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FREE EBOOK

ACCOUNTING AND BUSINESS

Tally Practice Workbook

Forty business transactions to enter in TallyPrime, with the voucher for each

INSIDE THIS BOOK

- Getting to know TallyPrime
- Creating the practice company
- Groups and ledgers
- Stock groups, units and stock items
- Voucher types and their keys
- ...and 5 more chapters, practice questions and a glossary

Beginner to intermediate

Students practising Tally and accounts assistants

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Tally Practice Workbook

A hands-on workbook for TallyPrime. Set up a practice company for a stationery shop, create its ledgers and stock items, then enter a full month of forty transactions, each with the right voucher type and ledgers. Check your work with the Day Book, Trial Balance, Profit & Loss, Balance Sheet and Stock Summary, and learn to fix the most common mistakes.

WHO IT IS FOR	Students practising Tally and accounts assistants
LEVEL	Beginner to intermediate
SUBJECT AREA	Accounting and business
WHAT IS INSIDE	10 chapters, practice questions with answers, and a glossary

HOW TO USE IT

Read one chapter at a time and try the examples as you go: on a computer, at your workbench or in your notebook. The boxes give tips, safety points and short activities. When you finish, test yourself with the practice questions and check your answers at the end. Words you may not know are explained in the glossary.



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Getting to know TallyPrime

TallyPrime is accounting software that is widely used by shops, traders and offices across India. You enter each business event once, and TallyPrime builds the ledgers, the trial balance, the profit and loss account, the balance sheet and the stock reports for you.

This workbook is for practice. You will set up a small stationery shop, enter one month of its business, and check that your reports match the answers given here. Before you start, you should know what debit and credit mean and what a ledger is.

NOTE

TallyPrime gets new releases from time to time, and a few screens and menu names change a little. If something on your computer looks different from this book, look for the same idea close by. The accounting does not change.

The Gateway of Tally

When you open a company, TallyPrime shows its main screen, the **Gateway of Tally**. It is grouped into parts:

- **Masters:** Create, Alter and Chart of Accounts. Masters are the lists you set up once, such as ledgers and stock items.
- **Transactions:** Vouchers (to enter transactions) and Day Book.
- **Reports:** Balance Sheet, Profit & Loss A/c, Stock Summary and more. Display More Reports holds the rest, including the Trial Balance.

Moving around

Key	What it does
Arrow keys and Enter	Move to an item and open it
The underlined or highlighted letter	Opens that menu item directly

Key	What it does
Esc	Goes back one screen, or leaves without saving
Ctrl+A	Accepts and saves the screen you are on
Alt+G	Go To: type the name of any report or screen and jump there

Across the top is a menu bar. Alt+K opens the **Company** menu (create, open or shut a company) and Alt+Y opens the **Data** menu (backup and restore). On the right side of most screens is a column of buttons with their keys. Read that column often; it shows what you can do on the current screen.

TIP

Tally is built for the keyboard. Using the mouse is allowed, but people who use only the keyboard enter vouchers much faster.

DID YOU KNOW

You can practise without buying a licence, because TallyPrime can run in **Educational Mode**. This mode allows vouchers only on certain dates of each month. If TallyPrime refuses a date in this workbook, enter that voucher on an allowed date (such as 1 or 2 April) and write the real date in the narration. Your month-end totals will still match.

CHAPTER 2

Creating the practice company

Our practice business is **Neha Stationery Mart** in Pune, Maharashtra. The owner, Neha Kapoor, opens the shop on 1 April. She sells notebooks, pens, pencils, copier paper and geometry boxes to walk-in customers, schools and coaching classes.

Steps to create the company

1. Open TallyPrime. Press **Alt+K** to open the Company menu, then choose **Create**.
2. **Company Name:** type Neha Stationery Mart.
3. **Mailing Name** fills in by itself. Leave it.

4. **Address:** type a practice address, such as Shop 4, Main Road, Kothrud.
5. **State:** choose Maharashtra. **Country:** India. **Pincode:** any six-digit practice number.
6. Leave phone, e-mail and website blank, or fill them with practice details.
7. **Financial year beginning from:** 1 April of the current financial year. In India, the financial year runs from 1 April to 31 March.
8. **Books beginning from:** the same date, 1 April.
9. Press **Ctrl+A** to save.

Company features

TallyPrime may now show the **Company Features** screen. You can open it any time with **F11**. For this workbook:

- Keep accounts switched on (Maintain Accounts: Yes).
- Keep inventory switched on (Maintain Inventory: Yes), because we will use stock items.
- Set **Enable Goods and Services Tax (GST)** to **No** for now. We practise the accounting first. A later chapter explains how GST fits in.

Press **Ctrl+A** to save the features.

Opening and shutting a company

TallyPrime can keep many companies. To open one, press **Alt+K** and choose **Select**. To close one, press **Alt+K** and choose **Shut**. The name of the open company is shown at the top of the Gateway of Tally.

REMEMBER

Always check the company name before you enter anything. Entering a week's work into the wrong company is a common and painful mistake.

TRY THIS

Create a second company called "Practice Two", look at its Gateway, then shut it. Making and shutting a company is the best way to feel at home in TallyPrime.

Groups and ledgers

Every account in TallyPrime is called a **ledger**. Every ledger must be placed **under a group**. The group tells TallyPrime what kind of account it is, so it knows where to show it in the reports. A customer under the wrong group can turn a balance sheet upside down, so take care here.

TallyPrime comes with ready-made groups. You do not need to create any for this workbook.

Groups you will use

Group	Put these ledgers here
Capital Account	Owner's capital and drawings
Bank Accounts	Bank current and savings accounts
Cash-in-Hand	Cash (TallyPrime creates the Cash ledger for you)
Sundry Debtors	Customers who buy on credit
Sundry Creditors	Suppliers you buy from on credit
Sales Accounts	Sales of goods
Purchase Accounts	Purchases of goods
Direct Expenses	Costs of bringing goods in, such as cartage inward
Indirect Expenses	Running costs: rent, salary, electricity, phone
Indirect Incomes	Other incomes, such as discount received
Fixed Assets	Furniture, computers, machinery
Current Liabilities	Amounts due to pay soon, such as salary payable

Sundry means "various". Sundry Debtors are the various people who owe the business money.

Creating a ledger

1. At the Gateway of Tally, choose **Create**, then **Ledger**.
2. **Name**: type the ledger name.
3. **Under**: choose the group from the list.
4. Leave the opening balance at zero. Our shop starts fresh, so no ledger has an opening balance.
5. Leave other fields at their default. Press **Ctrl+A** to save.

For the Sales and Purchase ledgers, you may see the question **Inventory values are affected**. Keep it at **Yes**, so that stock moves when you use these ledgers.

The ledgers for Neha Stationery Mart

Create all of these before you enter any voucher.

Ledger	Under
Neha Kapoor Capital	Capital Account
Neha Kapoor Drawings	Capital Account
State Bank	Bank Accounts
Sales	Sales Accounts
Purchase	Purchase Accounts
Bright Future School	Sundry Debtors
Sai Coaching Classes	Sundry Debtors
Rohit Jadhav	Sundry Debtors
Deccan Paper Mart	Sundry Creditors
Mehta Pen Distributors	Sundry Creditors
Shivaji Book Depot	Sundry Creditors
Laxmi Computers	Sundry Creditors
Cartage Inward	Direct Expenses
Shop Rent	Indirect Expenses

Ledger	Under
Electricity Charges	Indirect Expenses
Telephone and Internet	Indirect Expenses
Advertisement	Indirect Expenses
Bank Charges	Indirect Expenses
Salary	Indirect Expenses
Depreciation	Indirect Expenses
Discount Received	Indirect Incomes
Furniture	Fixed Assets
Computer	Fixed Assets
Salary Payable	Current Liabilities

That is 24 ledgers. With the ready-made Cash ledger, you have 25 to work with. TallyPrime also makes a **Profit & Loss A/c** ledger by itself, so a full list shows 26; leave that one as it is.

To correct a ledger later, choose **Alter** at the Gateway, then **Ledger**. To see all ledgers with their groups, open **Chart of Accounts**.

TIP

Spell each ledger name exactly the same way every time. "Mehta Pen Distributors" and "Mehta Pens" would be two different ledgers, and the supplier's balance would be split between them.

CHAPTER 4

Stock groups, units and stock items

A stationery shop sells goods, so TallyPrime should track how many of each item come in and go out. For this you create three kinds of inventory master: units, stock groups and stock items.

Units of measure

A **unit** is how an item is counted. Create each one from **Create**, then **Unit**.

Type	Symbol	Formal name	Decimal places
Simple	Nos	Numbers	0
Simple	Pkt	Packets	0
Simple	Ream	Reams	0

A ream is a pack of 500 sheets of paper. Decimal places are zero, because you never sell half a notebook.

Stock groups

A **stock group** is a family of similar items. It helps when the shop has hundreds of items. Create these from **Create**, then **Stock Group**, each under **Primary**: Notebooks, Pens and Pencils, Paper, School Kits.

Stock items

Create each item from **Create**, then **Stock Item**. Fill in the name, choose its stock group and unit, and leave the opening balance blank.

Stock item	Stock group	Unit	Buying price !	Selling price !
Long Notebook	Notebooks	Nos	40	55
Blue Ball Pen	Pens and Pencils	Nos	6	10
Pencil Pack	Pens and Pencils	Pkt	35	50
A4 Copier Paper	Paper	Ream	260	320
Geometry Box	School Kits	Nos	90	130

The prices are practice examples. You do not type them into the stock item. You type them in each voucher, as the rate.

REMEMBER

Inventory masters only describe your goods. Quantities change only when you enter purchase, sales and return vouchers with these items in them.

TRY THIS

Open **Stock Summary** from the Gateway now. No item has any quantity yet. Open it again after you enter the first purchases, and watch the quantities appear.

CHAPTER 5

Voucher types and their keys

A **voucher** is the document for one transaction. In TallyPrime, every transaction is entered in a voucher, and choosing the right type is half the job.

At the Gateway, choose **Vouchers**. Then press the key for the voucher type you want.

Key	Voucher	Use it when
F4	Contra	Money moves between cash and bank, or between two banks
F5	Payment	Money goes out by cash or bank
F6	Receipt	Money comes in by cash or bank
F7	Journal	No cash or bank is involved: adjustments, assets on credit, depreciation
F8	Sales	Goods are sold, for cash, by bank or on credit
F9	Purchase	Goods are bought, for cash or on credit
Ctrl+F8	Credit Note	A customer returns goods (sales return)
Ctrl+F9	Debit Note	You return goods to a supplier (purchase return)

In the older Tally.ERP 9, credit and debit notes had to be switched on in the company features before use.

Entering any voucher: the common steps

1. Press the voucher key.
2. Press **F2** and set the date.
3. Fill in the ledgers and amounts. For sales and purchases, also fill in the items.

4. Type a short **narration**: what happened, in plain words.
5. Press **Ctrl+A** to save. TallyPrime opens a fresh voucher of the same type.

Single entry and double entry modes

Payment, Receipt and Contra vouchers often open in **single entry mode**. At the top is one **Account** field, for the cash or bank ledger. Below it are the other ledgers with their amounts. In **double entry mode**, you see the debit and credit lines separately, as in a journal. Both give the same result. Press **Ctrl+H** (Change Mode) to switch.

Item invoice and accounting invoice

Sales and Purchase vouchers also have modes. **Item Invoice** lets you choose stock items with quantity and rate, so stock moves. **Accounting Invoice** has no items, so stock does not move. For this shop, always use **Item Invoice**. Ctrl+H switches here too.

A sales voucher, field by field

1. **Party A/c name**: the customer, or Cash, or State Bank if paid by UPI.
2. **Sales ledger**: Sales.
3. **Name of Item, Quantity** and **Rate**. TallyPrime works out the amount.
4. Repeat step 3 for each item. Press Enter on an empty item line to finish.
5. Narration, then Ctrl+A.

TIP

If a ledger is missing while you are in a voucher, you can usually create it on the spot with **Alt+C**, without leaving the voucher.

REMEMBER

The voucher type decides what TallyPrime does with stock and money. A cash sale entered as a Receipt brings in the cash but never takes the goods out of stock.

Practice transactions 1 to 20

Here is the first half of Neha's month. For each transaction, decide the voucher type and the ledgers yourself, enter it, and only then look at the answer columns. In the Dr and Cr columns, Dr is the ledger debited and Cr is the ledger credited.

No.	Transaction	Voucher	Dr	Cr
1	1 Apr: Neha starts the business with ! 3,00,000 cash	Receipt (F6)	Cash	Neha Kapoor Capital
2	1 Apr: Deposits ! 2,00,000 cash in State Bank	Contra (F4)	State Bank	Cash
3	2 Apr: Pays April shop rent ! 15,000 by cheque	Payment (F5)	Shop Rent	State Bank
4	2 Apr: Buys racks and a counter for ! 45,000 by cheque	Payment (F5)	Furniture	State Bank
5	3 Apr: Buys 100 Ream A4 Copier Paper at ! 260 on credit from Deccan Paper Mart (! 26,000)	Purchase (F9)	Purchase	Deccan Paper Mart
6	3 Apr: Buys 2,000 Blue Ball Pens at ! 6 and 200 Pencil Packs at ! 35 on credit from Mehta Pen Distributors (! 19,000)	Purchase (F9)	Purchase	Mehta Pen Distributors
7	4 Apr: Buys 500 Long Notebooks at ! 40 for cash (! 20,000)	Purchase (F9), party Cash	Purchase	Cash
8	4 Apr: Pays ! 600 cash to bring the notebooks to the shop	Payment (F5)	Cartage Inward	Cash
9	5 Apr: Buys 150 Geometry Boxes at ! 90 on credit from Shivaji Book Depot (! 13,500)	Purchase (F9)	Purchase	Shivaji Book Depot

No.	Transaction	Voucher	Dr	Cr
10	6 Apr: Cash sale: 60 Long Notebooks at ! 55 and 200 Blue Ball Pens at ! 10 (! 5,300)	Sales (F8), party Cash	Cash	Sales
11	7 Apr: Credit sale to Bright Future School: 200 Long Notebooks at ! 55 and 50 Geometry Boxes at ! 130 (! 17,500)	Sales (F8)	Bright Future School	Sales
12	8 Apr: Returns 5 Ream damaged A4 paper at ! 260 to Deccan Paper Mart (! 1,300)	Debit Note (Ctrl+F9)	Deccan Paper Mart	Purchase
13	9 Apr: Credit sale to Sai Coaching Classes: 20 Ream A4 paper at ! 320 and 300 Blue Ball Pens at ! 10 (! 9,400)	Sales (F8)	Sai Coaching Classes	Sales
14	10 Apr: Bright Future School returns 10 Geometry Boxes at ! 130 (! 1,300)	Credit Note (Ctrl+F8)	Sales	Bright Future School
15	10 Apr: Pays the electricity bill ! 2,200 in cash	Payment (F5)	Electricity Charges	Cash
16	11 Apr: Sale paid by UPI into the bank: 40 Pencil Packs at ! 50 and 15 Ream A4 paper at ! 320 (! 6,800)	Sales (F8), party State Bank	State Bank	Sales
17	12 Apr: Receives a cheque for ! 10,000 from Bright Future School	Receipt (F6)	State Bank	Bright Future School
18	13 Apr: Pays Deccan Paper Mart ! 24,500 by cheque	Payment (F5)	Deccan Paper Mart	State Bank
19	13 Apr: Deccan Paper Mart allows a discount of ! 200, which settles its account	Journal (F7)	Deccan Paper Mart	Discount Received
20	14 Apr: Withdraws ! 10,000 from the bank for the shop	Contra (F4)	Cash	State Bank

Notes on entering these

- **Transaction 1.** In single entry mode, the Account field is **Cash**. Under Particulars, choose Neha Kapoor Capital and type 3,00,000. Narration: "Capital brought in by the owner".
- **Transaction 2.** Contra entries are clearest in double entry mode. Press Ctrl+H, choose double entry, then put State Bank on the Dr line and Cash on the Cr line, both ! 2,00,000.
- **Transaction 5.** In the Purchase voucher, **Party A/c name** is Deccan Paper Mart, the **Purchase ledger** is Purchase, and the item line is A4 Copier Paper, 100 Ream at 260.
- **Transaction 7.** A cash purchase is still a Purchase voucher, because goods come in. Choose **Cash** as the Party A/c.
- **Transaction 8.** Cartage paid to bring goods in is a **direct expense**, because it is part of the cost of the goods.
- **Transaction 12.** In the Debit Note, the party is Deccan Paper Mart, the ledger is Purchase, and the item is A4 Copier Paper, 5 Ream at 260. Stock goes **down** by 5.
- **Transaction 14.** In the Credit Note, the party is Bright Future School, the ledger is Sales, and the item is Geometry Box, 10 Nos at 130. Stock goes **up** by 10.
- **Transactions 18 and 19.** Deccan Paper Mart was owed $26,000 - 1,300 = ! 24,700$. Neha paid ! 24,500, and the ! 200 discount is entered as a Journal so the account closes at zero.

EXAMPLE

How the Payment voucher for transaction 3 looks in single entry mode: Account: State Bank. Particulars: Shop Rent, amount 15,000. Narration: "Rent for April paid by cheque".

TRY THIS

After transaction 20, open the Cash ledger (Display More Reports, then Account Books, then Ledger, or use Alt+G). Its balance should be ! 92,500 Dr. If it is not, check transactions 1, 2, 7, 8, 10, 15 and 20.

Practice transactions 21 to 40

Carry on with the second half of the month in the same way.

No.	Transaction	Voucher	Dr	Cr
21	15 Apr: Neha takes ! 5,000 cash for home	Payment (F5)	Neha Kapoor Drawings	Cash
22	15 Apr: Cash sale: 100 Long Notebooks at ! 55, 30 Pencil Packs at ! 50 and 25 Geometry Boxes at ! 130 (! 10,250)	Sales (F8), party Cash	Cash	Sales
23	16 Apr: Buys a computer for the shop on credit from Laxmi Computers (! 38,000)	Journal (F7)	Computer	Laxmi Computers
24	17 Apr: Receives ! 9,400 in cash from Sai Coaching Classes	Receipt (F6)	Cash	Sai Coaching Classes
25	18 Apr: Pays the phone and internet bill ! 1,180 by UPI from the bank	Payment (F5)	Telephone and Internet	State Bank
26	18 Apr: Buys 1,000 Blue Ball Pens at ! 6 on credit from Mehta Pen Distributors (! 6,000)	Purchase (F9)	Purchase	Mehta Pen Distributors
27	19 Apr: Returns 100 of those pens (wrong colour) to Mehta Pen Distributors (! 600)	Debit Note (Ctrl+F9)	Mehta Pen Distributors	Purchase
28	20 Apr: Credit sale to Rohit Jadhav: 10 Ream A4 paper at ! 320 and 100 Blue Ball Pens at ! 10 (! 4,200)	Sales (F8)	Rohit Jadhav	Sales
29	21 Apr: Deposits ! 60,000 cash in State Bank	Contra (F4)	State Bank	Cash

No.	Transaction	Voucher	Dr	Cr
30	22 Apr: Pays Mehta Pen Distributors ! 19,000 by cheque	Payment (F5)	Mehta Pen Distributors	State Bank
31	23 Apr: Rohit Jadhav returns 2 Ream A4 paper at ! 320 (! 640)	Credit Note (Ctrl+F8)	Sales	Rohit Jadhav
32	24 Apr: Pays ! 1,500 cash for printing pamphlets to advertise the shop	Payment (F5)	Advertisement	Cash
33	25 Apr: Sale paid by UPI: 150 Blue Ball Pens at ! 10 and 80 Long Notebooks at ! 55 (! 5,900)	Sales (F8), party State Bank	State Bank	Sales
34	26 Apr: Rohit Jadhav pays his balance of ! 3,560 by UPI	Receipt (F6)	State Bank	Rohit Jadhav
35	27 Apr: The bank deducts ! 150 as bank charges	Payment (F5)	Bank Charges	State Bank
36	28 Apr: Pays the shop assistant's salary ! 12,000 by bank transfer	Payment (F5)	Salary	State Bank
37	29 Apr: Pays Shivaji Book Depot ! 13,500 by cheque	Payment (F5)	Shivaji Book Depot	State Bank
38	29 Apr: Receives a cheque for ! 5,000 from Bright Future School	Receipt (F6)	State Bank	Bright Future School
39	30 Apr: Neha charges ! 375 depreciation on furniture for April	Journal (F7)	Depreciation	Furniture
40	30 Apr: A part-time helper's salary of ! 4,000 for April is due but not yet paid	Journal (F7)	Salary	Salary Payable

Notes on entering these

- **Transaction 21.** Money taken for home is not a shop expense. It goes to Drawings, under Capital Account.

- **Transaction 23.** The computer is a fixed asset, not goods for sale, so it must not go through the Purchase ledger. No money moves today, so it is a Journal: Dr Computer, Cr Laxmi Computers.
- **Transaction 27.** Choose the same item and rate as the purchase: Blue Ball Pen, 100 Nos at 6.
- **Transaction 34.** Rohit owed $4,200 - 640 = ₹ 3,560$, so this receipt clears his account.
- **Transaction 35.** Bank charges are entered as a Payment, because money left the bank even though Neha did not write a cheque. The bank statement is the proof.
- **Transaction 39.** Depreciation is the fall in value of an asset with use. It moves no money, so it is a Journal. The amount here is Neha's own estimate for practice.
- **Transaction 40.** The salary belongs to April, so it is an April expense even though it will be paid in May. Salary Payable shows the amount still owed.

EXAMPLE

The Journal voucher for transaction 39 in TallyPrime: first line Dr Depreciation, 375. Second line Cr Furniture, 375. Narration: "Depreciation on furniture for April".

SAFETY

Your accounts data is precious. At the end of each practice session, take a backup: press Alt+Y for the Data menu and choose **Backup**. Keep a copy on a pen drive or cloud folder, not only on the same computer.

CHAPTER 8

Checking your work with reports

You have entered forty vouchers. Now check them. Good accountants check reports every day, not just at the month end.

Day Book

The **Day Book** lists every voucher in date order. Open it from the Gateway. It may show only today's date at first. Use the **Period** button on the right to set 1 April to 30 April.

Count the vouchers. You should have 40: 5 Receipts, 3 Contras, 12 Payments, 5 Purchases, 7 Sales, 2 Debit Notes, 2 Credit Notes and 4 Journals.

To fix a voucher, select it and press **Enter** to alter it, then **Ctrl+A** to save. To delete one, select it and press **Alt+D**.

Trial Balance

Open **Display More Reports**, then **Trial Balance** (or press **Alt+G** and type Trial Balance). Set the period to the whole of April. The debit and credit totals must be equal. TallyPrime shows groups first; select a group and press **Enter** to see the ledgers inside it.

Compare your ledger balances with this table:

Ledger	Balance on 30 April
Cash	! 45,650 Dr
State Bank	! 1,50,930 Dr
Sales	! 57,410 Cr
Purchase	! 82,600 Dr
Neha Kapoor Capital	! 3,00,000 Cr
Neha Kapoor Drawings	! 5,000 Dr
Furniture	! 44,625 Dr
Computer	! 38,000 Dr
Bright Future School	! 1,200 Dr
Mehta Pen Distributors	! 5,400 Cr
Laxmi Computers	! 38,000 Cr
Salary	! 16,000 Dr
Salary Payable	! 4,000 Cr
Sai Coaching Classes, Rohit Jadhav, Deccan Paper Mart, Shivaji Book Depot	Nil

The remaining ledgers simply show the amount of their one voucher: Shop Rent ! 15,000, Electricity Charges ! 2,200, Telephone and Internet ! 1,180, Advertisement ! 1,500, Bank Charges ! 150, Depreciation ! 375, Cartage Inward ! 600, and Discount Received ! 200 Cr.

Stock Summary

Open **Stock Summary** from the Gateway. The closing quantities should be:

Stock item	Closing quantity
Long Notebook	60 Nos
Blue Ball Pen	2,150 Nos
Pencil Pack	130 Pkt
A4 Copier Paper	52 Ream
Geometry Box	85 Nos

Check the quantities first, because they come straight from your vouchers. The value depends on the valuation method set on each item. At buying price, the closing stock is worth ! 41,020. Your value may differ a little because of the way returned goods are valued.

Profit & Loss A/c and Balance Sheet

Open **Profit & Loss A/c** from the Gateway. TallyPrime takes the closing stock from the Stock Summary by itself. With stock at buying price, the gross profit is ! 15,230, and the month ends with a net loss of about ! 20,975.

Do not worry about the loss. In its first month, the shop paid a full month's rent and salary and charged depreciation, while sales were only starting. Open the **Balance Sheet** too: the net loss reduces capital, and both sides must still agree.

TIP

Every report lets you drill down. Select any figure, press Enter, and keep going until you reach the voucher behind it. This is the fastest way to find a wrong entry.

TRY THIS

Change transaction 36 from ₹ 12,000 to ₹ 13,000, watch the State Bank and Salary balances change in the Trial Balance, then change it back.

CHAPTER 9

GST in TallyPrime: the basic idea

Real shops in India that are registered under GST (Goods and Services Tax) charge GST on their sales and pay GST on their purchases. This workbook switched GST off so that you could learn the accounting first. Here is how GST fits in, as an idea.

What changes when GST is switched on

1. In **F11 Company Features**, set **Enable Goods and Services Tax (GST)** to **Yes**.
TallyPrime asks for the shop's GST details, such as its state and its **GSTIN** (the 15-character GST number).
2. You create **tax ledgers** under the group **Duties & Taxes**: usually CGST (Central GST), SGST (State GST) and IGST (Integrated GST).
3. Each stock item gets GST details: its **HSN code** (a number that identifies the type of goods) and its tax rate.
4. In a sales voucher, after the items, you select the tax ledgers. TallyPrime works out the tax and adds it to the bill.

Which tax ledgers on which bill?

- A sale to a customer **in the same state** carries CGST and SGST, in two equal halves.
- A sale to a customer **in another state** carries IGST, at the full rate.

EXAMPLE

Neha sells 10 Ream A4 paper at ₹ 320 to an office in Pune. The value is ₹ 3,200. Using **18% only as an example rate**, the tax is ₹ 576: CGST ₹ 288 and SGST ₹ 288. The bill total is ₹ 3,776. If she sold the same paper to a customer in Bengaluru, Karnataka, the bill would show IGST ₹ 576 instead.

REMEMBER

GST rates are different for different goods and they change from time to time. The 18% above is only for practice. Always check the current rate for each item on gst.gov.in, or ask a qualified tax adviser, before you set it in TallyPrime.

Input tax credit, in one paragraph

When Neha buys stock, she also pays GST to her supplier. That tax is called **input tax**. When she sells, she collects GST from her customer, called **output tax**. She pays the government only the difference, output tax minus input tax, subject to the rules. TallyPrime keeps track of both and shows them in its GST reports.

GST reports

When GST is on, TallyPrime has GST reports that help prepare the returns a registered business files on the GST portal. Which returns apply, and their due dates, are set by the GST law and can change, so check gst.gov.in.

TIP

Once you can enter all forty transactions without looking at the answers, create a fresh copy of the company with GST switched on and enter the sales and purchases again with tax ledgers. It is the best next step.

CHAPTER 10

Common mistakes and how to fix them

Every Tally learner makes these mistakes at least once. Learn them here, and you will catch them in seconds.

Masters

- **A ledger under the wrong group.** A customer created under Sundry Creditors shows up as a liability. Fix: Alter, then Ledger, and change the group. All its vouchers move with it.

- **Two ledgers for one party.** "Rohit Jadhav" and "Rohit J" split one customer's balance. Fix: alter the vouchers to use the correct ledger, then delete the extra one. TallyPrime will not delete a ledger that still has vouchers in it.
- **Rent or salary under Direct Expenses.** This makes the gross profit look smaller than it is. Running costs belong under Indirect Expenses.

Vouchers

- **The wrong voucher type.** A cash deposit entered as a Payment, or a cash sale entered as a Receipt. Fix: delete the voucher (Alt+D in the Day Book) and enter it again with the correct type.
- **Accounting Invoice mode for a sale of goods.** The money is right, but the stock never goes down. Fix: alter the voucher, switch to Item Invoice with Ctrl+H, and add the items.
- **A fixed asset through the Purchase ledger.** The computer then counts as goods for sale and spoils the gross profit. Use a Journal (on credit) or a Payment (paid at once) with the asset ledger.
- **The wrong date.** If you forget F2, every voucher lands on the same day. Fix: alter each voucher and correct its date.
- **Entering a voucher twice.** It happens after an interruption. Check the Day Book against your bills before you finish each day.
- **No narration.** In six months nobody will remember why ! 1,500 was paid. Write one short line every time.

Reports

- **Cash shows a credit balance.** You have recorded more cash going out than coming in, which is impossible. Look for a missing receipt or a payment entered twice.
- **A party shows a balance you did not expect.** Drill down into the ledger and match every line with the bills and receipts.
- **Stock quantity is negative.** A sale was entered before its purchase, or a purchase was entered without items. Find it from the Stock Summary by drilling down on that item.

REMEMBER

Fix mistakes in TallyPrime by altering or deleting the voucher. Never "balance" a wrong figure by entering a made-up voucher. That hides one mistake behind another.

DID YOU KNOW

Many offices close each day's work by matching three things: the cash in the drawer, the Cash ledger balance and the Day Book. It takes five minutes and stops small mistakes from becoming big ones.

CHECK YOURSELF

Practice questions

1. What is the Gateway of Tally?
2. Which key accepts and saves a screen in TallyPrime?
3. Which menu do you open with Alt+K, and what can you do there?
4. Under which group would you create (a) a customer who buys on credit and (b) a supplier you buy from on credit?
5. Under which group does Cartage Inward go, and why?
6. Under which group do Shop Rent and Salary go?
7. Name the three kinds of inventory master you create before entering stock.
8. Which voucher and key do you use to deposit cash in the bank?
9. Which voucher and key do you use to pay rent by cheque?
10. Which voucher and key do you use when a customer pays you?
11. What are the keys for a Credit Note and a Debit Note, and when is each used?
12. Neha buys a computer on credit for the shop. Which voucher should she use, and why not a Purchase voucher?
13. A sale is paid by UPI into the bank. Which ledger is the party in the Sales voucher?
14. What is the difference between Item Invoice and Accounting Invoice mode?

15. Which key changes the date in a voucher?
16. How do you delete a voucher from the Day Book?
17. Where is the Trial Balance in TallyPrime?
18. Your Stock Summary shows a negative quantity for an item. Give one likely cause.
19. Your Cash ledger shows a credit balance. What does it mean?
20. On an intra-state sale with GST, which tax ledgers appear? Which appear on an inter-state sale?
21. Why must you never enter a made-up voucher to make a report balance?
22. How do you take a backup of your company data?

ANSWER KEY

Answers

1. The main screen of an open company, from which you reach masters, vouchers and reports.
2. Ctrl+A.
3. The Company menu. You can create, select (open) and shut companies there.
4. (a) Sundry Debtors. (b) Sundry Creditors.
5. Direct Expenses, because it is part of the cost of bringing goods into the shop.
6. Indirect Expenses.
7. Units, stock groups and stock items.
8. Contra, F4.
9. Payment, F5.
10. Receipt, F6.
11. Credit Note is Ctrl+F8, used when a customer returns goods. Debit Note is Ctrl+F9, used when you return goods to a supplier.
12. A Journal (F7). The computer is a fixed asset, not goods for sale, and no money moves on the day of buying.
13. The bank ledger, here State Bank.
14. Item Invoice records stock items with quantity and rate, so stock moves. Accounting Invoice records only amounts, so stock does not move.
15. F2.
16. Select the voucher and press Alt+D.
17. Under Display More Reports, or by pressing Alt+G and typing Trial Balance.

- 18.** A sale entered before its purchase, or a purchase entered without stock items.
- 19.** More cash has been recorded as going out than coming in, which is impossible, so an entry is missing or wrong.
- 20.** Intra-state: CGST and SGST. Inter-state: IGST.
- 21.** It hides the real mistake behind a new one, and the books no longer show the truth.
- 22.** Press Alt+Y to open the Data menu and choose Backup, then keep a copy away from the computer.

WORD LIST

Glossary

Accounting Invoice

a sales or purchase voucher mode without stock items.

Contra voucher

a voucher for money moving between cash and bank, or between banks.

Credit Note

a voucher for goods returned by a customer.

Day Book

a report listing every voucher in date order.

Debit Note

a voucher for goods returned to a supplier.

Direct expenses

costs of buying goods or bringing them in, shown in the trading part of the profit and loss account.

Duties & Taxes

the group for tax ledgers such as CGST, SGST and IGST.

Gateway of Tally

the main screen of an open company in TallyPrime.

GSTIN

the 15-character number given to a business registered under GST.

HSN code

a number that identifies the type of goods for GST.

Indirect expenses

running costs such as rent, salary and electricity.

Item Invoice

a sales or purchase voucher mode in which stock items, quantities and rates are entered.

Ledger

an account in TallyPrime, always placed under a group.

Masters

the lists you set up once, such as ledgers, units and stock items.

Narration

a short note in a voucher saying what happened.

Stock group

a family of similar stock items.

Stock item

one kind of goods the business buys or sells.

Stock Summary

the report of quantities and values of all stock items.

Sundry Creditors

the group for suppliers to whom the business owes money.

Sundry Debtors

the group for customers who owe the business money.

Unit of measure

how a stock item is counted, such as Nos, Pkt or Ream.

Voucher

the document in TallyPrime for one transaction.



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