

Lesson 2: Fundamentals of Tally.ERP 9

Lesson Objectives

On completion of this lesson, you will be able to understand

- Salient Features of Tally.ERP 9
- Key Components of Tally.ERP 9
- How to start and exit Tally.ERP 9
- Setting up a company in Tally.ERP 9
- Working with companies in Tally.ERP 9

2.1 Introduction

Tally.ERP 9 is the world's fastest and most powerful concurrent Multi-lingual business Accounting and Inventory Management software. Tally.ERP 9, designed exclusively to meet the needs of small and medium businesses, 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 your business operations, such as sales, finance, purchasing, inventory, and manufacturing. With Tally.ERP 9, accurate, up-to-date business information is literally at your fingertips anywhere. The powerful new features and blazing speed and power of Tally.ERP 9 combined with enhanced MIS, Multi-lingual, Data Synchronization and Remote capabilities help you simplify all your business processes easily and cost-effectively.

2.1.1 Salient Features of Tally.ERP 9

- **A leading accounting package:** The first version of Tally was released in 1988 and, through continuous development, is now recognised as one of the leading accounting packages across the world, with over a quarter million customers. Tally's market share is more than 90%.
- **No accounting codes:** Unlike other computerised accounting packages which require numeric codes, Tally.ERP 9 pioneered the 'no accounting codes' concept. Tally.ERP 9 users have the freedom to allocate meaningful names in plain English to their data items in the system.

- **Complete business solution:** Tally.ERP 9 provides a comprehensive solution to the accounting and inventory needs of a business. The package comprises financial accounting, book-keeping and inventory accounting. It also has various tools to extract, interpret and present data.
- **Integrated/ Non-integrated accounting and inventory:** With Tally.ERP 9, the user is able to choose between accounting and accounting with inventory. If accounting with inventory is opted for, the user can choose whether it should be integrated or not.
- **Flexible and easy to use:** Tally.ERP 9 is very flexible. It mimics the human thought process, which means that Tally.ERP 9 can adapt to any business need. Tally.ERP 9 users need not change the way their business is run to adapt to the package.
- **Speed :** Tally.ERP 9 provides the capability to generate instant and accurate reports, which assists the management to take timely and correct decisions for the overall productivity and growth of the company.
- **Power :** Tally.ERP 9 allows the user to maintain multiple companies and with unlimited levels of classification & grouping capabilities. It also allows drill down facility from report level to transaction level.
- **Flexibility :** Tally.ERP 9 provides flexibility to generate instant reports for any given period (month/year) or at any point of time besides providing the facility to toggle between Accounting & Inventory reports of the same company or between companies.
- **Concurrent multi-lingual capability :** Tally.ERP 9 offers you the exclusive capability of maintaining your accounts in any Indian language, viewing them in another language and printing them in yet another Indian language.
- **Real time processing :** Immediate posting & updation of books of accounts as soon as the transactions are entered, thereby facilitating instant statements & Reports. It also facilitates real-time multi-user environment.
- **Versatility:** Tally.ERP 9 is suitable for a range of organisations, from small grocery stores to large corporations with international locations and operations.
- **Multi-platform availability:** Tally.ERP 9 is available on Windows 95, 98, ME, 2000 and NT. It runs on a single PC or on a network. On a network, it supports access via any combination of platforms.
- **Online Help :** The Tally.ERP 9 Online Help (Alt+H) provides instant assistance on basic and advanced features or any other relevant topics of Tally.ERP 9.
- **Tally.NET :** is an enabling framework which establishes a connection through which the remote user can access the Client's data without copying / transferring the data.
- **Remote Access :** Tally.ERP 9 provides remote capabilities to access the data from anywhere and anytime.
- **Control Centre :** works as an interface between the user and Tally.ERP 9 installed at different sites and enables the user to centrally configure and administer Site/User belonging to an account.
- **Support Centre :** allows a user to directly post his support queries on the functional and technical aspects of the Product.

- **Auditor's Edition** : Tally.ERP 9 offers a special Auditors' Edition of Tally.ERP 9, which provides auditing and compliance capabilities exclusively for Chartered Accountants.

2.1.2 Functional Features of Tally.ERP 9

BASIC ACCOUNTING	BASIC INVENTORY
Complete book-keeping	Stock categories
Books, registers and statements of accounts	Stock query by stock group, or stock category
General ledgers	Multiple godowns
Accounts receivable and accounts payable	Stock transfers to godowns and branches
Flexible voucher numbering	Multiple stock valuation methods
Flexible classification of account heads	Batch-wise/ Lot-wise, including expiry date handling
Panoramic view	Alternate units of measure and tail units.
Drill-down display	Tracking through receipt notes/ delivery notes/ rejections inwards/ rejections outwards
Database reporting	Additional costs incurred on purchase
Voucher and cheque printing	Movement/ Profitability analysis Party-wise/ Item-wise/ Stock Group-wise
Columnar reports	Customisable sales invoices using price lists with multiple prices
Bank reconciliation	Sales and purchase order processing

ADVANCED ACCOUNTING	ADVANCED INVENTORY
Multiple companies	Stock items classified as raw materials, work-in-process, finished goods
Multi-currency	Bill of Material with auto-adjustment of stocks
Multiple financial years	Job-working concepts, including sub-contracting
Comparison of data using multi-columnar reporting.	Additional cost of manufacturing with notional value and percentage
Memo vouchers	CENVAT support
Post-dated vouchers	Reorder levels
User-defined voucher types	Stock ageing analysis
Sales and purchase extracts	Batch related stock reports
Cash flow statement	Point of Sale (POS)

Daily balances and transaction values/ Interest calculations	Excise/ VAT/ Central Sales Tax (CST)/ Tax Collected at Source (TCS) related Inventory transactions and reports
Percentage-based reporting	
Ratio analysis	
Value Added Tax (VAT)	
Service Tax (ST)	
Fringe Benefit Tax (FBT)	
Tax Deducted at Source (TDS)	
Tax Collected at Source (TCS)	
Excise	
Payroll	

2.1.3 Technology Advantages

- **Simple and rapid installation:** Tally.ERP 9 has a simple, menu-driven installation procedure. The user can install the program files on any drive if the hard disk has partitions. The user can also specify the name and directory location of the program files. Tally.ERP 9 uses minimum hard disk space in the local drive. Its installation on the local disk takes just a few seconds.
- **Unlimited multi-user support:** A multi-user version of Tally.ERP 9 can be installed on a network, having any number of computers with different operating systems such as Win 95, 98, NT, 2000, XP and Linux.
- **Internal backup/ restore:** Tally.ERP 9 has an in-built, user-friendly 'backup and restore' option. It helps the user to take a backup of one or more companies or all companies, in a single directory, in the local hard disk, or in any external media.
- **Data reliability:** Tally.ERP 9 offers reliable data. It uses a flexi-field, flexi-length, self-indexed, weighted file structure for an extremely compact and fast database. Tally.ERP 9 is robust and even if there is a power failure or the computer is incorrectly shut down, data is not lost. Tally.ERP 9 uses signalling quality data integrity checks, at regular levels, to ensure the complete reliability of data.
- **User-defined security levels:** Tally.ERP 9 offers high levels of security. Users can define multiple levels of security according to their requirements. Every authorised user in the company can have an individual password, with rights to use specific features only. The user with the administrator level password will have full access and can set controls for other users.
- **Data security:** Tally.ERP 9's data integrity checks ensure that there are no external changes to the data. Tally.ERP 9 also uses a binary encoding format of storage to prevent devious grouping of information.
- **Tally audit:** The Tally.ERP 9 audit feature provides the user with administrator rights and the capability to check the entries made by the authorised users and alter these entries, if necessary. Once the entries are audited, Tally.ERP 9 displays the altered entries, if any,

along with the name of the user, who has altered the entry, and the date and time of the alteration.

- **TallyVault:** Tally.ERP 9 offers a data encryption option called TallyVault. Without the valid TallyVault password, the data cannot be accessed. Tally.ERP 9 follows the DES (Data Encryption Standard) encryption method to safeguard the data.
- **Removal of data into a separate company:** Tally.ERP 9 allows users to maintain a company for any number of financial years. Once the books of accounts have been completed for the earlier financial years, the user can split the company data into multiple companies as per financial periods required. Tally.ERP 9 also has a feature to split company data. The user can specify the date from which the company has to be split and Tally.ERP 9 will split the company to form two companies as per periods specified. Once the data has been split, the closing balance of the first period (first company) becomes the opening balance for the next period (second company).
- **Multi-directory for company management:** The user can create multiple directories to store data. The data stored in these directories can be accessed directly in Tally.ERP 9, by specifying the path.
- **Import/ Export of data:** Any transaction can be exported and imported to other software after suitably altering the current structures to accept the Tally.ERP 9 data structure. Data can also be imported to Tally.ERP 9 by writing a TDL program. The data which is to be exported from Tally.ERP 9 can be in XML, HTML or ASCII format.
- **Tally.ERP 9 Synchronization:** Synchronization is the process of exchanging Tally.ERP 9 data between two or more locations. This process enables a branch office to send its data to the head office, over the Internet or a private network.
- **Graphical analysis of data:** Tally.ERP 9 provides graphical analysis of data which helps the user to perform deeper analysis. The user can generate graphical analysis reports such as Sales register, Purchase register, Ledgers, Funds flow, Cash flow, Stock Item registers and so on. This helps the management to quickly judge performance and be better prepared for difficult times.
- **ODBC (Open Database Connectivity) compliance:** It allows other programs to use data from Tally.ERP 9, directly. Thus, any program such as MS-Excel or Oracle, which is ODBC compliant, can use data from Tally.ERP 9. Data connectivity is dynamic, which means that any update in Tally.ERP 9 is reflected in real time in other ODBC compliant software. The user can also extract data from Tally.ERP 9 and design his/ her own report formats in other ODBC compliant software.
- **Protocol support:** Tally.ERP 9 provides protocol support for HTTP, HTTPS, FTP, SMTP, ODBC and raw sockets with data interchange formats such as XML, HTML with XML islands, SOAP and related formats. Protocol refers to a mechanism by which information (data) can be put into or taken from Tally.ERP 9. Formats refer to the standard for information to be generated from Tally.ERP 9 or from other applications which can exchange data with Tally.ERP 9.
- **Direct web browser access:** While working on Tally.ERP 9, the user can directly log on to the Tally website, provided he/ she has access to the Internet. The website lists details of all the facilities offered by Tally.ERP 9. The user can also download the latest release of

Tally.ERP 9 as and when it is available. The Tally website also offers Tally Chat, by which a user can communicate with a Tally representative and get required information.

- **Ability to preview and publish reports and documents on the Internet:** Companies which want to publish reports and price lists on their website can do so directly from Tally.ERP 9.
- **E-mail Facility:** Tally.ERP 9 facilitates the mailing of any Tally.ERP 9 report or document.
- **Multilingual capability:** Tally is the world's first accounting and inventory software with multilingual capability. Currently, Tally.ERP 9's multilingual capability extends to 12 languages which include nine Indian languages (Hindi, Gujarati, Punjabi, Tamil, Telugu, Marathi, Kannada, Malayalam and Bengali), Bahasa Melayu and Bahasa Indonesia. Tally.ERP 9 enables you to enter data in one language and have it transliterated into different languages. You can generate invoices, purchase orders or delivery notes in the language of your choice after entering data for the same in any of the nine specified languages. Also, the phonetic keyboard allows you to spell the term phonetically based on how it sounds and Tally.ERP 9 displays the data in the language selected after transliteration.
- **Point of Sale (POS) :** POS is an acronym for Point of sale. Point of Sale can be a retail outlet, a check out counter in a shop, or any other location where a sales transaction takes place. It is a computerised cash register which adds up the sales totals, calculates the balance to be returned to buyer and automatically adjusts the inventory level to reflect the quantity sold. The equipment required for POS to work effectively are cash registers, card readers, bar-code scanners and so on.

2.1.4 Payroll

Tally.ERP 9 Payroll is integrated with Accounting and benefits the user by simplifying Payroll processing and accounting. Tally.ERP 9 Payroll enables users to set up and implement salary structures, ranging from simple to complex, as per the organisation's requirements. The user can also align and automate payroll processes and directly integrate them with main stream accounting applications. Tally.ERP 9 Payroll also supports configurable formats for payslip printing; flexible salary/wage, attendance, leave and overtime registers; gratuity and expat reports.

2.1.5 Data Migration Capability

Tally.ERP 9 has the ideal solution for those who have their data in Tally 7.2 and now want to use Tally.ERP 9. Tally.ERP 9 provides a migration tool which helps the user to migrate the data easily to the latest version and continue with day-to-day transactions. Tally 6.3 users can also use the migration tool which will rewrite the version to Tally 7.2 and then migrate the data to Tally.ERP 9. Tally 8.1 users and Tally 9 Release 2.14 users can rewrite the version of their data to Tally.ERP 9.

2.1.6 Features pertaining to Duties and Taxes

- ❑ The all-new package provides statutory reporting capability for VAT (Value Added Tax), Composite VAT, CST (Central Sales Tax), TDS (Tax Deducted at Source), ST (Service tax), TCS (Tax Collected at Source), FBT (Fringe Benefit Tax).
- ❑ State-specific statutory VAT returns and Annexures
- ❑ Various CST related reports
- ❑ Returns and challans for Service Tax
- ❑ TCS enabled with e-TCS capability, with facility for printing certificates/ challans
- ❑ Composition Monthly VAT Return
- ❑ Quarterly Return – Form II, in the case of Excise Dealer
- ❑ Periodic FBT Challans and Returns

2.2 Getting Functional with Tally.ERP 9

2.2.1 Tally.ERP 9 Start-up

Tally.ERP 9 can be started in any of the following ways :

- ❑ Click on **Start > Programs > Tally.ERP 9 > Tally.ERP 9** or double click on the **Tally.ERP 9** icon on your desktop

The welcome screen **Tally.ERP 9 – Power of Simplicity** appears while the software loads. You will be ready to explore Tally.ERP 9, the moment the Tally.ERP 9 start up screen appears.

The **Tally.ERP 9 Start-up** Screen appears as shown below:

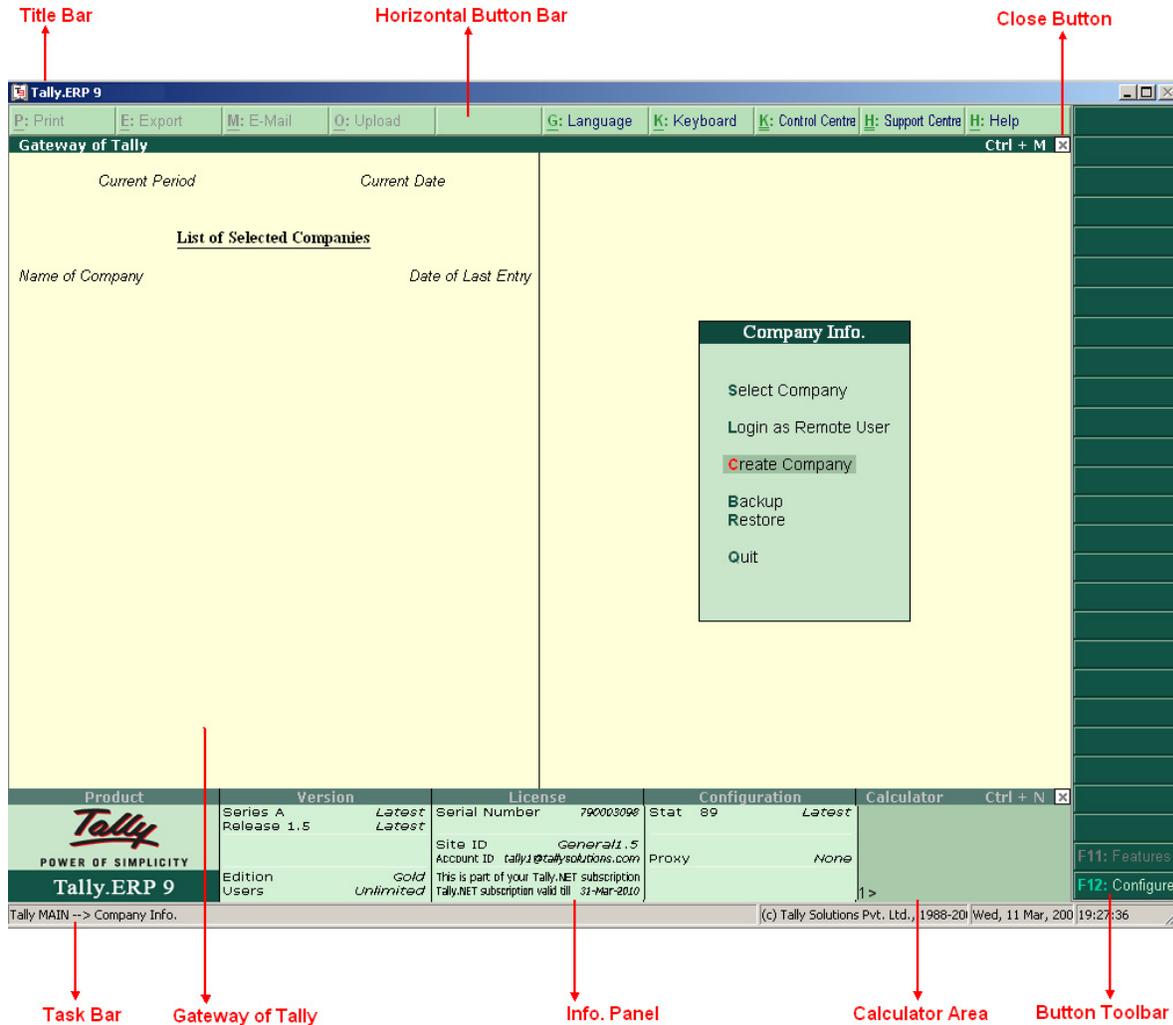


Figure 2.1 Tally.ERP 9 Start - up screen

2.2.2 Tally.ERP 9 Screen Components

- **Title bar:** Displays the Tally.ERP 9 version number.
- **Horizontal button bar:** Selection of Language key, Keyboard Language and Tally.ERP 9 Help.
- **Close button:** Performs the standard Windows Operating Systems function (Windows 95 onwards), allowing you to minimise Tally.ERP 9 and work on other applications. To restore Tally.ERP 9, click the Tally.ERP 9 icon on the taskbar.

- ❑ **Gateway of Tally:** Displays menus, screens, reports and accepts the choices and options which you select to view data as required.
- ❑ **Buttons toolbar:** Displays buttons which provide quick interaction with Tally.ERP 9. Only buttons relevant to the current task are visible.
- ❑ **Calculator Area:** Used for Calculator functions.
- ❑ **Info Panel:** Displays Version number, License details, Configuration details.

2.2.3 Mouse/ Keyboard Conventions

While working with Tally.ERP 9, use the following conventions.

MOUSE/ KEYBOARD CONVENTIONS	
Action	Particulars
Click	Press the left mouse button.
Double-click	Press and release the left mouse button twice, without moving the mouse pointer off the item.
Choose	Position the mouse pointer on the item and click the left mouse button.
Select	Position the mouse pointer on the item and double-click the left mouse button.
Press	Use the keys on the keyboard in the combination shown.
Fn	Press the function key.
Fn	Press ALT + function key .
Fn	Press CTRL + function key .

2.2.4 Switching between Screen Areas

When Tally.ERP 9 first loads, the **Gateway of Tally screen** displays. To toggle between this screen and the Calculator/ ODBC server area at the bottom of the screen, press **Ctrl+N** or **Ctrl+M** as indicated on the screen. A green bar highlights the active area of the screen.

2.2.5 Quitting Tally.ERP 9

You can exit the program from any Tally.ERP 9 screen, but Tally.ERP 9 requires all screens to be closed before it shuts down.

To quit working on Tally.ERP 9,

- ❑ Press **Esc** until you see the message **Quit? Yes or No ?** Press **Enter** or **Y**, or click **Yes** to quit Tally.ERP 9.
- ❑ Alternatively, to exit without confirmation, press **Ctrl+Q** from **Gateway of Tally**.
- ❑ You can also press **Enter** while the option **Quit** is selected from **Gateway of Tally**.

2.3 Creation/ Setting up of Company in Tally.ERP 9

The first step towards understanding Tally.ERP 9 is to create a company in Tally.ERP 9. Create a company using the **Company Creation** screen.

2.3.1 Creation of a Company

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

The **Company Creation** screen displays as shown.

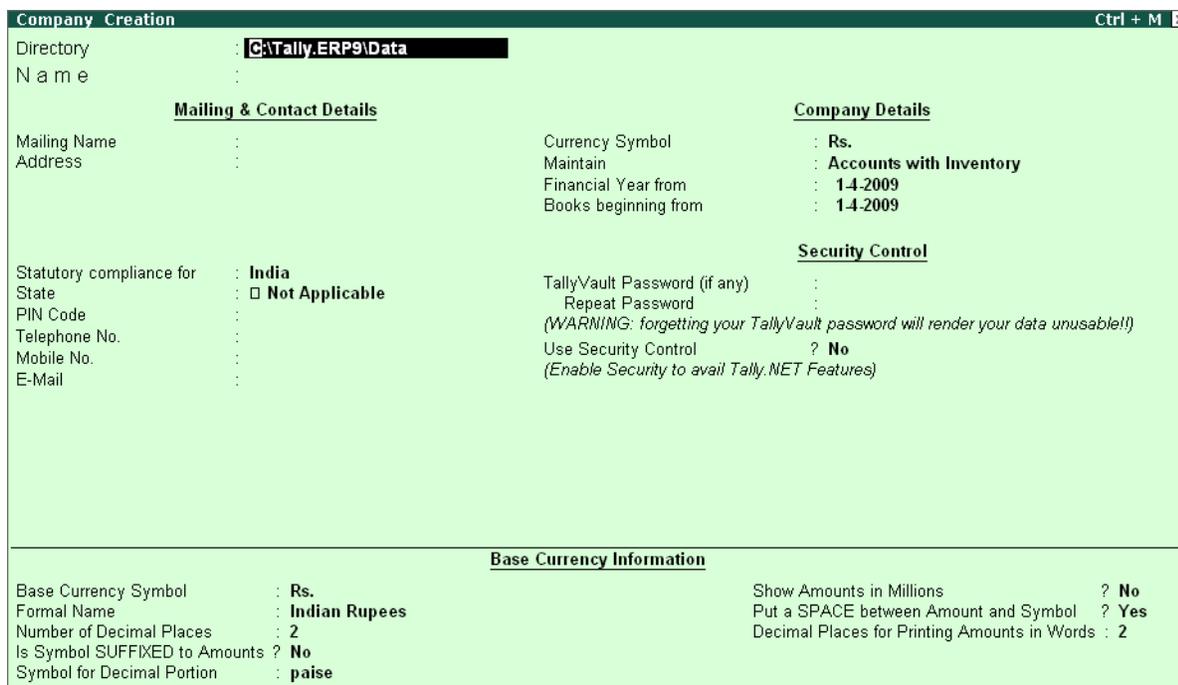


Figure 2.2 Company Creation screen

Each field in the Company Creation screen is explained below. To navigate between the fields, use the enter key or the tab key or arrow keys or the mouse.

Fields	Description
Directory	Tally.ERP 9 assumes that the company is to be created in the data path given in the Tally.INI file, which is displayed by default. This field is skipped by default. However, you can change this path, if you want to, by using the backspace key, so that Tally.ERP 9 saves the data to a different directory specified by you.

Name	This specifies the name of the company as it appears in Tally.ERP 9. If you have several companies to create with similar names, you will have to distinguish between them to provide a unique name for Tally.ERP 9.
Mailing Name	The company name given in the Name field automatically appears in this field. This can be changed according to your requirements. The correct name of the company for mailing purposes should be entered.
Address	The address of the company (The mailing name and address details are picked from here for any report such as balance sheet and statement of accounts).
Statutory Compliance for	Select India from the list of countries.
State	Select the appropriate State from the list of States.
Pin Code	Enter the PIN code of the specified address.
Telephone No.	Enter the telephone number of the company.
E- Mail	E-mail address will be used to e-mail documents, reports and data from Tally.ERP 9.
Mobile No.	Enter the mobile number of the company.
Currency Symbol	This refers to the currency symbol Tally.ERP 9 will use for monetary values. By default, Tally.ERP 9 displays Rs .
Maintain	Select the nature of the company i.e, Accounts only or Accounts with Inventory .
Financial Year From	Specify the Financial Year (FY) for the company. Tally.ERP 9 considers 12 months from the date you give here as the Financial Year. For example, if you give 1 st April 2009, your FY will be April to March - in this case, ending with 31 st March 2010.
Books Beginning From	The date given for 'Financial Year From' is automatically displayed. However, we can specify the actual date on which the books of accounts start. In case our accounts are opened mid-way during the financial year specified, we can enter the required date and start the books of accounts accordingly.
TallyVault Password	TallyVault is an enhanced security feature utilised to protect company data in an encrypted form by means of a Password. The TallyVault password entered ensures that the data is maintained permanently in an encrypted form without retaining information of the password used. Data is not accessible without the TallyVault password. Remember to keep this password private and known only to those who need to know. If the password is lost, your data cannot be recovered.
Use Security Control	Tally.ERP 9 has a range of security controls, which can define the authority of various users to access the information and to enter/alter/delete the vouchers.



- *Tally.ERP 9 will automatically adjust the spacing between the characters and lines entered to ensure that the details fit the space available.*
- **Accounts Only:** *Financial Accounts of the company only*
- **Accounts-with-Inventory:** *Both Financial Accounts and Inventory of the company.*
- *Tally.ERP 9 recognises a wide range of date formats, e.g. 1-4-09, 01/04/09, 1 Apr 2009, and will convert what you enter, to a standard format.*

2.3.2 Base Currency Information

Tally.ERP 9 needs to know the default currency for the company and how the amounts should be shown on the screen and in the reports.

BASE CURRENCY INFORMATION	
Fields	Description
Base currency symbol	Pre-set as a default currency — Rs. (as specified earlier).
Formal name	Complete name for the currency symbol. By default, this is set to Indian Rupees .
Number of decimal places	By default, this is set to 2.
Is symbol suffixed to amounts?	By default, this is set to No . For example, in India, we place the Rs symbol in front of amounts.
Symbol for Decimal Portion	Enter the decimal portion for the currency mentioned. Enter Paise .
Show amounts in millions?	Tally.ERP 9 caters to currencies where the different parts of large amounts are called by special names. By default, this is set to No .
Put a space between amounts and symbol?	By default, this is set to Yes .
Decimal Places for Printing Amounts in words	You can specify the number of decimal places to print the amount in words. This number should be equal to or lesser than the number specified in Number of Decimal places field.



Base Currency Information is set to the default values as given in the Table. However, if the Multi-currency feature of Tally.ERP 9 is activated - then Tally.ERP 9 allows the user to alter the Base Currency Information as required.

Let us create a company in Tally.ERP 9 taking the example of National Traders who purchases computer equipments, components and softwares and sells it to other companies and to the direct customers. Create a Company as per information provided below :

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

Enter the following information to create a company:

Field	Data to be entered
Directory	Accept what is displayed on the screen
Name	National Traders
Mailing Name	National Traders
Address	No 24, Phase 1, Peenya Industrial Area Bangalore
Statutory Compliance for	India
State	Karnataka
Pin Code	560089
Telephone No	080 - 41237890
Mobile No.	9845293752
E-mail	sales@national.com
Currency Symbol	Rs.
Maintain	Accounts with Inventory
Financial year from	1 April 2009
Books beginning from	1 April 2009
TallyVault Password (if any)	Skip the Field – don't enter any details.
Use security control	No
Formal name	Indian Rupees
Number of decimal places	2

Show amounts in millions?	No
Is symbol suffixed to amounts?	No
Put a space between amounts and symbol?	Yes

The completed company creation screen is displayed as shown below:

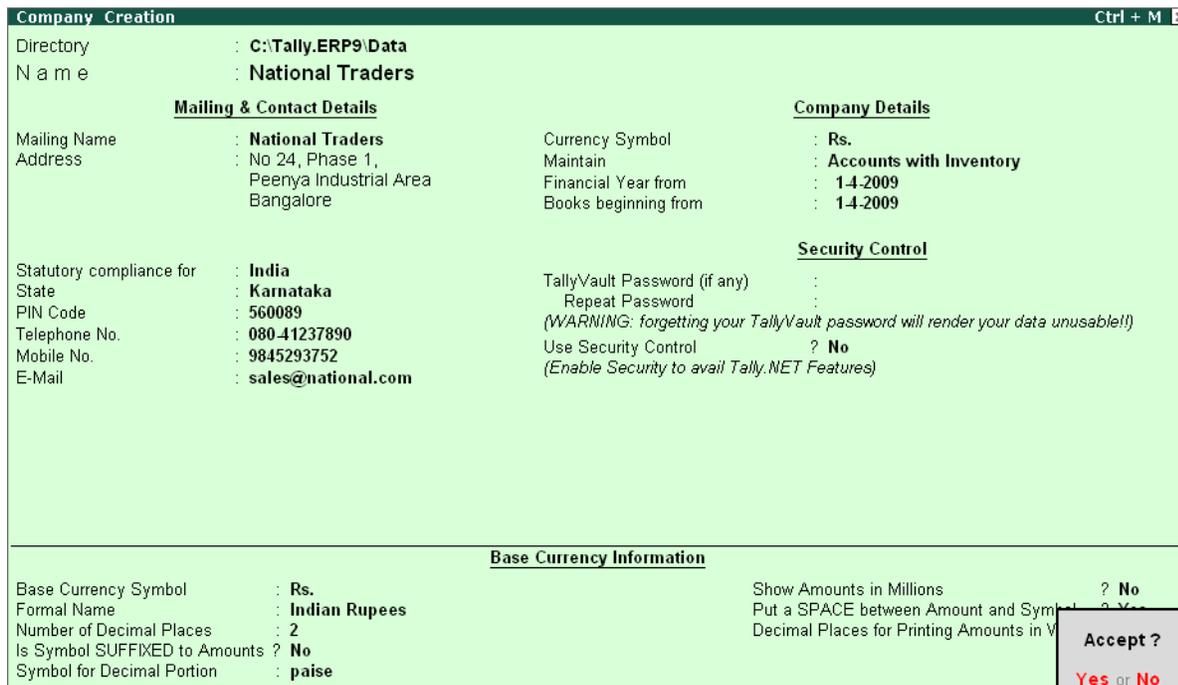


Figure 2.3 Completed Company Creation screen — National Traders

- Press **Y** or **Enter** to accept the screen.

The **Gateway of Tally** screen will appear as shown below:

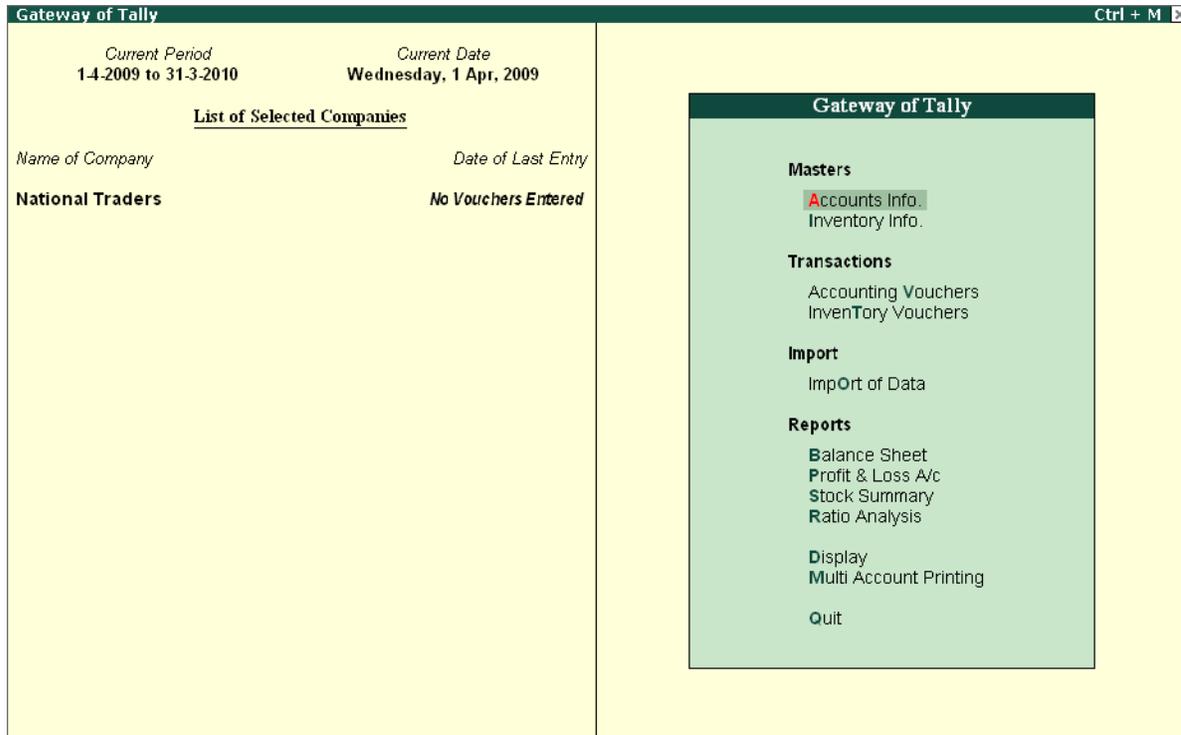


Figure 2.4 Gateway of Tally

2.3.3 Working with Multiple Companies

For a group of companies, you can maintain the details of each company separately. You can select the company to work with and close the company when it is not required. However, you can also open many companies at the same time and switch between companies without closing the application.

2.3.4 Exercise to Create another Company

Before looking at how to view and amend company details, let us create another company to experiment with. Name your company as **Indus Enterprises**, Financial Year as **1 April 2009 & Book** beginning from **1 April 2009** and you may enter the company details as you like,

To create **Indus Enterprises** follow this procedure:

1. From the buttons bar select **Alt + F3: Create Cmp** or simply press **Alt + F3** to bring up the **Company Info.** Menu.
2. Select **Create Company** from the menu to bring up the **Company Creation** screen.
3. Enter **Indus Enterprises** in the **Name** field and experiment with entering other data of your choice (for example, the address details).
4. When you have finished, Press **Y** or **Enter** to accept the screen

The **Gateway of Tally** screen will now appear as shown below:

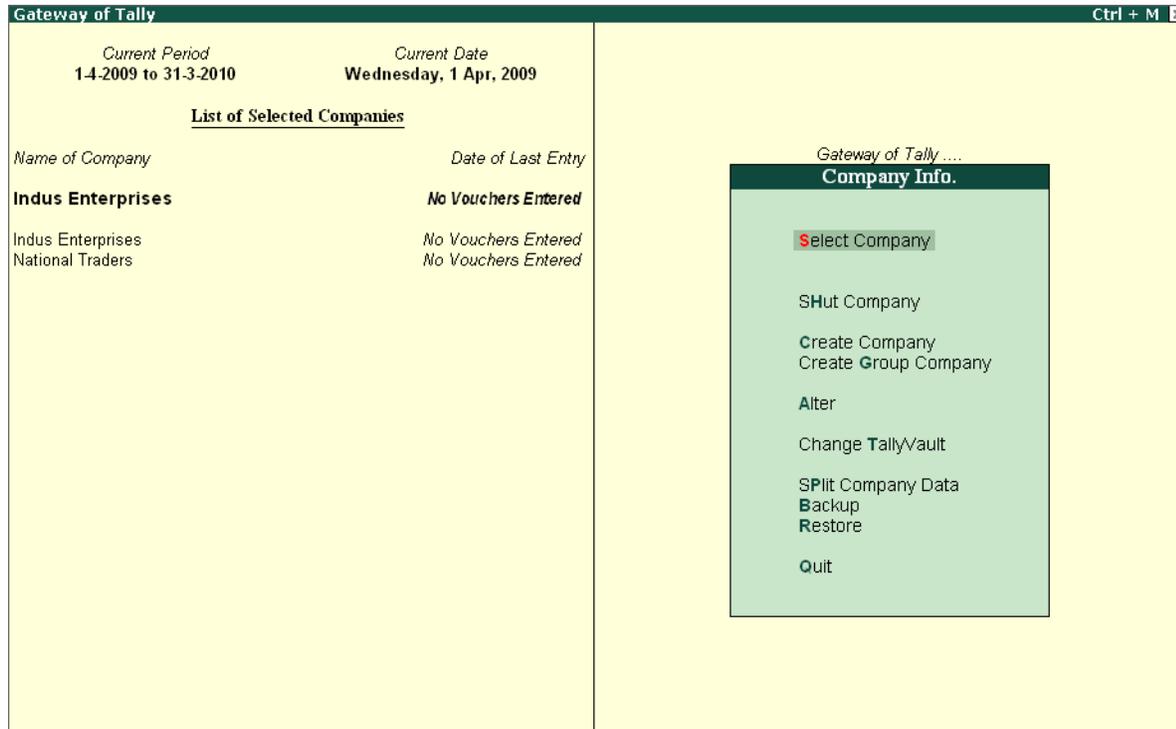


Figure 2.5 Gateway of Tally with the New Company — Indus Enterprises

Notice that **Indus Enterprises** is highlighted. This indicates that it is the currently selected company from the list of open companies.

You can now practice selecting, closing and altering company information.



*While working with Tally.ERP 9, you can press **Esc** to exit from any screen before the changes you have made take effect.*

Practice Exercise

1. Select a Company
2. Shut a Company
3. Alter a Company

To Select a Company

1. Go to the **Gateway of Tally > Alt + F3 > Company Info. > Select Company OR Press F1**. Tally.ERP 9 displays the **List of Companies** screen. All the companies created are displayed in an alphabetical order. Select the company name from the list given.
2. In case two or more companies are loaded (like National Traders and Indus Enterprises), click on the company which you need to work on so that the selected company will be highlighted and will appear on top of the list.

To Shut a Company

Go to the **Gateway of Tally > Alt + F3 > Company Info. > Shut Company**. Select the Company which you need to shut from the **List of Companies**. You can also use **Alt + F1** to shut a Company from the Gateway of Tally screen.

To Alter Company Details

Go to the **Gateway of Tally > Alt + F3 > Company Info. > Alter**. Select the company which you need to alter from the **List of Companies** and press **Enter** to view the **Company Alteration** screen. Alter the company details as required and accept the screen.



You can also access these functions, by selecting the appropriate button from the button bar.

Points to Remember

- ❑ Tally.ERP 9 pioneered the 'no accounting codes' concept.
- ❑ Tally.ERP 9 mimics the human thought process.
- ❑ Tally.ERP 9 is multi-platform compatible and supports multi-user accessibility.
- ❑ Tally.ERP 9 has multilingual capability and new features such as Payroll and Point of Sale.
- ❑ Tally.ERP 9 is ODBC compliant.