



Accounting using Tally.ERP9 - FAQ Ver. 1.1

A. FAQ related to Tally.ERP9:

1. *I Can't see Account head numbers in Tally ?*

Tally.ERP9 is a numberless accounting solution. Every Accounting head is exclusively identified by its Ledger entry name only. So you don't need to use account head numbers in Tally. But it is recommended to mention the serial number of the Ledger head in the approved "Ledger entry list" while contacting Tally Help Desk to easily identify them. The approved final List is published in the "Member's Area" in the IHRD website and will be updated after any possible modification.

2. *Who can use Tally.ERP 9 in our Institution ?*

Your copy of Tally is customized with 3 user accounts of different levels of access rights.

1. cashier - a person engaged in accounts maintenance(clerk/cashier)
2. accountant - a Supervisory account user(Head Clerk/Superintendent/A.O.)
3. principal - Account for Head of Institution with special privileges.

Please refer "Getting started guide" for more information on user accounts.

3. *I can't see the 'Account Masters' in the Gateway of Tally ?*

In your customized copy of Tally.ERP9, only 'principal' is authorized to create a new Ledger head/Group. Cashier & Supervisor accounts are not authorized to create/modify a new Ledger entry/Group. So such options are disabled in the 'Gateway of Tally' for those users. Similarly, some other options like configuration options, OB entry etc. are also disabled for user accounts who are not authorized to use them.

Only 'principal' account in an Institution has privileges to create/alter ledger entry and entry of groups or cost centres. 'principal' can enter/alter opening balance for each ledger head.

4. *In our customized copy of Tally.ERP9, there are few Ledger head names which is not used in our Institution. What is the reason ?*

IHRD recommends to use a single list of approved Ledger Head List for all IHRD Institutions. So all the ledger heads included in the approved Ledger Head list is visible in every copy of template distributed to associated Institutions. Some of the ledger heads are applicable only for THSS/PTC/CAS/CE. You just don't use those ledger heads which are not applicable for your Institution. The same heads are used at the Head Quarters to synchronize data with all IHRD Institutions and prepare consolidated reports.

5. *How can we set serial number of 'Fee Receipt' & 'Miscellaneous Receipt' correctly ?*

Login as 'principal'. Go to *Gateway of Tally*→*Accounts Info*→*Voucher Types*→*Alter*→*Fee Receipt*. Set 'Method of Voucher numbering' as 'Automatic'. Set 'Use Advance Configuration' as 'Yes'. Now you will get a popup window where you can set starting number of your next Fee Receipt to be entered. Press 'Enter' key in all fields and complete

form entry and 'Accept' it. Follow the similar procedure for 'Miscellaneous Receipt' & 'Payment Voucher' also. For 'Acquittance' type payment, disable voucher numbering.

6. *How can I create a new 'Ledger Head'?*

All required Ledger entries published in the approved "Ledger head list" are already included in your customized copy of Tally.ERP9. But if you feel that you need an additional ledger entry for any purpose, consult the Finance section of IHRD HQ for further guidance. Your principal would be able to create a new ledger entry using principal's account after getting approval from the HQ Finance section. If approved to create a new ledger entry, the same head details will be published in the next version of the "Approved Ledger Head list" at the IHRD website→member's area→accounts. All Institutions, which need to use the new ledger head shall create the same ledger head entry using their respective Principal's account. For guidance, consult Tally Help Desk at HQ.

7. *How can I get remote assistance from Tally Help Desk using Ammyy Admin ?*

You have to install "Ammyy Admin 3.0" free version of software in your desktop. Download it from Internet/members area of IHRD Website. Ammyy is a free remote access software which help to access your desktop remotely by the personnel at the Tally Help Desk. If requested by the Tally helpdesk, run *Ammyy Admin* programme in your system and give the information displayed as your ID to the Tally Help Desk over phone. Using same *Ammyy Admin software*, the personnel at Tally Helpdesk can access your desktop and can make necessary changes in your copy of Tally installation for solving your problem. Please note that Tally Help desk has login account in your system for remote assistance. So you need not and should not give passwords of your Institution's accounts(cashier,accountant,principal) to the personnel at the help desk or anybody else. You can still watch your desktop to observe what the personnel at helpdesk is doing at your computer. Once Ammyy Admin program is closed, the remote access to your computer will be terminated.

8. *How can I modify a wrong voucher entry made in the Tally.ERP9 ?*

The cashier & accountant can modify the entry within the permitted short period. Cashier can modify voucher details for the last date of transaction only. Once date of transaction is changed and any vouchers for next date is entered, he/she cannot alter the voucher for previous dates. Accountant has privilege to alter vouchers entered up to 3 days back and principal can alter up to 7 days back. Once Ledger Entries are approved by the Head of Institution, the modification to back entries are not permitted. You have to make a rectification entry in the subsequent date to nullify the error in account entry.(In such case give the details of correction in the narration field itself.) All modification done by the users are logged by Tally.ERP9 with time stamp and user details for audit purpose.

9. *'cashier' & 'accountant' user accounts has restrictions and how we can practice/experiment on Tally options by entering trial entry for study purpose ?*

You can practice using 'Demo company' template. Download the template from IHRD website→member's area→accounts. Follow the instructions in 'Getting started guide' to setup Demo company template. You can practice trial entry by selecting the "demo company". Demo company template contains same ledger heads given in the approved ledger head list. It has no account restrictions and you can try any options available in Tally.ERP9.

10. *How can I use backup/restore of Data in Tally.ERP9 ?*

Go to *Tally Main-->Company Info-->Backup* to backup data. Similarly use *Tally Main-->Company Info-->Restore* to restore data from backup. It is recommended to restore data in the presence/assistance of Trained Tally System Support Personnel(TSP) in your Institution to avoid mistakes. A wrong restoration process will destroy current data.

You have to enable 'Auto backup' in *Gateway of Tally→Configuration→Data Configuration*. Login as 'principal'. Create a data backup folder in another logical drive.(say *E:\tally.backup*). Set the name of backup folder in the above configuration page. You may obtain the help of TSP/computer department staff of your institution for setting this directory.

11. *How often should I take backup of data. ?*

Tally.ERP9 has feature to Auto backup of your data which should be enabled in your installation. But at the same time, it is strongly recommended to take external backup as follows.

a) Weekly backup : Create a backup folder in another logical drive(say *E:\TallyBackup*) other than the one created for 'Auto backup folder' used by Tally.ERP9. Always take backup in a folder created in another logical drive than where Tally.ERP9 is installed.

Take backup of each working day in a week in separate folders inside the backup folder. Say, 'Mon' for Monday, 'Tue' for Tuesday, 'Sat' for Saturday. Take backup of data as soon as you complete accounting for the day. Next week delete the contents of 'Mon' folder and take a new backup of Monday on the same folder and repeat the procedure for other days also. In this method you will have backup of all the working days of previous one week. If Tuesday is a holiday, you can take one more copy of data of Monday on the folder 'Tue' to ensure that these folders don't contain backup data which is more than one week old.

b) Monthly backup : After closing the accounts for the month end take a full backup of data for the month in a folder like "April2012". This indicates this copy of backup contains all the data up to 30-04-2012.

c) Keep data in DVD/CD Media: It is recommended to keep a copy of week end data and Month end data (data of last working day of a week and month) in a DVD/CD media. You can use same media for taking backup again as long as free space in the media is available. Keep the backup DVD/CD media in a safe place away from dust, heat & moisture.

You can also keep a copy of data in a shared folder of another system in the LAN. Use of pen drives for backup purpose is not recommended due to the chances of virus infection. TSP/Computer department staff of your institution should be able to train you for taking backups in DVD/CD media.

12. *Tally.ERP9 contains provision for Pay-Roll Processing & Inventory Control. Shall we use it now ?*

No. Not at present. It is recommended to use "Accounting only" in *Tally Main→Company Info* for the time being. Other options like pay-roll processing are little more complex and needs special training for accounting staff on that topic. It will be implemented at a later stage.

13. *Do we need Internet Connection always to use Tally.ERP9.?*

No. You need Internet connection to the system with Tally.ERP9 Installation only in the following situations.

- a) License Activation and Surrender of License.
- b) Forwarding of Monthly reports and Data backup to Head Quarters.
- c) To get remote assistance using Ammyy Admin software from Tally Help Desk.

So you need not require a live Internet connection always to use Tally.ERP9, once license is installed in your system.

14. *How can I get Tally.ERP9 Help ?*

Download the 'TallyERP9Ref.chm' file from the "Tally.ERP9 Documents" section in the Tally website www.tallysolutions.com or download it from *IHRDwebsite→members area→accounts*.

Copy this file to Tally.ERP9 installation folder. Now you will get reference manual within the Tally.ERP9 by pressing *Alt+H→local help*.

Note : A security update for Windows XP SP3 may block access to .CHM files

Problem: A security update for Windows XP SP3 blocks active content in .CHM files to protect your system security. In this case, you may get an error message while opening the Tally help file *TallyERP9Ref.chm*, which is a compiled HTML help file.

Solution: Run Windows Explorer, right-click on the '*TallyERP9Ref.chm*' file in the Tally Installation folder(say D:\Tally.ERP9\), and select Properties from the popup menu. Click on the *Unblock* button immediately below the *Advanced* button on the General page. Click *Apply* to show the content. Once the CHM file has been unblocked, the Unblock button disappears. Now you may be able to open *TallyERP9Ref.chm* file and read help information in Tally.ERP9.

15. *How the Tally license is maintained in our system?*

On activation of your Tally.ERP9 license, the license will be kept in your computer as an encrypted file. If this file is lost due to power/hardware failure, virus infection etc. you cannot use Tally.ERP9 subsequently. So please try to keep the system in good health by avoiding chances of virus infection/power failure etc.

If you want to transfer Tally.ERP9 Installation to another computer, then first you have to surrender your license from existing computer to the Server of M/s Tally solutions (P) ltd. over Internet. Later you can activate your license to your new computer. But these operations need assistance from Tally Technical support team.(ihrd.tally@gmail.com)

16. *If there is a new version of Tally.ERP9 software available at Tallysolution's website. Shall I update our copy to new version immediately ?*

It is required to maintain same version of Tally.ERP9 software at all of the IHRD institutions to synchronize data. So please wait till instruction from *tally admin* is received to update your copy of Tally.ERP9 software. (a circular will be posted at *IHRDwebsite→members area→accounts*.) Please note that we can make free update of software till march 31, 2013 only.

B. FAQ related to IHRD Accounting:

1. *So far we follow the single Entry book keeping system. Shall we continue it in Tally.ERP9 ?*

No. It is a statutory requirement to follow double entry system for accounting in Govt. Institutions. More over it reduces chances for accounting errors. So IHRD has decided to follow double entry accounting system using Tally.ERP9, as per the statutory requirement. From the beginning of next Financial year(2013-14) you have to follow double entry system for the manual book keeping also. For the current financial year, you can continue the existing system in manual book keeping till 31-03-2012.

2. *What are the Voucher types available in Tally.ERP9 accounting solution ?*

Tally.ERP9 has many built-in voucher types. But we need to use the following built-in voucher types only for accounting in your Institution.

1. Contra : transaction involving transfer of cash between one Cash A/c to another or one Cash A/c to another Bank A/c
2. Receipt : for a payment transaction without using 'Receipt Book'
3. Payment : for payments based on 'payment vouchers'
4. Journal : used to adjust the debit and credit amounts without involving the cash or bank accounts

You can also use the following new voucher types created for 'IHRD Accounting' purpose.

5. Fee Receipt : For fee collection using 'Fee receipt book'(FRB).
6. Miscellaneous Receipt : For receipt using 'Miscellaneous Receipt book'(MRB).
7. Acquittance : for payment recorded in Acquittance register.

3. *There is no "Cash Account" or "P&L Account" heads in the approved Ledger head list published ?*

The approved Ledger head list contains entries created for IHRD Accounting purpose only. The standard accounting heads/groups available in Tally.ERP9 by default, is not included in that list. But you can use those standard ledger heads/groups already available in Tally.ERP9.

4. *There is no Ledger heads called "Miscellaneous Income" & "Miscellaneous Expenses" in the approved Ledger Head list published?*

Yes. Auditors discourage the use of such heads and recommend to use correct Ledger heads created for the accounting purpose. The approved Ledger head list contain almost all required accounting heads currently used in the IHRD Institutions. If you still feel that you can't account a particular transaction without the "Miscellaneous" head, please contact the Finance section of HQ/Helpdesk for guidance.

5. *In some examples given in the "Accounting Guide" published in the members area, it is mentioned to Dr. Cash/Bank a/c with some transactions. Which ledger head actually need to be used? Cash or Bank or both ?*

If you paid/received Cash, then use Cash account. If it is paid/received by bank Instruments, use Bank a/c. You need not use both heads for a single transaction, unless it involves a group entry having cash & bank transactions.

6. *Can I cancel an entered Ledger entry on that day itself . If so how?*

Yes. You can add/delete/modify(alter) entries related to last date of entry(even if it is for an older transaction date) before you change date in Tally to next working day.

To cancel a voucher entry, go to *Gateway of Tally→Display→Day book* and select the voucher to be deleted. Then press Alt+X to delete the entry.

7. *I have entered few vouchers of 'Tuesday' as vouchers of 'Monday' by mistake without changing date of transaction in Tally. How can solve the problem?*

In first method, delete wrongly entered vouchers as mentioned above, and re-enter same vouchers after changing date.

In second method, go to *Gateway of Tally→Display→Day book*. Modify date of each vouchers with new date. But always remember to modify vouchers strictly in the order of entry. ie, if you have wrongly entered voucher no. from 23 to 28, you must modify date of vouchers from no. 23 to 28 strictly in that order.

8. *How can I account a cancelled receipt in Tally.ERP9?*

Enter the cancelled receipt details entry as usual. After completing the entry, the next receipt no. will be displayed for entry. Now press **PgUp** to go to previous receipt entry. Then Press **Alt+X** to cancel that receipt. Details of cancelled receipts will not be reflected in accounts/reports. That receipt number will be accounted as 'cancelled'.

9. *Do we need to enter narration in each voucher entry ?*

Yes. Entry of detailed narration is mandatory. Please enter detailed narration regarding the details of transaction for which an audit query is likely. Entry of detailed narration will help you to detect errors in entry and reduce chances of audit queries.

10. *What is the difference between Salary, Wages & Remuneration Ledger heads ?*

Even if you have used these heads differently so far, use them as follows in Tally.ERP9 and books of accounts.

Use "Salary" head for amount paid towards salary of regular employees only.

Use "Wages" head for amount paid to temporary/casual employees on hourly/daily/Adhoc/Consolidated Pay rates.

Use "Remuneration" head for any amount paid to staff/others other than as salary & wages. (eg. Exam. remuneration, remuneration for valuation, QP setting, remuneration as guest faculty for working out of office hours etc.)

11. *In our Institution salary is paid through bank account. How salary should be accounted?*

If your Institution pays salary through bank accounts, get a certified copy of bank payment list from bank. Account this document as a normal voucher.

If your Institution pays salary by cash and records transaction in Acquittance register, enter payment details using 'Acquittance voucher' in Tally.ERP9.

12. *From which date the transactions to be entered in Tally.ERP9 ?*

Once initial setup of Tally.ERP9 for your Institution is complete, enter Opening balance as on 01-04-2012 and all transactions from that date. Complete the back data entry up to 30-06-2012 before November 30, 2012 and remaining transactions up to date before December 31, 2012. These are the target dates proposed to forward your data to the 'Finance Server' at the head quarters. Afterwards you have to forward data of every month to head quarters at the beginning of next month or as instructed by the Finance Section.

13. *Do we need to maintain existing books of accounts once all transactions are entered up to date in Tally.ERP9 ?*

YES. You should continue to enter transactions in books of accounts until further instructions are received from the Director, IHRD. It will be decided on a later date whether to continue existing practice or switch over completely to Tally.ERP9 solution. We have to continue existing practice of keeping books of accounts until accounting staff are comfortable with the Tally.ERP9 Solution and accounts maintenance is going on smoothly.

14. *Monthly statement prepared using Tally.ERP9 is different from the one already prepared manually and forwarded to the Head office.*

Yes. It is possible due following reasons.

- i) Manual system follows single entry system and the Tally Solution is based on double entry book keeping.
- ii) The approved "Ledger Head List" in Tally.ERP9 is different from the one we already use in manual system.
- iii) In some Ledger heads like wages, remuneration etc. the current accounting practice is different from one recommended in the Guide.
- iv) In Tally, we prepare standard, R&P statement, Balance Sheet & BRS reports instead of a format currently used in manual accounting.

It is expected to match the manual book keeping system & accounting using Tally.ERP9 solution only after using same ledger heads and similar accounting methods in subsequent period. So it shall match late by next financial year beginning.

15. *If I cannot make entries on a particular day due to certain unavoidable circumstance, can I make the entries of that particular date on the next day in Tally?*

Yes. Tally remembers last date of transaction to regulate back data entry and not the current system date. Only condition is that you should not have entered data for a subsequent date. Assume that current system date is 14-08-2012 and you have entered data up to 10-08-2012. In this case, you cannot enter data prior to 10-08-2012 but can enter data for subsequent dates. So you can start back data entry from April 01, 2012 from your books of accounts to Tally, up to current date by entering transaction for each day in chronological order.

16. *While preparing R&P, we are now posting Gross Salary on the expenditure side and deductions both in the receipt and expenditure side. Is this system need to be followed in Tally at the entry stage itself to get R&P statement ?*

Please refer example 7 in IHRD Accounting guide on posting salary and related entries. For deductions collected from salary, Dr. Salary and Cr. All heads related to deductions like PF Subscription, Loan Recovery, Income Tax, Professional Tax etc.

17. *Do we need to send Monthly Accounts statement by post/email ?*

Yes. Print Receipts & Payment statement, Bank reconciliation statement and Balance Sheet for each month and send to the "Finance Officer" duly signed by the head of Institution. You should also send the statement & monthly data backup by email to ihrd.acc@gmail.com

18. *Is it possible to share Tally installed system with the computer used by the principal for verification?. Otherwise, how the head of institution can verify the entries.?*

Yes. Please follow the steps given below with the help of TSP, if required.

- a) Install another copy of Tally.ERP9 software in the system used by the Principal.
Principal can use his copy of Tally in Educational mode(no license required).
- b) Both Principal's & Cashier's system should be connected through a LAN.
- c) In the Cashier's system where Tally.ERP9 License is installed,
 - i) The principal must have a login account(with same password he uses in his own system.
 - ii) The data folder 'Tally.ERP9\data' should have sharing enabled and the Principal should have access rights on that folder.
- d) Set Data Path (*Gateway of tally*→*Configuration*→*Data Configuration*) in the copy of Tally used by Principal to point to the shared data folder in the cashier's system. (say. <\\\\192.168.1.12\\Tally.ERP9\\data>).
- e) Only one person can connect to Tally data source at a time in the silver edition of Tally.ERP9. So ensure that nobody else has logged in to the Tally in the cashier's system, while 'principal' access the tally data from his/her system. The Principal can perform all operations from his/her system as per his/her privileges, except new voucher entry after 2nd date of every month(*educational mode restriction*).

19. *How can I prepare Receipt & Payment statement for a month including progressive total ?*

Assume that you have to display/print details for July 2012. In reports add columns to display/print information from 01-04-2012 to 30-06-2012 as first column(up to previous month), 01-07-2012 to 31-07-2012 as second column(current month) & 01-04-2012 to 31-07-2012 as third column(progressive total).

20. *There are some duplicate Ledger heads with a prefix 'CC-' in the Ledger head list. What does it mean ?*

'CC' prefix indicate that it is a ledger entry exclusively meant for 'Cost Centre' transactions. If we want to use Tally.ERP9 for accounting another entity like 'NSS Account' which has no direct link with the Institutional Accounts, it can be created as another company in Tally.ERP9. In this case you can create another company for 'NSS' within the Tally.ERP9.

But there are funded projects like 'Red ribbon Club', 'Skill Development' etc. for which external fund is available, but can be exclusively used for the specific projects only. But its balance amount should be shown in the Institutional account. In this case, create the sub-account of the project as a 'Cost Centre'. Its receipts and closing balance will appear in the statement of Institution's account. The ledger heads starts with 'CC-' indicate that

this Ledger head is meant for accounting a Cost Centre transaction. While selecting these ledger heads you have to select appropriate 'Cost Centre' already created. The 'principal' account can create new Cost Centre in your Institution as per requirement. Some selected ledger heads which may require for cost centre accounting is already created in your template. If you need any other ledger head to be included in the list, please inform to the Tally Admin by email to : ihrd.tally@gmail.com.

21. *How we can account Suspense amount, if required ?*

There is a 'Suspense Amount' ledger head under 'Suspense A/c' group. You can use this ledger head if necessary. Once the correct ledger head is identified, Dr. [relevant ledger head] and Cr. Suspense Amount.

22. *Do we need to adapt Accrual basis of accounting now.?*

Not now. In *accrual basis of accounting*, business transactions are recorded when they occur and not when the related payments are received or made. Accounting standards strictly require accounting on accrual basis.

However, there is an alternative called *cash basis of accounting*, which is followed in the IHRD Institutions at present. Under the cash basis events are recorded based on their underlying cash inflows or outflows. Cash basis is normally used while preparing financial statements for tax purposes, etc. It is suggested to continue 'cash basis accounting' instead of 'accrual basis' for the time being. Accrual basis accounting can be adapted at a later date after taking the policy decision and sufficient training is given to Tally users.

23. *How the data backup should be forwarded to the Finance Section ?*

1. Exit from Tally.ERP9 Software.
2. Using a zip utility(winrar/winzip) zip the folder containing your Institutions data. (Your Institution's data is within the folder with a name similar to '10xxx' where 'xxx' indicates your institution's code. This folder is located at '\Tally.ERP9\Data' of your Tally installation.) The name of the zip file containing your institution's data should be similar to '12nov10xxx.rar'. The file name indicates that, it is the data of 2012 November, with Institution code 'xxx'. This naming method will help us in head quarters to identify data file forwarded from different institutions to the 'Finance server'.
3. Forward the above zip file as an email attachment to ihrd.acc@gmail.com

You have to forward a copy of your data(as a zip file) after closing the accounts for every month along with the monthly statements. The 'Finance Server' setup at the IHRD head quarters will have a copy of data of all IHRD Institutions, which can be easily verified by auditors.

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Note: This guide will be modified and the revised version will be published at the *IHRD website* → *member's area* → *accounts*. Please verify the site frequently for updated version.

Please forward your suggestions & error reports to: ihrd.tally@gmail.com