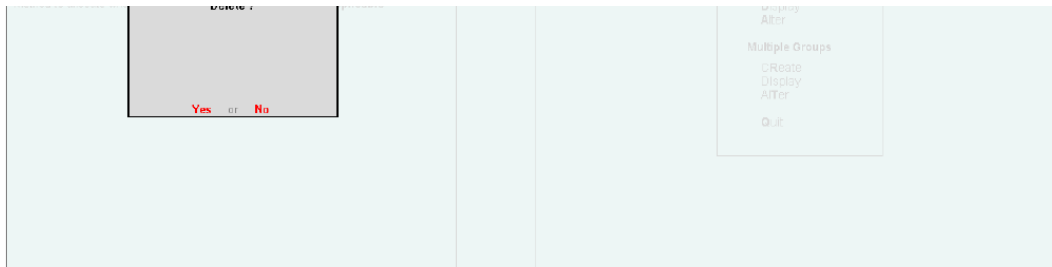
Figure 3.24 Group Alteration screen (Deletion)

2. Accept the screen

Conclusion

This introductory chapter on maintaining chart of accounts in Tally.ERP 9, shows you how simple it is to create a company and chart of accounts in Tally. This intuitive software comes with 28 predefined Groups and 2 predefined ledgers. Creating ledgers and displaying groups and ledgers is a simple one-time process, before transactions are recorded.

Key Takeaways

- Chart of Accounts is the listing of ledger accounts of an organisation. It differs from one organisation to another.
- A Ledger is the account head used for recording transactions.
- A Group is a collection of ledgers.
- Ledgers need to be classified under groups, and there is no limit to the levels of hierarchy for groups that can be created.
- Tally.ERP 9 has 28 predefined groups.
- Cash and Profit & Loss Account are the predefined ledgers in Tally.ERP 9.
- Default groups available in Tally.ERP 9 cannot be deleted.
- Ledgers and Groups can be deleted using the single alteration menu.
- Creation of ledgers is mandatory for recording transactions in Tally.ERP 9.