

Using Cost Categories and Cost Centres

Cost Centers can be allocated in the vouchers. Activate **Cost Centre** for the Ledger Accounts that are used in voucher entry.

Note: Activate **Maintain cost centers** and **Maintain more than one payroll or cost category** in F11:Features > F1:Accounting Features.

Maintain cost centres	? Yes
Use cost centre for job costing	? Yes
Maintain more than one payroll or cost category	? Yes
Use pre-defined cost centre allocations in transactions	? No
Show opening balance for revenue items in reports	? No

Applying Cost Centres to Ledger Accounts

To apply cost centres to ledger accounts,

For example, enable Cost Center for Payment ledger – conveyance account.

- Go to **Gateway of Tally > Accounts Info > Ledgers > Create/Alter**
- Set the option **Cost centres are applicable** to **Yes**.

Ledger Creation		ABC Company
Name : Conveyance A/c		<u>Total Op. Bal.</u>
(alias) :		
<hr/>		
Under	: Indirect Expenses	
Inventory values are affected	? No	
Cost centres are applicable	? Yes_	
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Opening Balance (on 1-Apr-2008) :		

Cost Centre Allocation in Voucher Entry

Cost Centre allocations have to be done in the pop-up sub-screens in the main voucher entry screen. The sub-screen is displayed after the amount fields pertaining to the ledger for which cost centers have been activated. Hence, the following is the sub-screen for the ledger Conveyance A/c.

Cost Allocations for : Conveyance A/c Upto: Rs. 2,500.00 Dr	
Cost Category	
Name of Cost Centre	Amount
Sales Executives	
Sales Man A	1,500.00
Sales Man B	1,000.00
	<u>2,500.00</u>

The entire objective of creating Cost Centres is to allocate expenses and revenues to Cost Centres.

After allocating the Cost Centers, the payment voucher entry screen is displayed as shown.

Accounting Voucher Creation		ABC Company		Ctrl + M	
Payment No. 1				1-Apr-2008 Tuesday	
Particulars		Debit	Credit		
Dr	Conveyance A/c <i>Cur Bal: 2,500.00 Dr</i>	2,500.00			
	Sales Executives				
	Sales Man A 1,500.00 Dr				
	Sales Man B 1,000.00 Dr				
Cr	Bank <i>Cur Bal: 97,500.00 Dr</i>		2,500.00		
Narration:					
Ch. No. :489963				<u>2,500.00</u>	<u>2,500.00</u>