

# Inventory Masters

## INTRODUCTION

Inventory accounting includes recording of stock details like the purchase of stock, the sale of stock, stock movement between storage locations or godowns and providing information on stock availability. **Stock items are goods that you manufacture or trade (sell and purchase).** Tally makes it possible to integrate the inventory and accounting systems so that the financial statements reflect the closing stock value from the Inventory system.

The inventory system operates in much the same way as the accounting system. Setting up the inventory master is a similar operation to creating the chart of accounts although, in this case, there are no pre-defined set of stock groups. We create the individual stock items, which is similar to setting up the ledgers.

In any company the Inventory Info. menu comprises of these types of Masters, viz. Stock Groups, Stock Category, Stock Items, Units of Measure and Godown.

- 4.1 Godowns / Locations
- 4.2 Units of Measure
- 4.3 Stock Groups
- 4.4 Stock Categories
- 4.5 Stock Items

### 4.1 Godown / Locations

A place where stock items are stored is referred to as Godowns. You can specify where the stock items are kept. For example: A warehouse, shelf or rack etc, and obtain stock reports for each Godown and account for the movement of stock between locations/Godowns.

### 4.2 Unit of Measurement

Stock Items are mainly purchased and sold on the basis of quantity. The quantity in turn is measured by units. In such cases, it is

necessary to create the Unit of Measure. The Units of Measure can either be simple or compound.

Examples of simple units are: nos., metres, kilo- grams, pieces etc.

Examples for compound units are: a box of 10 pieces etc. Create the Units of Measure before creating the Stock Items.

#### 4.3 Stock Groups

Stock Groups are provided to help in the classification of stock items. Classification is done based on some common behaviour. Grouping stock items makes it easy to identify and report them in the statements. For example, items of a particular brand can be grouped together so that you can get the inventory details of all the items of that brand.

#### 4.4 Stock Categories

This is a feature, which offers a parallel classification of stock items. Like Stock Groups, Stock categories are also classified based on some similar behaviour. The advantage of using Tally lies in categorising Stock items together, (based on functionality) across different stock groups. This enables you to obtain reports for alternatives or substitutes of a stock item.

#### 4.5 Stock Items

Stock items are goods that you manufacture or trade (sell and purchase). It is the primary inventory entity. Stock Items in the Inventory transactions are similar to ledgers being used in accounting transactions. Therefore, Stock Items are important in an inventory just as ledgers are important in accounting.

## Case Study Example

Let us take the example of **Indus Enterprises** that sells **Televisions** and **Music Systems**. Given below is the structure of items being sold.

Group A – Televisions	
A1 – Sony	A1a – Sony 29 inches TV
	A1b – Sony 25 inches TV
A2 – Philips	A2a – Philips 29 inches TV
	A2b – Philips 25 inches TV
A3 – Videocon	A3a – Videocon 29 inches TV
	A3b – Videocon 25 inches TV

Group B – Music Systems	
B1 – Sony	B1a – Sony Tape-Recorder
	B1b – Sony CD Player
B2 – Videocon	B2a – Videocon Tape-Recorder
	B2b – Videocon CD Player

The televisions are sold in numbers. Hence, the **Unit of Measure** will be **Nos.**

Indus Enterprises has **two Godowns**, the **Bangalore Godown** and the **Mumbai Godown**. The grouping structure in Tally.ERP 9 is as follows:

### Stock Group

#### 1. **Televisions** (main stock group)

- ✦ Sony TV – stock group under Televisions
- ✦ Philips TV – stock group under Televisions
- ✦ Videocon TV – stock group under Televisions

#### 2. **Music Systems** (main stock group)

- ✦ Sony Music Systems – Stock Group under Music Systems
- ✦ Videocon Music Systems – Stock Group under Music Systems

Under the stock group Televisions, let us create stock groups based on the different brands being sold viz. Sony, Philips and Videocon. This helps to find the total sales of a particular brand of televisions at any given point of time. In order to compare the total

sales of the 29 and 25 inches televisions respectively, Tally.ERP 9's feature of Stock Categories for parallel classification can be used.

## 4.1. Stock Groups in Tally.ERP 9

### Creating Stock Group

#### i. Create the Stock Group – Television under Primary.

Go to the **Gateway of Tally > Inventory Info. > Stock Groups > Create** (under the Single Stock Group

Ensure that the screen appears as shown below:

‡ Press Y or Enter to accept the screen.

Similarly, create Music Systems under

#### ii. Create Sony TV under Televisions.

The screen is displayed as shown below:

‡ Press Y or Enter to accept the screen.

### Practice Exercise

Create the following **Stock Groups** in the similar manner

Name	Under	CanQuantities of items be ADDED
Philips TV	Televisions	Yes
Videocon TV	Televisions	Yes
Sony Music Systems	Music Systems	Yes
Videocon Music Systems	Music Systems	Yes

## 4.2. Stock Categories

‡ Set **Yes** to **Maintain Stock Categories** in **F11: Features (F2: Inventory Features)** to get an additional option **Stock Categories** under **Inventory Info.**

### 4.2.1 Creating Stock Category

Go to the **Gateway of Tally > Inventory Info. > Stock Categories > Create.**

#### i. Create Stock Category 29 inches TV Under Primary

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

Similarly , create Stock Category **25 inches TV** under **Primary**.

## Godown / Locations

⌘ Set **Yes** to **Maintain Multiple Godowns** in **F11: Features F2: Inventory Features**) to get additional option like **Stock Categories** under **Inventory Info.**

### 4.3.1 Creating a Godown

Go to the **Gateway of Tally > Inventory Info. > Godowns > Create.**

#### i. Create a Godown – Bangalore under Primary.

Ensure that the screen is displayed as shown below:

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

**Note :**

⌘ *Godowns have a main location, by default because of which the options **Display** and **Alter** are functional evenbefore you create a godown.*

Similarly create the godown – **Mumbai** under **Primary**.

## Unit of Measurement

### 4.4.1 Creating Units of Measure

Go to the **Gateway of Tally > Inventory Info. > Units of Measure > Create.**

**Type**

Tally.ERP 9 has the option to create simple units as well as compound units. Examples: box, nos, pcs, etc. A Compound Unit is a combination of two simple units of measure. Example: A **box of 10 pcs** is a compound unit of measure.

## Symbol

It is the abbreviated form by which a stock item is identified. For example, the abbreviation pcs indicates – pieces

## Formal Name

This represents the complete or formal name of a symbol used while creating a unit. Different companies use different symbols to represent the same units. Formal names help you to match the symbols with their respective units. For example, the symbol for numbers (formal name) can be nos or num.

## Number of Decimal Places

A unit can be expressed as fractions. For example, a 3.15 Kg refers to 3Kg and 150 grams. The number of digits expressed in grams after the decimal places are three. Likewise, fractions up to four decimal places can be expressed in the same manner. For expressing numbers, without a decimal place, specify 0 in this option.

Let us create the unit **Nos**.

1. **Type: Simple**
2. **Symbol: Nos**
3. **Formal Name: Numbers**
4. **Number of Decimal Places: 0**

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

## Stock Items

### 4.5.1 Creating a Stock Item

Go to **Gateway of Tally > Inventory Info. > Stock Items > Create**.

The Stock Item Creation Screen appears as shown below:

Enter

the following details:

**Name:** The name of the stock item.

**Under:** The stock group under which you want to classify the stock item.

**Category:** The stock category you want to classify the stock item for parallel classification.

**Units:** The unit of measure for the stock item being created.

**Rate of Duty:** Enter the rate of duty charged on the item.

**Opening Balance:** The opening balance of a stock item, refers to the stock available with us. Godowns that have already been created, must have the opening balance quantity and the location specified.

**i. Create a Stock Item Sony 29 inches TV, under the Group Sony TV.**

Ensure that the details appear as shown below:

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

Create the following Stock Items under **Televisions**

Name	Under	Category	Units
Sony 25 inches TV	Sony TV	25 inches TV	Nos
Philips 29 inches TV	Philips TV	29 inches TV	Nos
Philips 25 inches TV	Philips TV	25 inches TV	Nos
Videocon 29 inches TV	Videocon TV	29 inches TV	Nos
Videocon 25 inches TV	Videocon TV	25 inches TV	Nos

Create the following Stock Items under **Music Systems**.

Name	Under	Category	Units
Sony Tape – Recorder	Sony Music Systems	Not Applicable	Nos
Sony CD – Player	Sony Music Systems	Not Applicable	Nos
Videocon Tape - Recorder	Videocon Music Systems	Not Applicable	Nos
Videocon CD – Player	Videocon Music Systems	Not Applicable	Nos