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1. Introduction to Tally

1.1 What is Tally?

Tally is a robust, integrated, and feature-rich accounting software designed to manage all the critical financial aspects of a business. It acts as a comprehensive Enterprise Resource Planning (ERP) system for small and medium businesses (SMBs). It is not just limited to accounting; it handles inventory management, statutory compliance (like GST/VAT, TDS), payroll, banking, and more, all within a single application.



1.2 Importance in Accounting and Business

Tally's importance stems from its ability to provide real-time, accurate financial reporting and operational efficiency.

- **Automation:** It automates complex processes like ledger posting, calculation of tax liabilities, trial balance generation, and final account preparation.
- **Compliance:** It ensures statutory compliance by accurately calculating taxes (GST, TDS) and generating required reports for filing.
- **Decision Making:** Managers can quickly access critical reports like **Profit & Loss Account**, **Balance Sheet**, and **Stock Summary** to make informed business decisions.

- **Scalability:** It can manage simple cash-based accounting for a small sole proprietorship or complex inventory and multi-branch operations for a mid-sized corporation.

1.3 Versions of Tally (Tally ERP 9, Tally Prime)

Version	Focus	Key Features
Tally. ERP 9	Older, reliable system.	Traditional interface, robust features, widely used for stable operations.
Tally Prime (Current)	Modern user experience (UX) and data management.	Go To feature (Alt+G) for quick navigation, improved look and feel, multi-tasking, better reporting. This guide focuses on Tally Prime steps.

1.4 Installation and Basic Setup

System Requirements

- **CPU:** 64-bit architecture (x64)
- **OS:** Microsoft Windows 7 or later
- **RAM:** 4 GB or more (recommended)
- **Disk:** SSD is recommended for better performance.

Installation Steps (Procedure)

1. Download the setup file from the official Tally Solutions website.
2. Run the setup file and choose **Install New**.
3. Select the desired installation path (e.g., C:\TallyPrime).

4. Click **Install**.
5. After installation, start the application and activate your license or continue in Educational Mode.

2. Company Creation and Configuration

This is the foundational step that defines the accounting and statutory parameters for your books.

2.1 Starting Tally and Creating a Company

Steps to Create a Company in Tally Prime

1. Start Tally Prime.
2. From the **Gateway of Tally** (or the initial screen), select **Create Company**.
3. Enter the required details in the fields provided.

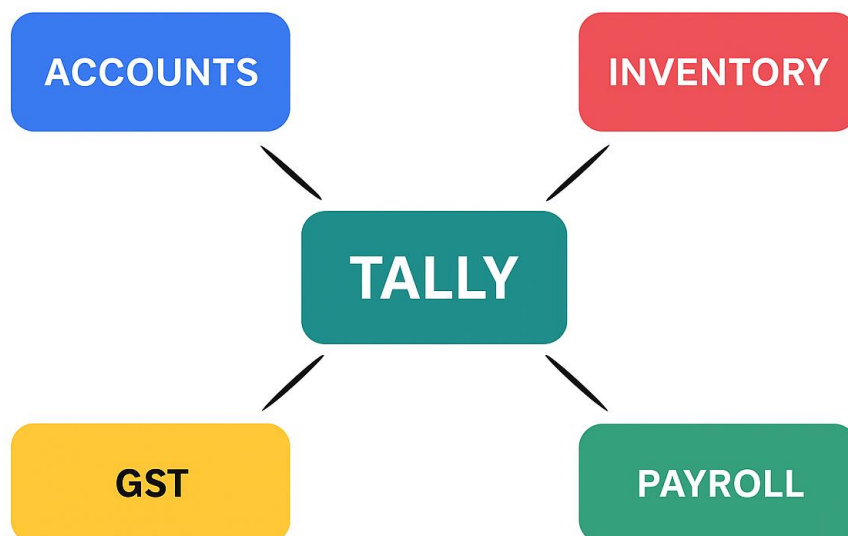
Example: Creating "The Daily Grind Cafe"

Field	Input	Description
Company Name	The Daily Grind Cafe	Full legal name of the business.
Mailing Name	The Daily Grind Cafe	Name used in reports and invoices.
State	Delhi	CRUCIAL for state-specific tax (GST/VAT) compliance.
Financial Year Beginning From	1-Apr-2024	Start date of the financial year.
Books Beginning From	1-Apr-2024	Date when you start recording transactions. Can be later than the financial year start.

2.2 Currency, Security, and Other Configurations (F11)

Immediately after creation, you should press **F11 (Features)** to configure the company.

Feature	Menu Location	Configuration Steps
Accounting	F11 -> Accounting	Enable Maintain Accounts (Yes). Enable Maintain Bill-wise Details (Yes, for tracking outstanding receivables/payables).
Inventory	F11 -> Inventory	Enable Maintain Inventory (Yes). Enable Integrate Accounts with Inventory (Yes) to link stock and financial impact.
Taxation	F11 -> Taxation	Enable Goods and Services Tax (GST) and Tax Deducted at Source (TDS) as required. (See Section 6).
Security	Company -> Alter -> Use Security Control (Yes) to enable user roles and passwords.	



3. Masters in Tally (Ledgers, Groups, Inventory, Godowns)

Masters are the semi-permanent data elements that are used repeatedly in vouchers.

Ledger Creation		ABC Company		Ctrl + M
Name : Transportation Charges			Total Opening Balance	
Under : Indirect Expenses		Mailing Details		
Inventory values are affected ? No		Name :		
Cost centres are applicable ? Yes		Address :		
		Country :		
		Provide bank details : No		
		Tax Registration Details		
		PAN/T No. :		
Opening Balance (on 1-Apr-2016) :		Accept ?		
		Yes or No		

3.1 Ledger Creation

A Ledger is an account title used to identify a transaction (e.g., Cash, Rent Expenses, Sales, SBI Bank Account).

Steps to Create a Ledger

1. From **Gateway of Tally**, press **Create**.
2. Select **Ledger** under the Accounting Masters.
3. Enter the **Name** (e.g., Rent Paid, Suresh – Customer).
4. Select the appropriate **Group** (This is the most critical step—the Group defines the ledger's behaviour in financial statements, e.g., 'Indirect Expenses', 'Sundry Debtors').
5. Save (Press **Ctrl+A**).

Example: Creating a Customer Ledger

Step	Action	Key Detail
1.	Go to Gateway of Tally -> Create -> Ledger.	Access the Master creation menu.
2.	Name: Vikas Retail Store.	The name that appears on the invoice.
3.	Under: Sundry Debtors.	<i>Crucial:</i> Ensures the balance appears under Current Assets on the Balance Sheet.
4.	Maintain Bill-wise Details: Yes.	Essential for tracking which invoice is outstanding.
5.	Save using Ctrl+A.	

Groups classify ledgers (e.g., Sales Accounts, Sundry Debtors, Current Assets). Tally provides 28 default groups. Always try to use the default groups before considering a custom group.

3.3 Stock Items and Units of Measure

Used for businesses trading goods.

Creating a Stock Item (Procedure)

1. **Create Unit of Measure:** Go to **Create -> Unit**. (E.g., Nos - Numbers, Kgs - Kilograms).
2. **Create Stock Item:** Go to **Create -> Stock Item**.
 - **Name:** E.g., Coffee Beans (Arabica).
 - **Units:** Select the created Unit of Measure.
 - **Statutory Details:** Configure GST rates and HSN/SAC codes here.
3. Save (Press **Ctrl+A**).

3.4 Godown (Location) Creation

Godowns or Locations are used to track where the inventory is physically kept (e.g., Main Warehouse, Shop Floor).

Steps to Create a Godown

1. Press **F11 (Features) -> Inventory -> Enable Maintain Multiple Godowns/Locations** (Yes).
2. Go to **Create -> Godown**.
3. Enter the Name (e.g., City Outlet Storage) and select if it is Primary or under another Godown.
4. Save.

3.5 Cost Centres and Cost Categories

Cost Centres track expense allocation by department, project, or employee.

Cost Categories group similar cost centres.

Steps to Enable and Use

1. Press **F11 (Features)** -> **Accounting** -> Enable **Maintain Cost Centres** (Yes).
2. Go to **Create** -> **Cost Centre**.
3. In the voucher entry, Tally will prompt you to allocate the expense amount to the relevant Cost Centre.

4. Accounting Vouchers

Vouchers are the transaction entry forms. Correct selection of the voucher type is mandatory for accurate bookkeeping.

Voucher (Shortcut)	Type	Use Case	Example
Payment (F5)	Monetary	Cash or bank payments.	Paying Rent by Cheque.
Receipt (F6)	Monetary	Cash or bank receipts.	Receiving Cash from a customer.
Contra (F4)	Monetary	Cash deposited into/withdrawn from the bank.	Depositing Cash into SBI Bank.
Journal (F7)	Adjustment	Non-cash, non-inventory adjustments.	Recording Depreciation or provision entries.
Sales (F8)	Inventory/Service	Goods/Services sold.	Selling Coffee to Vikas Retail Store.
Purchase (F9)	Inventory/Service	Goods/Services bought.	Buying Coffee Beans from a supplier.
Reversing Journal	Memo/Special	Entries passed on a specific date and automatically reversed on a subsequent date (e.g., Provision for Expenses).	
Memo Voucher	Memo/Special	Recording uncertain transactions (e.g., Petty cash withdrawal for future use) that do not affect the main accounts until confirmed.	

4.1 Payment Voucher (F5) - Example

Used for recording cash or bank payments.

- **Transaction:** Paid monthly salary of ₹25,000 to an employee via SBI Bank on 01-May-2024.

Step	Action	Image Placeholder
1.	Press F5 (Payment) . Change date to 1-May (F2).	
2.	Account: Select SBI Bank A/c (Payment mode is Bank).	
3.	Particulars (Credit): Select Salary Payable ledger (Credit the liability/expense). Amount: 25,000 .	
4.	Press Enter to open the Bank Allocation screen. Enter the cheque/EFT details.	
5.	Save (Press Ctrl+A).	

Accounting Voucher Creation		ABC Company	Ctrl + M
Payment No. 1		1-Apr-2008 Tuesday	
Account : Cash - Location A Cur Bal: 14,000.00 Dr			
Particulars		Amount	
Conveyance Cur Bal: 150.00 Dr		150.00	
Postage Cur Bal: 250.00 Dr		250.00	
Staff Welfare Cur Bal: 200.00 Dr		200.00	
Stationery Cur Bal: 400.00 Dr		400.00	
Narration: Payment towards Conveyance, Postage, Staff Welfare and Stationery		Accept? Yes or No	

4.2 Journal Voucher (F7) - Example

Used for non-cash adjustment entries, provisioning, and rectifications.

- **Transaction:** Recording annual depreciation of ₹10,000 on Machinery.

Step	Debit (Dr)	Credit (Cr)	Amount
1.	Press F7 (Journal) .		
2.	Debit: Depreciation Expense (Under Indirect Expenses)		10,000
3.	Credit: Machinery (Under Fixed Assets)	10,000	
4.	Narration: Being annual depreciation charged on machinery.		
5.	Save (Press Ctrl+A).		

5. Inventory Vouchers (Movement of Goods)

These vouchers track the physical movement of stock, which may or may not affect the accounts immediately.

5.1 Sales and Purchase Order Processing

This is the non-accounting cycle of generating orders before goods/invoices are exchanged.

Voucher Type	Shortcut	Purpose	Followed By
Sales Order	Alt+F5	Records a customer's confirmed order.	Delivery Note -> Sales Voucher
Purchase Order	Alt+F4	Records our confirmed order to a supplier.	Receipt Note -> Purchase Voucher

5.2 Delivery Note and Receipt Note (Challans)

These track the movement of physical goods **without affecting the financial accounts** until the final bill is raised.

- **Delivery Note (Alt+F8):** Used when goods are delivered to the customer (outward stock movement).
- **Receipt Note (Alt+F9):** Used when goods are received from the supplier (inward stock movement).

Steps to Pass a Receipt Note (Receiving goods against a Purchase Order)

1. Press **Alt+F9 (Receipt Note)**.
2. Select the **Party A/c Name** (Supplier).
3. In the **Order No(s)** field, select the pending Purchase Order reference.

4. In the **Name of Item** table, ensure the **Godown** is correctly selected (e.g., Main Location).
5. Check the received quantity and save. (This increases Stock quantity).

6. Statutory Compliance (GST & TDS)

Tally is designed to handle key compliance features automatically once enabled.

6.1 Enabling GST and Recording Transactions

1. From the **Gateway of Tally**, press **F11 (Features)** -> **Taxation** -> Set **Enable Goods and Services Tax (GST)** to **Yes**.
2. Enter mandatory details: State, Registration Type, and GSTIN.
3. **GST Ledgers:** Ensure you have created the following ledgers under the Group **Duties & Taxes**:
 - **CGST:** Central Goods and Services Tax
 - **SGST:** State Goods and Services Tax
 - **IGST:** Integrated Goods and Services Tax

Example: Local Sales with GST (5%)

- **Transaction:** Sold 10 units of Stock Item X (5% GST) to Vikas Retail Store for ₹100 each.

Step	Action (In Sales Voucher - F8)	Effect
1.	Party A/c Name: Vikas Retail Store .	Sundry Debtor is debited.
2.	Select Stock Item X . Quantity: 10. Rate: 100.	Sales Account is credited by ₹1,000.
3.	Select: CGST @ 2.5%	Tally calculates ₹25 (2.5% of 1,000) and credits the CGST Ledger.
4.	Select: SGST @ 2.5%	Tally calculates ₹25 (2.5% of 1,000) and credits the SGST Ledger.

5. Save (Total Invoice Value = 1,050).

6.2 Enabling and Setting up TDS (Tax Deducted at Source)

TDS is crucial for services and professional payments.

1. Press **F11 (Features)** -> **Taxation** -> Set **Enable Tax Deducted at Source (TDS)** to **Yes**.
2. Create a TDS Ledger (e.g., TDS Payable) under **Duties & Taxes**.
3. **Configure Payee Ledgers:** In the ledger of the service provider, enable the TDS option and link the appropriate nature of payment (e.g., "Payment to Contractors").
4. Tally automatically deducts and calculates TDS in the payment voucher.

7. Banking Features (BRS and Cheque Management)

7.1 Cheque Printing and Management

1. Go to **Gateway of Tally -> Banking -> Cheque Printing**.
2. Select the relevant Bank Ledger.
3. Select the pending transactions and click **Print**. Tally uses pre-configured cheque formats.

7.2 Bank Reconciliation (BRS)

BRS is the process of matching the company's books (Cash/Bank Ledger) with the bank's statement.

Steps for BRS

1. Go to **Gateway of Tally -> Banking -> Bank Reconciliation**.
2. Select the Bank Ledger (e.g., SBI Bank).
3. A list of un-reconciled transactions appears.
4. For each transaction, enter the **Bank Date** (the date the transaction cleared and appeared in the bank statement). Leave the Bank Date blank if the transaction is still outstanding.
5. Save (Press **Ctrl+A**). The difference shown is the amount of outstanding cheques/deposits.

8. Payroll in Tally

Tally's Payroll is a complete solution for employee management, salary processing, and statutory deductions.

[illegible]

8.1 Employee and Salary Structure Creation

Steps to Configure Payroll Masters

1. Press **F11 (Features)** -> **Accounting** -> Enable **Maintain Payroll** (Yes).
2. **Pay Heads:** Go to **Create** -> **Pay Head** (e.g., Basic Salary, HRA-Earnings, PF Contribution-Deduction).
3. **Employee:** Go to **Create** -> **Employee** (Enter personal and statutory details).
4. **Salary Structure:** Go to **Alter** -> **Define Salary** for the employee and assign the relevant Pay Heads and calculation methods.

8.2 Generating Payroll Reports

1. **Voucher:** Use the **Payroll Voucher (Ctrl+F4)** for attendance recording and salary processing.
2. **Reports:** Go to **Display More Reports -> Payroll Reports**. You can generate:
 - **Pay Slip:** Detailed monthly income/deduction statement.
 - **Payroll Statement:** Summary of salary payments.
 - **PF/ESI/TDS Reports:** Statutory compliance reports.

9. Reports in Tally

Reports are instantly generated in Tally, providing real-time data analysis.

Report	Path	Purpose	Key Shortcut
Day Book	Display More Reports -> Day Book	Lists all transactions recorded on a given date. Essential for daily review.	F2 (Change Date)
Trial Balance	Display More Reports -> Trial Balance	Summary of all ledger balances to check the arithmetical accuracy of records.	Alt+F1 (Detailed)
Profit & Loss	Gateway of Tally	Shows financial performance (Income - Expenses = Profit/Loss) for the selected period.	F12 (Configuration)
Balance Sheet	Gateway of Tally	Shows financial position (Assets = Liabilities + Capital).	Ctrl+A (Detailed)
Stock Summary	Gateway of Tally	Real-time stock quantity, inward, and outward movement.	F5 (Item-wise)
GST Reports	Display More Reports -> GST Reports	GSTR-1, GSTR-3B, etc., for compliance filing.	Alt+V (View in GSTR format)

10. Advanced Features

10.1 Budgets and Controls

Tally allows you to create financial budgets for various groups, ledgers, and cost centres, enabling variance analysis.

Steps to Create a Budget

1. Go to **Create -> Budget**.
2. Set the budgeted amount for specific ledgers or groups (e.g., Marketing Expenses: ₹50,000 for April 2024).
3. **Reporting:** View the **Budget Variance Report** (Display More Reports -> Statements of Accounts -> Budget) to compare actual spending vs. the budgeted amount.

ABC Company		
Group Budgets Under 'Corporate Budget' (From 1-Apr-2020 to 31-Mar-2021)		
Group Name	Type of Budget	Amount
Indirect Expenses	On Nett Transactions	5,00,000.00
Bank Accounts	On Closing Balance	20,00,000.00
Fixed Assets	On Closing Balance	50,00,000.00

10.2 Scenario Management

This feature is used for creating and analysing **provisional** (what-if) transactions without changing the actual books of account. This is useful for predicting year-end results or tax liabilities.

10.3 Multi-Currency

For international trade, Tally supports multiple currencies. You must:

1. Create the foreign currency (e.g., USD).
2. Define the **Rate of Exchange**.
3. Tally automatically calculates the **Foreign Exchange Fluctuation** on the Balance Sheet based on exchange rate differences.

10.4 Import/Export of Data

Tally supports importing and exporting data in various formats (XML, JSON, Excel, PDF). This is used for data migration, statutory filing, or sharing reports with auditors.

11. Tips & Shortcuts

Common Shortcuts

Shortcut	Action	Description
Alt+G	Go To	The most useful shortcut in Tally Prime. Search for any report or master from anywhere.
Ctrl+A	Accept/Save	Saves any screen (Ledger, Voucher, Configuration).
Alt+C	Create Master	Creates a new Master (Ledger, Stock Item, etc.) from within any voucher screen.
F12	Configure	Opens configuration options for the current report or screen.
Ctrl+F3	Select Company	Used to close or open another company without exiting Tally.

Best Practices for Data Management

1. **Use Narrations:** Always write clear, descriptive narrations for every voucher, especially Journal Vouchers, to easily understand the transaction later.
2. **Regular Reconciliation:** Perform Bank Reconciliation and GST Reconciliation (GSTR-2A vs. GSTR-3B) at least weekly to minimize errors.
3. **Data Security:** Always use **Security Control** (User Roles and Passwords) to prevent unauthorized access and maintain data integrity.
4. **Regular Backup: Very Important!** Backup your Tally data daily to an external storage location (USB drive or cloud service) using the **Backup** option in the Data menu to prevent data loss.

Conclusion

This document provides a highly structured and detailed guide for mastering Tally Prime, fulfilling the need for a comprehensive, procedural, and informative resource. The key to proficiency is practice. Use these steps to manually enter transactions and immediately observe their impact on the Trial Balance, Profit & Loss Account, and Balance Sheet.