



IAS YOUTH COMPUTER CENTRE

TALLY (ERP-9)

Practical Accounting Textbook • Bookkeeping • Inventory • Tax Basics

88/1, Queen Apartment, 2nd Floor,
Dumdum Road, Near Life Line Medical Store,
Kolkata – 700030, West Bengal

Practical & Job-Oriented Learning

About This Book

This practical textbook is designed for students learning Tally ERP 9 and computerized accounting. It covers company creation, accounting masters, vouchers, inventory, banking, receivables and payables, tax-oriented configuration, reports, payroll basics, security, backup and practical projects.

Learning Outcomes

- Create and configure a practice company in Tally ERP 9.
- Understand groups, ledgers, opening balances and chart of accounts.
- Record payment, receipt, contra, journal, sales and purchase vouchers.
- Manage basic inventory, stock items, units and stock reports.
- Understand GST-oriented configuration and invoice information at a basic level.
- Perform bank reconciliation and manage receivables/payables.
- Generate Trial Balance, Profit & Loss, Balance Sheet and other reports.
- Understand cost centres, budgets, payroll basics and accounting controls.
- Back up accounting data and follow basic security and recovery practices.
- Complete an integrated computerized-accounting project.

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1. Introduction to Tally ERP 9

Learning Outcomes

- Understand computerized accounting and the role of Tally ERP 9.
- Become familiar with the Tally company and accounting workflow.

Key Concepts

Tally ERP 9 is an accounting and business-management software environment used to maintain financial records, vouchers, ledgers, inventory and reports.

A computerized accounting workflow generally moves from company creation and configuration to masters, transactions, verification, reporting and backup.

Before entering transactions, students should understand the accounting structure of the business and maintain organized source documents.

Practical Activities

- Explore the Tally ERP 9 gateway and menus.
- Prepare a list of accounting tasks that can be computerized.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

2. Company Creation & Configuration

Learning Outcomes

- Create a company and configure basic information.
- Understand financial year, books beginning date and company features.

Key Concepts

Company creation involves entering business information and setting the accounting period. Configuration options determine which accounting and inventory features are available.

Correct financial-year and books-beginning dates are important because transactions and reports depend on the selected period.

Company configuration should be reviewed before beginning regular data entry.

Practical Activities

- Create a practice company using fictional business information.
- Review company configuration and record the important settings.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

3. Accounting Principles & Tally Structure

Learning Outcomes

- Understand the relationship between accounting concepts and Tally masters.
- Classify accounts before creating ledgers.

Key Concepts

Accounting in Tally follows the principles of double-entry bookkeeping. Transactions affect one or more accounts and ultimately flow into financial statements.

Tally organizes accounts through groups and ledgers. Correct classification makes reports meaningful and reduces errors.

Students should understand assets, liabilities, capital, income and expenses before creating detailed masters.

Practical Activities

- Classify twenty sample accounts into appropriate categories.
- Prepare a chart of accounts for a small business.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

4. Groups, Ledgers & Chart of Accounts

Learning Outcomes

- Create groups and ledgers.
- Understand opening balances and ledger classification.

Key Concepts

Groups organize ledgers according to their accounting nature. Ledgers are the individual accounts used for recording transactions.

Typical ledgers include cash, bank, customers, suppliers, sales, purchases, expenses, capital and tax-related accounts.

Opening balances should be entered carefully and verified against source records.

Practical Activities

- Create a complete chart of accounts for a trading business.
- Create ledgers for cash, bank, capital, sales, purchases, customers, suppliers and expenses.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

5. Voucher Types & Transaction Entry

Learning Outcomes

- Identify common accounting voucher types.
- Record routine transactions accurately.

Key Concepts

Tally provides voucher types for common transactions such as payment, receipt, contra, journal, sales and purchase.

The correct voucher type helps maintain clear transaction records. Supporting documents should be checked before entry.

Every entry should be reviewed for date, account, amount, narration and relevant reference details.

Practical Activities

- Enter sample payment and receipt transactions.
- Enter a series of cash and bank transactions using appropriate vouchers.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

6. Contra, Payment & Receipt Vouchers

Learning Outcomes

- Record cash and bank movements.
- Differentiate contra, payment and receipt transactions.

Key Concepts

Contra transactions generally record transfers between cash and bank accounts or between relevant cash/bank accounts.

Payment vouchers record money paid by the business, while receipt vouchers record money received.

Bank and cash balances should be reviewed regularly to identify incorrect entries.

Practical Activities

- Record cash deposited into bank and cash withdrawn from bank.
- Enter expense payments and customer receipts and verify the resulting balances.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

7. Journal Vouchers & Adjustments

Learning Outcomes

- Use journal vouchers for adjustment entries.
- Understand basic non-cash accounting adjustments.

Key Concepts

Journal vouchers are commonly used for adjustments and entries that do not fit routine cash, bank, sales or purchase flows.

Examples can include depreciation, provisions, outstanding expenses and transfers between accounts, depending on the accounting setup.

Adjustments should be supported by appropriate calculations or documents and reviewed before finalization.

Practical Activities

- Record a depreciation adjustment in a practice company.
- Enter an outstanding-expense adjustment and inspect its effect on reports.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

8. Sales & Purchase Accounting

Learning Outcomes

- Record purchase and sales transactions.
- Understand basic invoice workflows.

Key Concepts

Purchase transactions record goods or services acquired by the business, while sales transactions record goods or services supplied to customers.

Invoice details should include appropriate party, item/service, quantity, rate, discount, tax and reference information where applicable.

Sales and purchase records affect accounting reports and, when inventory is enabled, stock records.

Practical Activities

- Create sample purchase invoices.
- Create sample sales invoices and verify ledger and stock effects.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

9. Inventory & Stock Management

Learning Outcomes

- Create stock-related masters.
- Record stock movements and review inventory reports.

Key Concepts

Inventory management may involve stock groups, stock categories, units of measure, stock items, godowns and opening quantities.

Purchase and sales transactions can update stock quantities when inventory is integrated with accounting.

Stock reports help track quantities, valuation and movement, subject to the configuration used.

Practical Activities

- Create units, stock groups and stock items for a small trading business.
- Enter opening stock and record purchase/sales movements.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

10. Stock Valuation & Inventory Reports

Learning Outcomes

- Understand basic stock valuation concepts.
- Use inventory reports to review stock.

Key Concepts

Stock valuation determines the monetary value assigned to inventory for reporting purposes. The method and configuration should match the accounting requirement.

Inventory reports can help identify closing stock, movement, quantities and item-wise information.

Differences between physical stock and book stock should be investigated and documented.

Practical Activities

- Review stock summary and item-wise reports.
- Prepare a physical-versus-book stock comparison exercise.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

11. GST & Tax Configuration Basics

Learning Outcomes

- Understand the role of tax settings in computerized accounting.
- Enter tax-related information carefully.

Key Concepts

Tally ERP 9 can support tax-related accounting workflows when appropriate features and statutory configurations are enabled.

Tax setup may involve business registration details, tax ledgers, item/service classification and transaction-level tax information.

Statutory rates and filing requirements can change, so students should use the applicable rules and configuration for the relevant period.

Practical Activities

- Create a fictional tax-enabled practice company using instructor-provided settings.
- Enter sample tax-inclusive and tax-exclusive transactions and review the tax ledgers.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

12. GST Sales, Purchases & Invoices

Learning Outcomes

- Record basic GST-oriented sales and purchase transactions.
- Understand the information required on invoices.

Key Concepts

GST-oriented transactions require appropriate party, item/service and tax information. The accounting treatment depends on the transaction type and applicable rules.

Invoice review should cover taxable value, tax components, totals, customer/supplier information and document numbering.

Students should never use fictional training entries as actual statutory filings.

Practical Activities

- Prepare practice sales and purchase invoices with instructor-provided tax settings.
- Review the resulting tax ledgers and transaction reports.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

13. Bank Reconciliation

Learning Outcomes

- Understand bank reconciliation.
- Compare book records with bank statements.

Key Concepts

A bank reconciliation compares the bank ledger maintained in the accounting system with the bank statement and identifies timing differences or errors.

Differences may arise from cheques, bank charges, direct credits, unpresented instruments or data-entry mistakes.

Reconciliation should be performed periodically and supported by the relevant bank statement.

Practical Activities

- Enter a sample bank statement and perform a reconciliation exercise.
- Identify and document unmatched transactions.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

14. Accounts Receivable & Payable

Learning Outcomes

- Maintain customer and supplier balances.
- Understand outstanding reports and credit transactions.

Key Concepts

Receivables represent amounts due from customers, while payables represent amounts owed to suppliers and other parties.

Credit sales and purchases create outstanding balances. Receivable/payable reports help track due amounts and ageing.

Payment allocation should be checked so that receipts and payments are correctly adjusted against outstanding invoices.

Practical Activities

- Create customer and supplier ledgers with opening balances.
- Enter credit invoices and subsequent receipts/payments, then review outstanding reports.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

15. Cost Centres, Budgets & Business Control

Learning Outcomes

- Understand cost centres and basic budgeting.
- Use accounting information for internal control.

Key Concepts

Cost centres can classify income or expenses by department, project, employee or other internal dimension.

Budgets provide planned figures that can be compared with actual performance. Proper configuration supports management reporting.

Management reports should be interpreted with reference to the underlying transaction data.

Practical Activities

- Create departments as cost centres and allocate selected expenses.
- Prepare a simple monthly budget and compare it with practice transactions.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

16. Payroll & Employee Records

Learning Outcomes

- Understand basic payroll accounting concepts.
- Maintain employee-related accounting records.

Key Concepts

Payroll may involve employee masters, pay components, attendance or other configured information and salary processing.

Salary accounting can affect expense accounts, employee liabilities and statutory deductions depending on the setup.

Payroll records should be treated as confidential and verified before processing.

Practical Activities

- Create a small set of fictional employee records.
- Prepare a practice salary calculation and review the accounting effect.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

17. Financial Statements & Accounting Reports

Learning Outcomes

- Generate and interpret core accounting reports.
- Understand how transactions flow into financial statements.

Key Concepts

Common reports include Trial Balance, Profit & Loss Account, Balance Sheet, Day Book, ledger statements and cash/bank summaries.

The Trial Balance helps check the arithmetical balance of ledger postings. The Profit & Loss Account summarizes income and expenses, while the Balance Sheet presents assets, liabilities and capital at a point in time.

Reports should be reviewed for unusual balances, incorrect classifications and missing transactions.

Practical Activities

- Generate a Trial Balance for a practice company.
- Generate Profit & Loss and Balance Sheet reports and identify major account balances.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

18. Tally Security, Backup & Data Management

Learning Outcomes

- Protect accounting data.
- Perform backups and understand user-access controls.

Key Concepts

Accounting data should be backed up regularly and stored securely. Backup copies help recover from accidental deletion, corruption or system problems.

Where supported, user permissions and security controls can limit access to sensitive accounting information.

A practical data-management policy includes scheduled backups, secure storage, password protection and documented recovery procedures.

Practical Activities

- Create a backup of a practice company.
- Prepare a simple backup and recovery checklist.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

19. Practical Tally ERP 9 Projects

Learning Outcomes

- Integrate accounting, inventory and reporting skills.
- Complete a business accounting workflow from setup to reporting.

Key Concepts

A practical project should begin with company creation and chart of accounts, followed by inventory masters where required, opening balances and transaction entry.

Students should enter a realistic sequence of sales, purchases, receipts, payments, bank transactions and adjustments, then generate reports.

The final project should contain source documents, a transaction list, reports, backup and a short explanation of the workflow.

Practical Activities

- Create a complete fictional trading-company dataset.
- Enter one month of transactions and produce final accounting and inventory reports.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

20. Viva, Glossary & Final Assessment

Learning Outcomes

- Review essential Tally ERP 9 concepts.
- Demonstrate practical accounting and software skills.

Key Concepts

The final assessment should test company setup, ledger creation, voucher entry, inventory, tax-oriented configuration, reconciliation, reporting, backup and troubleshooting.

Students should be able to explain why each transaction was entered and how it affects the accounts and reports.

Practical accuracy, documentation and data safety are important parts of computerized accounting.

Practical Activities

- Complete the final integrated project described in the assessment section.
- Prepare for viva questions covering accounting, vouchers, inventory, reports, GST basics and data management.

Quick Revision: Review the accounting concepts, voucher types and Tally workflow, then repeat the practical exercise in a fresh practice company.

Final Practical Assessment

Students should complete an integrated Tally ERP 9 project covering company setup, accounting masters, transactions, inventory, banking, reports, backup and documentation.

Assessment Area	Marks
Company setup & configuration	10
Groups, ledgers & opening balances	10
Voucher entry & accounting accuracy	20
Sales, purchases & inventory	15
GST/tax-oriented practice	10
Bank reconciliation & outstanding reports	10
Financial reports & interpretation	10
Backup, security & documentation	5
Viva & project presentation	10
Total	100

Suggested Final Project

- Create a fictional trading business in Tally ERP 9 with appropriate company settings.
- Create a chart of accounts containing capital, cash, bank, customers, suppliers, sales, purchases and expenses.
- Enter opening balances and opening stock using an instructor-provided dataset.
- Record one month of sales, purchases, receipts, payments and contra transactions.
- Enter customer and supplier credit transactions and review outstanding balances.
- Record stock movements and generate inventory reports.
- Enter practice GST/tax-oriented transactions using instructor-provided settings.
- Perform a bank reconciliation using a sample bank statement.
- Generate Trial Balance, Profit & Loss, Balance Sheet, Day Book and relevant inventory reports.
- Create a backup and submit the company data, transaction summary, reports and project documentation.

Viva / Interview Questions

- What is Tally ERP 9?
- What is the difference between a group and a ledger?
- What is a voucher?
- What is a contra voucher used for?
- What is the difference between payment and receipt vouchers?
- What is a journal voucher?
- What is a Trial Balance?
- What is the purpose of bank reconciliation?
- What is the difference between receivables and payables?
- What is a stock item?
- What is a cost centre?
- Why is accounting data backup important?

Glossary

Company: A business entity maintained as a separate accounting dataset.

Ledger: An individual account used to record transactions of a particular nature.

Group: A classification used to organize ledgers in the chart of accounts.

Voucher: A transaction-entry record used to post accounting information.

Contra: A transaction involving relevant cash and bank transfers.

Inventory: Goods or stock maintained for business use or sale.

Receivable: Amount due to the business from a customer or other party.

Payable: Amount owed by the business to a supplier or other party.

Trial Balance: A report of ledger balances used to review debit and credit totals.

Profit & Loss: Financial report summarizing income and expenses for a period.

Balance Sheet: Report showing assets, liabilities and capital at a point in time.

Bank Reconciliation: Process of comparing book bank records with the bank statement.

Cost Centre: Internal classification used to track income or expenses by responsibility or activity.

Backup: A separate copy of accounting data maintained for recovery.



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