

Institute of Human Resources Development

IT Division

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Technical Circular-4

Sub: IHRD – Automation of Accounts - Tally.ERP9 software - reg.

1. Tally.ERP9 .NET subscription.

There are some queries regarding the red colour message displayed in the license details box of Tally.ERP9 as “*Tally subscription expired on 30-Mar-2013*” or with similar date. M/s Tally solutions (P) Ltd. permits free one year Tally.NET subscription from the date of purchase. During this period the customer is free to update new Tally software version released and use some facilities available only under Tally.Net subscription.

In this regard, it is clarified that this message has no effect on the current functionality of Tally.ERP9 Software used in IHRD Institutions. The message means that our current one year free *.NET subscription of Tally.ERP9* has ended in March 2013 and we cannot use any updated versions released after March 30, 2013 without renewing .NET subscription. The last version 4.51 released before 30-03-2013 is sufficient for the accounting needs in IHRD institutions at present and a decision on renewal of .NET subscription will be taken at a later date, if necessary. **Those who are still continuing in the older versions should update to ver. 4.51 urgently.** The monthly backup data should be prepared and forwarded from April 2013 using Tally.ERP9 ver. 4.51 only.

2. Forwarding the Data backup and monthly reports.

It has come to the notice that few Institutions are not forwarding the monthly report and data backup in the recommended format. The recommended procedure is explained in detail in the technical circular-3 published on 29-04-2013.(*available in ihrdwebsite→accounts page*). It is absolutely necessary to forward monthly data and reports before 5th of each month without fail.

While using ‘export’ option in Tally to convert reports in .pdf format, each page of the multi-column output is printed in multiple sheet of papers. To solve this problem, you may try to select ‘Excel(Spread sheet format)’ instead of ‘PDF’ format while printing. The output file will be in Excel format which can be edited(column width adjustment, Landscape layout) to fit in a single sheet of paper before printing. So it is recommended to forward the monthly reports in ‘Excel’ format after editing, instead of ‘PDF’ format from the subsequent month.

3. Opening balance for 2013-14.

There were few enquiries regarding the opening balance of accounts. In this circumstance, the following details are provided for your information.

Our accounting ledgers can be classified into four major groups, viz. *Income, Expenditure, Assets & Liabilities*. As per the standard accounting practice, the opening balance of any head related to *Income* or *Expenditure* will be zero. Each year's *Income & expenditure* are calculated separately and it is not carried forward to next financial year. On the other hand any balance amount in the *Assets* and *Liabilities* heads(given in *Balance sheet*) as on closing date of a financial year will be carried forward to next financial year automatically as per the standard accounting practice. So we have nothing to do to set OB of financial year, except to confirm that the closing balance of these ledger heads are correct. If there is any mistakes due to wrong posting of ledger entries, identify them and enter appropriate journal entries as on closing date of financial year to correct the closing balance. For any clarification, please consult the Tally help desk.

4. Accounting of Plan Fund

The accounting of plan fund allotted is slightly different from other ledger heads. As mentioned in the previous para 3, Grant-in-aid(Plan fund) is a *liability* ledger head. So any balance in this ledger head will be automatically carried forward to next financial year. Unlike other ledger heads, the Grant-in-aid(Plan fund) ledger head is having following properties.

- a) The Amount spent in the Grant-in-aid(Plan) is actually an *income* to the Institution and need not be refunded.
- b) Any amount left in this ledger head unutilized at the end of financial year is a *liability* and should be refunded to the head quarters at the end of financial year.

For more clarification, an example is given below.

Assume that an Institution has received 'Grant-in-Aid(Plan fund)' of Rs. 5 Lakhs during February 2013. It has utilized Rs. 4 lakhs for purchase of equipment before 31st March 2013.

So Rs. 1 Lakh left unutilized in the head should be refunded(*liability*) to the head quarters as on 31-03-2013. Since Rs.4 lakhs is already utilized, it is the *income* to the Institution and need not be refunded. Normally we use the following accounting method.

- a) When plan fund is received from the head quarters, we Debit our '*Bank a/c*' and credit the head "*Grant-in-aid(Plan Fund)*".
- b) When we pay for a purchase bill related to this head, we Credit the '*Bank a/c*' and Debit appropriate plan fund head like "*Machinery & Equipment(Plan)*".

Please note that we have made no entry in the “Grant-in-Aid(Plan Fund)” head which indicates the utilization of amount. So there will be an accounting problem that the amount received in “Grant-in-aid(Plan Fund)” will be carried forward to next financial year as a *liability*, since the amount spent in this head is not *debited* to this head. In this case the following accounting method is recommended to solve this problem.

- c) There is no change in procedure required in the steps a & b given above. But make an additional *journal entry* to convert the amount spent in the ‘Grant-in-Aid(Plan Fund)’ to ‘Income’ as shown in the following example.

ie. If Rs. 2.5 lakhs is spent for purchase of computers, the ledger entries should be as follows.

P	Dr. Machinery & Equipment(Plan)	2.5 Lakhs	-
	Cr. Bank a/c	-	2.5 Lakhs
J	Dr. Grant-in-aid(Plan Fund)	2.5 Lakhs	-
	Cr. Other Income	-	2.5 Lakhs

So at the time of each ledger entry related to payment of a bill utilizing plan fund, make a journal entry for the same amount(as shown above) to convert an equivalent amount from “Grant-in-aid(Plan fund)’ to *income* of the Institution. So at the end of financial year, only the unutilized amount if left any, in the ‘Grant-in-aid(Plan Fund)’ will be the *liability* amount to be refunded. This accounting practice will solve the above problem.

If unutilized amount of Rs. 1 Lakh was refunded on or before 31-03-2013,

P	Dr. Grant-in-aid(Plan Fund)	1 Lakh	-
	Cr. Bank a/c	-	1 Lakh

But many of the Institutions have not made this type of journal entries during the previous financial year. So the total amount received in “Grant-in-aid(Plan fund)” during previous financial year is automatically carried forwarded to current financial year as a *liability*. This problem can be rectified by making an appropriate single journal entry as on 30-03-2013.

Since none of the user accounts used in Institutions are permitted to insert ledger entries for previous financial year, only *Tally Administrator* can help you to make such entries. For this purpose, please send an email to ihrd.tally@gmail.com with the following details from the official email-id of the Head of Institution, who have received plan fund allocation during 2012-13.

Subject: Request for journal entry(Plan fund)

- Institution code & name :*
- Total Plan fund received during 2012-13 :*
- Total amount utilized from Plan fund received up to 31-03-2013 :*
- Amount refunded from Plan fund received as on 31-03-2013 :*
- Contact Phone no. of the person using Tally :*

The *Tally administrator* will contact you over phone and will help you to make necessary journal entry to correct the problem using “ammyy” software. From current financial year, *cashier* can make such journal entries at the time of entering the payment vouchers related to plan fund utilization.

5. Updating ‘Ammyy Admin’ Software

A new version of Ammy Admin Software ver 1.2 is posted in the “*ihrdwebsite→Accounts*” page. All Institutions are requested to download it and place it in the desktop of the Computer in which Tally.ERP9 is installed. It is a stand alone application and not required to install in windows. If you are using a broadband connection, please set the “Desktop – speed as 1 Mb to 5 Mb” while using “Ammyy” software for remote connection.

Please complete back data entry and make ledger entry up to date before 31-08-2013, those who have not completed it yet.

Sd/-
Special Officer (IT)

Copy to : 1) Finance Officer
2) O.C.
3) S.F.