POWER OF SIMPLICITY

Getting Started with Job Work in Tally.ERP 9

The information contained in this document is current as of the date of publication and subject to change. Because Tally must respond to changing market conditions, it should not be interpreted to be a commitment on the part of Tally, and Tally cannot guarantee the accuracy of any information presented after the date of publication. The information provided herein is general, not according to individual circumstances, and is not intended to substitute for informed professional advice.

This document is for informational purposes only. TALLY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS DOCUMENT AND SHALL NOT BE LIABLE FOR LOSS OR DAMAGE OF WHATEVER NATURE, ARISING OUT OF, OR IN CONNECTION WITH THE USE OF OR INABILITY TO USE THE CONTENT OF THIS PUBLICATION, AND/OR ANY CONDUCT UNDERTAKEN BY PLACING RELIANCE ON THE CONTENTS OF THIS PUBLICATION.

Complying with all applicable copyright and other intellectual property laws is the responsibility of the user. All rights including copyrights, rights of translation, etc., are vested exclusively with TALLY SOLUTIONS PRIVATE LIMITED. No part of this document may be reproduced, translated, revised, stored in, or introduced into a retrieval system, or transmitted in any form, by any means (electronic, mechanical, photocopying, recording, or otherwise), or for any purpose, without the express written permission of Tally Solutions Pvt. Ltd.

Tally may have patents, patent applications, trademarks, copyrights, or other intellectual property rights covering subject matter in this document. Except as expressly provided in any written licence agreement from Tally, the furnishing of this document does not give you any licence to these patents, trademarks, copyrights, or other intellectual property.

© 2010 Tally Solutions Pvt. Ltd. All rights reserved.

Tally, Tally 9, Tally9, Tally.ERP, Tally.ERP 9, Shoper, Shoper 9, Shoper POS, Shoper HO, Shoper 9 POS, Shoper 9 HO, TallyDeveloper, Tally Developer, Tally.Developer 9, Tally.NET, Tally Development Environment, Tally Extender, Tally Integrator, Tally Integrated Network, Tally Service Partner, TallyAcademy & Power of Simplicity are either registered trademarks or trademarks of Tally Solutions Pvt. Ltd. in India and/or other countries. All other trademarks are properties of their respective owners.

Version: Getting Started with Job Work in Tally.ERP 9/3.0/February 2011

Contents

Introduction

Definition Given under Excise 1
Reasons for Delegation of Job 1
Job Work Flow (Process) 2
Difficulties in Job work Process 3
Job Work Out 3
Job Work In 3
Scrap, By-Products and Co-Products 4
Number of Job Workers involved in the Manufacture of Goods 4
Supply of goods to Job Worker's Premises 4
Salient Features of JoB Work in Tally.ERP 9 5

Lesson 1: Job Work & Excise

1.1 Duty Liability 6
1.2 Valuation of Excisable Goods if Job Work is Liable for Duty Payment 6
1.3 Valuation of Excisable Goods if the manufacturer is liable for Duty Payment 6
1.3.1 Sale from Job Worker Factory 6
1.3.2 Sale after Removal of Goods (transfer to other location) from Job Worker Factory 6
1.3.3 Scrap 7
1.3.4 By-Products and Co-Products 7
1.4 Cenvat Credit Availing in case of Job Work 7

Lesson 2: Enabling Job Work in Tally.ERP 9

2.1 Enabling Job Work in Tally.ERP 9 8

Lesson 3: Creating Masters

3.1 Job Worker & Principal Manufacturers Ledgers 14
3.1.1 Create Job Workers Ledgers 14
3.1.2 Create Principal Manufacturers Ledger 15
3.2 Create Godowns 16
3.2.1 Create Raw Material Location 16
3.2.2 Create JobWork (Out) Location 17
3.2.3 Create JobWork (In) Location 18
3.3 Create Stock Items 19
3.3.1 Raw Materials 19
3.3.2 Scrap 20
3.3.3 Finished Goods 21
3.4 Create Voucher Types (Material Out & In) 29

Lesson 4: Job Work Out Transactions

4.1 Job Work Out Order 37

4.1.1 Job Work Out Order (for a stock Item without BOM) 37
4.1.2 Job Work Out Order (for a stock Item with BOM) 46
4.2 Transfer of Material towards a Job Order 51
4.3 Receipt of Finished Goods against a Job Order 57
4.4 Accounting Purchase of Job Work Service 64
4.5 Payment to Job Worker 67
4.6 Job Work Out Order (for Excise Stock Item) 76
4.7 Transfer of Material towards a Job Order 82
4.8 Receipt of Finished Goods against a Job Order 87

Lesson 5: Job Work In Transactions

5.1 Job Work In Order 94
5.2 Receipt of Material towards a Job Order 101
5.3 Transfer of Own Goods to Production 104
5.4 Manufacture of Finished Goods 108
5.5 Delivery of Finished Goods towards a Job Order 110
5.6 Raising Sales Bill for the Job Work 113
5.7 Receipts from Principal Manufacturer 116
5.8 Job Work In Order (for Excise Stock Item) 121
5.9 Receipt of Material towards a Job Order 126
5.10 Transfer of Own Goods for Production 128
5.11 Manufacture of Finished Goods 131
5.12 Delivery of Finished Goods towards a Job Order 133

Lesson 6: Job Work Reports

6.1 Job Work Out Reports 136
6.1.1 Order Outstandings 137
Orders 137
Components 139
6.1.2 Job Work Registers 139
Job Work Out Orders Book 140
Material Out Register 141
Material In Register 142
Material Movement Register 143
6.1.3 Stock 144
With Job Worker 145
Ageing Analysis 145
6.1.4 Job Work Analysis 145
Issue Variance 145
Receipt Variance 145
6.1.5 Statutory Report - Annexure IV 146
6.2 Job Work In Reports 147

6.2.1 Order Outstandings 147
Orders 148
Components 149
6.2.2 Job Work Registers 149
Job Work In Orders Book 150
Material Out Register 151
Material In Register 152
Material Movement Register 153
6.2.3 Stock 154
From Party 154
Ageing Analysis 155
6.2.4 Job Work Analysis 155
Issue Variance 155
Receipt Variance 155

Introduction

In real business scenario, it may not be possible for an industry to carry all processes leading to manufacture of final product within its own premises. In such an eventuality the manufacturing unit will have to get the work done i.e. processing of the raw materials or intermediate product from outside. The processes performed outside are called **Job Work**.

Definition Given under Excise

In the context of the Central Excise law, **Job Work** has been defined under **Rule 2(n)** of the **Cenvat Credit Rules, 2004** to mean processing or working upon raw material or semi-finished goods supplied to the job worker, so as to complete a part or whole of the process resulting in the manufacture or finishing of an article or any operation which is essential for aforesaid process.

Looking at the above definition we can say that **Job Work** or **Sub Contracting** is an activity of taking an order to manufacture or process goods as per the prescription of the client by utilizing material supplied by the client or purchased on behalf of the client and charging him for the services provided as Job Work or Sub Contract.

Job Work or **Sub contracting** is also a part of **trading business**, maybe not as large as in the case of manufacturing. In our Day to day life we might have experienced this. E.g. we visit a suit length showroom and liked a piece of cloth for the suit. The retailer takes the measurement for Stitching and asks us to get back for collecting the ready suit after few days. What does he do in the meantime? He gives the suit length to a specialist tailor and receives the ready suit after stitching and finishing, this, too, is job work or sub-contract.

Many manufacturing industries fall under the purview of Excise however few are still exempted from Excise like in the case of **Garment Manufacturing**. For industries falling under Excise, there are few rules and regulations which we will be discussed later in the chapter.

Reasons for Delegation of Job

Following are the reasons for the delegation of job

- Job Worker has specialisation in the Job delegated
- Time Constraint on the part of Principal to manufacture the goods
- Principal does not have the facility to produce the specific semi finished goods

Job Work Flow (Process)

Job Work Flow (process) are common for industries giving/receiving job order, whether falling under Excise or not. Job work Flow is as shown below

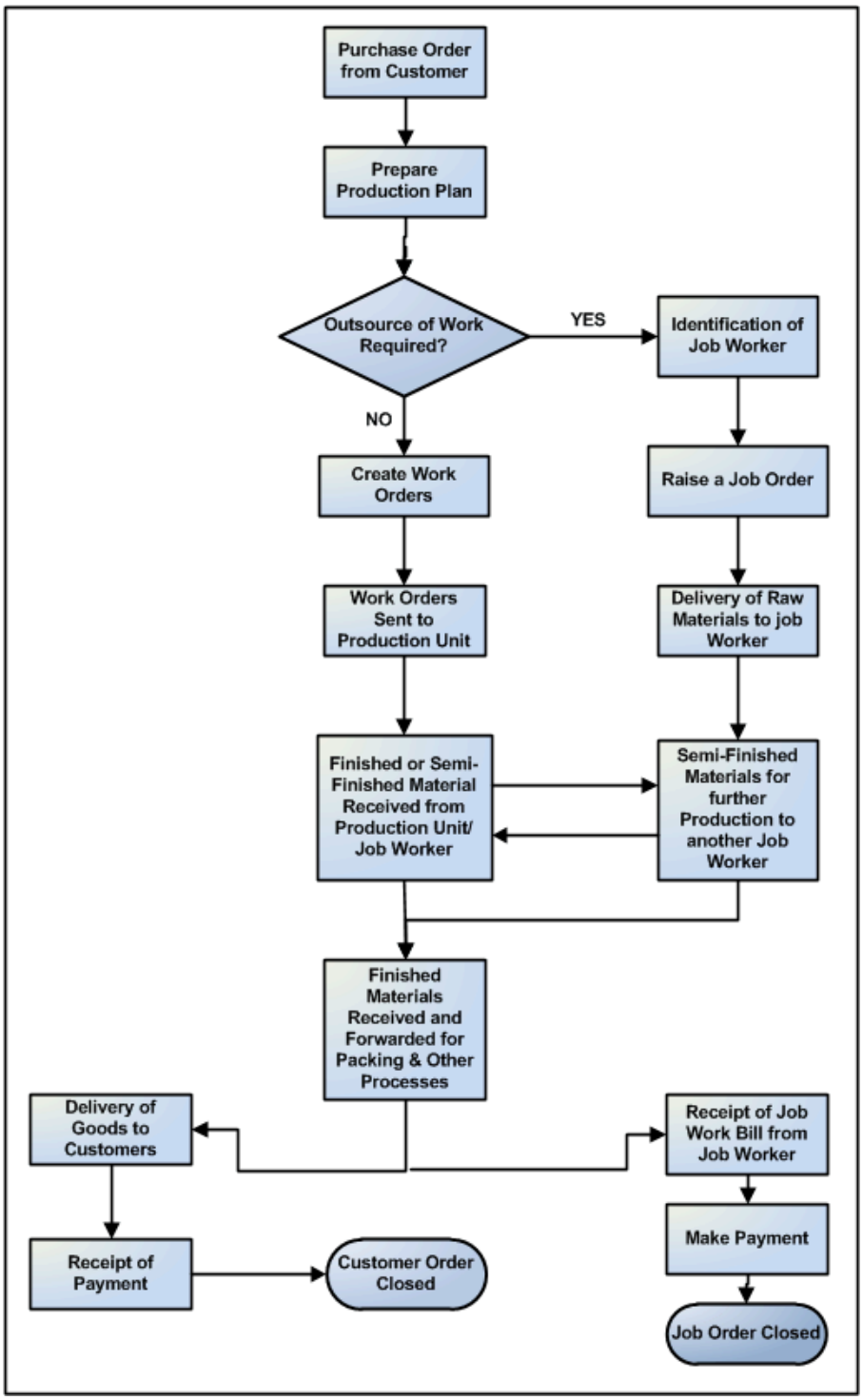


Figure 1.1 Job Work Flow

Difficulties in Job work Process

Job Work Out

Following are the problems faced when job is delegated to a Job Worker

- **No standard practice to delegate a Job**

  In real business scenario, the standard procedure of delegating a job -

  - Raising the Job Work out Order
  - Material Transfer Out (from the premises of Principal Manufacturer/directly from the supplier of Raw materials to the Job worker)
  - Accounting the receipt of finished goods
  - Accounting the Bill from the Job Worker
  - Payment to the Job Worker

  is not followed by all the principal manufacturers. The procedure of delegation of Job varies from organisation to organisation depending on the nature of the Job delegated or type of transaction (depending on the regularity) or relationship with the Job worker.

- **Monitor & Analysis of Material**
  - Tracking Job Work wise - Raw material to be issued, actual raw material despatched, variance in quantity of raw materials as against the agreed Bill of Material
  - Tracking quantity of Finished goods to be received, actual receipt and balance
  - Ageing of Stock (Raw material /semi-finished goods) lying with the Job Worker
  - Preparing Material Movement Registers
- **Cost/Profit Tracking**: Principal manufacturer can ascertain the cost of manufacture of a job delegated. These statistics can be used to compare and analyse the cost as against cost of manufacture of goods in house or by other Job workers.
- **Meeting Statutory Requirements**
  - **Annexure II** - Challan for despatching the inputs, Raw-Materials, semi-finished goods to the Job Worker
  - **Annexure IV** - Register for Material tracking (by Principal company if excise applicable)

Job Work In

Following are the problems faced when a Job is received by the Job worker

- **No standard practice for receiving a Job**

  In real business scenario, the standard procedure of receiving a job -

  - Receipt of Job Work In Order
  - Material Transfer In (from the premises of Principal Manufacturer/directly from the supplier of Raw materials of Principal Manufacturer)
  - Accounting Delivery of finished goods
  - Raising Invoice for billable work/stock
  - Receipt of Payment from the Principal Manufacturer

is not followed by all the Job workers. The procedure of receiving Job varies from organisation to organisation depending on the nature of the Job or type of transaction (depending on the regularity) or relationship with the Principal Manufacturer.

- **Monitor & Analysis of Material Received**
  - Tracking Job Work wise - Raw material to be received, actual raw material received, variance in quantity of raw materials as against the agreed Bill of Material
  - Tracking quantity of Finished goods to be despatched, actual Quantity Delivered and balance
  - Preparing Material Movement Registers
- **Job Worker Invoice**
  - Tracking of own material consumption by the Job Worker for a job
  - Billing for the own material consumed for the Job
- **Cost/Profit Tracking**: Job Worker can ascertain the cost of manufacture of a job received. These statistics can be used to compare and analyse the cost/profit of job work carried out for different Principal Manufacturers.
- **Meeting Statutory Requirement**
  - **Annexure V** - Register for Material tracking (by Job Worker if excise applicable)

Scrap, By-Products and Co-Products

Under Job work if any Scrap **By-product** or **Co-product** is manufactured, depending on the agreement between the principal and the Job worker, product may be returned or sold to the job worker or to the third party.

Number of Job Workers involved in the Manufacture of Goods

It is possible for a Principal (Manufacturer/Trader) to send the goods to one job worker who does part of the process required and then forwards the goods to another job worker who does the remainder of the process.

In this case, the first job worker can send the goods to the second job worker under his own delivery challan along with the copy of the challan received from the principal. The second job worker would then send back a copy of the challan received from the first job worker back to him and the copy of the original challan of the principal to him with his own challan. The period of 180 days would be counted from the date of sending of the goods by the principal to the first job worker.

Supply of goods to Job Worker's Premises

The principal manufacturer/raw material supplier can also ask his supplier to despatch the materials directly to the job worker's factory without receiving it at his factory. For this, the supplier would have to ensure that his invoice mentions the job worker as the consignee and the principal manufacturer/Trader as the buyer.

The principal manufacturer would be entitled to claim cenvat credit on his purchases only when the processed materials are received at his factory from the job worker's premises.

Salient Features of JoB Work in Tally.ERP 9

Tally.ERP 9's simple yet powerful Job Work feature enables you to record transactions related to Job Work with ease. The Job work functionality in Tally.ERP 9 has the following features:

1. Simple and user-friendly
2. Quick and easy to set up and use
3. Job Work Out Process
   - Record Job Work Out Order by capturing the details of Components to be issued and Finished Goods /Scrap to be issued
   - Account the Receipt of Components towards a Job order or directly record the Material receipt by creating the Job Order.
   - Flexibility to account the Receipt of Finished goods without raising Job Work Out Order and Material In voucher
   - Track cost against the Job Work Out Orders
4. Job Work In Process
   - Record Job Work In Order by capturing the details of Components to be received and Finished Goods /Scrap to be delivered
   - Account the Receipt of Components towards a Job order or directly record the Material receipt by creating the Job Order.
   - Flexibility to account the delivery of Finished goods without raising Job Work Out Order and Material In voucher
   - Track the Own Consumption of Goods against the Job Orders and Bill the same on the Principal manufacturer
5. Generate Annexure II for Removal of Goods for Job Work
6. Maintain and Generate Annexure IV (by Principal Manufacturer - if excise applicable)
7. Maintain & generate Annexure V (By Job Worker - if excise applicable)
8. Reports
   - Generate Order Outstandings report for Orders & Components
   - Generate Job Work Registers such as
     - Job Work Out Order/ Job Work In Order
     - Material Out Registers
     - Material In Registers
     - Material movement Register
   - Provision to view the details of Stock lying with the Job worker and ageing of the stock
   - Provision to generate the report to analyse the variance in issue of components and receipt of finished goods and vice versa.

Lesson 1: Job Work & Excise

1.1 Duty Liability

Since excise duty is on **manufacture**, duty liability arises only when the goods are manufactured during job work. Where the goods are manufactured during job work, the job worker would be liable to pay duty of excise on the goods so manufactured unless the principal manufacturer who has supplied him the goods for job work, furnishes a declaration under **Notification 214/86 dated 25.03.1986** which exempts goods manufactured by a job worker from duty of excise provided the said goods after job work are returned to the principal or cleared for export or cleared for home consumption on payment of duty of excise. Where the goods are returned to the principal, the principal should either clear it on payment of duty or use it in his manufacturing process which should result in a dutiable product being manufactured. The declaration should be given to the Assistant Commissioner of Central Excise who has jurisdiction over the factory of the job worker.

1.2 Valuation of Excisable Goods if Job Work is Liable for Duty Payment

If he Job worker is liable to pay Duty, one of the common issues confronting job workers is that of valuation. The assessable value for the purpose of charging excise duty has to comprise the value of raw materials supplied by the principal plus the conversion charges or job charges incurred by the job worker plus his profit margin.

1.3 Valuation of Excisable Goods if the manufacturer is liable for Duty Payment

1.3.1 Sale from Job Worker Factory

A per new Rule 10A where the goods are sold by the **raw material supplier/principal manufacturer** from the factory of job worker, the assessable value have to be the transaction value of the goods so sold by the raw material supplier/principal. This will apply only when the raw material supplier and the buyer of the goods are not related and price is the sole consideration for the sale and the goods are sold for delivery at the time of removal from the job worker's factory.

1.3.2 Sale after Removal of Goods (transfer to other location) from Job Worker Factory

In this case goods are not sold by the principal manufacturer at the time of removal of goods from the factory of job-worker, but are transferred to some other place from where the goods are sold.

The value of the goods is determined based on the normal transaction value of such goods sold from such other place at or about the same time.

In other words, can follow the principle of depot based valuation under Central Excise applicable where goods are cleared to depots of manufacturers and sold therefrom. Where such goods are not sold at or about the same time, then the normal transaction value of such goods at the time nearest to the time of removal of said goods from the factory of job-worker, is to be adopted. The cost of transport from the premises where from the goods are sold, to the place of delivery, would not be included in assessable value.

1.3.3 Scrap

Generally, the principal manufacturer is responsible for the duty payment on the scrap generated at the job worker's premises.

The job worker may also remove such scrap on payment of appropriate duty of excise and in which case principal manufacturer will be relieved from his duty liability. The principal manufacturer should therefore have a proper mechanism for the purpose of tracking the quantum of waste or scrap generated at the job worker's premises.

1.3.4 By-Products and Co-Products

Under Job work if any **By-product** or **Co-product** is manufactured, depending on the agreement between the principal and the Job worker, product may be returned or sold to the job worker or to the third party.

1.4 Cenvat Credit Availing in case of Job Work

Cenvat credit can be availed on materials sent for job work as per rule 4(5)(a) of the Cenvat Credit Rules, 2004. It has to be established from the records, challans or memos or any other document produced by the manufacturer taking the Cenvat credit that the goods have been received back in the factory within **one hundred and eighty (180) days** of goods being sent to the job worker. Hence, **proper inventory accounting records**, **job work register, details of nature of processing undertaken** and **quantities received back along with scrap generated** would gain importance.

The movement should be under a **challan** giving the particulars as to the **Rule** under which the same is being sent. The challan would be in triplicate with two copies of the same accompanying the goods to the job worker who would return one copy with the goods being sent back to the principal after completion of the process. Where the goods are sent back in lots, he is free to send his own delivery challan with the goods and send back the original delivery challan received from the principal, with the final consignment being sent to the said principal.

If the inputs or the capital goods are not received back within one hundred and eighty days, the manufacturer shall reverse the CENVAT Credit availed towards the inputs or Capital Goods. Later, manufacturer can take Cenvat credit when the inputs or capital goods are received back in his factory.

The Cenvat credit shall also be allowed in respect of **fixtures, moulds** and **dies** sent by a manufacturer of final products to a job worker for the production of goods on his behalf and according to his specifications. The restriction with regard to the requirement of receiving the goods back within 180 days from the date of sending would not apply to such tools, dies, fixtures and moulds.

Lesson 2: Enabling Job Work in Tally.ERP 9

Lesson Objectives

On completion of this lesson, you will learn to

- Create Company in Tally.ERP 9
- Enable Job Order Process

2.1 Enabling Job Work in Tally.ERP 9

It takes a one-time configuration in Tally.ERP 9 for Job Work to be activated. Follow the steps given below to enable Job Work in Tally.ERP 9 for a new company, Pigeon Home Appliances Pvt. Ltd.

1. Create Company
2. Enable Job Work

Pigeon Home Appliances Pvt.Ltd., is a Company – Resident, which is engaged in Manufacture of Home Appliances. During manufacture of home appliances when ever the company cannot carry out all the manufacturing processes, it gets the work done from Out side i.e. from Job Workers.

Step 1: Create Company

Go to **Gateway of Tally** > **Alt + F3: Company Info.** > **Create Company**

In the **Company Creation** screen,

- Specify **Pigeon Home Appliances Pvt. Ltd.** as the **Company Name** and **Address details**
- Select **India** in the **Statutory Compliance for** field
- Specify the **State, Pin code & Accounts with Inventory** details

The Completed **Company Creation** screen appears as shown

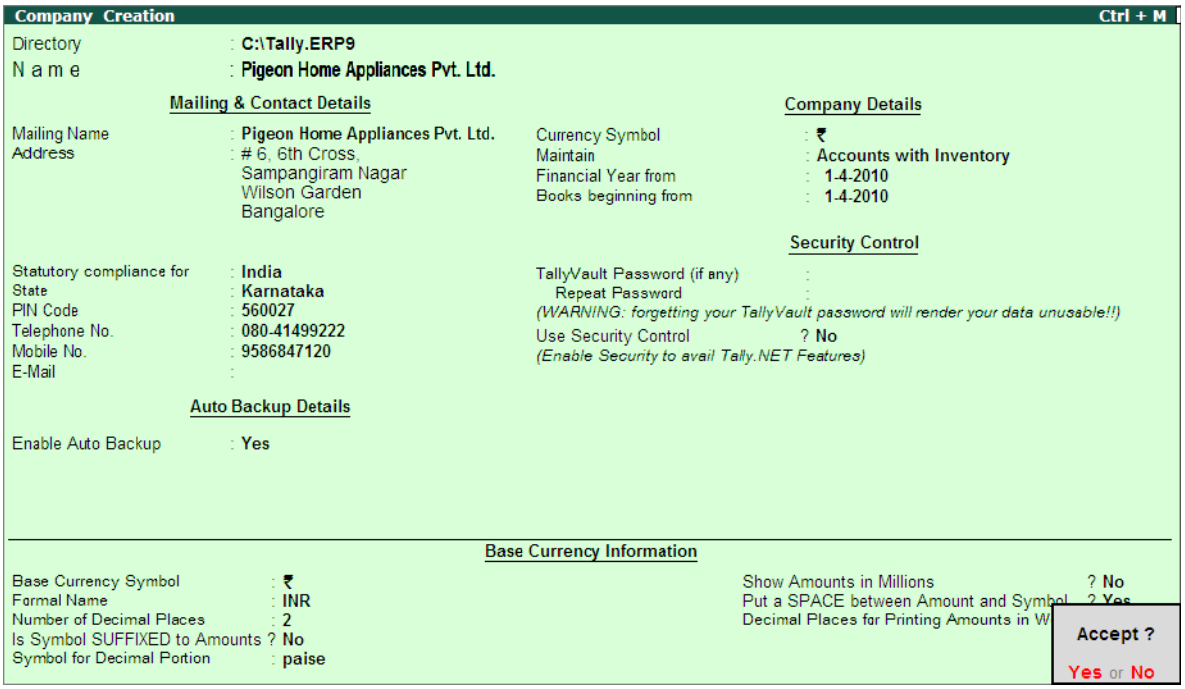


Figure 2.1 Completed Company Creation Screen

*For complete details on **Company Creation** refer **Tally.ERP 9 Help**, topic **Creating Company in Tally.ERP 9***

2.2 Enabling Job Work in Tally.ERP 9

You can enable **Job Work** in Tally.ERP 9, in **F11: Features** screen.

Go to **Gateway of Tally > F11: Features > Inventory Features**

- Set **Allow Job Order Processing** to **Yes**
- On enabling Allow Job Order Processing option, **Use Material In/Out** will set to **Yes** automatically
- Set the option **Track Stock Item Cost** to **Yes**

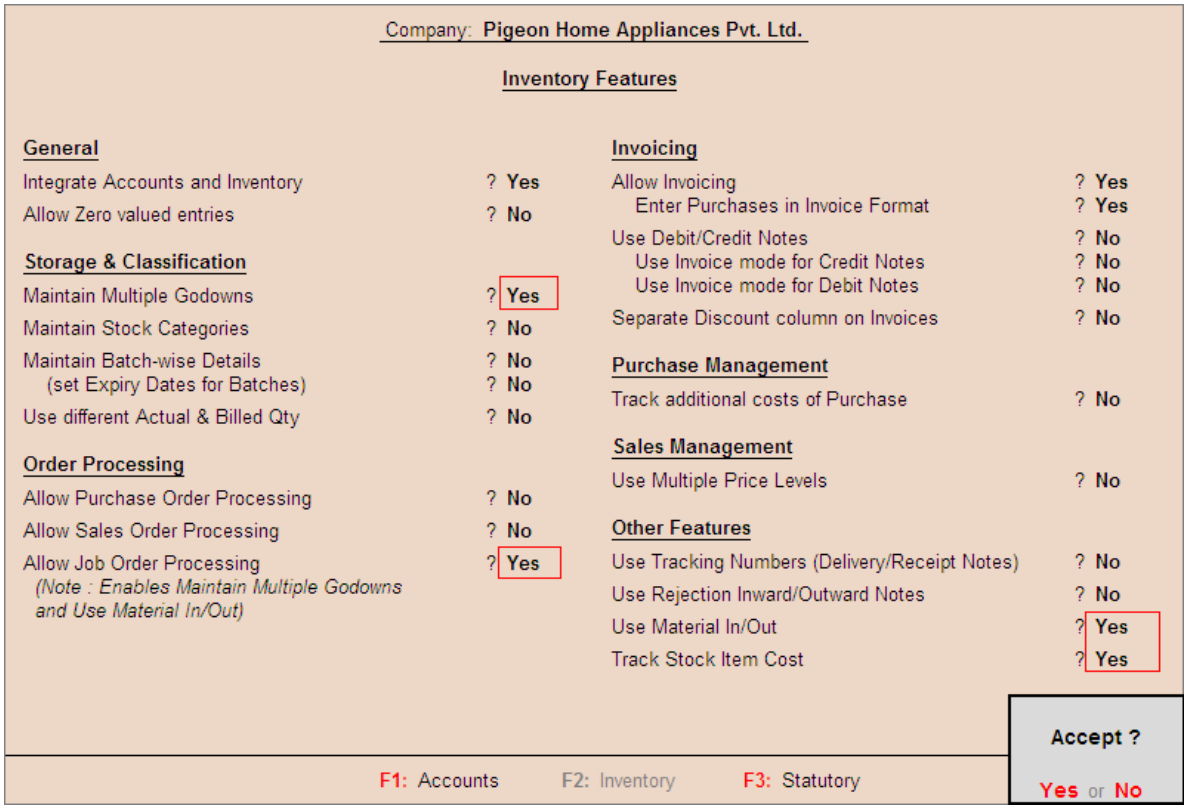


Figure 2.2 Inventory Features Screen

Observe on enabling **Job Order Processing** option, **Maintain Multiple Godown** and **Use Material In/Out** option gets enabled automatically.

- ***Allow Job Order Processing****: On enabling this feature, in* ***Gateway of Tally*** *under the head* ***Transactions*** *a new option* ***Order Vouchers*** *will be displayed and 2 order vouchers,* ***Job Work In Order*** *and* ***Job Work Out Order*** *will get enabled.*
- ***Use Material In/Out****: Set this option to* ***Yes****, to create Material In/Out entries.*

  On enabling this option ***Two*** *Inventory Vouchers -* ***Material In*** *and* ***Material Out*** *will be available to record the material transfers.*

Use Material In/Out *option is associated with* ***Job order Processing****. Hence the option gets enabled automatically when Allow Job Order Processing feature is enabled and cursor will not move to* ***Use Material In/Out*** *option to change the settings.*

- ***Track Stock Item Cost****: Set this option to Yes, if you want to track the cost of stock item from purchase till sale. On enabling this option in Stock Item Master Enable Cost tracking field will be displayed.*

Even though the option ***Use Material In/Out*** *is associated with Job order Processing Tally.ERP 9 gives the flexibility to enable only Material Transfer In/Out feature without enabling Allow Job Order Processing.*

Use Material In/Out *feature can be enabled where the user wants to use* ***Material Transfer vouchers*** *for any other purpose than* ***Job Work****.*

Example*: Material Transfer vouchers used for transfer of stock to* ***Consignment Agent, Branch*** *etc.*

Company: **Pigeon Home Appliances Pvt. Ltd.**

Inventory Features

General		**Invoicing**	
Integrate Accounts and Inventory	? Yes	Allow Invoicing	? Yes
Allow Zero valued entries	? No	Enter Purchases in Invoice Format	? Yes
Storage & Classification		Use Debit/Credit Notes	? No
Maintain Multiple Godowns	? No	Use Invoice mode for Credit Notes	? No
Maintain Stock Categories	? No	Use Invoice mode for Debit Notes	? No
Maintain Batch-wise Details	? No	Separate Discount column on Invoices	? No
(set Expiry Dates for Batches)	? No	**Purchase Management**	
Use different Actual & Billed Qty	? No	Track additional costs of Purchase	? No
Order Processing		**Sales Management**	
Allow Purchase Order Processing	? No	Use Multiple Price Levels	? No
Allow Sales Order Processing	? No	**Additional Inventory Vouchers**	
Allow Job Order Processing	? No	Use Tracking Numbers (Delivery/Receipt Notes)	? Yes
		Use Rejection Inward/Outward Notes	? Yes
		Use Tracking Material Transfer In/Out	? Yes

F1: Accounts F2: Inventory F3: Statutory

For a company in which **Job Order Processing** is enabled the **Gateway of Tally Menu** appears as shown

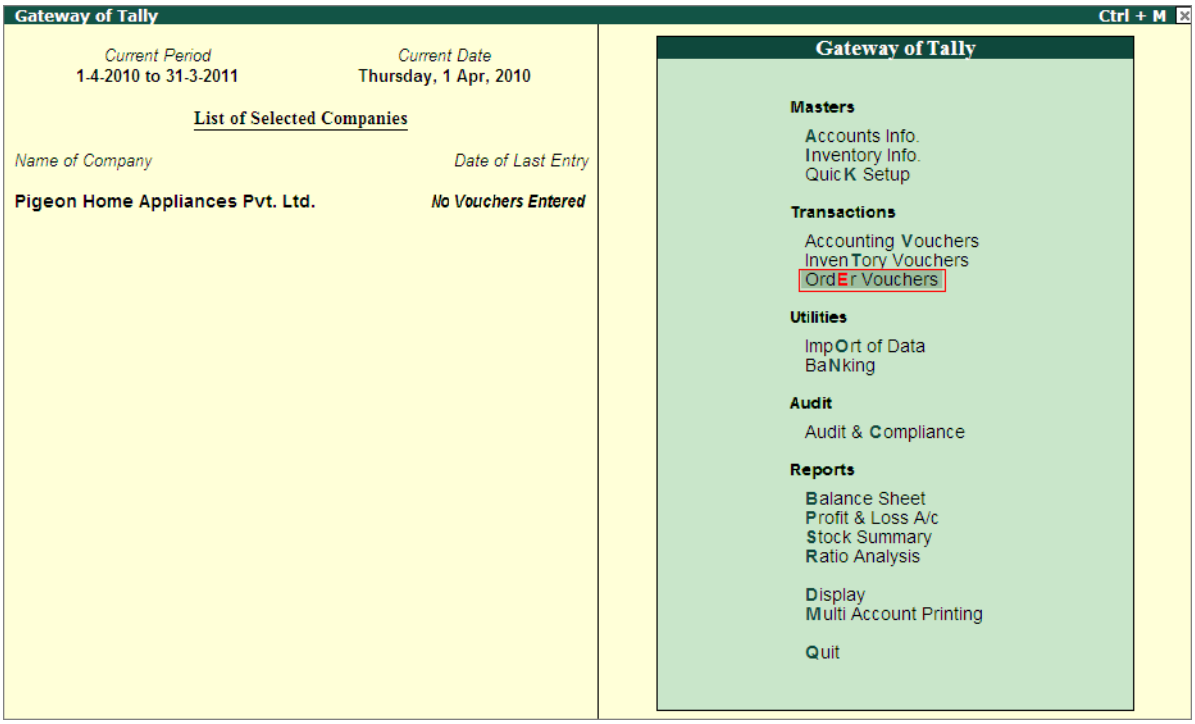


Figure 2.3 Gateway of Tally

*Many manufacturing industries fall under the purview of **Excise**. In this scenario we are assuming that **Pigeon Home Appliances Pvt. Ltd**. is manufacturing the goods on which **excise is not applicable**. Hence **Excise** feature is not enabled.*

*If a company is manufacturing the excisable goods then **excise feature** has to be enabled under **F11: Features > Statutory & Taxation**. For industries falling under Excise, there are few rules and regulations relating to Job Work which will be discussed later.*

Lesson 3: Creating Masters

Lesson Objectives

On completion of this lesson, you will learn to

- Create Party Ledger
- Create Godowns
- Create Stock Items
- Create Material Out & In Voucher Types

To meet the market demand Pigeon Home Appliances Pvt. Ltd. is delegating the manufacture of Pressure Cookers to **Two** Job Workers - **TSM Manufacturers** and **Global Manufacturers**. Company supplies all the Raw Materials required to Manufacturer the pressure cookers. On completion of Job work the Job Worker returns the pressure cooker and the scrap to the Principal (Pigeon Home Appliances Pvt. Ltd.).

When ever there is spare capacity Pigeon Home Appliances undertakes Job Work to produce pressure cookers from other manufacturers.

Create the following Masters in Tally.ERP 9

- Job Worker & Principal Manufacturers Ledgers
- Godowns
- Stock Items – Raw Material [Inputs] and Finished Goods
- Voucher Types - Material Out & Material In

3.1 Job Worker & Principal Manufacturers Ledgers

Job Workers (Sundry Creditors) are those to whom the Job is delegated. Principal Manufacturers (Sundry Debtors) are those from whom the job is received for Job Work.

3.1.1 Create Job Workers Ledgers

Pigeon Home Appliances delegates the job to the following Job workers

Job Worker	Under	Maintain balances bill-by-bill
TSM Manufacturers	Sundry Creditors	Yes
Global Manufacturers	Sundry Creditors	Yes

To Create Job Worker Ledger

Go to **Gateway of Tally > Accounts Info> Ledgers > Create**

1. **Name**: In this field mention the Job Worker's name. E.g. **TSM Manufacturers**
2. **Under**: In this field select the group under which the Job Worker ledger to be grouped. E.g. **Sundry Creditors**
3. **Maintain balances bill-by-bill**: Set this option to Yes to maintain the Job Worker payment balances bill -by -bill.
4. Enter the **Mailing Details** and **Tax Information**

The completed Job Worker ledger is displayed as shown

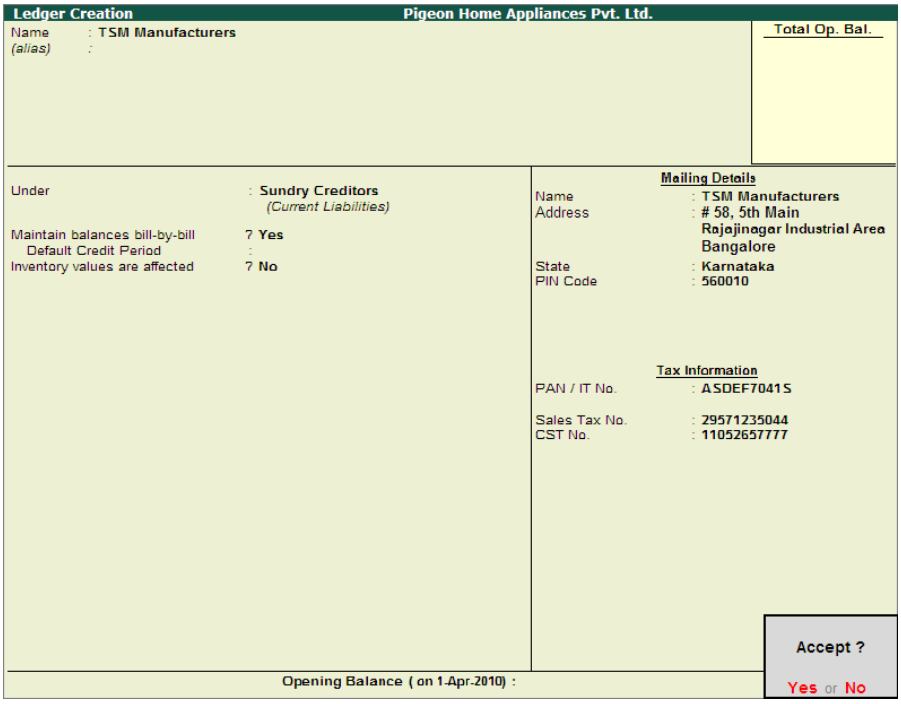


Figure 3.1 Completed Job Worker Ledger

5. Press **Enter** to save.

Similarly create **Global Manufacturers** ledger as per the details provided.

3.1.2 Create Principal Manufacturers Ledger

Pigeon Home Appliances takes Job work form the following Principal Manufacturer

Principal Manufacturer	Under	Maintain balances bill-by-bill	Set/Alter VAT Details
Raj Home Appliances	Sundry Debtors	Yes	Yes

To Create Principal Manufacturers Ledger

Go to **Gateway of Tally > Accounts Info> Ledgers > Create**

1. **Name**: In this field mention the Job Worker's name. E.g. **Raj Home Appliances**
2. **Under**: In this field select the group under which the principal manufacturer ledger to be grouped. E.g. **Sundry Debtors**
3. **Maintain balances bill-by-bill**: Set this option to Yes to maintain the Job Worker payment balances bill -by -bill.
4. Enter the **Mailing Details** and **Tax Information**

The completed Principal Manufacturer ledger is displayed as shown

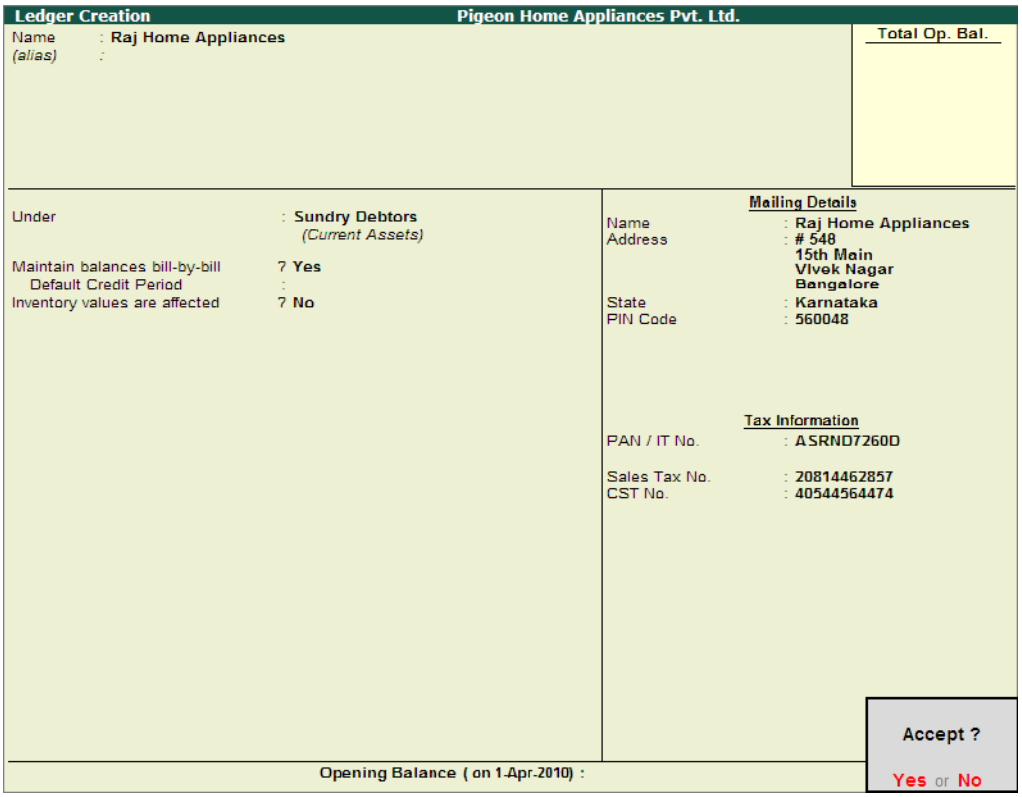


Figure 3.2 Completed Principal Manufacturer Ledger

5. Press **Enter** to save.

3.2 Create Godowns

Godown is a place where stock items are stored. Pigeon Home Appliances stores raw materials and finished goods in different godowns.

Company also want to track the goods sent out for Job Work and material received for Job work by creating different locations.

When different locations are maintained to track the goods sent or received for Job Work Pigeon Home Appliances has the following requirements

- When the goods are **sent out** for **Job work**, the quantity of stock item and stock value should not be reduced form the books of accounts as the company has the ownership on the goods transferred.
- When goods are **received** for **Job work**, the stock should not affect the books of account of Job Worker.

Tally.ERP 9 allows to create godowns to meet all the above requirements

Godowns	Under	Our Stock with Third Party	Third Party stock with us
Raw Material Location	Primary	No	No
Finished Goods Location	Primary	No	No
Scrap Location	Primary	No	No
JobWork (Out) Location	Primary	Yes	No
JobWork (In) Location	Primary	No	Yes

3.2.1 Create Raw Material Location

This godown is created to store the Raw Materials purchased.

To create the Godown

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

1. **Name**: In this field enter the Name of the Godown. E.g. **Raw Material Location**
2. **Under**: In this field select **Primary**
3. **Our Stock with Third Party**: Set this option to **No**.
4. **Third Party stock with us**: Set this option to **No**.

The completed Godown Creation screen appears as shown

Figure 3.3 Raw Material Location

5. Press **Enter** to save.

***Use for** section in **Godown Creation** or **Alteration** is provided in **Tally.ERP 9 Release 3.0** where users can create the godowns to store without affecting the stock valuation:*

The stock of the company lying with third party like Consignment agent, Bonded Ware house, Job worker etc.

Or

Third Party stock lying with the company in case company has received the stock for Job Work or acting as consignment agent or for any other reason.

- ***Our Stock with Third Party**: Set this option to **Yes** if the godown is used to account the company's goods lying with the third party.*
- ***Third Party Stock with us**: Set this option to **Yes** if the godown created is used to account the goods received from third party and the stock of third party should not affect the company stock value.*

Similarly, can create **Finished Goods Location** and **Scrap Location** as per the details provided.

3.2.2 Create JobWork (Out) Location

This godown is created to account the goods lying with the Job Workers (third party).

To create the Godown

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

1. **Name**: In this field enter the Name of the Godown. E.g. **JobWork (Out) Location**
2. **Under**: In this field select **Primary**
3. **Our Stock with Third Party**: Set this option to **Yes**.

The completed JobWork (Out) Location appears as shown

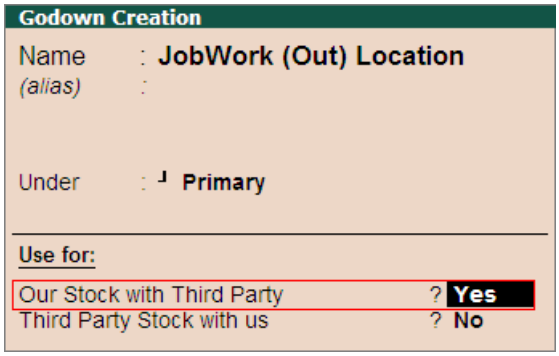


Figure 3.4 JobWork (Out) Location

*Observe, on enabling the Use for option **Our Stock with Third Party** cursor will not move to **Third Party Stock with Us** field. Hence a godown can be configured to use the godown for any one purpose.*

4. Press **Enter** to save.

3.2.3 Create JobWork (In) Location

This godown is created to account the goods received from the principal manufacturer for Job Work.

To create the Godown

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

1. **Name**: In this field enter the Name of the Godown. E.g. **JobWork (In) Location**
2. **Under**: In this field select **Primary**
3. **Third Party stock with us**: Set this option to **Yes**.

The completed JobWork (In) Location appears as shown

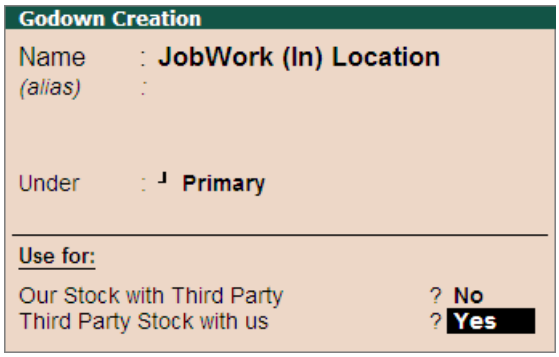


Figure 3.5 JobWork (In) Location

4. Press **Enter** to save.

3.3 Create Stock Items

3.3.1 Raw Materials

Pigeon Home Appliances uses the following **Raw Materials** to manufacture Pressure Cookers.

Name of Stock Item	Under	Unit
Bottom Plate-8Ltr	RM - Cooker	Nos
Lid Aluminium Plate-8 Ltr	RM - Cooker	Nos
Bottom Plate-10Ltr (0.23 mm)	RM - Cooker	Nos
Bottom Plate-10 Ltr (0.17 mm)	RM - Cooker	Nos
Lid Aluminium Plate-10 Ltr	RM - Cooker	Nos
Handle (8 Ltr)	RM - Cooker	Nos
Handle (10 Ltr)	RM - Cooker	Nos
Packing Box (8 Ltr)	RM - Cooker	Nos
Packing Box (10 Ltr)	RM - Cooker	Nos
Hand Book	RM - Cooker	Nos

1. Create Stock Item - Bottom Plate - 8Ltr

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

1. In **Name** field enter the stock item Name. E.g. **Bottom Plate-8Ltr**
2. Group the Stock item **Under** the Stock Group **RM - Cooker** (if Stock group is not created use Alt + C from Under field to create the stock group)
3. In **Units** field select the applicable unit of measurement. E.g. **Nos**
4. Retain **No** for the option **Enable Cost tracking**.

The completed Stock Item Creation screen appears as shown

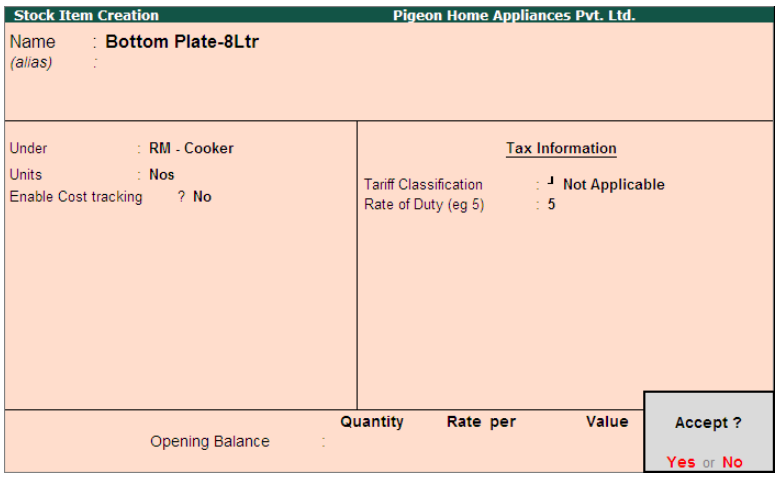


Figure 3.6 Completed Raw Material Creation Screen

5. Press **Enter** to save.

Similarly, can create the remaining stock items as per the details provided.

3.3.2 Scrap

While Manufacturing Pressure Cookers the following scrap is produced.

Name of Stock Item	Under	Unit
Aluminium Scrap	Scrap	Gm

1. Create Stock Item - Aluminium Scrap

To create the stock item

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

1. In **Name** field enter the stock item Name. E.g. **Aluminium Scrap**
2. Group the Stock item **Under** the Stock Group **Scrap** (if Stock group is not created use Alt + C from Under field to create the stock group)
3. In **Units** field select the applicable unit of measurement. E.g. **Gm**

The completed Stock Item Creation screen appears as shown

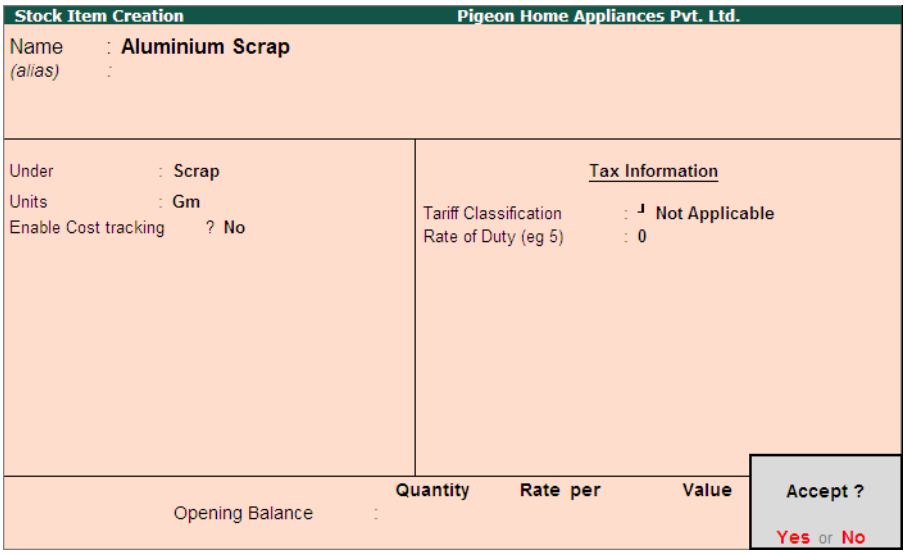


Figure 3.7 Completed Stock Item - Scrap Creation Screen

4. Press **Enter** to save.

3.3.3 Finished Goods

Pigeon Home Appliances delegates the manufacture of **8 Ltr** and **10 Ltr** Aluminium Pressure Cookers to Job Workers. The Finished goods are manufactured using different raw materials

Name of Stock Item	Under	Unit	Components (BOM)		Enable Cost Tracking
Cooker-10Ltr	Pressure Cookers	Nos	**Standard BOM**		Yes
			Bottom Aluminium Plate - 10Ltr ((0.23 mm)	1 Nos	
			Lid Aluminium Plate - 10 Ltr	1 Nos	
			Handle (for 10 Ltr)	2 Nos	
			Packing Box (for 10 Ltr)	1 Nos	
			Hand Book	1 Nos	
			Aluminium Scrap	50Gm	
			Job Work BOM		
			Bottom Aluminium Plate - 10Ltr ((0.17 mm)	1 Nos	
			Lid Aluminium Plate - 10 Ltr	1 Nos	
			Handle (for 10 Ltr)	2 Nos	
			Packing Box (for 10 Ltr)	1 Nos	
			Hand Book	1 Nos	
			Aluminium Scrap	50Gm	
Cooker-8Ltr	Pressure Cookers	Nos	NA		Yes

1. Create the Finished Goods – Cooker 10Litre

For Stock Item - Cooker 10Litre **Two** Bill of Materials are used.

- The **Standard BOM** is used to manufacture the goods in House
- The **Job Work BOM** is used when the manufacture of goods is delegated to a Job Worker.

Tally.ERP 9 Release 3.0 allows to create multiple BOM for a stock item which can be used for material issue for production.

*A **Bill of Materials** is a **list of constituent items** along with **quantity** details that can be allocated for the **manufacture** of a certain **product, by-product** or **Co-Product**.*

Here, we will understand the procedure of creating stock item with Multiple BOM

To create the stock item

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

Setup:

In **F12: Configure (Stock Item Configuration)**

- Set the option **Allow Component list details (Bill of Material)** to **Yes**

1. In **Name** field enter the name of the stock item. E.g. **Cooker 10Litre**
2. Group the Stock item **Under** the Stock Group **Pressure Cooker** (if Stock group is not created use Alt + C from **Under** field to create the stock group)
3. In **Units** field select the applicable unit of measurement. E.g. **Nos**
4. Enable the option **Set Components (BOM)** to **Yes** and press enter to view Stock Item Multi-Components (M BOM)

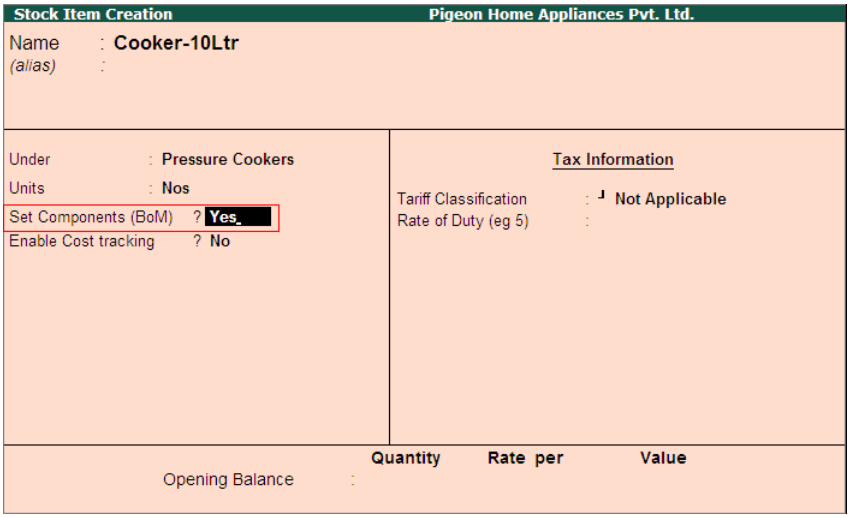


Figure 3.8 Enable Set Component Option

Set Components (BOM) option will be displayed in item creation screen only when the Unit of Measurement is specified.

- In **Stock Item Multi Components (M BOM)** screen
  - In **Name of BOM** field specify the Bill of Material Name. E.g. **Standard BOM**

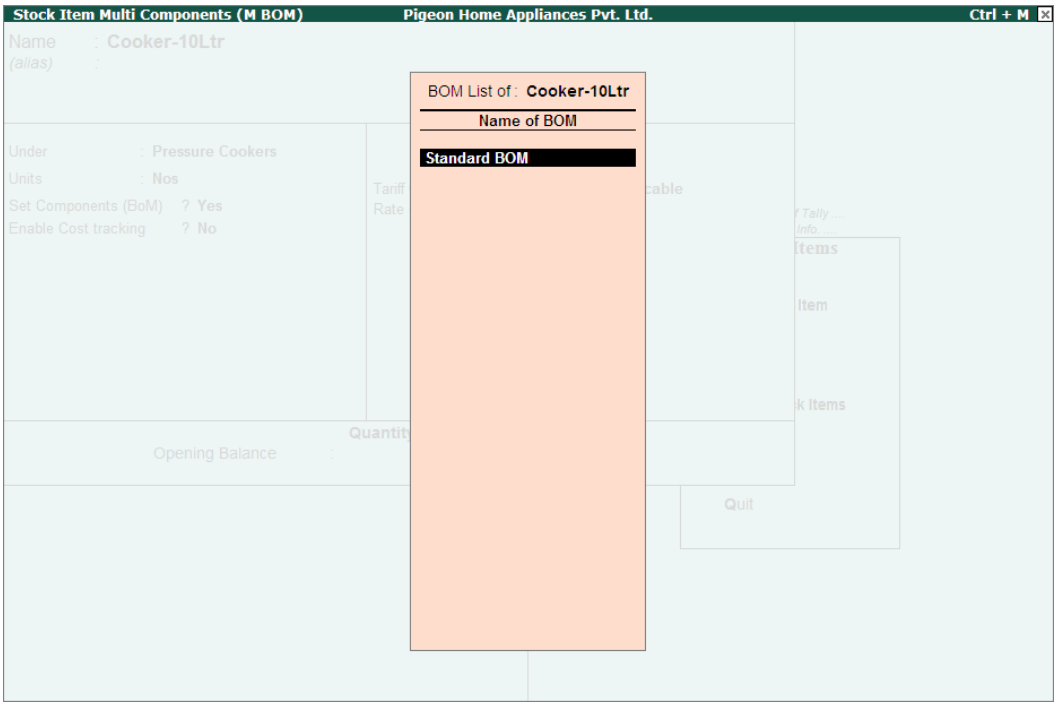


Figure 3.9 Stock Item Multi Components Screen

  - Press **Enter** to view **Stock Item Components (BOM)** screen for Standard BOM
- In **Stock Item Components (BOM)** screen

Setup:

In **F12: Configure**

- Set the option **Define Type of Component of BOM** to **Yes**

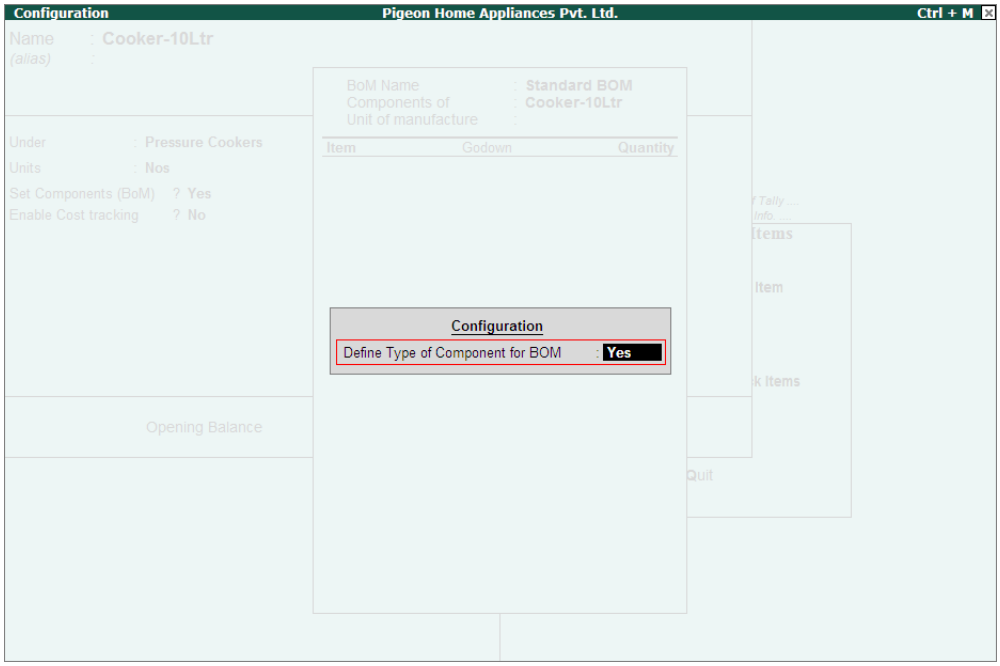


Figure 3.10 Enabling Type of Component Configuration

*On enabling the configuration option **Define Type of Component for BOM** in **Stock Item Components (BOM)** screen a new column **Type of Item** will be displayed.*

- **BOM Name**: By default the BOM Name specified in Stock Item Multi Components (M BOM) screen will be defaulted and application will not allow to move the cursor to BOM Name field.
- **Components of**: In this field application displays the Name of the Stock Item for which the components are defined.
- **Unit of Manufacture**: Specify the appropriate number of finished product that will be manufactured by using the components identified in the component list.
- **Item**: In this field select the raw materials which are required to manufacture the finished goods
- **Godown**: If there are multiple Godowns or Locations, specify the storage location of the items from where the items will be used for manufacture. E.g **Raw Material Location**
- **Type of Item**: In this field select the appropriate type for the item selected.

- **By-Product**: Select this classification for the stock items which are produced as By-Product of finished goods.
- **Component**: Select this classification for the Raw materials /inputs which are used or consumed for the production of finished goods.
- **Co-Product**: Select this classification for the stock items which are produced as Co-product of finished goods
- **Scrap**: Select this classification for the stock item produced as scrap in the process of manufacture of finished goods

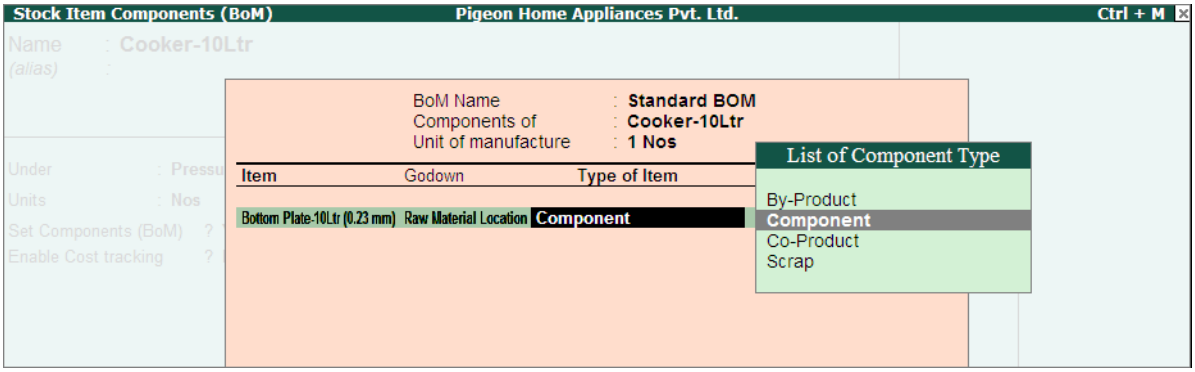


Figure 3.11 Selection of Component Type

- **Quantity**: In this field mention the quantity of Raw Material required to manufacture the finished goods or the Co- Products/ By-Products /scrap manufactured.

*Cursor will not move to **Rate (%)** column when the **Item Type** selected is **Consumption**.*

- **Rate (%)**: In this field you can specify the **percentage of cost of components** to be considered to determine the **cost of production of Co-Product or By-Product or Scrap**.

*If the **Component Type** selected is **Co-product** or **By-Product** or **Scrap**, cursor will move to Rate (%) column to define the percentage of cost of production of Co-product/By-Product or Scrap*

The completed Stock Item Components (BOM) screen is displayed as shown

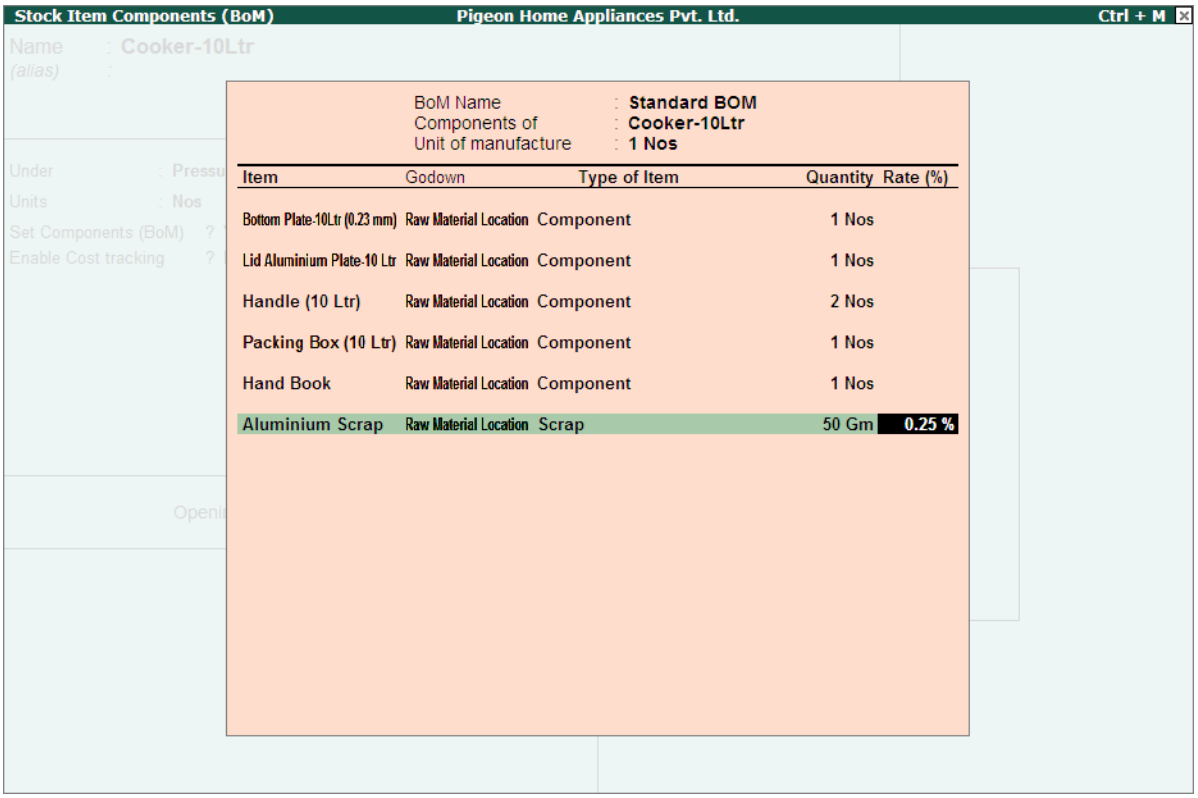


Figure 3.12 Completed Stock Item Components (BOM) Screen

Observe to manufacture **1 Pressure Cooker**, **5** different **inputs** are required and while manufacturing Aluminium scrap will be produced. The Quantity of inputs consumed to manufacturer finished goods is 1 each of 5 different inputs.

- Press **Enter** to save the Stock Item components for BOM - **Standard BOM** and to view Stock Item Multi Component screen
- In **Stock Item Multi Component** screen enter the second Bill of Material name - **Job Work BOM** in Name of BOM field

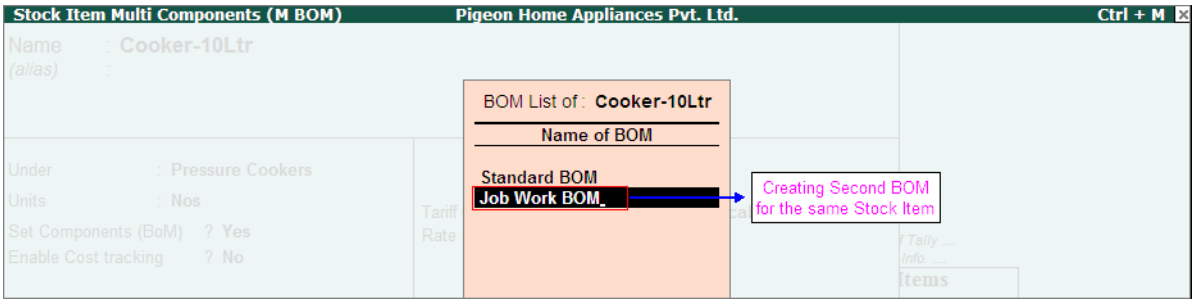


Figure 3.13 Defining Second BOM Name

- In **Stock Item Components (BOM)** screen specify the **Unit of Manufacture**, **Item**, **Godown** and **Quantity** details as shown

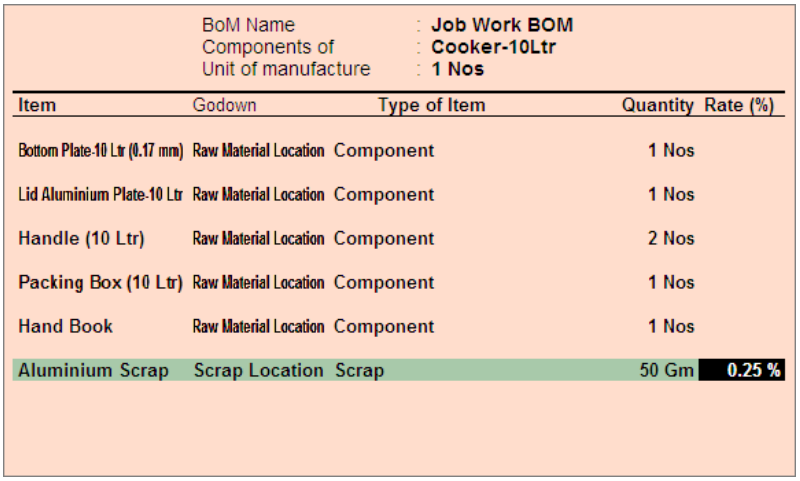


Figure 3.14 Completed Stock Item Components for Job Work BOM

- Press **Enter** to save the **Stock Item Components (BOM)** and S**tock Item Multi Components (M BOM)**
- Set the option **Enable Cost tracking** to **Yes**

*The option **Enable Cost tracking** will be displayed in **Stock Item Creation** screen, when **Use Cost Tracking for Stock Item** feature is enabled in **F11: Features (Inventory Features)**.*

*Pegion Home Appliances wants to track the cost of manufacture of Cooker 10Ltr. Hence the option **Enable Cost tracking** has been set to **Yes**.*

The completed Stock Item Creation screen is displayed as shown

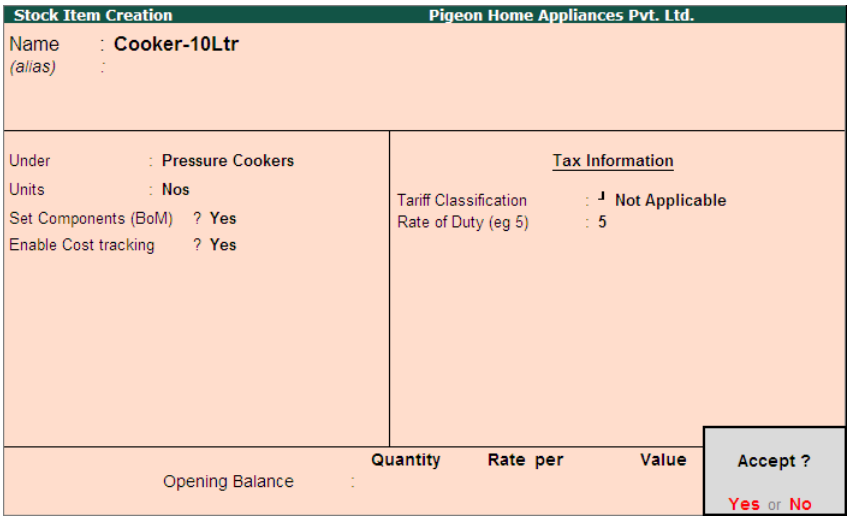


Figure 3.15 Completed Stock Item Creation Screen

5. Press **Enter** to Save.

2. Create the Finished Goods – Cooker 8Ltr

For Stock Item - **Cooker 8Ltr**, Pigeon Home Appliances is not maintaining any standard **Bill of Material**. While delegating the Job appropriate inputs required for the manufacture will be delivered to the Job Worker.

To create the stock item

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

1. In **Name** field enter the name of the stock item. E.g. **Cooker 8Ltr**
2. Group the Stock item **Under** the Stock Group **Pressure Cooker** (if Stock group is not created use Alt + C from **Under** field to create the stock group)
3. In **Units** field select the applicable unit of measurement. E.g. **Nos**
4. Enable the option **Set Components (BOM)** to **No** and press enter to view Stock Item Multi Components (M BOM)
5. Set the option **Enable Cost tracking** to **Yes**

The completed Stock Item Creation screen is displayed as shown

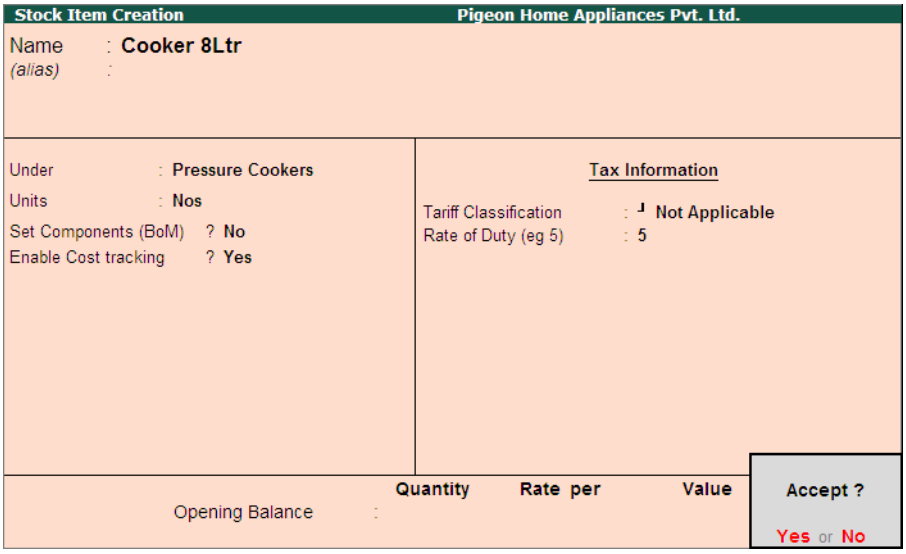


Figure 3.16 Completed Stock Item Creation Screen

6. Press **Enter** to Save.

3.4 Create Voucher Types (Material Out & In)

To record the material transfer transaction in Tally.ERP 9 **Two** new Inventory Voucher Types have been provided.

Material Out & In vouchers will be available under **Inventory Vouchers** only when the option **Use Material In/Out** is set to **Yes**. **Use Material In/Out** option is associated with **Job order Processing**.

Even though the option **Use Material In/Out** is associated with Job order Processing Tally.ERP 9 gives the flexibility to enable only Use Material In/Out feature without enabling Allow Job Order Processing to use the Material Transfer vouchers for any other purpose than Job Work

Example: Material Transfer vouchers used to transfer stock to **Consignment Agent, Branch, Inter-godown transfers** etc.

- **Material Out**: This voucher type can be used to record the material transfer out (of Raw materials or Finished Goods) transactions.

  In case of Job Work - Material Transfer Out voucher can be used by the Job Worker as well as Manufacturer

  - **Principal Manufacturer**: Can use this Voucher to transfer the Raw Materials to the Job Worker
  - **Job Worker**: Can use this voucher to transfer the Finished goods to the principal Manufacturer
- **Material Transfer In**: This voucher type can be used to record the material transfer In (of Raw materials or Finished Goods) transactions.

  In case of Job Work - Material Transfer In voucher can be used by the Job Worker as well as Manufacturer

  - **Principal Manufacturer**: Can use this Voucher to record the receipt of Finished goods/ Scrap/By-Product/Co-Product from he Job Worker. In this voucher Principal Manufacturer can also track the components used (own consumption like- wax, screw etc.) by the Job Worker
  - **Job Worker**: Can use this voucher to account the receipt of Raw material from the Principal Manufacturer.

While doing business a party may be acting as **Principal Manufacturer** as well as **Job Worker**. In that case he may require

- **Material Out** vouchers to account transfer **- Raw materials** and **Finished Goods**
- **Material In** voucher to account the receipt - **Finished Goods** and **Raw materials**.

Here, **Pegion Home appliances** is **delegating Job** to a **Job Worker** and also **Receives Job** from other **Principal Manufacturers.** Hence to account all the material transfer (In & Out) related transactions **Four** new voucher types are created.

*If a party is acting as **Principal Manufacturer** as well as J**ob Worker**, then it is must to maintain separate set of **Material In/Out vouchers** for **Job Work Out** and **Job Work In Processes**.*

Voucher Type	Under	Use for Job Work	Use for Job Work In	Allow Consumption
Material Out (RM)	Material Out	Yes	–	–
Material Out (Transfer/FG)	Material Out	Yes	Yes	–
Material In (RM)	Material In	Yes	Yes	–
Material In (FG)	Material In	Yes	–	Yes

1. Create Voucher Type - Material Out (RM)

This voucher Type will be used by the **Principal Manufacturer** in **Job Work Out** process for recording the **Transfer of Raw Material** to the **Job Worker**.

To create the voucher type

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Create**

- In **Name** field enter the name of the Voucher Type. E.g. **Material Out (RM)**
- In **Type of Voucher** field select **Material Out** from the **List of Voucher Types**
- Select **Automatic** in **Method of Voucher Numbering** field.
- Retain the default setting for other options
- Set the option **Use for Job Work** to **Yes**

***Use for Job Work** option will be displayed in Material Out voucher type when the option **Allow Job Order Processing** is set to **Yes** in **F11: Features (Inventory Features)**.*

*Set the option **Use for Job Work** to **Yes** if you want to use the voucher type to record Job work transactions.*

- Retain **No** for the option **Use for Job Work In**

*Set the option **Use for Job Work In** to **Yes** if the **Job Worker** wants to use the **Material Out** voucher type to record the transfer (out) of **Finished goods/ scrap/ Co-product/By-Products**.*

The completed Material Out (RM) voucher type is displayed as shown

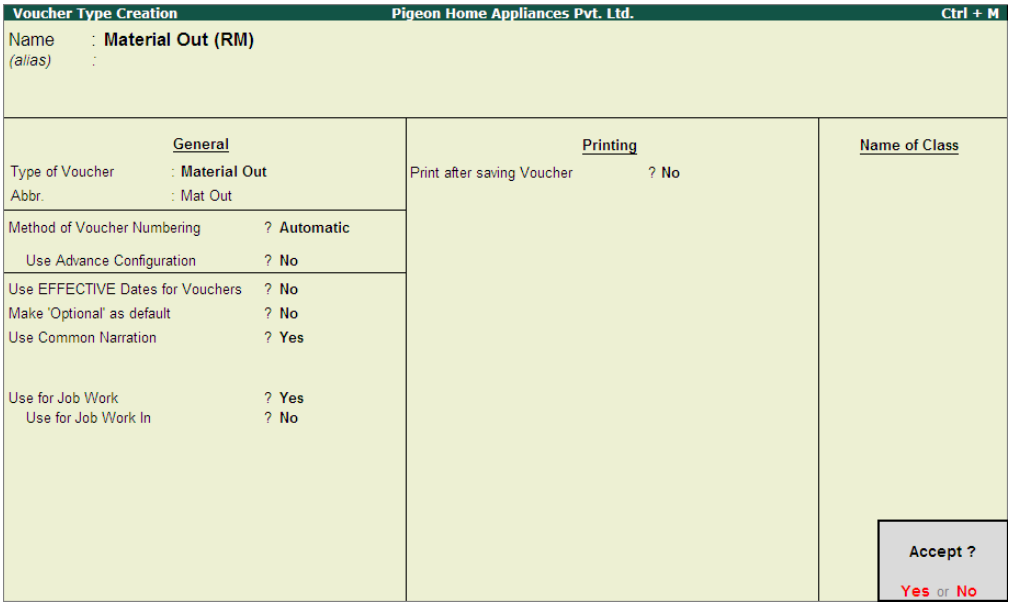


Figure 3.17 Completed M aterial Out (RM) Voucher Type

- Press **Enter** to save.

2. Create Voucher Type - Material Out (Transfer/FG)

This voucher Type will be used by the **Job Worker** in **Job Work In** process for recording the **Transfer** of **Finished Goods, Scrap, By-Products, Co-Products** to the **Principal Manufacturer**.

To create the voucher type

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Create**

- In **Name** field enter the name of the Voucher Type. E.g. **Material Out (Transfer/FG)**
- In **Type of Voucher** field select **Material Out** from the **List of Voucher Types**
- Select **Automatic** in **Method of Voucher Numbering** field.
- Retain the default setting for other options
- Set the option **Use for Job Work** to **Yes**
- Set the option **Use for Job Work In** to **Yes**

*Set the option **Use for Job Work In** to **Yes** if the **Job Worker** wants to use the **Material Out** voucher type to record the transfer (out) of **Finished goods/ scrap/ Co-product/By-Products**.*

The Completed Material Out (Transfer/FG) voucher type is displayed as shown

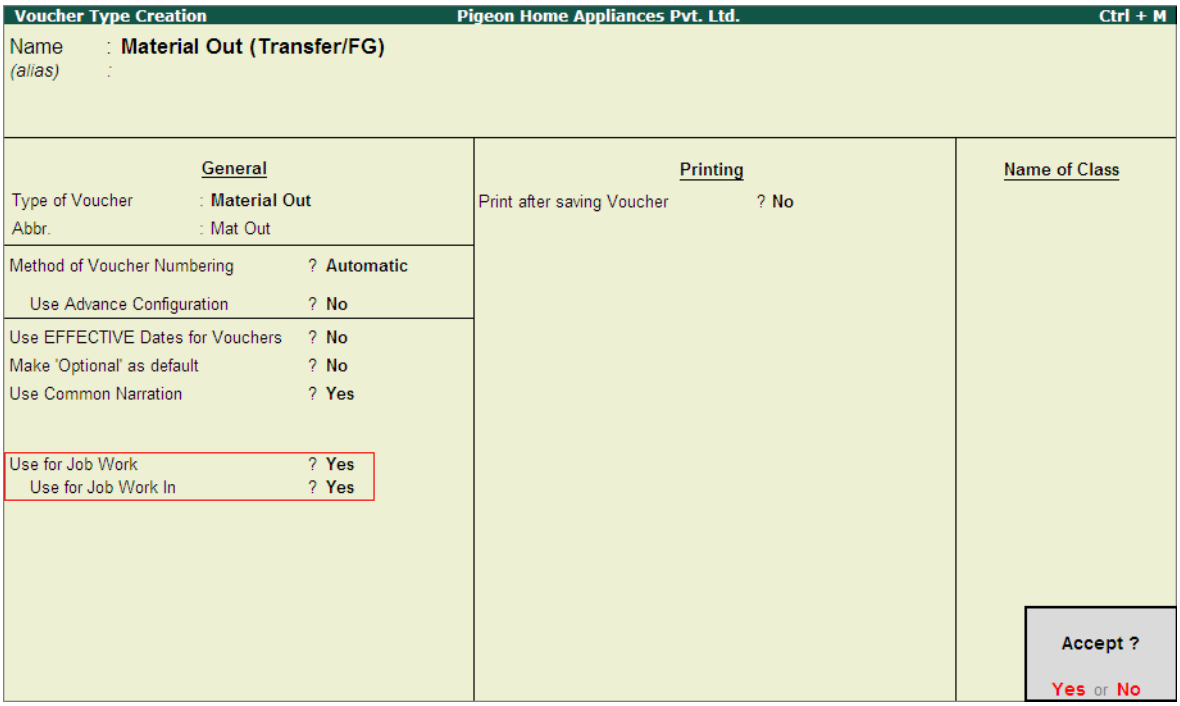


Figure 3.18 Completed Material Out (Transfer/FG) Voucher Type

- Press **Enter** to save.

3. Create Voucher Type - Material In (RM)

This voucher Type will be used by the **Job Worker** in **Job Work In** process for recording the **Receipt of Raw Material** from the **Principal Manufacturer**.

To create the voucher type

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Create**

- In **Name** field enter the name of the Voucher Type. E.g. **Material In (RM)**
- In **Type of Voucher** field select **Material In** from the **List of Voucher Types**
- Select **Automatic** in **Method of Voucher Numbering** field.
- Retain the default setting for other options
- Set the option **Use for Job Work** to **Yes**
- Set the option **Use for Job Work In** to **Yes**

The completed Material In (RM) voucher type is displayed as shown

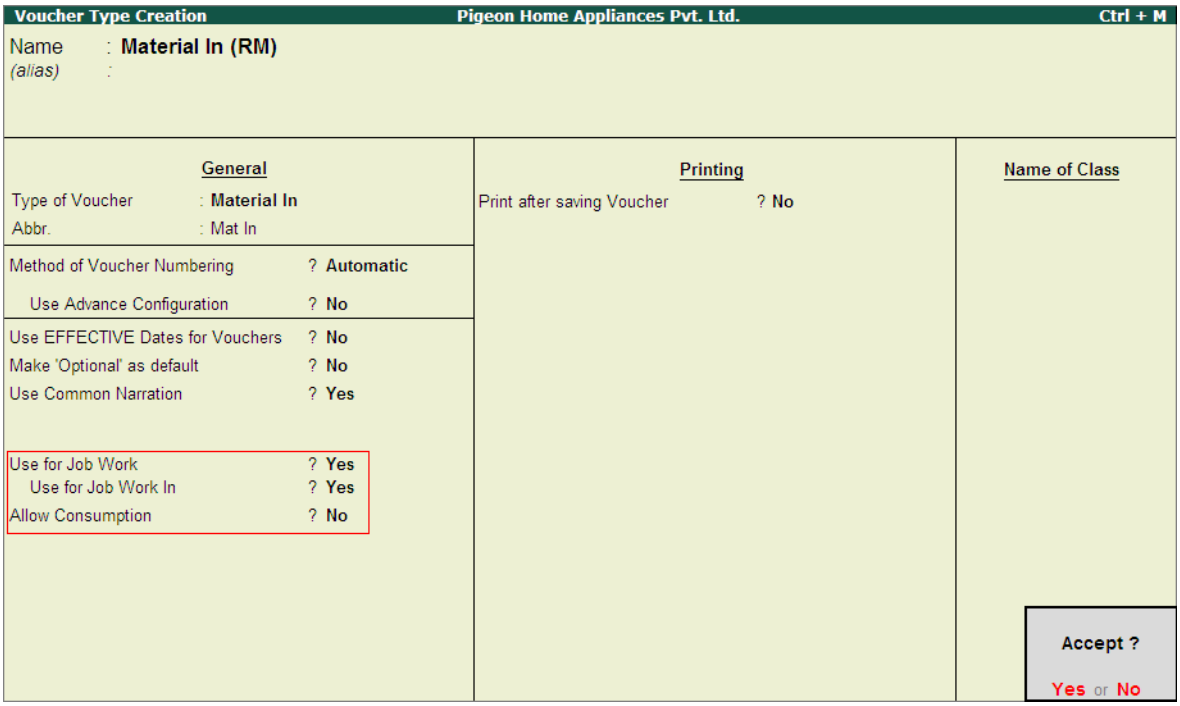


Figure 3.19 Completed Material In (RM) Voucher Type

- Press **Enter** to save.

*While creating **Job Work In** voucher type to account the receipt of Raw Materials by the Job worker, if the option **Use Job work In** is set to **Yes** Tally.ERP 9 will skip **Allow Consumption** field.*

4. Create Voucher Type - Material In (FG)

This voucher Type will be used by the **Principal Manufacturer** in **Job Work Out** process for recording the **Receipt** of **Finished Goods, Scrap, By-Products, Co-Products** from the **Job Worker**.

To create the voucher type

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Create**

- In **Name** field enter the name of the Voucher Type. E.g. **Material In (FG)**
- In **Type of Voucher** field select **Material In** from the **List of Voucher Types**
- Select **Automatic** in **Method of Voucher Numbering** field.
- Retain the default setting for other options
- Set the option **Use for Job Work** to **Yes**

- Set the option **Use for Job Work In** to **No**
- Set the option **Allow Consumption** to **Yes**

*Enable the option **Allow Consumption** in **Material In** voucher types, when the voucher type is used by the **Principal Manufacturer** to account the receipt of Finished Goods from the Job Worker.*

*When **Allow Consumption** is set to **Yes**, on recording the Material In voucher the Raw Materials used in the manufacture of Finished goods will be considered as **Consumed** and to that extent the **stock** will be **reduced** from the books of accounts.*

The completed Material In (FG) voucher type is displayed as shown

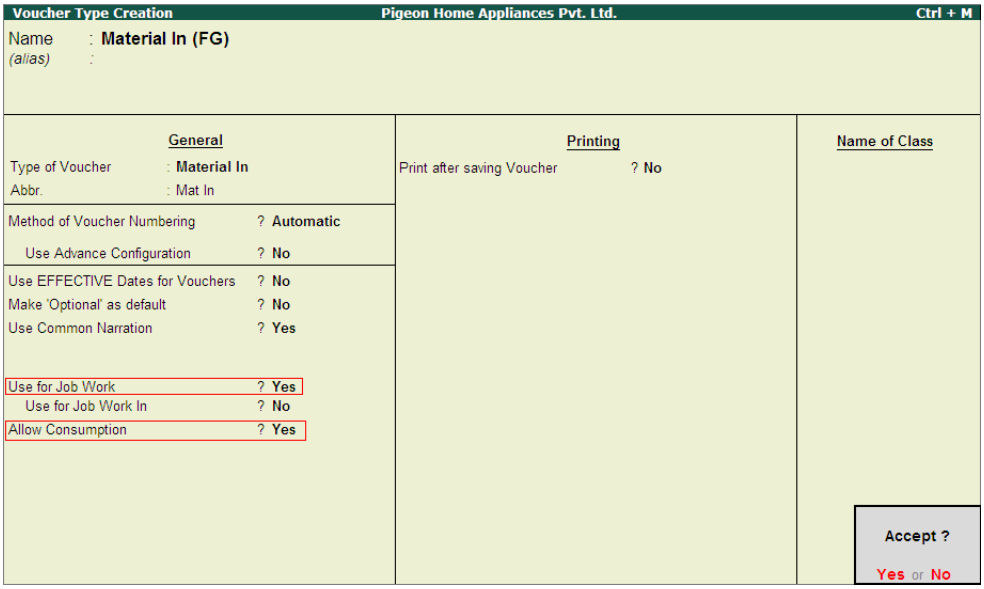


Figure 3.20 Completed Material In (FG) Voucher Type

- Press **Enter** to save.

Lesson 4: Job Work Out Transactions

Lesson Objectives

On completion of this lesson, you will learn to

- Record Job Work Out Order Transactions
- Record Material Transfer Out Transactions
- Record Material Transfer In Transactions
- Record the Purchase Invoice for the Job Work Out
- Payment to Job Worker

This lesson is divided into **Two** parts

1. **Part I – Recording Job Work Out Transactions (Excise Not Applicable)**
2. **Part II – Recording Job Work Out Transactions (Excise Applicable)**

Part – I

Recording Job Work Out Transactions (Excise Not Applicable)

In this section we shall emphasis on understanding how Tally.ERP 9's Job Work feature can be effectively used to record Job Work Out transactions where excise is not applicable.

Let us take the example of Pegion Home Appliances (Created and Job Work enabled, as discussed in the earlier chapter) to record Job Work Out transactions such as

- Job Work Out Order
- Material Transfer Out and generating Challan for material Delivery
- Material Transfer In
- Purchase Invoice for the Job Work
- Payment to the Job Worker

In Tally.ERP 9, you can account Job Work transaction in **Job Work Out Order, Material Out vouchers** and **Material In Vouchers**, as required.

4.1 Job Work Out Order

In business scenario a manufacturer who wants to delegate the manufacturing Job to an external manufacturer (Job Worker), first identifies the Job workers who have specialisation in the Job which needs to be delegated. Then compares the cost of manufacture by different Job Workers and finally decides on the Job Worker to whom the job to be delegated based on cost of Manufacture, Quantity of Manufacturer etc.

After deciding the Job Worker Principal manufacturer raises the Job Work Out Order by specifying the details of **Finished Goods to be manufactured** and expected **Quantity** of Finished Goods, Raw material to be supplied by the Principal Manufacturer, Date of Delivery of Raw Materials (if delivered in instalments) etc.

In Tally.ERP 9 users can record Job Work Out Orders using **Job Work Out Order** voucher.

4.1.1 Job Work Out Order (for a stock Item without BOM)

Under this we will learn to record a Job Work Out Order for a stock item for which Bill of Material (BOM) is not created and all the material required will be delivered at once.

Example 1:

*On 4-10-2010, Pegion Home appliances delegated the Job of Manufacture of **200** nos of 8Litre Cooker to TSM Manufacturers.To manufacture of 8 Litre Cookers following Raw Materials will be supplied by Pegion Home appliances.*

Raw Materials	***Quantity***
Bottom Plate-8Ltr	*200 (Nos)*

Lid Aluminium Plate-8 Ltr	*200 (Nos)*
Handle (8 Ltr)	*400 (Nos)*
Packing Box (8 Ltr)	*200 (Nos)*
Hand Book	*200 (Nos)*

The following scrap produced will be returned to the Principal Manufacturer

Scrap	***Quantity***
Aluminium Scrap	*10000 (Gm)*

Record the Transaction in Job Work Out Order

To record the Job Work Out Order

Go to **Gateway of Tally > Order Vouchers > J: Job Work Out Order**

1. Enter the **Date** as **4-10-2010**
2. **Party A/C Name**: In this field select the **Job Worker ledger** on whom the Job Work Out Order is raised. E.g. **TSM Manufacturers**.
3. In **Party Details** screen, under **Process Instruction** section specify the duration of Process and Nature of Process to be carried out.
   - **Duration of Process**: In this field enter the duration of the manufacture of finished goods. i.e. within how many days/months etc. the process to be completed and goods to be delivered.
   - **Nature of Processing**: In this field specify the details of nature of process (process Instruction) to be carried out to manufacture the expected finished goods.

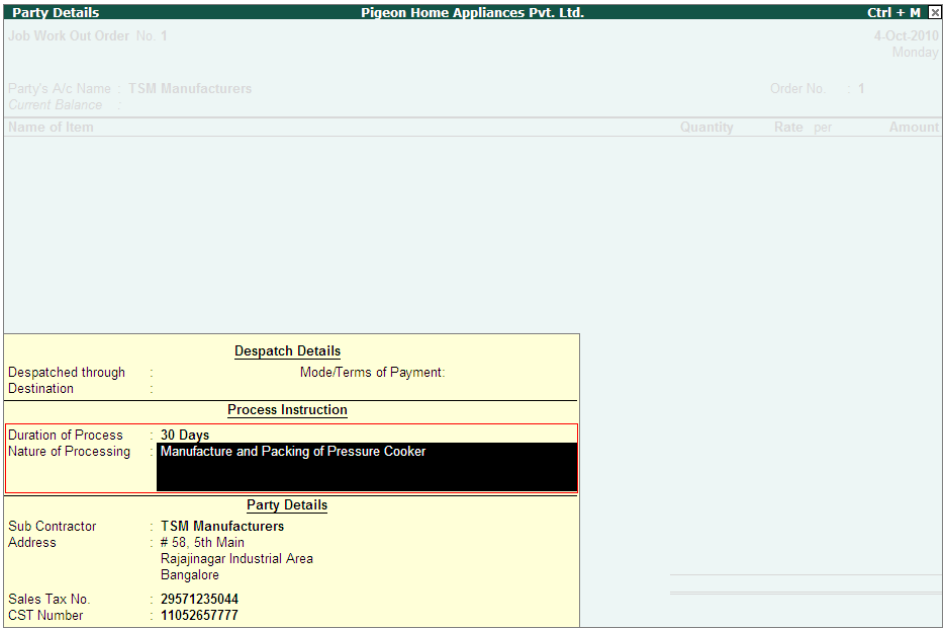


Figure 4.1 Party Details with Duration and Nature of Processing

*The **Party Details** screen will be displayed while recording Job Work Order only if the option **Accept Supplementary Details** option is set to **Yes** in **Job Work Out Order Configuration**.*

*Providing details in **Duration Of Process** and **Nature of Processing** in Job Work Out Order is not Mandatory. However while **transferring the goods** to the **Job Worker** it is must to define the **Nature of Processing**. When material transfer out are recorded by tracking the Job work Out Order then **Duration** and **Nature of Processing** details will get captured automatically.*

- Press **Enter** to accept the party details screen.

4. **Order No**: In this field enter the Job Work Out Order Number. E.g. **Job - 001**

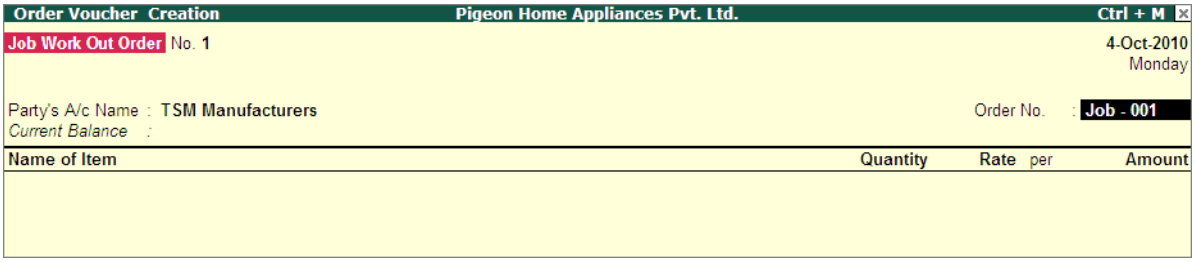


Figure 4.2 Job Order Number

5. **Name of Item**: In this field select the stock Item i.e. **Finished Goods** to be manufactured by the Job Worker. E.g. **Cooker 8 Ltr**. Press **Enter** to view Stock Item Allocations screen

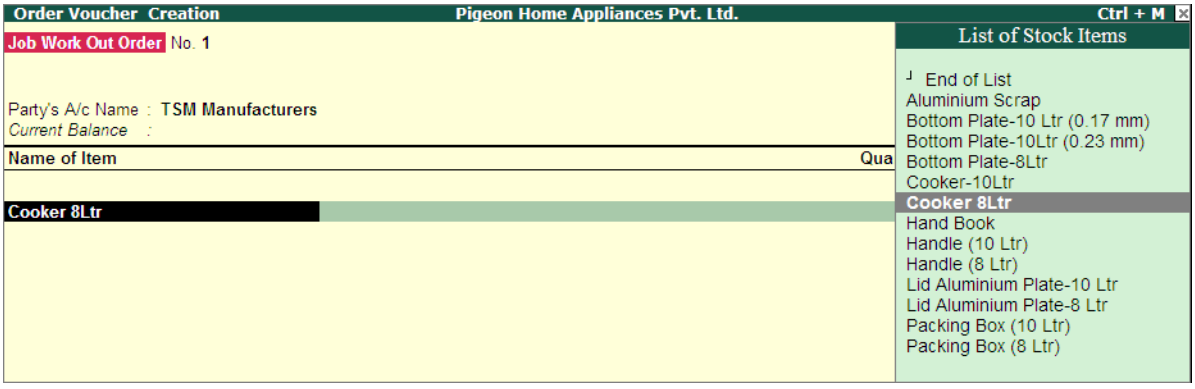


Figure 4.3 Selection of Finished Goods

6. In **Stock Item Allocation** screen
   - **Item Allocation for**: By default the stock Item selected in the Job Work Out Order will be displayed, indicating that the item allocation is for the selected item.

- **For Order Number**: By default the Job order specified in the Job Work Out Order will be displayed indicating that the item allocation is for the job order specified.
- **Track Components**: By default this field will be set to **Yes**. If the Principal Manufacturer wants to **track the raw materials** used in the manufacture of finished goods retain the Setting as **Yes**.

*In case the Manufacturer does not want to track the Raw materials then set the option Track Components to **No**. When this option is set to **No**, Tally.ERP 9 will not display the **Component Allocation** Screen.*

- **Due On**: In this specify the **Date on** which the **delivery of Finished Goods** is **due**. In this case pegion Home appliances has accepted the manufacturing Duration of 30 Days. Hence the 200 Nos of **Cooker 8 Litre** will be due on **4-11-2010**

*If the **Principal Manufacturer** has agreed for the delivery of finished goods in Instalments the user can define multiple **Due on** date with **Quantity of delivery**.*

Example: 100 Nos** on **20-10-2010** and **100 Nos** on **4-11-2010

- **Godown**: In this field select the **Godown** where the **finished goods** will be **stored** on Receipt of the same from the job Worker. E.g. **Finished Goods Location**
- **Quantity**: Specify the **Quantity** of finished goods to be received from the Job Worker.

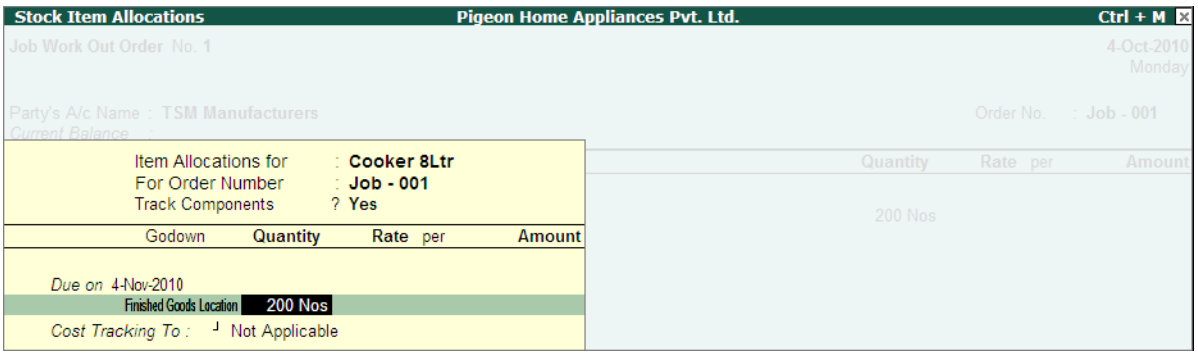


Figure 4.4 Stock Item Allocation Screen

7. Press enter from **Quantity** field to view **Components Allocation** screen

8. In **Components Allocation** Screen

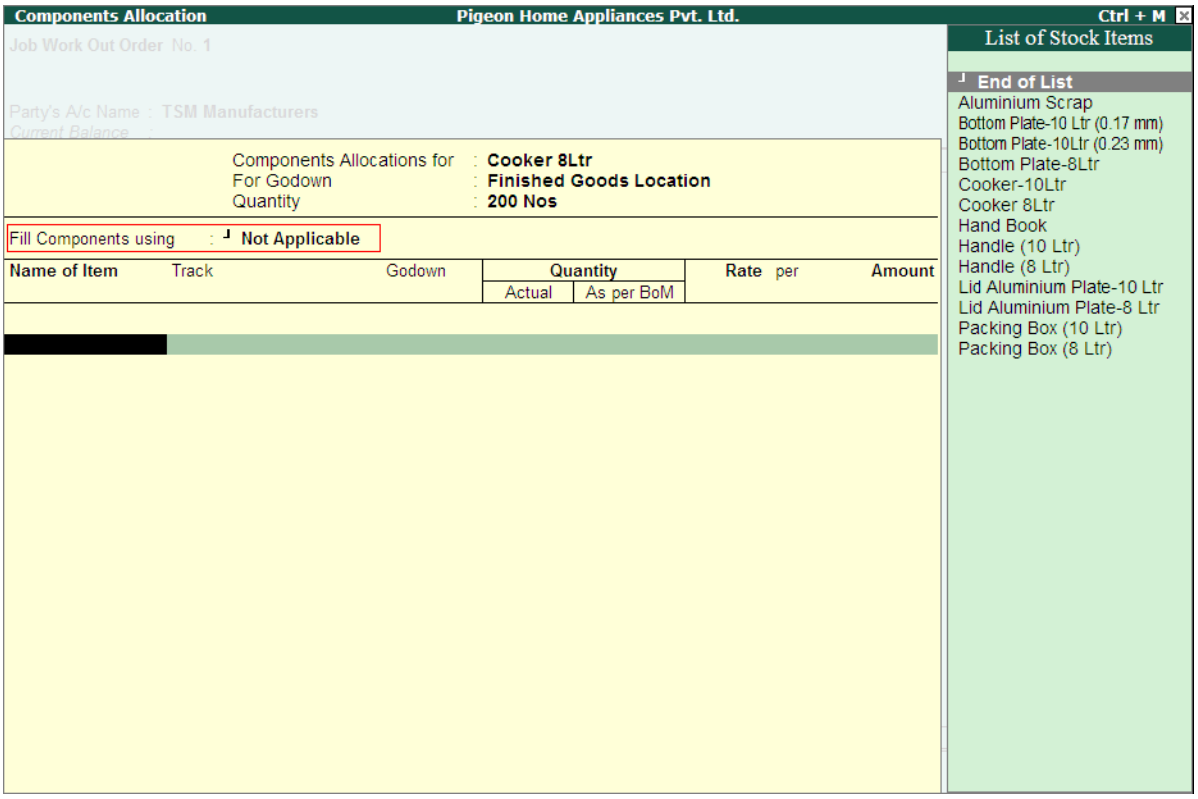


Figure 4.5 Component Allocation Screen

Component Allocation *screen will be displayed only when the option* ***Track Components*** *is set to* ***Yes*** *in* ***Stock Item Allocation*** *screen.*

The ***Finished goods*** *for which* ***Job Work order*** *is raised does not have the* ***Bill of Material (BOM)*** *then in* ***Component Allocation*** *screen, Tally.ERP 9 will skip* ***Fill Component using*** *field and cursor will be displayed in* ***Name of Item*** *field indicating that the* ***Raw Materials*** *required for the manufacture of Finished goods has to be selected from the* ***List of Stock Items****.*

- **Name of Item**: Select the Raw materials required to manufacture the finished Goods. E.g. **Bottom Plate-8Ltr**
- **Track**: In this field select **Pending to Issue** from the **Type of Component** list as the Raw materials are pending for issue to the Job Worker.

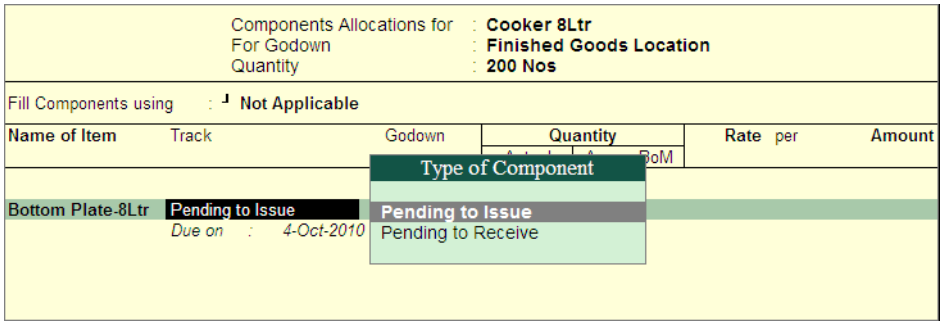


Figure 4.6 Selection of Tracking

- **Due on**: In this field specify the date on which the Raw materials will be delivered to the Job Worker Location. By default the **Voucher Date** will be displayed in this filed. if the Delivery Date is different than the voucher date specify the correct Due on date. Here, Pegion Home Appliances is delivering the Raw materials on **5-10-2010**.

*If the **Job Worker** has agreed for the delivery of raw materials in Instalments then user can define multiple **Due on** date with **Quantity of delivery**.*

Example: 100 Nos** on **5-10-2010** and **100 Nos** on **7-10-2010

- **Godown**: In this field select the godown from where the Raw materials will be delivered to the Job Worker.
- **Quantity (Actual)**: In this section specify the **Quantity** of Raw material to be issued.

*Cursor will not move to **As per BOM** field when the BOM is not selected in **Fill Component using** field*

- **Rate**: In this field specify the **Rate** of **Raw material** consumed for the manufacture of finished goods.
- Similarly, select **all** the **Raw materials** to be issued towards the Job work Out Order.
- In the process of Manufacture of **Cooker 8Litre**, Aluminium Scrap is produced. Under **Name of Item** select **Aluminium Scrap** and in **Track** field select **Pending to Receive** as the scrap has to be received form the Job Worker along with the Finished goods.

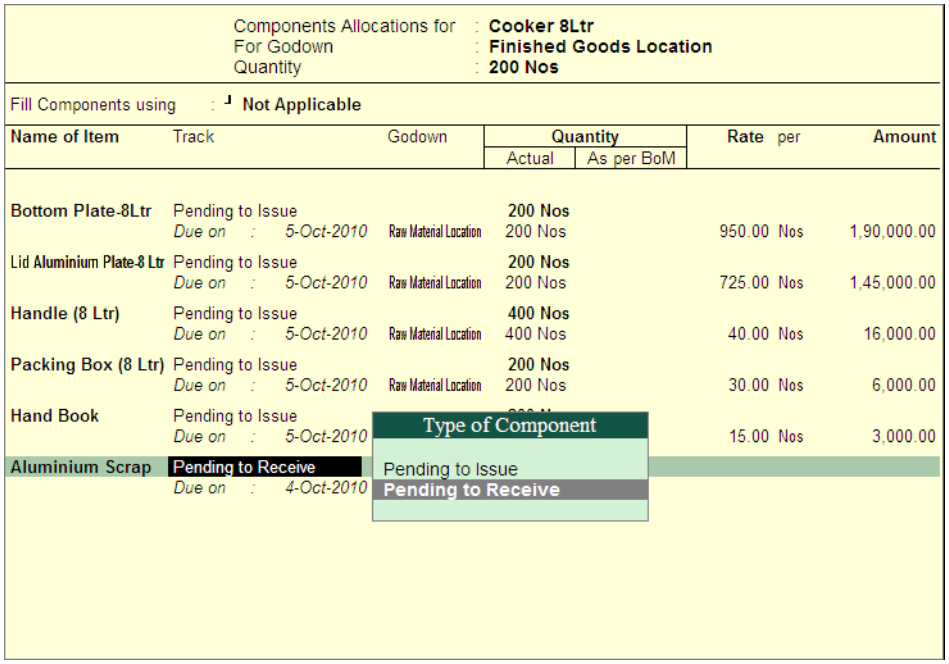


Figure 4.7 Selection of Tracking for the Scrap

*While recording the **Job Work Out Order** users can also track the **Scrap, By-Products or Co-products** produced during the manufacture of **Finished goods**.*

- In **Due On** field specify the Date on which the scrap will be received, Here, principal manufacturer is receiving the scrap along with the Finished Goods on **4-11-2010**.
- In **Godown** field select the Godown where the scrap will be stored.E.g **Scrap Location**
- In **Quantity** (**Actual**) field specify the **Quantity** of scrap to be received. e.g. **10,000 Gm**

The completed Components Allocation screen is displayed as shown

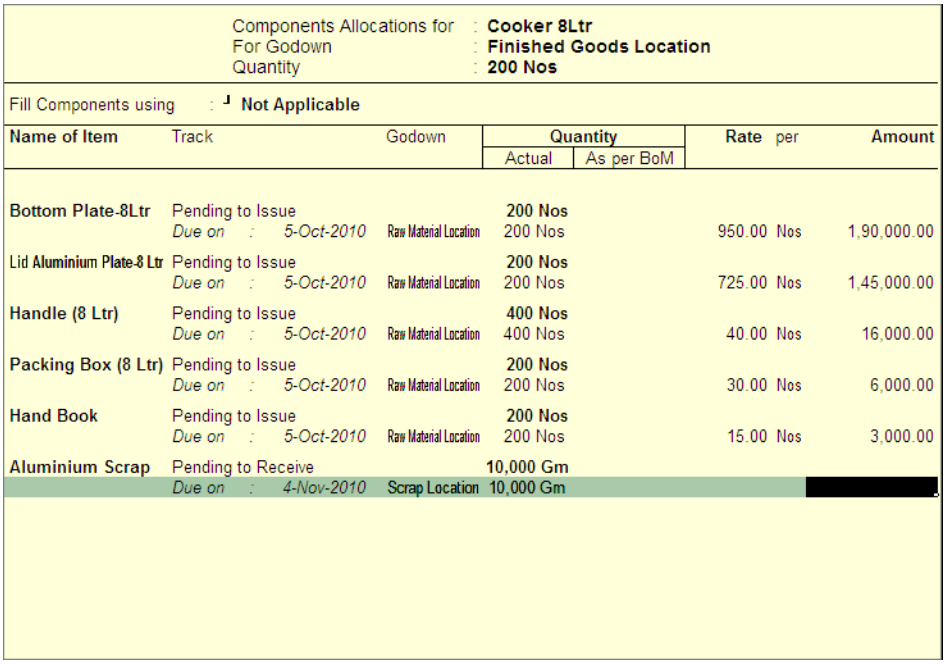


Figure 4.8 Completed Component Allocation Screen

9. Press **Enter** to accept the Component Allocation screen and to view Stock Item Allocation screen
10. In **Stock item Allocation** screen
    - **Rate**: In this field specify the Rate of Finished goods. E.g. **1,760**
    - **Amount**: Will be calculated and displayed automatically.
    - **Cost Tracking To**: In this field select or create new cost tracking number to track the cost of manufacture of finished goods.

The completed Stock Item Allocation screen is displayed as shown

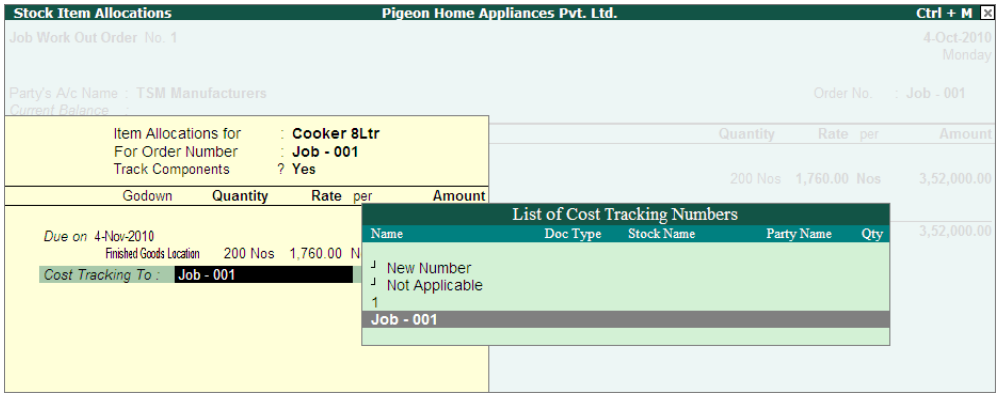


Figure 4.9 Completed Item Allocation Screen

Pegion Home Appliances *wants to track the total cost incurred for the manufacture of* ***8 Litre Cooker*** *for the* ***Job -001*** *delegated to* ***TSM Manufacturer****.*

11. Press **Enter** to save the **Item Allocation** screen.
The completed Job Work Out Order is displayed as shown

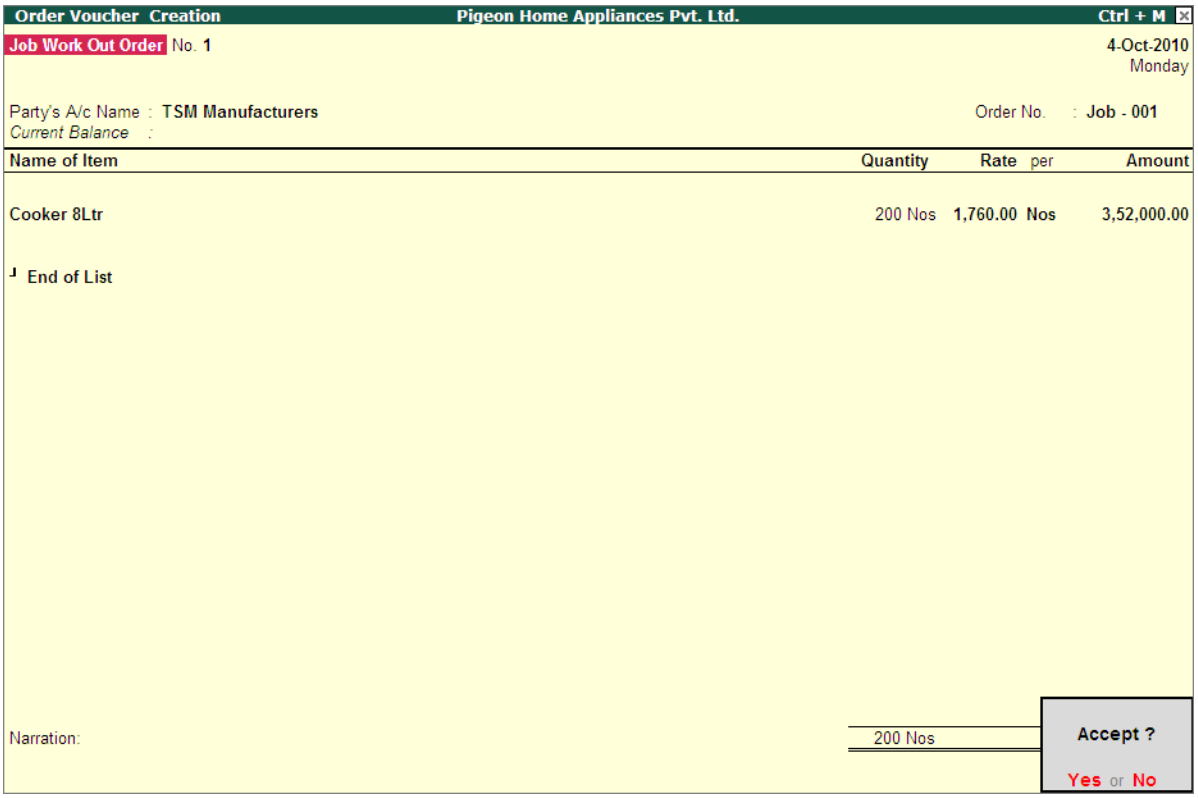


Figure 4.10 Completed Job Work Out Order

12.Press **Enter** to save.

The details of Job Work Out Order details can be viewed in

- Job Order Outstandings - Order
- Job Work Out Order Book

To view the **Job Work Out Order Book**

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Job Work Out Order Book**

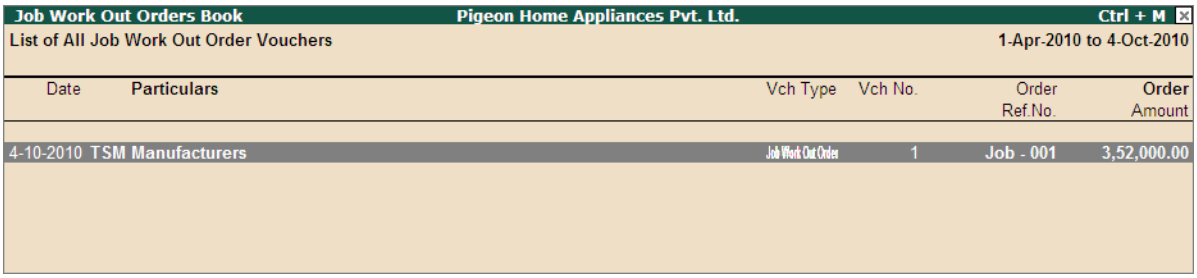


Figure 4.11 Job Work Out Order Book

4.1.2 Job Work Out Order (for a stock Item with BOM)

Under this we will learn to record a Job Work Out Order for a stock item for which Bill of Material (BOM) is created and all the material required will be delivered at once.

Example 2:

*On 5-10-2010, Pegion Home appliances delegated the Job of Manufacture of **400** nos of 10Litre Cooker to Global Manufacturers.To manufacture of 10 Litre Cookers Raw Materials will be supplied by Pegion Home appliances using the **JoB Work BOM**.*

Record the Transaction in Job Work Out Order

To record the Job Work Out Order

Go to **Gateway of Tally > Order Vouchers > J: Job Work Out Order**

1. Enter the **Date** as **5-10-2010**
2. **Party A/C Name**: In this field select the **Job Worker ledger** on whom the Job Work Out Order is raised. E.g. **Global Manufacturers**.
3. In **Party Details** screen, under **Process Instruction** section specify the **Duration of Process** and **Nature of Process** to be carried out.

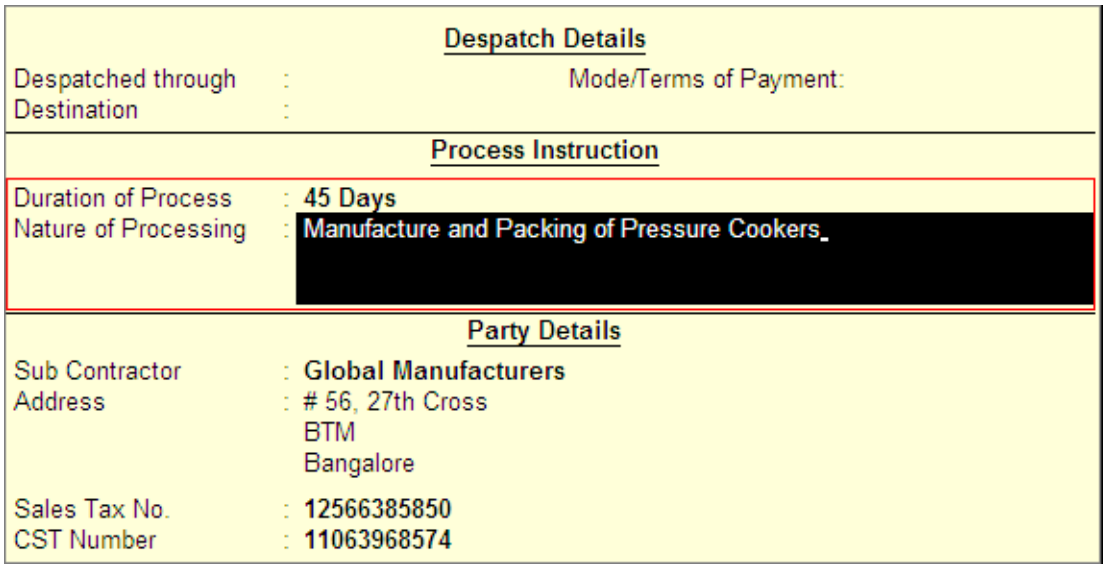


Figure 4.12 Party Details with Duration and Nature of Processing

- Press **Enter** to accept the party details screen.

4. **Order No**: In this field enter the Job Work Out Order Number. E.g. **Job - 002**
5. **Name of Item**: In this field select the stock Item i.e. **Finished Goods** to be manufactured by the Job Worker. E.g. **Cooker-10Ltr**. Press **Enter** to view Stock Item Allocations screen
6. In **Stock Item Allocation** screen
   - **Item Allocation for**: By default the stock Item selected in the Job Work Out Order will be displayed, indicating that the item allocation is for the selected item.
   - **For Order Number**: By default the Job order specified in the Job Work Out Order will be displayed indicating that the item allocation is for the job order specified.
   - **Track Components**: By default this field will be set to **Yes**. If the Principal Manufacturer wants to **track the raw materials** used in the manufacture of finished goods retain the Setting as **Yes**.

*In case the Manufacturer does not want to track the Raw materials then set the option Track Components to **No**. When this option is set to **No**, Tally.ERP 9 will not display the **Component Allocation** Screen.*

   - **Due On**: In this specify the **Date on** which the **delivery of Finished Goods** is **due**. In this case pegion Home appliances has accepted the manufacturing Duration of 45 Days. Hence the **400 Nos** of **Cooker 10Litre** will be due on **21-1-2011**

*If the **Principal Manufacturer** has agreed for the delivery of finished goods in Instalments the user can define multiple **Due on** date with **Quantity of delivery**.*

- **Godown**: In this field select the **Godown** where the **finished goods** will be **stored** on Receipt of the same from the job Worker. E.g. **Finished Goods Location**
- **Quantity**: Specify the **Quantity** of finished goods to be received from the Job Worker.

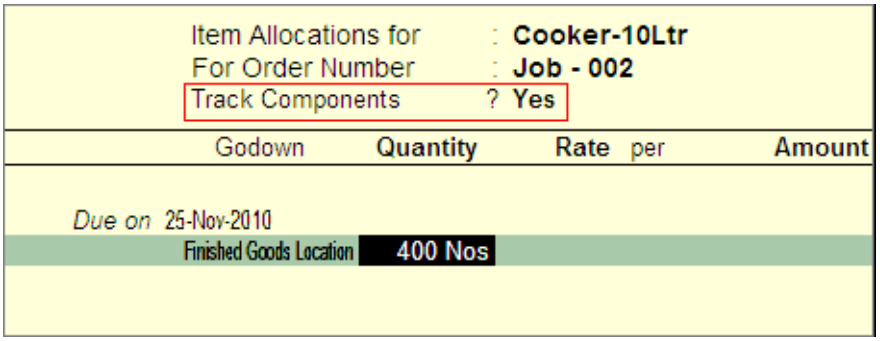


Figure 4.13 Stock Item Allocation Screen

7. Press enter from **Quantity** field to view **Components Allocation** screen
8. In **Components Allocation** Screen
   - **Fill Components using**: In this field by default the BOM created for the finished goods will be displayed.

     If multiple BOMs are created then Tally.ERP 9 will display the **First BOM** of the Item. Based on the BOM displayed the **Raw materials pending** for **issue** and **By-Products/Co-products/ Scrap receivable** will be displayed.

     If users are issuing raw materials based on different BOM then select the appropriate BOM in this field. Here, Pegion home appliances are issuing the Raw materials se per **Job Work BOM**. On selection of applicable BOM the items will be displayed with the Quantity required to manufacture **400 Nos** of pressure **Cooker 10Litre**.

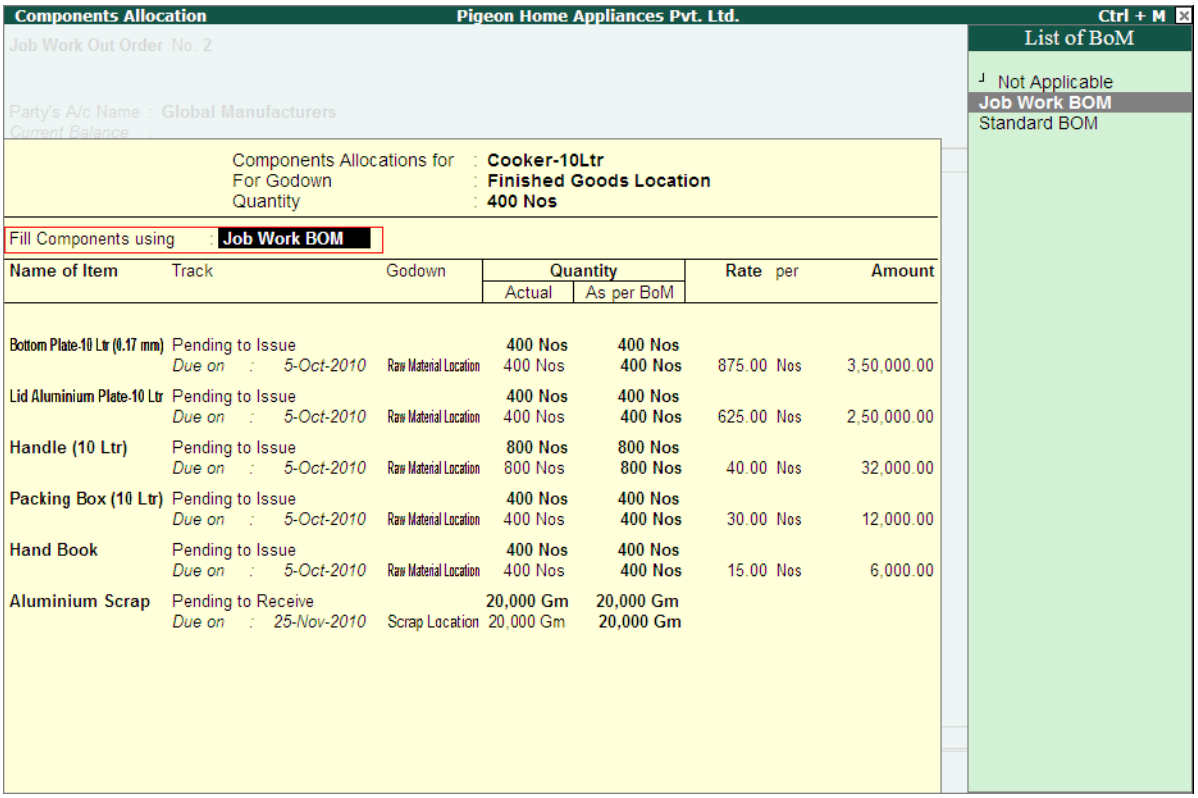
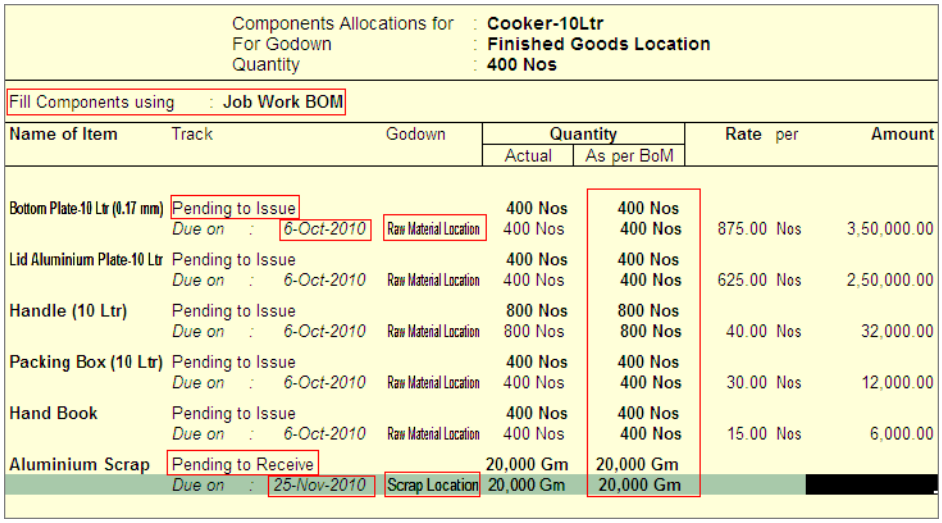


Figure 4.14 Selection of BOM

Observe, when the **BOM** is selected by default the **voucher date** will be displayed as the **Due on** date for Raw materials and for **By-Products/Co-products/Scrap** the **due date** specified for the **Finished goods** will be displayed. When BOM is selected the Quantity **As per BoM** will be displayed automatically

In **Component Allocation** screen, if the Raw materials Due date is different then alter the same. If you want to specify the **Raw material**/ **By-Products/Co-products/Scrap Rate** those details can also be entered in this screen.

The completed Component Allocation screen is displayed as shown



Components Allocations for : **Cooker-10Ltr**
For Godown : **Finished Goods Location**
Quantity : **400 Nos**

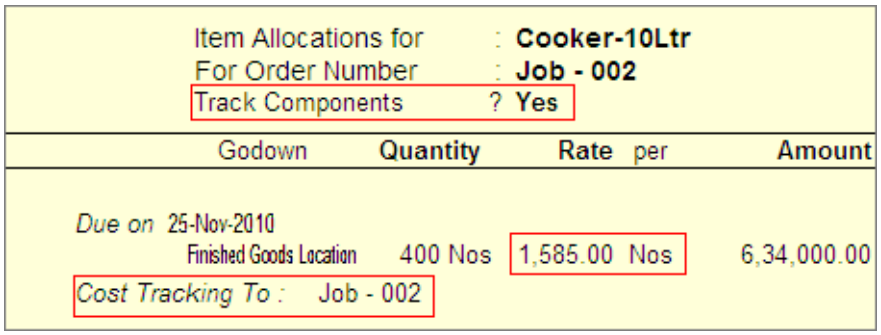
Fill Components using : **Job Work BOM**

Name of Item	Track	Godown	Quantity Actual	Quantity As per BoM	Rate per	Amount
Bottom Plate-10 Ltr (0.17 mm)	Pending to Issue		400 Nos	400 Nos		
	Due on : 6-Oct-2010	Raw Material Location	400 Nos	400 Nos	875.00 Nos	3,50,000.00
Lid Aluminium Plate-10 Ltr	Pending to Issue		400 Nos	400 Nos		
	Due on : 6-Oct-2010	Raw Material Location	400 Nos	400 Nos	625.00 Nos	2,50,000.00
Handle (10 Ltr)	Pending to Issue		800 Nos	800 Nos		
	Due on : 6-Oct-2010	Raw Material Location	800 Nos	800 Nos	40.00 Nos	32,000.00
Packing Box (10 Ltr)	Pending to Issue		400 Nos	400 Nos		
	Due on : 6-Oct-2010	Raw Material Location	400 Nos	400 Nos	30.00 Nos	12,000.00
Hand Book	Pending to Issue		400 Nos	400 Nos		
	Due on : 6-Oct-2010	Raw Material Location	400 Nos	400 Nos	15.00 Nos	6,000.00
Aluminium Scrap	Pending to Receive		20,000 Gm	20,000 Gm		
	Due on : 25-Nov-2010	Scrap Location	20,000 Gm	20,000 Gm		

Figure 4.15 Completed Component Screen

9. In **Stock item Allocation** screen
   - **Rate**: In this field specify the Rate of Finished goods. E.g. **1,585**
   - **Amount**: Will be calculated and displayed automatically.
   - **Cost Tracking To**: In this field select the cost tracking number **Job - 002** from the **List of Cost Tracking Numbers**.

The completed Stock Item Allocation screen is displayed as shown



Item Allocations for : **Cooker-10Ltr**
For Order Number : **Job - 002**
Track Components ? **Yes**

Godown	Quantity	Rate per	Amount
Due on 25-Nov-2010			
Finished Goods Location	400 Nos	1,585.00 Nos	6,34,000.00
Cost Tracking To : Job - 002			

Figure 4.16 Completed Item Allocation Screen

10. Press **Enter** to save Stock Item Allocation screen.

The completed Job Work Out Order is displayed as shown

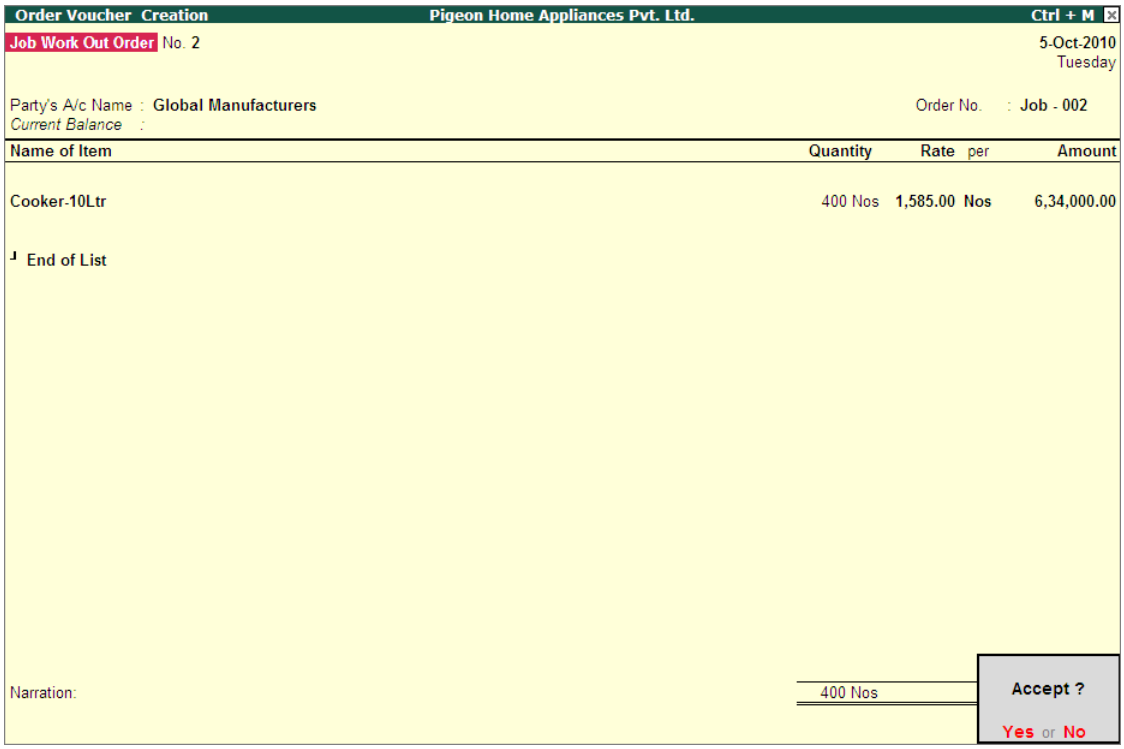


Figure 4.17 Completed Job Work Out Order

11.Press **Enter** to save.

4.2 Transfer of Material towards a Job Order

On raising a job work order, Principal Manufacturer has to deliver the Raw materials based on the delivery date agreed upon.

In Tally.ERP 9 the Material transfers to the Job Workers can be recorded using **Material Out** vouchers.

under this we will learn to record Material Out transactions.

Example 3:

*On 5-10-2010, Pegion Home Appliances transferred the stock to TSM Manufacturers towards the Job Oder - **Job - 001** raised on **4-10-2010**. Materials are transferred along with Material Delivery Document (Material Transfer Out Challan)*

Record the transaction in Material Transfer Out Voucher

Go to **Gateway of Tally > Inventory Vouchers > J: Material Transfer Out**

1. In **Change Voucher Type** screen select **Material Transfer Out (RM)** from the List of Types

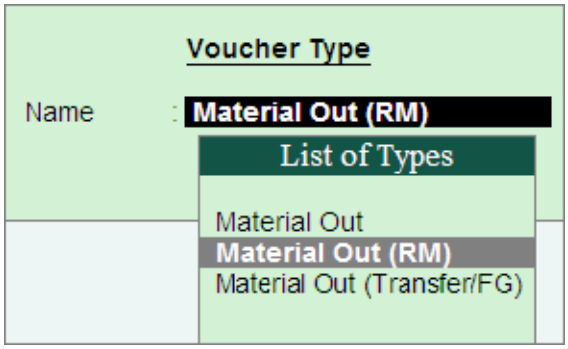


Figure 4.18 Voucher Type Selection

Here, Pegion Home Appliances is using **Material Out (RM)** voucher type as it is transferring the Raw materials out to the Job worker.

2. Enter the **Date** as **5-10-2010**
3. **Party A/C Name**: In this field select the **Job Worker ledger** to whom the material to be transferred. E.g. **TSM Manufacturers**. Press Enter to view Party Details screen
4. In **Party Details** screen
5. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the Raw materials are transferred

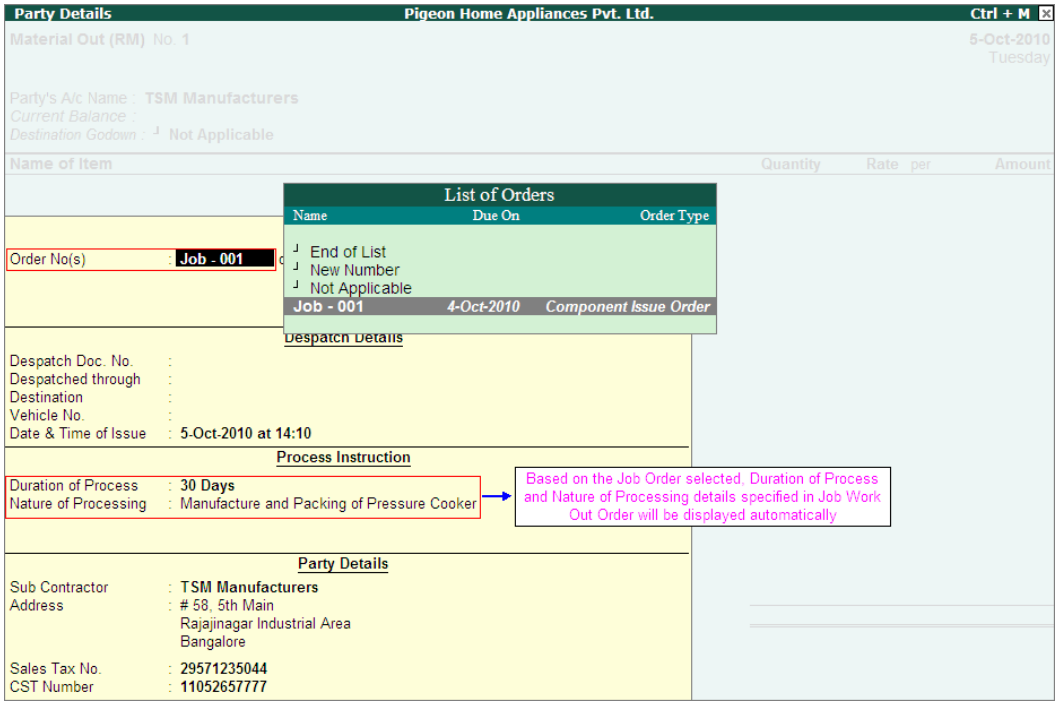


Figure 4.19 Selection of Job Order

*The **Order Type** in **List of Orders** will be displayed as **Component Issue Order** indicating that this order is selected for issue of components.*

- **Date & Time of Issue**: In this field by default the voucher date and System time will be displayed as the **Date and Time of Issue**. Date and Time of issue of material will be printed on the delivery document.

6. Under **Name of Item** the stock items will be auto-filled based on the **Job Order** selected.
7. **Destination Godown**: In this field select the godown to where the stock are transferred. select the godown created to account the stock items lying with the third party. E.g. **Job Work (Out) Location**.

The completed Material Transfer Out Voucher is displayed as shown

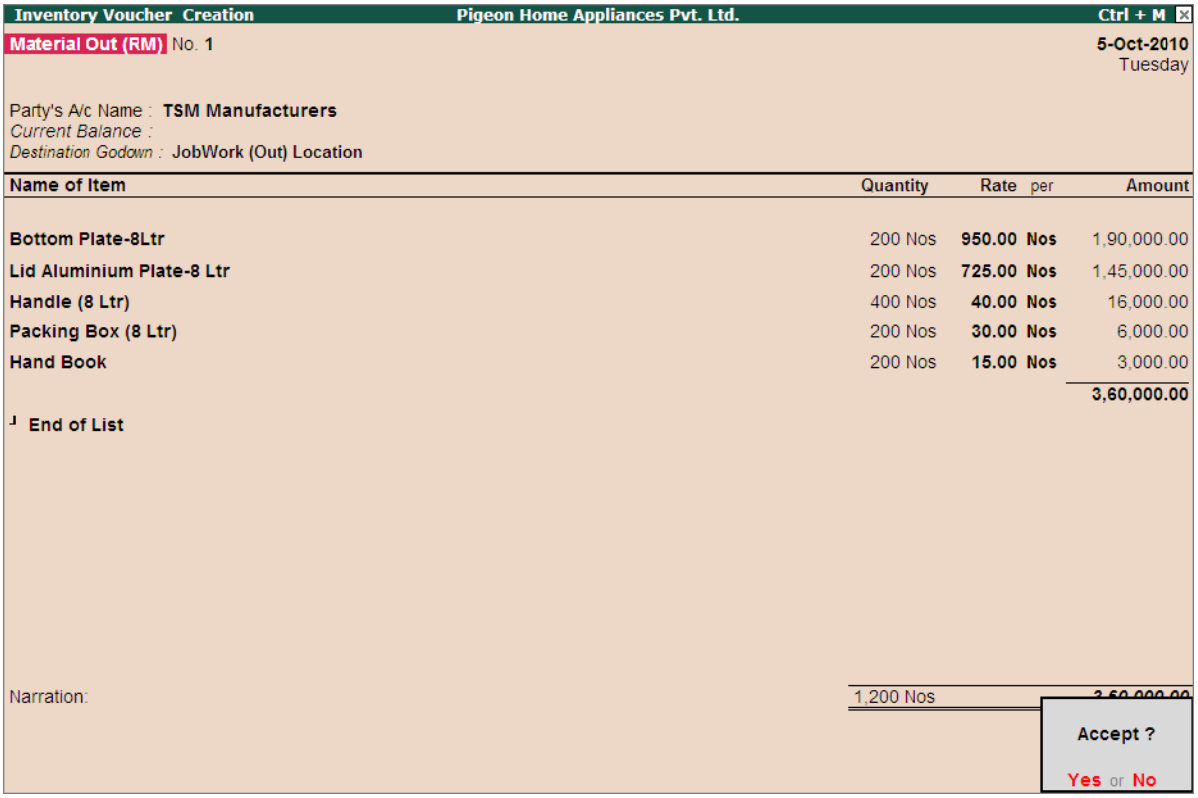


Figure 4.20 Completed Material Transfer Out Voucher

Observe, Tally.ERP 9 displays only the Raw material required to be transferred to the Job Worker. For Job Order **Job - 001** we have identified that during manufacturing process Aluminium Scrap will be produced, which is not auto filled for material transfer.

8. Press **Enter** to save.

Generate Delivery Document (Material Transfer Out Challan)

Materials are transferred to Job Worker along with Delivery document. In Tally.ERP 9 users can generate Material Transfer Out Challan from Material Transfer Out Voucher.

To print the material transfer out challan

- Press **PageUp** to go back to Material Transfer Out voucher entry
- Click on **Print** button or Press **Alt + P** from the Material Transfer Out voucher to view the **Voucher Printing** screen

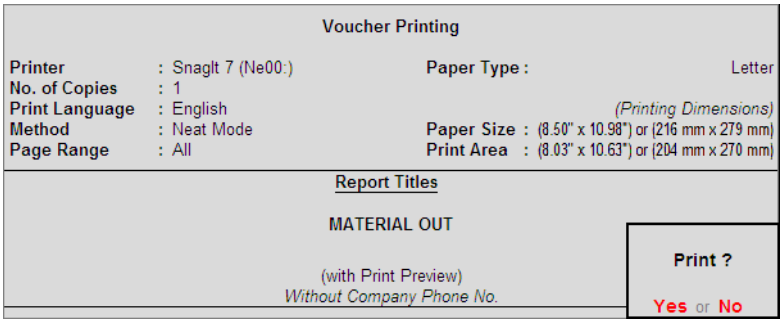


Figure 4.21 Voucher Printing Screen

*To view the Material Transfer Out Challan in a preview mode, click on **I: With Preview** button or press **Alt+I**.*

- Press **Enter** to accept the **Voucher Printing** sub screen and to display the Material Transfer Out Challan in Print Preview mode.
- Click **Zoom** or Press **Alt+Z** to view the Material Transfer Out Challan

The Print preview of Material Transfer Out Challan is displayed as shown

MATERIAL OUT

Pigeon Home Appliances Pvt. Ltd. # 6, 6th Cross Sampangirama Nagar Wilson Garden Bangalore	Invoice No. **1**	Dated **5-Oct-2010**
		Mode/Terms of Payment
	Supplier's Ref. **Job - 001**	Other Reference(s)
Party **TSM Manufacturers** # 58, 5th Main Rajajinagar Industrial Area Bangalore	Buyer's Order No. **Job - 001**	Dated **4-Oct-2010**
	Despatch Document No.	Dated
	Despatched through	Destination
		Duration of Process **30 Days**
	Nature of Processing **Manufacture and Packing of Pressure Cooker**	

Sl No.	Description of Goods	Quantity	Rate	per	Amount
1	**Bottom Plate-8Ltr**	**200 Nos**	950.00	Nos	**1,90,000.00**
2	**Lid Aluminium Plate-8 Ltr**	**200 Nos**	725.00	Nos	**1,45,000.00**
3	**Handle (8 Ltr)**	**400 Nos**	40.00	Nos	**16,000.00**
4	**Packing Box (8 Ltr)**	**200 Nos**	30.00	Nos	**6,000.00**
5	**Hand Book**	**200 Nos**	15.00	Nos	**3,000.00**
	Total	**1,200 Nos**			**₹ 3,60,000.00**

Amount Chargeable (in words) *E. & O.E*
INR Three Lakh Sixty Thousand Only

Buyer's Local Sales Tax No. : **29571235044**
Buyer's CST No. : **11052657777**

for Pigeon Home Appliances Pvt. Ltd.

Authorised Signatory

Figure 4.22 Material Out Challan

Even though the goods are transferred **physically** from principal manufacturer location to Job Worker location, **ownership** on the goods is still with the Principal Manufacturer. Hence in the books of accounts of Principal Manufacturer the Value or the Quantity of the goods transferred are not reduced. Users can check the stock details in **Stock Summary**.

*The **Value** or the **Quantity** of the stock is not reduced from the Books of Accounts when the **Godown** used to account the transfer of goods to Job worker is created by enabling the option **Our Stock with Third Party**.*

The details of Material Transfer Out voucher details can be viewed in **Material Out Register**

To view the **Material Out Register**

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material Out Register**

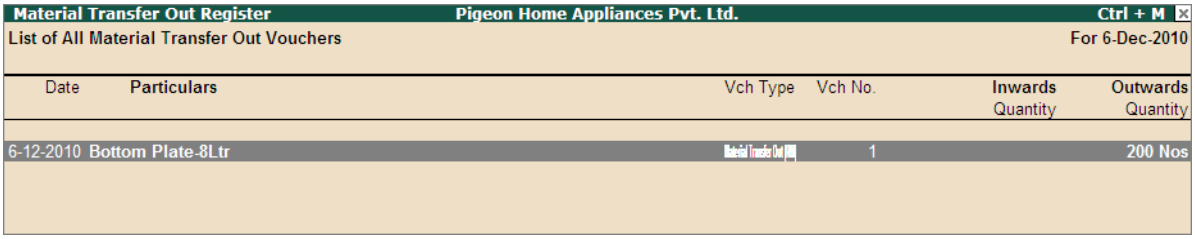


Figure 4.23 Material Out Register

4.3 Receipt of Finished Goods against a Job Order

On transferring the Raw materials, Job Worker will undertake the processing as defined by the Principal Manufacturers. On completing the manufacture of agreed goods the finished goods will be delivered to the Principal manufacturer.

In Tally.ERP 9 the Material Receipts (Finished Goods/ scrap etc.) from the Job Workers can be recorded using **Material In** vouchers.

Under this we will learn to record material In transactions.

Example 4:

*On 4-11-2010 Pegion Home Appliances received the following Finished goods and Scrap of Job work order **Job-001** from **TSM Manufacturers**.*

Materials Received	***Quantity***
Cooker 8Litre	*200 (Nos)*
Aluminium Scrap	*10,000(GM)*

Record the transaction in Material In Voucher

Go to **Gateway of Tally > Inventory Vouchers > W: Material In**

1. In **Change Voucher Type** screen select **Material In (FG)** from the List of Types

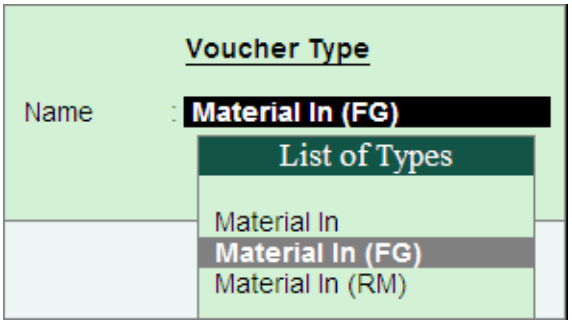


Figure 4.24 Voucher Type Selection

Here, Pegion Home Appliances is using **Material In (FG)** voucher type to account the receipt of **Finished Goods** and **Scrap** by auto consuming the Raw materials (used in the manufacture)

1. Enter the **Date** as **4-11-2010**
2. **Party A/C Name**: In this field select the **Job Worker ledger** from whom the Finished goods is received.E.g. **TSM Manufacturers**. Press Enter to view Party Details screen
3. In **Party Details** screen
4. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the finished goods are received
5. Under **Party's Document Details**, in **Challan Number** field enter the delivery challan number through which the finished goods are delivered and mention the challan date.

Challan Number and **Challan date** details will be captured in **Material Movement Register**

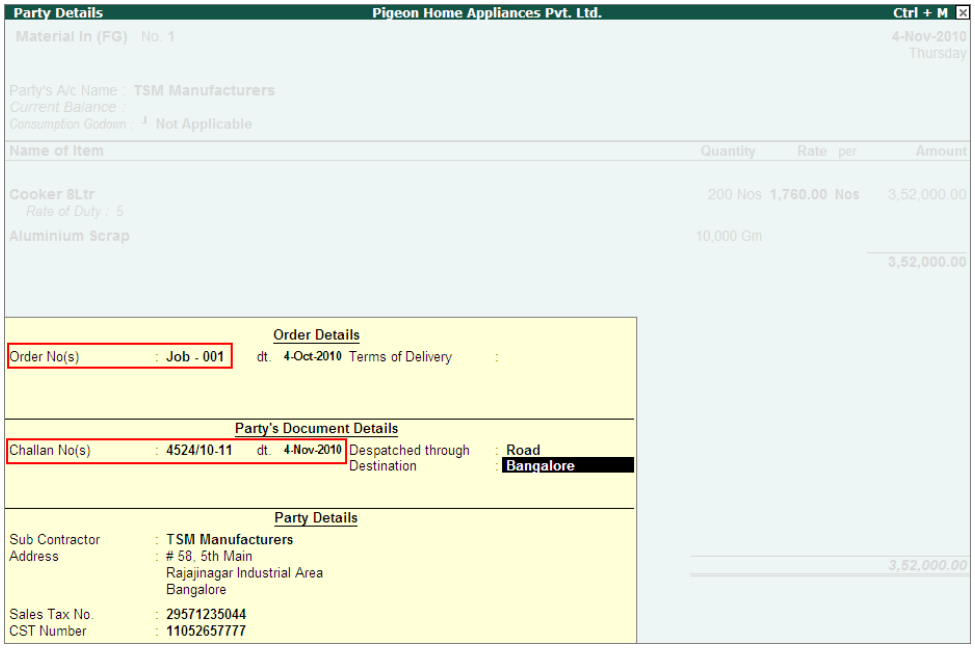


Figure 4.25 Selection of Job Order

*The **Order Type** in **List of Orders** will be displayed as **Material Receipt Order** indicating that this order is selected to account the receipt of Finished Goods.*

6. Under **Name of Item** the stock items (Finished Goods/Scrap/Co-product/By-product) will be auto-filled based on the **Job Order** selected.
7. **Consumption Godown**: In this field select the godown from where the goods are consumed to manufacture the Finished Goods. In this field select the Job worker location. E.g. **Job Work (Out) Location**.

*If **Consumption Godown** is not selected the components will not be auto consumed even when the option **Allow Consumption** is enabled for the Voucher type. Hence selection of Consumption Godown is mandatory.*

7.Select the stock Item - **Cooker 8Ltr** and press enter to view Item Allocation screen

8. In **Stock Item Allocation** screen,

- Set the option **Consider as Primary Item** to **Yes** if you want to track the cost of raw materials consumed to the primary Item. Here the cost of Raw materials consumed in this voucher are tracked against the **Cooker 8Ltr**.

- *Setting the option **Consider as Primary Item** is **mandatory** to consume the Components to the **extent of Finished Goods** received.*
- *On setting the option **Consider as Primary Item** for a stock item to which Cost tracking is enabled, **Cost Tracking To** field will be displayed in Item allocation screen*

- In **BOM Name** field select **Not Applicable**.

*When a stock item is considered as **Primary Item**, application skips the **Consider as Scrap** field.*

- Order No **Job -001, Godown, Quantity, Rate** and **Amount** of the item will be displayed. accept the default details
- In **Cost Tracking To** field select the Cost Tracking Number to which cost needs to be tracked.

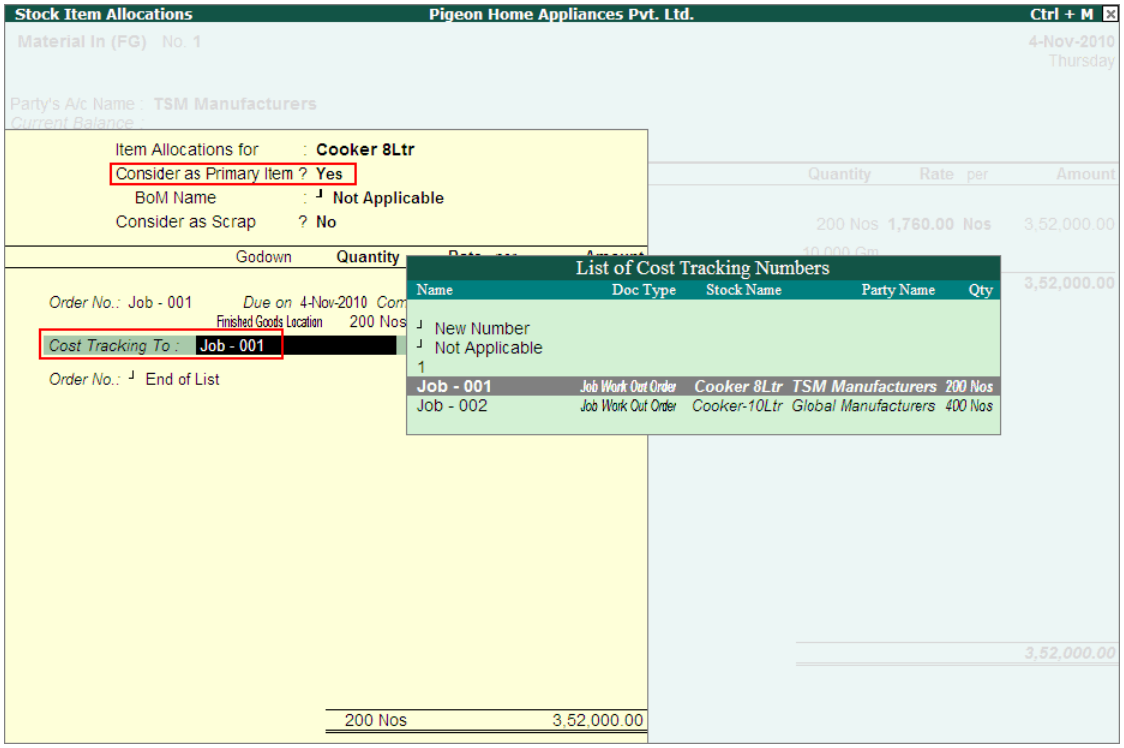


Figure 4.26 Completed Stock Item Allocation Screen

***Consider as Primary Item**, **BOM Name** and **Consider as Scrap** options can also be used to account the **receipt of Finished goods** and **Scrap** received form **Job Worker directly in Material In** voucher type, where the principal manufacturer has not followed the standard procedure of raising J**ob Work Out Order, Material Out** and then **Material In** to account the receipt.*

i. ***Consider as Primary Item**: Set this option to **Yes** for a Stock Item to account the goods received as Finished Goods*

ii. ***BoM Name**: If any item is considered as **Primary Item** received from the Job Worker, to consume the Raw Materials from the books of accounts user can select the BOM (component list) based on which the components will be considered for consumption.*

iii. ***Consider as Scrap**: Set this option to **Yes** for a stock item if the material received is scrap.*

9. Select the stock item - **Aluminium Scrap**. Set the option **Consider as Scrap** to **Yes**. In **Rate** field specify **0.03**. **Amount** will be calculated and displayed.

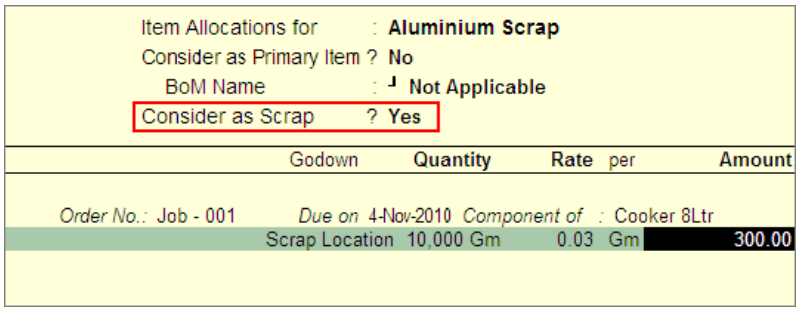


Figure 4.27 Completed Stock Item Allocation Screen

10. The option **Enter Consumption Details** by default will be set to **Yes** and indicates that the consumption of Raw materials to manufacture the finished goods is **Auto Consumption**. Cursor will **skip** the filed.

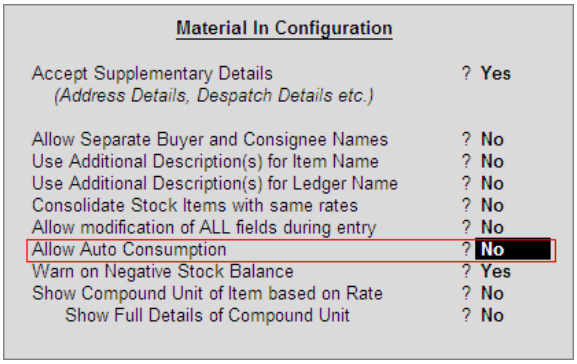
i. *The option **Enter Consumption Details** will be displayed in Material In voucher (during entry) only when the option **Allow Consumption** is set to **Yes** in **Material In** Voucher Type.*

ii. *When **Enter Consumption Details** is set to **Yes**, the Raw Materials used in the manufacture of Finished goods will be considered as **Consumed automatically** and to that extent the **stock** will be reduced from the **books of accounts**.*

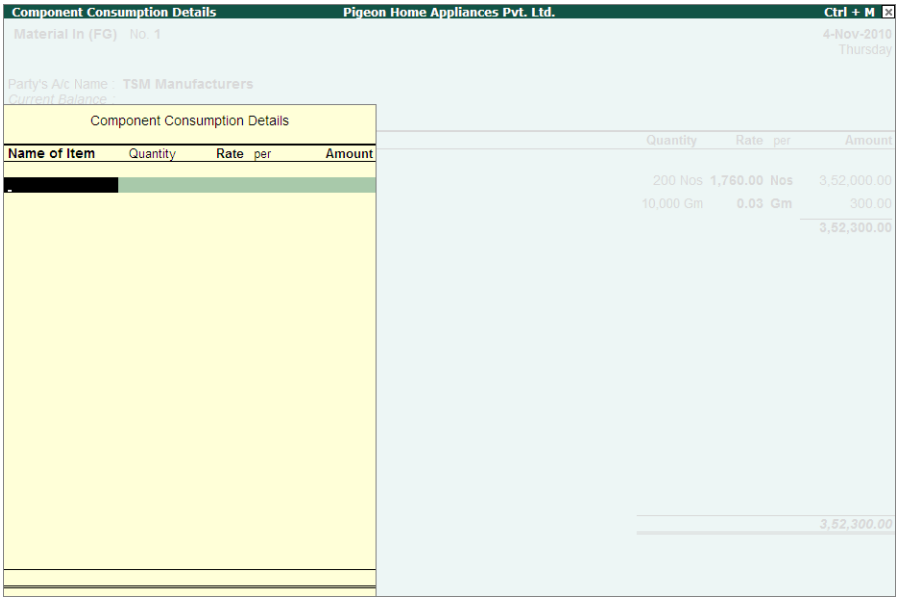
The users who do not want the auto consumption of Stock Items

*Press **F12: Material In Configuration***

- *Set the option **Allow Auto Consumption** to **No***



*Then in Material transfer in Voucher cursor will move to **Enter Consumption Details** filed. The Enter Consumption Details option will be marked as **Manual**. Press **Enter** from the filed to view the Component Consumption Details screen.*



*In this screen you can **select** the **stock items**, specify the **Quantity** and **Rate** to be considered for Consumption.*

11. For this entry Pegion Home Appliances has considered the auto consumption of stock item based on the raw materials selected for the Job Order **JOb - 001**.

*The option **Enter Consumption Quantity** will be displayed in **Material Transfer In** voucher (during entry) only when the option **Allow Consumption** is set to **Yes** in **Material Transfer In Voucher Type**.*

*When **Enter Consumption Quantity** is set to **Yes**, the Raw Materials used in the manufacture of Finished goods will be considered as **Consumed** automatically and to that extent the **stock** will be **reduced** from the books of accounts.*

The completed Material Transfer In voucher is displayed as shown

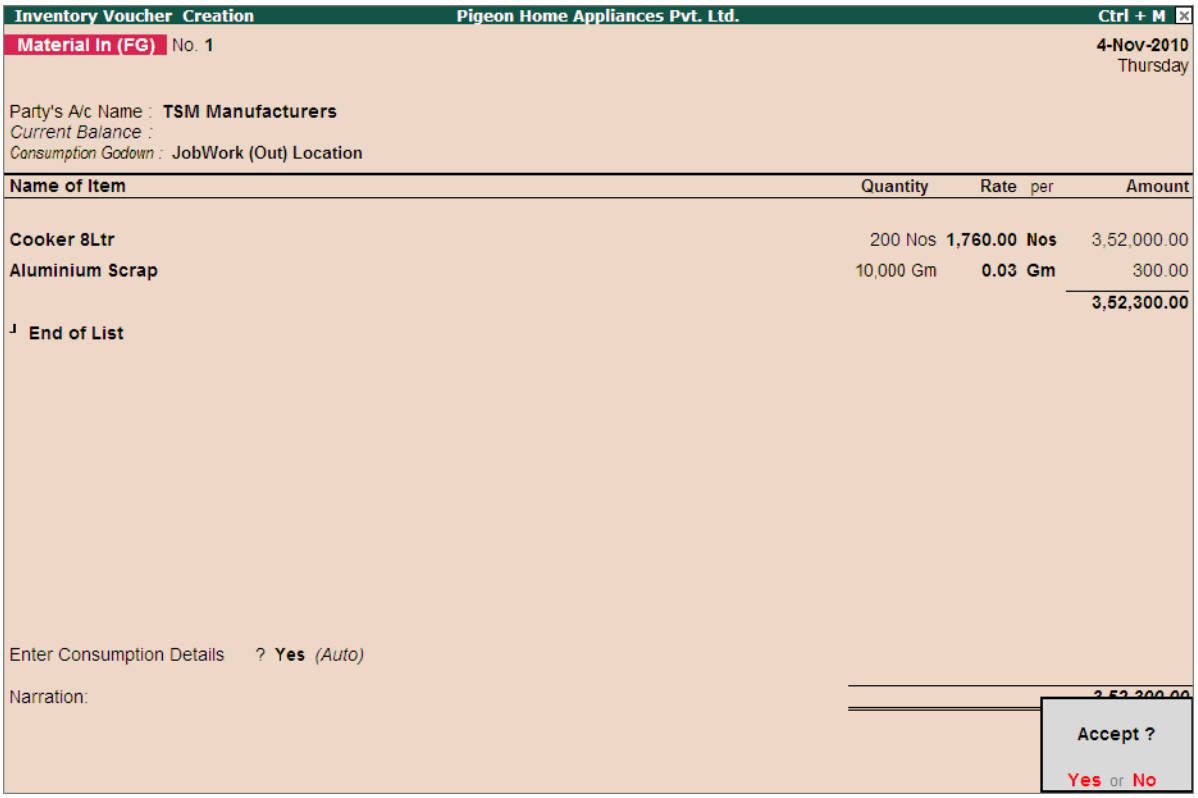


Figure 4.28 Completed Material Transfer Out Voucher

12.Press **Enter** to save.

To view the details of item consumed for the above entry, press page up to view the earlier recorded entry.

- *From **Enter Consumption Details** press **enter** to view the **Component Consumption Details** screen with **components**, **Quantity**, **Rate** and **amount**.*

Component Consumption Details

Name of Item	Quantity	Rate	per	Amount
Bottom Plate-8Ltr	200 Nos	**950.00**	Nos	1,90,000.00
Lid Aluminium Plate-8 Ltr	200 Nos	**725.00**	Nos	1,45,000.00
Handle (8 Ltr)	400 Nos	**40.00**	Nos	16,000.00
Packing Box (8 Ltr)	200 Nos	**30.00**	Nos	6,000.00
Hand Book	200 Nos	**15.00**	Nos	3,000.00
	1,200 Nos			**3,60,000.00**

To check the details of auto consumption of raw materials you can check the **Stock Summary** report

We will take the Component - **Bottom Plate 8Ltr** to view the details in Stock Voucher report

Stock Vouchers — **Pigeon Home Appliances Pvt. Ltd.** — Ctrl + M

Stock Item: **Bottom Plate-8Ltr** — **1-Oct-2010 to 4-Nov-2010**

Date	Particulars	Vch Type	Vch No.	Inwards Quantity	Inwards Value	Outwards Quantity	Outwards Value	Closing Quantity	Closing Value
4-10-2010	**Suppliers**	**Purchase**	1	4,000 Nos	38,00,000.00			4,000 Nos	38,00,000.00
5-10-2010	**TSM Manufacturers**	**Material Out (RM)**	1	200 Nos	1,90,000.00	200 Nos	1,90,000.00	4,000 Nos	38,00,000.00
4-11-2010	**TSM Manufacturers**	**Material In (FG)**	1			200 Nos	1,90,000.00	3,800 Nos	36,10,000.00

200 Nos will be considered as consumed to manufacture the Finished Goods

Figure 4.29 Stock Vouchers Report

The details of Material Transfer In voucher recorded to account the receipt of finished goods can be viewed in **Material In Register** report

To view the **Material In Register**

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material In Register**

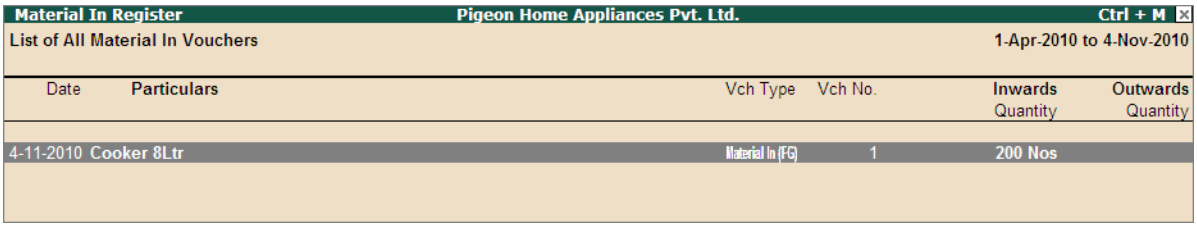


Figure 4.30 Material Transfer Out Register

4.4 Accounting Purchase of Job Work Service

After delivery of finished goods and scrap/By-Product/Co-Product, Job Worker raises sales invoice on the principal manufacturer by giving the details of cost of manufacture (labour charges, Transportation Expenses etc.) along with the cost of material consumed, if any.

In Tally.ERP 9, the purchase of Job Work services, can be accounted through Purchase Invoice.

Example 5:

On 5-11-2010, Pegion Home Appliances received the Job Work invoice from TSM Manufacturer (vide. no. 4587/10-11) for Rs. 37,000 (Job Work Charges - Rs. 35,000 & Cost of Material Consumed - Rs.2,000)

*Before recording the transaction, create **Job Work Charges** and **Material Cost** ledgers under **Direct Expenses** by enabling the option **Allow Stock Item Cost Allocation** to **Yes.***

Record the transaction in Purchase Invoice

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase (Accounting Invoice Mode)**

1. Enter the **Date** as **5-1-2011**
2. In **Party A/c Name** field select **TSM Manufacturer** ledger
3. Under **Particulars** select **Job Work Charges** Ledger and in **Amount** field specify **35,000**. Press **enter** to view **Stock Item Cost Allocation**
4. In **Stock Item Cost Allocation** screen
   - **Cost Track To** field select the Cost tracking Number towards which this expenses to be tracked. Here Pegion home Appliances is tracking the cost towards **Job - 001**

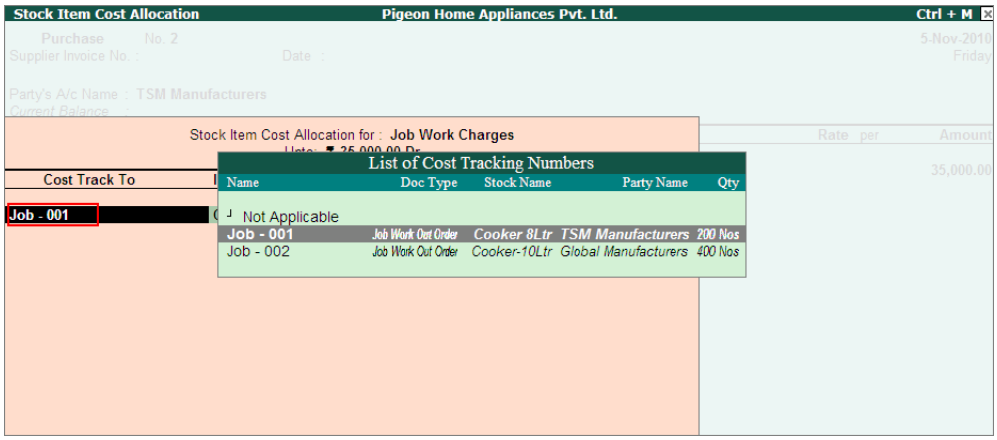
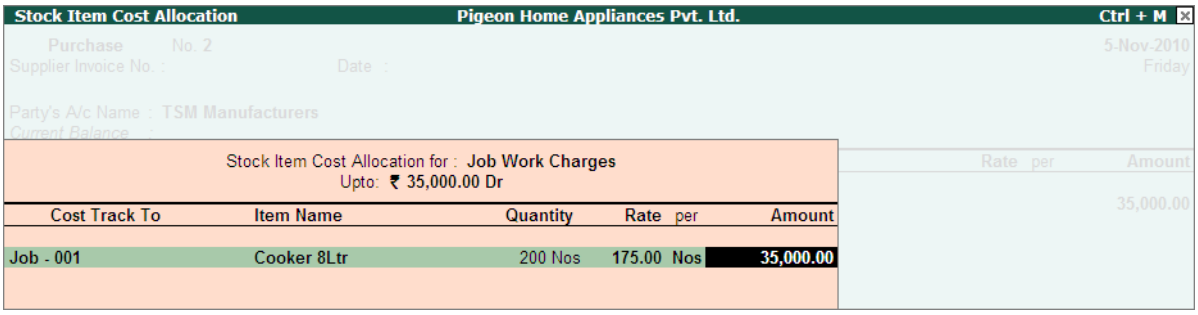


Figure 4.31 Stock Item Cost Allocation Screen

- In **Name of Item** field by default the stock item with which the selected **Cost tracking Number** is identified will be displayed.
- In **Quantity** field, enter the Quantity towards which the cost to be tracked. E.g. **200 Nos**
- **Rate** will be calculated and displayed automatically based on the Amount and the Quantity defined.



*Details of **Cost tracked** against the **Stock Item** can be viewed in **Item Cost Analysis** Reports (Gateway of Tally > Display > Statements of Inventory > Item Cost Analysis).*

5. Under **Particulars** select **Cost of Material Consumed** ledger and in Amount field specify the amount **Rs. 2,000** and press enter view Stock Item Cost Allocation screen
6. In **Stock Item Cost Allocation** screen
   - In **Cost Track to** field select the Cost Tracking Number to which the cost to be tracked. Here, ABC Company is tracking the cost towards the tracking Number - **Job - 001**
   - In **Name of Item** field by default the stock item with which the selected Cost tracking Number is identified will be displayed.
   - In **Quantity** field, enter the Quantity towards which the cost to be tracked. E.g. **200 Nos**

- **Rate** will be calculated and displayed automatically based on the Amount and the Quantity defined.

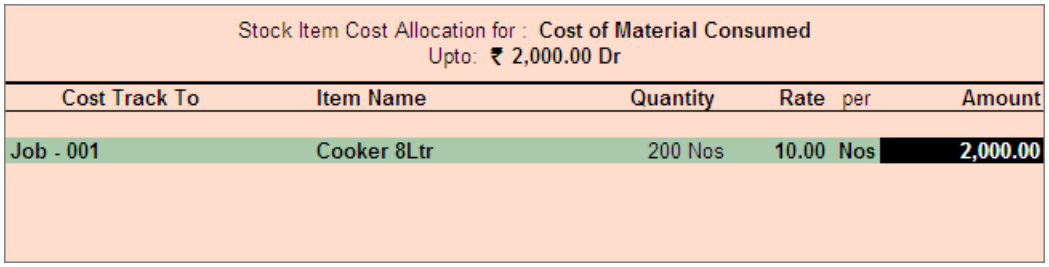


Figure 4.32 Stock Item Cost Allocation Screen

7. In **Bill-wise Details** screen enter the bill name as **Bill- 001**

The completed Purchase invoice is displayed as shown

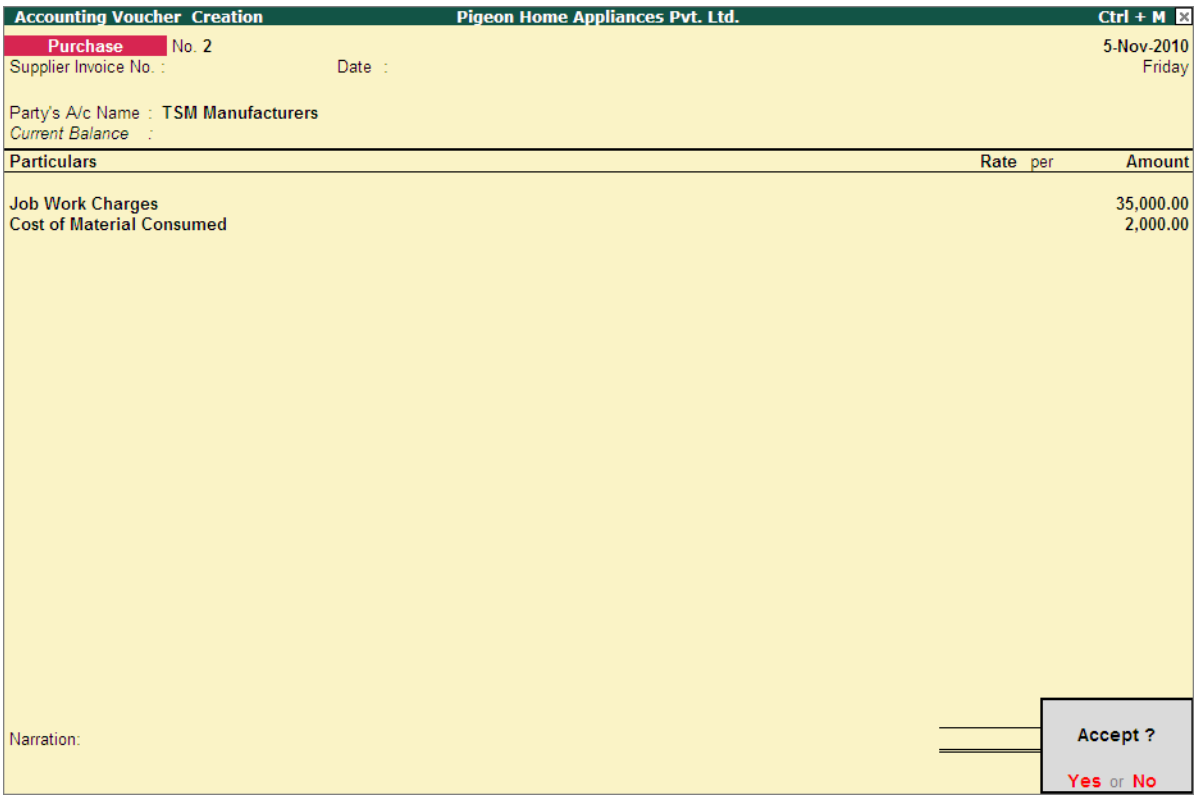


Figure 4.33 Completed Purchase Invoice

8. Press **Enter** to save.

*In case, on the **services provided** by the Job Worker **Service Tax** is applicable user have to enable **service tax feature** in Tally.ERP 9 and service ledger has to be configured accordingly. Here we considering that the Job Worker is not registered under Service Tax Rules.*

4.5 Payment to Job Worker

Example 6:

On 6-11-2010, Pegion Home appliances made payment of Rs. 37,000 through cheque to TSM Manufacturer towards the Job Work bill - Bill - 001

Record the Transaction in Payment Voucher

1. In Debit field select TSM Manufacturer. In Debit Amount field enter the Amount received Rs. 37,000
2. In **Bill-wise Details** screen select **Agst Ref** and from pending bills list select **Bill - 001**. **Amount** will be displayed automatically.
3. In **Credit** field select **Cash/Bank l**edger based on the payment type.
4. In Bank Allocation screen enter the Cheque Number

The completed Payment Voucher is displayed as shown

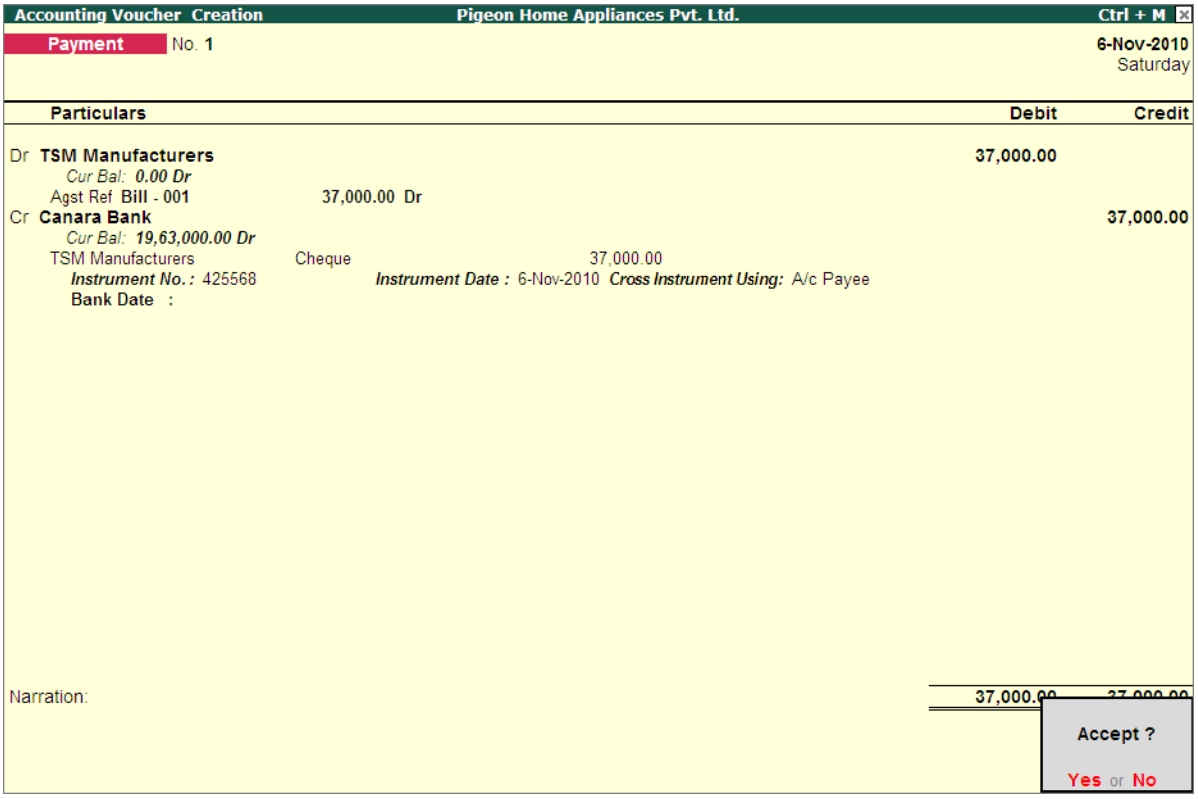


Figure 4.34 Completed Payment Voucher

5. Press **Enter** to save.

Part - II

Recording Job Work Out Transactions (Excise Applicable)

In this section we shall emphasis on understanding how Tally.ERP 9's Job Work feature can be effectively used to record Job Work Out transactions where excise is applicable.

Let us take the example of Pegion Home Appliances (created and Job Work enabled, as discussed in the earlier chapter) to record Job Work Out transactions such as

- Job Work Out Order
- Material Transfer Out and generating Annexure II for material delivery
- Material Transfer In

Here we are considering that Pegion Home Appliances is **registered** under **Excise** and on the **goods** manufactured **excise** is **applicable**.

To record the Job work transactions for Excisable Goods

- Enable Excise
- Create Excise Stock Items (Raw Materials, Finished Goods & Scrap)
- Create Godown
- Alter Job Work Out Order (to enable excise)
- Create Material In/Out Voucher Types

1. Enable Excise

Go to **Gateway of Tally > F11: Features > Statutory & Taxation**

- Set the option **Enable Excise** to **Yes**
- Enable the option **Set/Alter Excise Details** to **Yes**

In **Excise Registration Details** screen provide the details as shown below

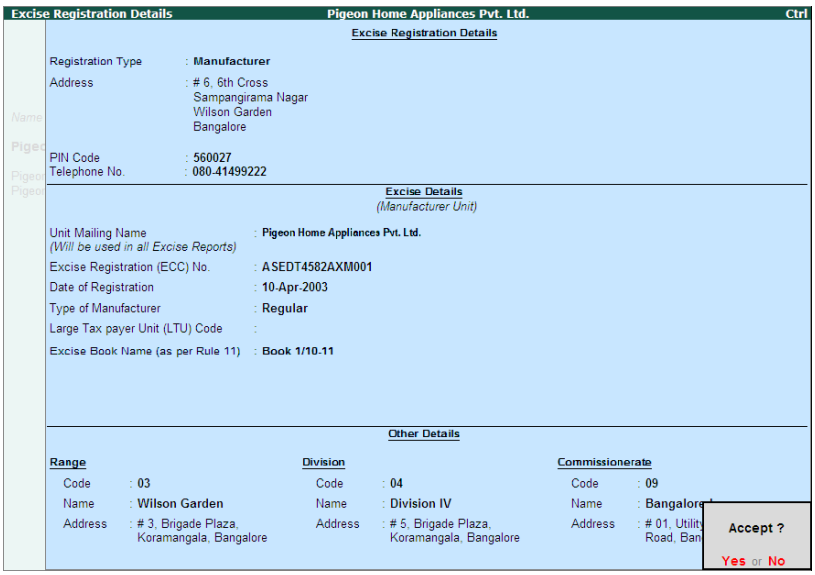


Figure 4.35 Completed Excise Registration Number

*For complete details on **Excise Registration Details** refer the topic **Enabling Excise in Tally.ERP 9** in **Tally.ERP 9 Reference Manual (Local Help)**.*

2. Create Stock Items (Raw Materials, Finished Goods & Scrap)

In Tally.ERP 9, a excise manufacturer can identify the stock items as

- **Principal Inputs**: For Raw materials/components used in the manufacture of finished goods
- **Finished Goods**: For goods produced/ manufactured
- **Others**: For Scrap or Consumable

*In Tally.ERP 9, selection of **Stock item Type** is must to get proper excise reports.*

i. Create Stock Item (Raw Materials - Bottom Plate-8Ltr**)**

To create the stock item

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

- Enter the Stock Item **Name**, **Group**, **Unit**, retain **No** to **Enable Cost tracking** to **No**, **Tariff Classification** and enable **Set/Alter Excise Details** to **Yes**

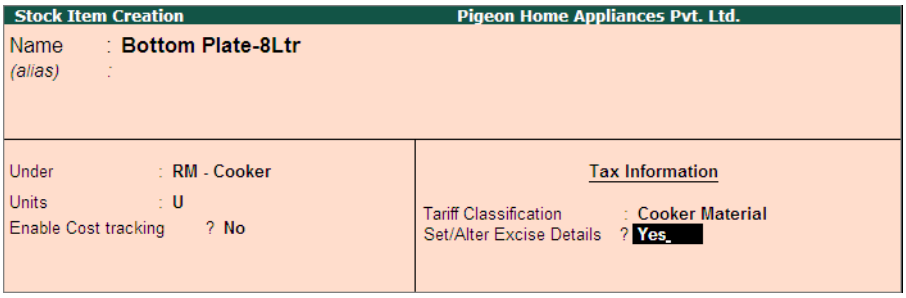


Figure 4.36 Excise Details

- In **Excise Details** screen select **Reporting UOM**, enable **Set/Alter Duty Details** to select the duties applicable for the stock item and select the **Stock Item Type**.

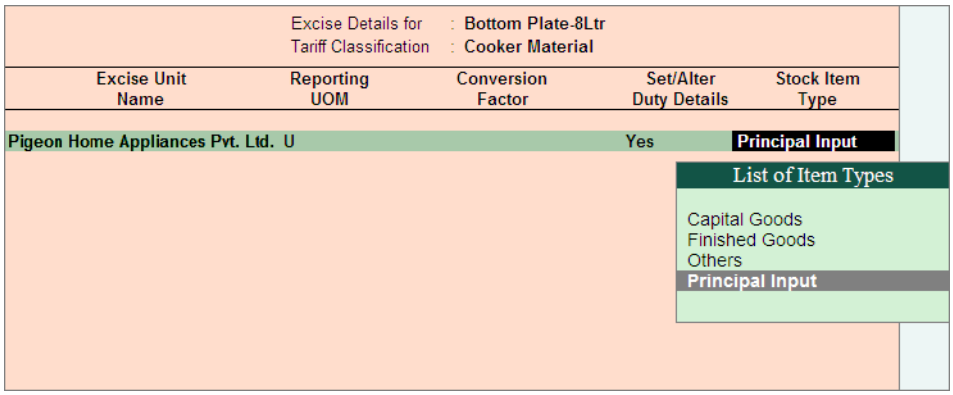


Figure 4.37 Completed Excise Details

- Press **Enter** to save.

*Similarly, create all the **Raw Materials** used in the production of Finished Goods by selecting the **Stock Item Type** as **Principal Input**.*

ii. Create Stock Items (Others - Aluminium Scrap)

- Enter the Stock Item **Name**, **Group**, **Unit**, retain **No** to **Enable Cost tracking** to **No**, **Tariff Classification** and enable **Set/Alter Excise Details** to **Yes**
- In **Excise Details** screen select **Reporting UOM**, enable **Set/Alter Duty Details** to select the duties applicable for the stock item and select the **Stock Item Type**.

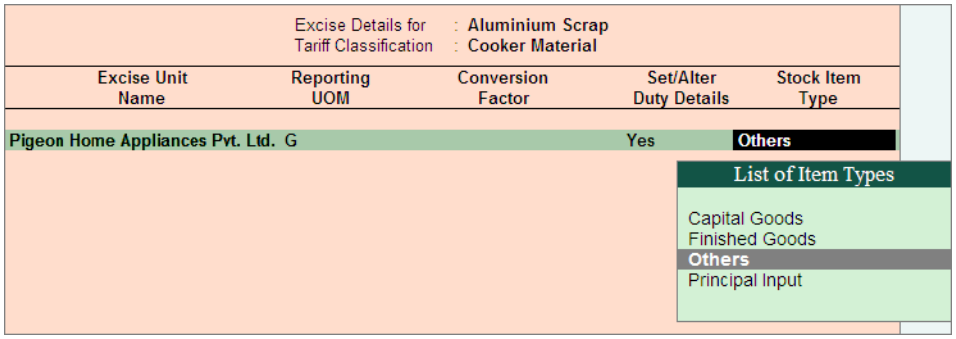


Figure 4.38 Completed Excise Details

- Press **Enter** to save.

iii. Create Stock Item (Finished Goods - Cooker 8Litre)

To create the stock item

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

- Enter the Stock Item **Name**, **Group** and **Unit**.
- Set the option **Enable Cost tracking** to **Yes**
- Select **Tariff Classification** and enable **Set/Alter Excise Details** to **Yes**
- In **Excise Details** screen select **Reporting UOM**, enable **Set/Alter Duty Details** to select the duties applicable for the stock item and select the **Stock Item Type**.

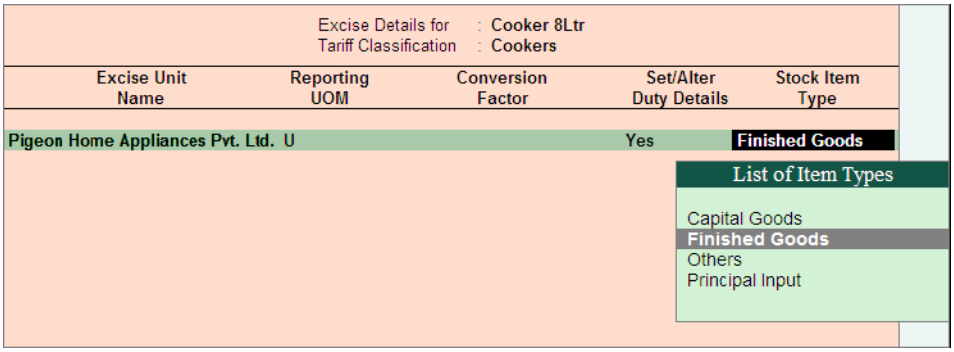


Figure 4.39 Completed Excise Details

- Press **Enter** to save.

*For complete details on Creating Excise Stock Item **Tally.ERP 9 Reference Manual (Local Help)**.*

- ***Tariff Classification**: Each and every goods manufactured or produced have to be classified for finding out the rate of duty applicable. Accordingly, Central Excise Tariff Act 1985 classifies all the goods under 91 chapters and specific code is assigned to each item. This code is called Tariff Classification code, which consists of 8 digits.*
- ***Reporting UOM**: As per Central Excise Act, all the reports relating to stock items are required to be indicated with the relevant Unit of Quantity as specified under Central Excise Tariff Act. In Tally.ERP 9 **Unit of Quantity** is termed as **Reporting UOM**.*

3. Create Godown

Tally.ERP 9 allows to create and maintain multiple Excise Units in a Single company. The excise Units created will be considered as Godowns.

When Excise feature is enabled, the other godowns required for storing the Raw Material, Finished Goods, Scrap, Our stock lying with Third Party or Third party stock lying with us needs to be created as **sub-godowns** of **Excise Unit**.

Godowns	Under	Registration Type	Our Stock with Third Party	Third Party stock with us
Raw Material Location	Pigeon Home Appliances Pvt. Ltd.	Not Applicable	No	No
Finished Goods Location	Pigeon Home Appliances Pvt. Ltd.	Not Applicable	No	No
Scrap Location	Pigeon Home Appliances Pvt. Ltd.	Not Applicable	No	No
JobWork (Out) Location	Pigeon Home Appliances Pvt. Ltd.	Not Applicable	Yes	No

i. Create Godown - Raw Material Location

Go to **Gateway of Tally > Inventory Info. > Godowns / Excise Units > Create**

- In Godown Creation screen, enter the **name** of the godown and group **Under** Excise Unit (Godown) - **Pigeon Home Appliances Pvt. Ltd**.

Figure 4.40 Selection of Excise Godown

- In **Excise Registration Type** field select **Not Applicable**. Set the options **Our stock with Third Party** and **Third Party Stock with us** to **No**.

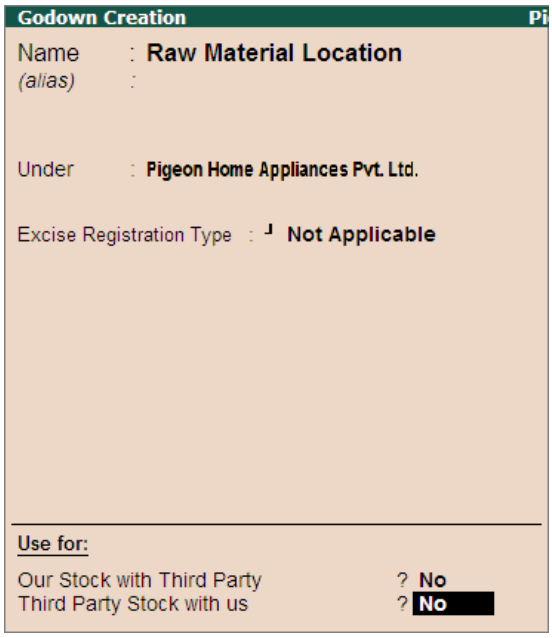


Figure 4.41 Completed Godown Creation Screen

- Press **enter** to save

Similarly, create other godown as per the details provided.

4. Alter Job Work Out Order (to enable excise)

When the JOb work order of excise stock items are given, to capture the transaction details in excise reports the Job work out orders have to be recorded in excise voucher types.

Voucher Type	Use for Excise	Default Excise Unit
Job Work Out Order	Yes	Pigeon Home Appliances Pvt. Ltd.

To alter the voucher type

Go to **Gateway of Tally > Accounting Info. > Voucher Types > Alter > Job Work Out Order**

- Tab Down to **Use for Excise** field and set this option to **Yes**
- In **Default Excise Unit** field select **Pigeon Home Appliances Pvt. Ltd.** from the List of Excise Units.

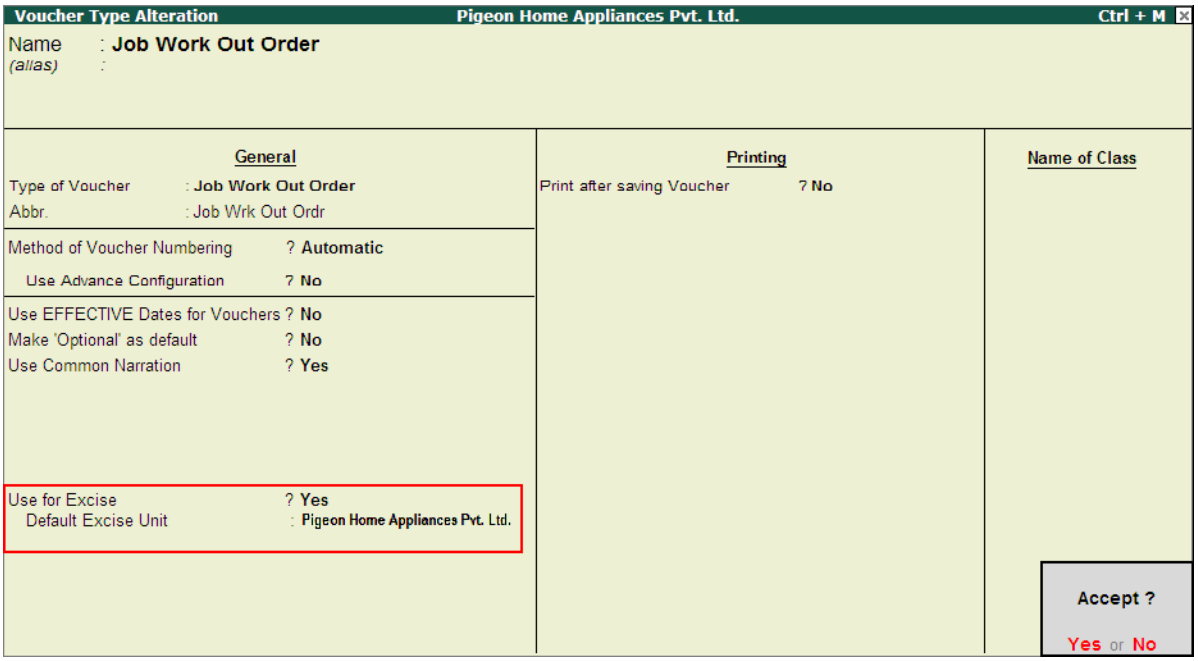


Figure 4.42 Completed Voucher Type Alteration Screen.

- Press **Enter** to save.

5. Create Voucher Types

In Tally.ERP 9, when the excise stock items are sent out for Job work, such transfer out have to be recorded in excise Voucher types to generate annexures and to get the transaction details captured in Excise Reports.

Voucher Type	Under	Use for Job Work	Use for Job Work In	Allow Consump-tion	Use for Excise	Default Excise Unit
Material Out (RM)	Material Out	Yes	–	–	Yes	Pigeon Home Appliances Pvt. Ltd.
Material In (FG)	Material In	Yes	–	Yes	Yes	Pigeon Home Appliances Pvt. Ltd.

i. Create Voucher Type - Material Out (RM)

Go to **Gateway of Tally > Inventory Info. > Voucher Types > Create**

Create the voucher type as shown

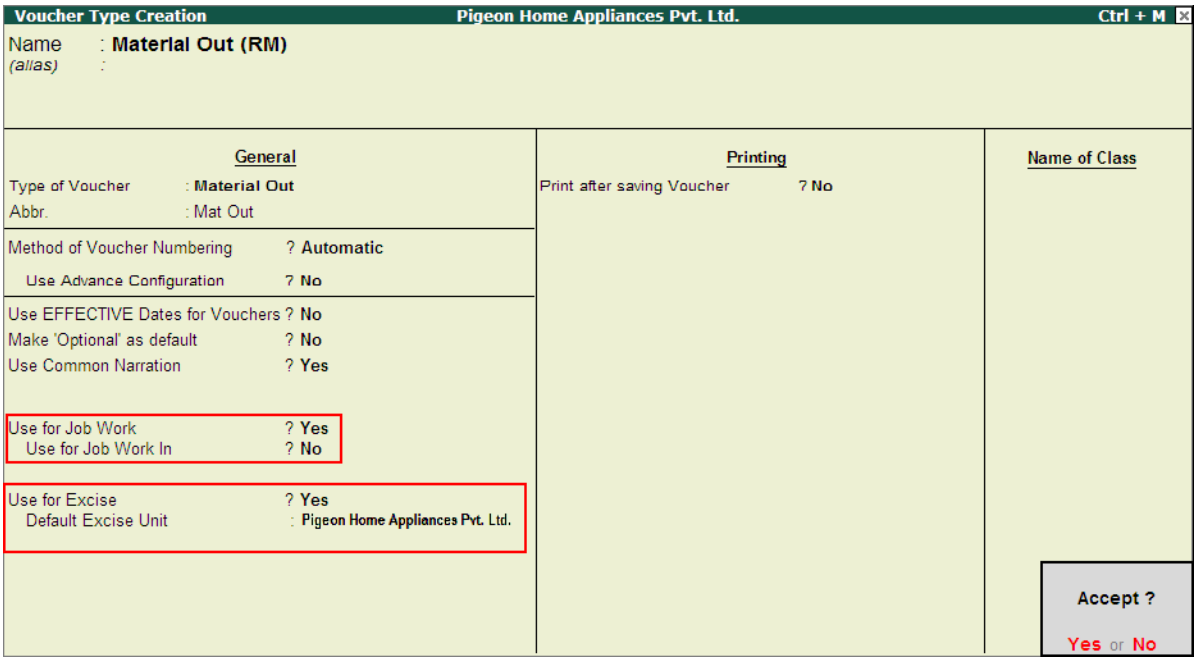


Figure 4.43 Completed Material Transfer Out Voucher Type

Similarly, create **Material In (FG)** Voucher Type.

4.6 Job Work Out Order (for Excise Stock Item)

Example 7:

*On 6-11-2010, Pegion Home appliances delegated the Job of Manufacture of **150** nos of 8Litre Cooker to TSM Manufacturers.To manufacture 8 Litre Cookers following Raw Materials will be supplied by Pegion Home appliances.*

Raw Materials	***Quantity***
Bottom Plate-8Ltr	*150 (Nos)*
Lid Aluminium Plate-8 Ltr	*150 (Nos)*
Handle (8 Ltr)	*300 (Nos)*
Packing Box (8 Ltr)	*150 (Nos)*
Hand Book	*150 (Nos)*

The following scrap produced will be returned to the Principal Manufacturer

Scrap	***Quantity***
Aluminium Scrap	*7500 (Gm)*

Record the Transaction in Job Work Out Order

To record the Job Work Out Order

Go to **Gateway of Tally > Order Vouchers > J: Job Work Out Order**

1. Enter the **Date** as **6-11-2010**
2. **Party A/C Name**: In this field select the **Job Worker ledger** on whom the Job Work Out Order is raised. E.g. **TSM Manufacturers**.
3. In **Party Details** screen, under **Process Instruction** section specify the duration of Process and Nature of Process to be carried out.
   - **Duration of Process**: In this field enter the duration of the manufacture of finished goods. i.e. within how many days/months etc. the process to be completed and finished goods to be delivered.
   - **Nature of Processing**: In this field specify the details of nature of process (process Instruction) to be carried out to manufacture the expected finished goods.

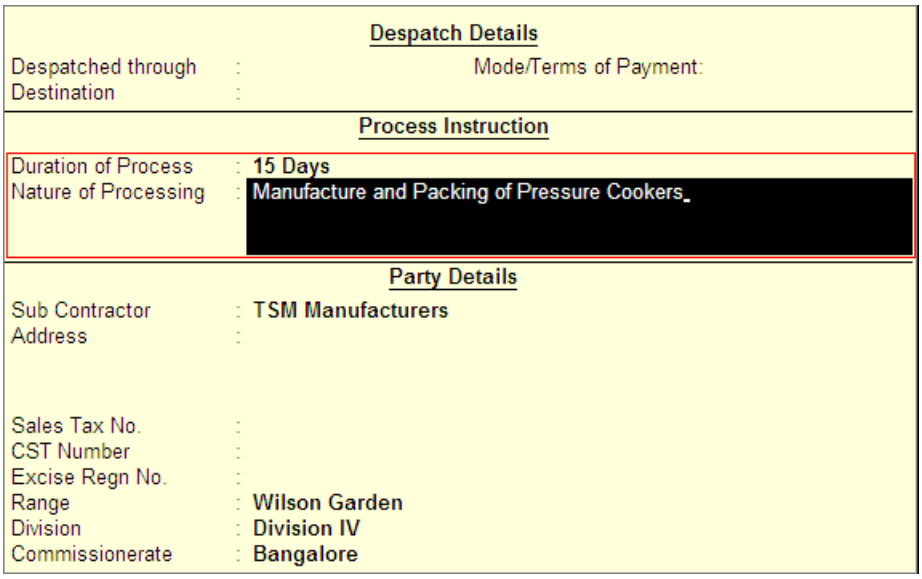


Figure 4.44 Party Details with Duration and Nature of Processing

*The **Party Details** screen will be displayed while recording Job Work Order only if the option **Accept Supplementary Details** option is set to **Yes** in **Job Work Out Order** Configuration.*

*Providing details in **Duration Of Process** and **Nature of Processing** in Job Work Out Order is not Mandatory. However while **transferring the goods** to the **Job Worker** it is must to define the **Duration of Process** and **Nature of Processing**.*

*When material transfer out are recorded by tracking the Job work Out Order then **Duration** and **Nature of Processing** details will get captured automatically.*

- Press **Enter** to accept the party details screen.

4. **Order No**: In this field enter the Job Work Out Order Number. E.g. **Job Ex - 001**
5. **Name of Item**: In this field select the stock Item i.e. **Finished Goods** to be manufactured by the Job Worker. E.g. **Cooker 8 Litre**. Press **Enter** to view Stock Item Allocations screen
6. In **Stock Item Allocation** screen
   - **Item Allocation for**: By default the stock Item selected in the Job Work Out Order will be displayed, indicating that the item allocation is for the selected item.
   - **For Order Number**: By default the Job order specified in the Job Work Out Order will be displayed indicating that the item allocation is for the job order specified.
   - **Track Components**: By default this field will be set to **Yes**. If the Principal Manufacturer wants to **track the raw materials** used in the manufacture of finished goods retain the Setting as **Yes**.

*In case the Manufacturer does not want to track the Raw materials then set the option **Track Components** to **No**. When this option is set to **No**, Tally.ERP 9 will not display the **Component Allocation** Screen.*

   - **Due On**: In this specify the **Date on** which the **delivery of Finished Goods** is **due**. In this case pegion Home appliances has accepted the manufacturing Duration of 15 Days. Hence the 150 Nos of **Cooker 8 Litre** will be due on **22-10-20110**
   - **Godown**: In this field select the **Godown** where the **finished goods** will be **stored** on Receipt of the same from the job Worker. E.g. **Finished Goods Location**
   - **Quantity**: Specify the **Quantity** of finished goods to be received from the Job Worker. E.g. **150 U**.

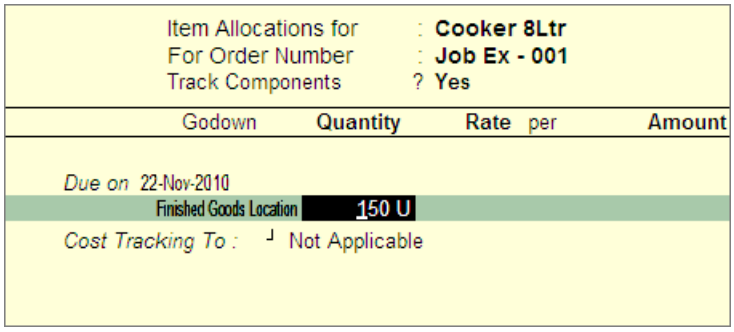


Figure 4.45 Stock Item Allocation Screen

7. Press enter from **Quantity** field to view **Components Allocation** screen
8. In **Components Allocation** Screen

*Component Allocation screen will be displayed only when the option **Track Components** is set to **Yes** in **Stock Item Allocation** screen.*

*The **Finished goods** for which **Job Work** order is raised does not have the **Bill of Material (BOM)** then in **Component Allocation** screen, Tally.ERP 9 will skip **Fill Component using** field and cursor will be displayed in **Name of Item** field indicating that the **Raw Materials** required for the manufacture of Finished goods has to be selected from the **List of Stock Items**.*

- **Name of Item**: Select the Raw materials required to manufacture the finished Goods. E.g. **Bottom Plate-8Ltr**
- **Track**: In this field select **Pending to Issue** from the **Type of Component** list as the Raw materials are pending for issue to the Job Worker.

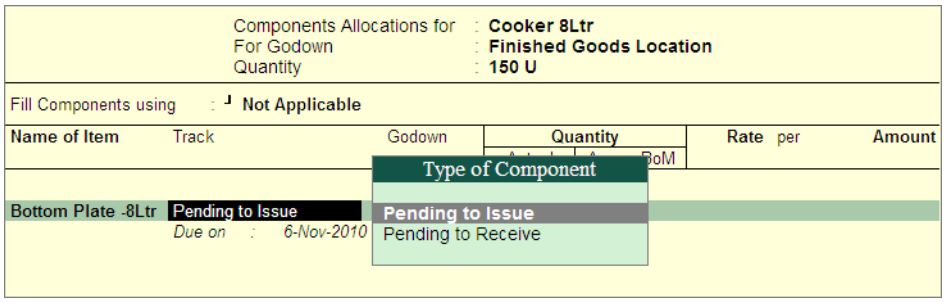


Figure 4.46 Selection of Tracking

- **Due on**: In this field specify the date on which the Raw materials will be delivered to the Job Worker Location. By default the **Voucher Date** will be displayed in this filed. if the Delivery Date is different than the voucher date specify the correct Due on date. Here, Pegion Home Appliances is delivering the Raw materials on **7-11-2011**.
- **Godown**: In this field select the godown from where the Raw materials will be delivered to the Job Worker.
- **Quantity (Actual)**: In this section specify the **Quantity** of Raw material to be issued.

*Cursor will not move to **As per BOM** field when the BOM is not selected in **Fill Component using** field*

- **Rate**: In this field specify the **Rate** of **Raw material** consumed for the manufacture of finished goods.
- Similarly, select **all** the **Raw materials** to be issued towards the Job work Out Order.

- In the process of Manufacture of **Cooker 8Litre**, Aluminium Scrap is produced. Under **Name of Item** select **Aluminium Scrap** and in **Track** field select **Pending to Receive** as the scrap has to be received form the Job Worker along with the Finished goods.

*While recording the **Job Work Out Order** users can also track the **Scrap, By-Products or Co-products** produced during the manufacture of **Finished goods**.*

- In **Due On** field specify the Date on which the scrap will be received, Here, principal manufacturer is receiving the scrap along with the Finished Goods on **22-11-2011**.
- In **Godown** field select the Godown where the scrap will be stored.E.g Scrap Godown
- In **Quantity** (**Actual**) field specify the **Quantity** of scrap to be received. e.g. 10,000 Gm

The completed Components Allocation screen is displayed as shown

Components Allocations for : **Cooker 8Ltr**
For Godown : **Finished Goods Location**
Quantity : **150 U**

Fill Components using : **Not Applicable**

Name of Item	Track	Godown	Quantity Actual	Quantity As per BoM	Rate	per	Amount
Bottom Plate -8Ltr	Pending to Issue		**150 U**				
	Due on : 7-Nov-2010	Raw Material Location	150 U		950.00	U	1,42,500.00
Lid Aluminium Plate-8 Ltr	Pending to Issue		**150 U**				
	Due on : 7-Nov-2010	Raw Material Location	150 U		725.00	U	1,08,750.00
Hand Book	Pending to Issue		**150 U**				
	Due on : 7-Nov-2010	Raw Material Location	150 U		15.00	U	2,250.00
Handle (8 Ltr)	Pending to Issue		**300 U**				
	Due on : 7-Nov-2010	Raw Material Location	300 U		40.00	U	12,000.00
Packing Box (8 Ltr)	Pending to Issue		**150 U**				
	Due on : 7-Nov-2010	Raw Material Location	150 U		30.00	U	4,500.00
Aluminium Scrap	Pending to Receive		**7,500 G**				
	Due on : 22-Nov-2010	Scrap Location	7,500 G		0.03	G	225.00

Figure 4.47 Completed Component Allocation Screen

9. Press **Enter** to accept the Component Allocation screen and to view Stock Item Allocation screen

10. In **Stock item Allocation** screen

- **Rate**: In this field specify the Rate of Finished goods. E.g. **1760**
- **Amount**: Will be calculated and displayed automatically.
- In **Cost Tracking To** field select/ create the new Cost tracking Number

The completed Stock Item Allocation screen is displayed as shown

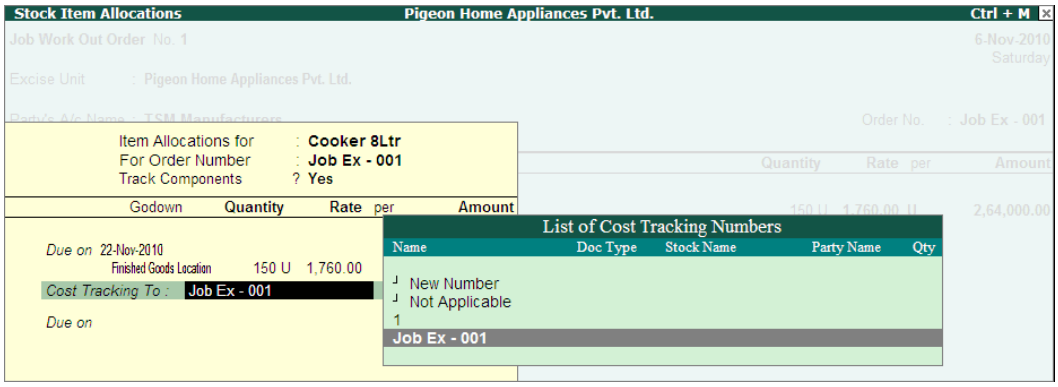


Figure 4.48 Completed Item Allocation Screen

11.Press **Enter** to save the **Stock Item Allocation** screen.

The completed Job Work Out Order is displayed as shown

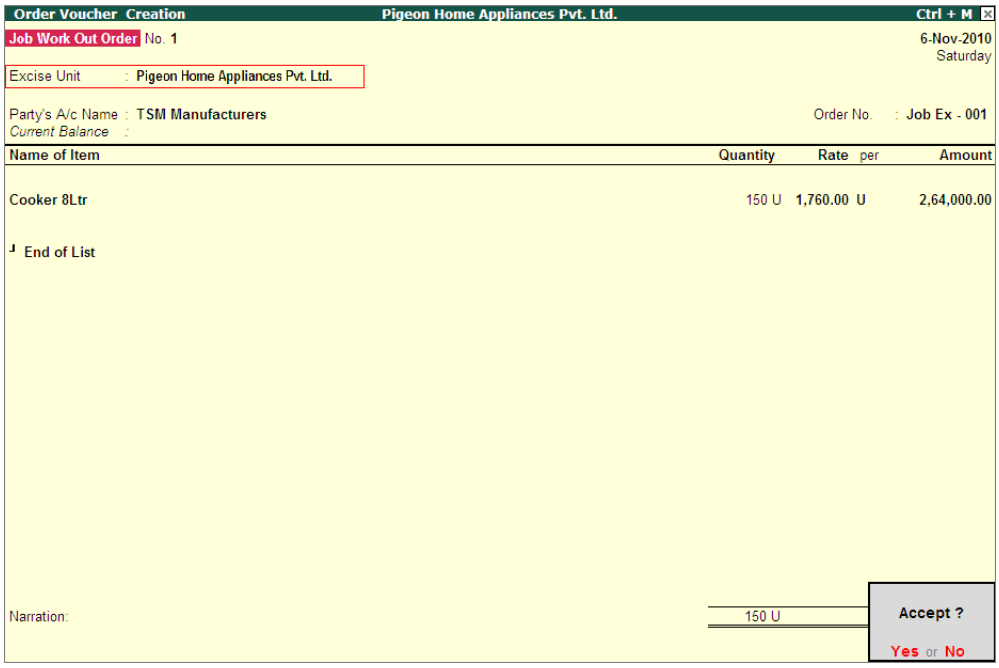


Figure 4.49 Completed Job Work Out Order

12.Press **Enter** to save.

The details of Job Work Out Order details can be viewed in **Job Work Out Order Book**

To view the **Job Work Out Order Book**

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Job Work Out Order Book**

4.7 Transfer of Material towards a Job Order

On raising a job work order, principal Manufacturer has to deliver the Raw materials based on the delivery date agreed upon.

As per CENVAT Rule, Cenvat credit can be availed on materials sent for job work, if the goods have been received back in the factory within **180 days**. To avail CENVAT credit Manufacturer has to prove from the records, challans or memos or any other document that the goods are received with in 180 days.

To prove through the documents, excise law has made mandatory to send the goods to Job Work by raising **Annexure II**.

Number of Annexure II copies

The Annexure II shall be prepared in triplicate:

- The original copy being marked as **Original** for Job Worker
- The duplicate copy being marked as **Duplicate** for Job Worker
- The triplicate copy being marked as **Triplicate** for Principal Manufacturer

The above requirement is mainly for Central Excise purposes. However, the assessee may make more than three copies for his other requirements.

After filling the details of processing, Job Worker will retain a copy of the Annexure II and another copy will be returned to the Principal Manufacturer along with the Finished goods

In Tally.ERP 9 the Material transfers to the Job Workers can be recorded using **Material Transfer Out** vouchers.

Example 8:

*On 7-11-2010, Pegion Home Appliances transferred the stock to TSM Manufacturers towards the Job Oder - **Job EX - 001** raised on **6-11-2010**. Materials are transferred along with Annexure II.*

Record the transaction in Material Transfer Out Voucher

Go to **Gateway of Tally > Inventory Vouchers > J: Material Out**

1. In **Change Voucher Type** screen select **Material Out (RM)** from the List of Types

*Here, Pegion Home Appliances is using **Material Transfer Out (RM)** voucher type as it is transferring the Raw materials out to the Job worker.*

2. Enter the **Date** as **7-11-2010**

3. **Party A/C Name**: In this field select the **Job Worker ledger** to whom the material to be transferred. E.g. **TSM Manufacturers**. Press Enter to view Party Details screen
4. In **Party Details** screen
5. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the Raw materials are transferred.

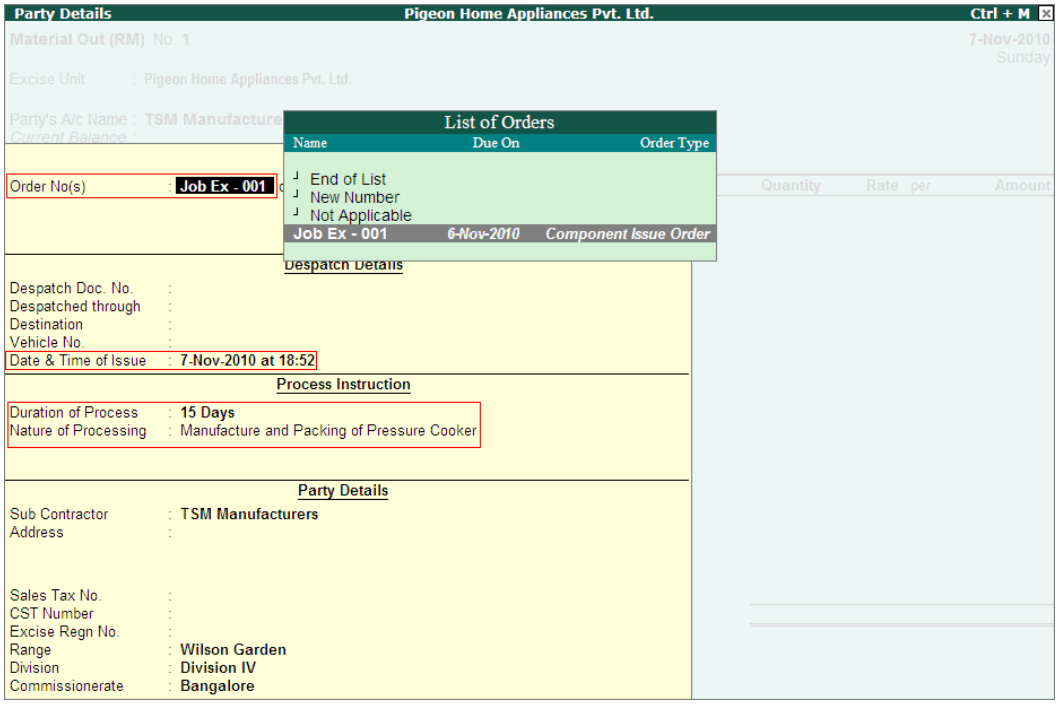


Figure 4.50 Selection of Job Order

- **Date & Time of Issue**: In this field by default the voucher date and System time will be displayed as the **Date and Time of Issue**.

- *The **Order Type** in **List of Orders** will be displayed as **Component Issue Order** indicating that this order is selected for issue of components.*
- *Providing details in **Duration of Process** and **Nature of Processing** is **mandatory** if the manufacturer is registered under excise. Because cenvat rule has clearly mentioned that a excise manufacturer can avail cenvat credit on the goods sent for Job Work if the goods are received back in the factory with in 180 days.*
- *Rules also makes it clear that to avail the credit manufacturer has to establish from **records, challans or memos or any other document** that the goods are received back with in 180 days. Hence **Date & Time of Issue** details are captured.*

***Date & Time of issue** will get captured in **Annexure II**.*

6. Under **Name of Item** the stock items will be auto-filled based on the **Job Order** selected.

7. **Destination Godown**: In this field select the godown to where the stock are transferred. select the godown created to account the stock items lying with the third party. E.g. **Job Work (Out) Location**.

The completed Material Transfer Out Voucher is displayed as shown

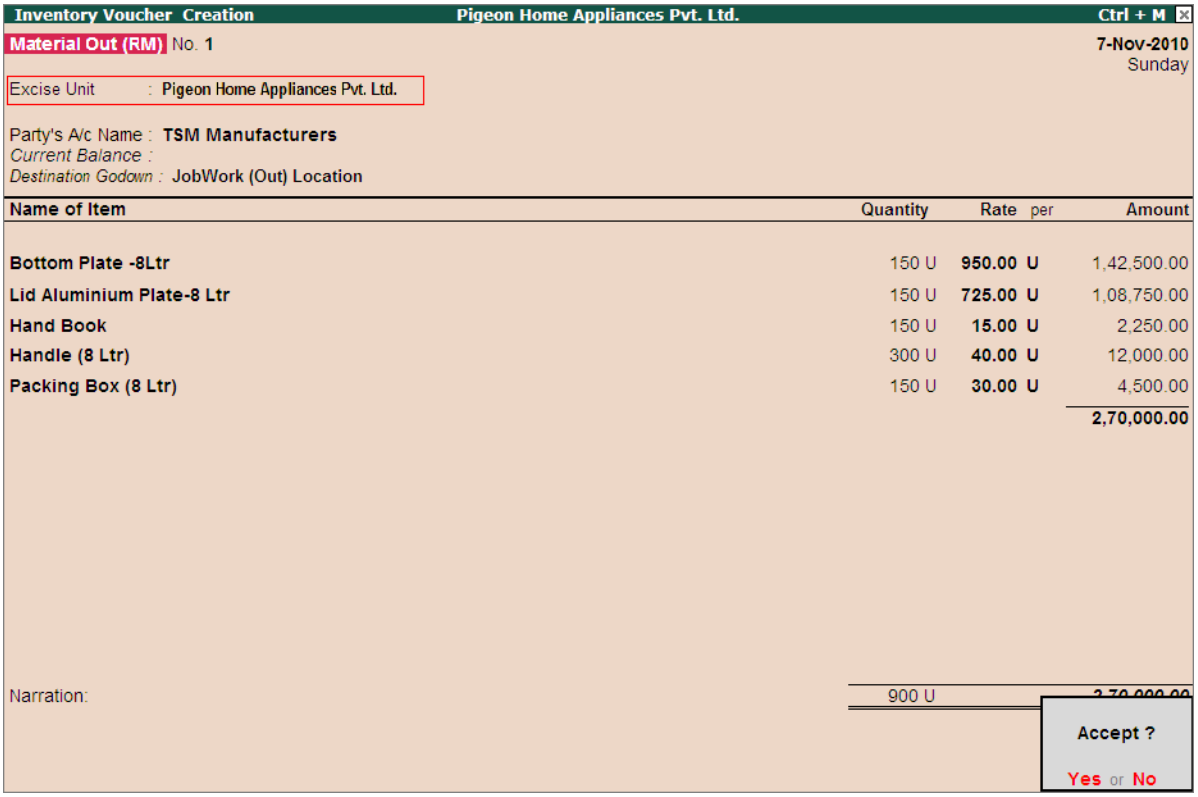


Figure 4.51 Completed Material Transfer Out Voucher

Observe, Tally.ERP 9 displays only the Raw material required to be transferred to the Job Worker. For Job Order **Job EX - 001** we have identified that during manufacturing process Aluminium Scrap will be produced, which is not auto filled for material transfer.

8. Press **Enter** to save.

Generate Annexure II

Material are transferred to Job Worker along with Annexure II. In Tally.ERP 9 users can generate Annexure II (Material Transfer Out Challan) from Material Transfer Out Voucher.

To print Annexure II

- Press **PageUp** to go back to Material Transfer Out voucher entry
- Click on **Print** button or Press **Alt + P** from the Material Transfer Out voucher to view the **Voucher Printing** screen
- Press **12: Configure** to view **Material Out Printing Configuration** screen

- Set the option **Print as Annexure II** to **Yes**

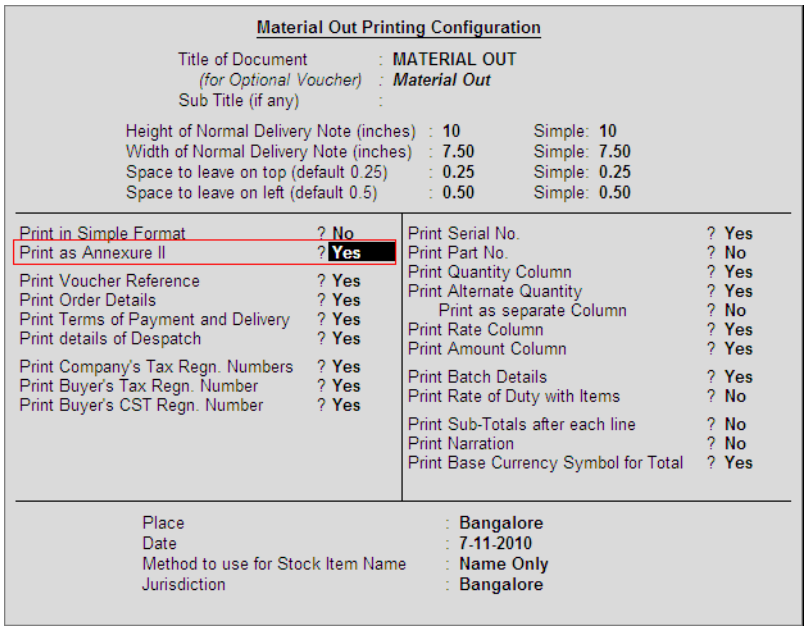


Figure 4.52 Completed Material Out Printing Configuration

*To view the Material Transfer Out Challan in a preview mode, click on **I: With Preview** button or press **Alt+I**.*

- Press **Enter** to accept the **Voucher Printing** sub screen and to display the Material Transfer Out Challan in Print Preview mode.
- Click **Zoom** or Press **Alt+Z** to view the Material Transfer Out Challan

The Print preview of Material Transfer Out Challan is displayed as shown

ANNEXURE II

Challan Under rule 4 (5) (a) of CENVAT Credit Rules, 2004

Challan for movement of inputs or partially processed goods under Rule 4(5)(a)/(b) of CENVAT Credit Rules 2004 or notification No.214/86 Dt 25-3-86 from one factory to another factory for further processing/operation and subsequent return to the parent factory.

Pigeon Home Appliances Pvt. Ltd.
 # 6, 6th Corss, Sampangirama Nagar, Wilson Garden, Bangalore
Phone : 080-41499222

Excise Regn No.: **ASEDT4582AXM001**

Range : **Wilson Garden / 03 / # 3, Brigade Palza, Koramangala, Bangalore**
Division : **Division IV / 04 / # 5, Brigade Plaza, Koramangala, Bangalore**
Commissionerate : **Bangalore / 09 / # 01, Utility Building, Queens Road, Bangalore**

Name of the Processor	Challan No. / Document No.	Dated
TSM Manufacturers	**1**	**7-Nov-2010**
	Issuer's Order No.	Dated
Range : **Wilson Garden**	**Job Ex - 001**	**6-Nov-2010**
Division : **Division IV**	Despatch Document No.	Despatched through
Commissionerate : **Bangalore**	Motor Vehicle No.	Destination
	Date & Time of issue	Duration of Process
	7-Nov-2010 at 18:52	**15 Days**
	Terms of Delivery	Nature of Processing required
		Manufacture and Packing of Pressure Cooker

Sl No.	Description of Goods	Tariff / HSN Classification	Quantity	Rate	per	Amount
1	Bottom Plate -8Ltr	45879963	150 U	950.00	U	1,42,500.00
2	Lid Aluminium Plate-8 Ltr	45879963	150 U	725.00	U	1,08,750.00
3	Hand Book	45879963	150 U	15.00	U	2,250.00
4	Handle (8 Ltr)	45879963	300 U	40.00	U	12,000.00
5	Packing Box (8 Ltr)	45879963	150 U	30.00	U	4,500.00
	Total		**900 U**			**₹ 2,70,000.00**

Estimated Value of Goods (in words) : **INR Two Lakh Seventy Thousand Only**

Place: **Bangalore**
Date : **7-Nov-2010**

Signature of Supplier/Manufacturer/Authorised Signatory

To be filled by the Processing Factory in Original and Duplicate Challans

1. Date & Time of Despatch of Finished Goods to Parent Factory / Another Manufacturer and Entry No. and Date of Receipt in the Account in the Processing Factory or	
2. Date & Time of Despatch of Finished Goods without payment of duty for export under bond or on payment of duty for export on payment of duty for home consumption. Invoice No. Quantum of duty Paid (Both Figure & Words)	
3. Quantity Despatched (Nos/Weight/Litre/Meter and Entered in Account	
4. Nature of Processing / Manufacturing done	
5. Quantity of Waste Material Returned to the Parent Factory or cleared for home consumption. Invoice No. & Date, Quantum of duty paid (Both in Figures & Words)	
6. Value/Amount Cleared in the Job Work / Processing.	

Certified that I/We have received the goods under his challan and the same has been accounted for in the Accounts Book.

Name & Address of the Factory
Date :

Signature of the Processor

SUBJECT TO BANGALORE JURISDICTION

Figure 4.53 Print Preview of Annexure II

*In Annexure II, **To be filled by the Processing Factory in Original & Duplicate Challan** section will be filled by the Job worker and returned to the Principal Manufacturer along with the Finished Goods.*

*If the Principal Manufacturer has agreed for delivery of Finished goods in instalments, then Job worker has to mention the **date** and **time** of **delivery each instalment** and **return** the **Annexure II** when the last instalment is delivered.*

Even though the goods are transferred **physically** from principal manufacturer location to Job Worker location, **ownership** on the goods is still with the Principal Manufacturer. Hence in the books of accounts of Principal Manufacturer the Value or the Quantity of the goods transferred are not reduced.

4.8 Receipt of Finished Goods against a Job Order

On transferring the Raw materials, Job Worker will undertake the processing as defined by the Principal Manufacturers. On completing the manufacture of agreed goods the same will be delivered to the Principal manufacturer

In Tally.ERP 9 the Material Receipts (Finished Goods/ scrap etc.) from the Job Workers can be recorded using **Material In** vouchers.

under this we will learn to record material transfer In transactions.

Example 9:

*On 22-11-2010 Pegion Home Appliances received the following Finished goods and Scrap of Job work order **Job-001** from **TSM Manufacturers**.*

Materials Received	***Quantity***
Cooker 8Litre	*150 (Nos)*
Aluminium Scrap	*7500 (GM)*

Record the transaction in Material Transfer In Voucher

Go to **Gateway of Tally > Inventory Vouchers > W: Material Transfer In**

1. In **Change Voucher Type** screen select **Material Transfer In (FG)** from the List of Types

*Here, Pegion Home Appliances is using **Material Transfer In (FG)** voucher type to account the receipt of Finished Goods and Scrap by auto consuming the Raw materials (used in the manufacture)*

1. Enter the **Date** as **22-11-2010**
2. **Party A/C Name**: In this field select the **Job Worker ledger** from whom the Finished goods is received.E.g. **TSM Manufacturers**. Press Enter to view Party Details screen
3. In **Party Details** screen
4. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the finished goods are received
5. Under **Party's Document Details**, in **Challan Number** field enter the delivery challan number through which the finished goods are delivered and mention the challan date.

   Challan Number and **Challan date** details will be captured in **Material Movement Register**

Figure 4.54 Selection of Job Order

*The **Order Type** in **List of Orders** will be displayed as **Material Receipt Order** indicating that this order is selected to account the receipt of Finished Goods.*

6. Under **Name of Item** the stock items (Finished Goods/Scrap/Co-product/By-product) will be auto-filled based on the **Job Order** selected.
7. **Consumption Godown**: In this field select the godown from where the goods are consumed to manufacture the Finished Goods. In this field select the Job worker location. E.g. **Job Work (Out) Location**.

*If **Consumption Godown** is not selected the components will not be auto consumed even when the option **Allow Consumption** is enabled for the Voucher type. Hence selection of Consumption Godown is mandatory.*

7. Select the stock Item - **Cooker 8Ltr** and press enter to view Item Allocation screen
8. In **Stock Item Allocation** screen,
   - Set the option **Consider as Primary Item** to **Yes** if you want to track the cost of raw materials consumed to the primary Item. Here the cost of Raw materials consumed in this voucher are tracked against the **Cooker 8Ltr**.

- *Setting the option **Consider as Primary Item** is **mandatory** to consume the Components to the **extent of Finished Goods** received.*
- *On setting the option **Consider as Primary Item** for a stock item to which Cost tracking is enabled, **Cost Tracking To** field will be displayed in Item allocation screen*

   - In **BOM Name** field select **Not Applicable**.

*When a stock item is considered as **Primary Item**, application skips the **Consider as Scrap** field.*

   - Order No **Job -001, Godown, Quantity, Rate** and **Amount** of the item will be displayed. accept the default details
   - In **Cost Tracking To** field select the Cost Tracking Number **Job Ex - 001** to which cost needs to be tracked.

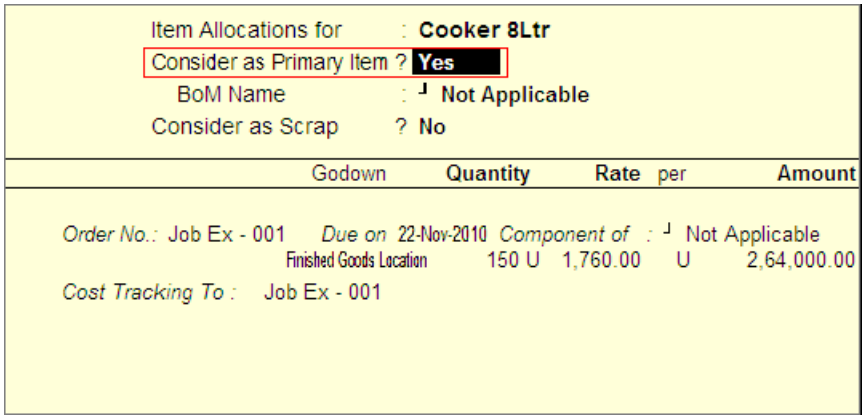


Figure 4.55 Completed Stock Item Allocation Screen

__Consider as Primary Item__, __BOM Name__ and __Consider as Scrap__ options can also be used to account the __receipt of Finished goods__ and __Scrap__ received form __Job Worker directly in Material In__ voucher type, where the principal manufacturer has not followed the standard procedure of raising __Job Work Out Order, Material Out__ and then __Material In__ to account the receipt.

iii. ***Consider as Primary Item**: Set this option to **Yes** for a Stock Item to account the goods received as Finished Goods*

iv. ***BoM Name**: If any item is considered as **Primary Item** received from the Job Worker, to consume the Raw Materials from the books of accounts user can select the BOM (component list) based on which the components will be considered for consumption.*

v. ***Consider as Scrap**: Set this option to **Yes** for a stock item if the material received is scrap.*

9. Select the stock item - **Aluminium Scrap**. Set the option **Consider as Scrap** to **Yes**. In **Rate** field specify **0.03**. **Amount** will be calculated and displayed.

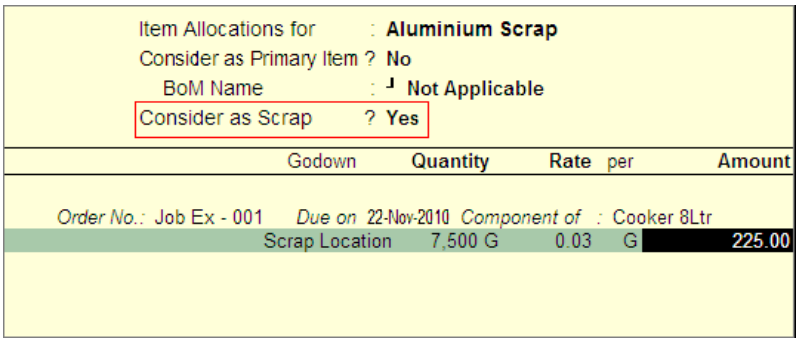


Figure 4.56 Completed Stock Item Allocation Screen

10. The option **Enter Consumption Details** by default will be set to **Yes** and indicates that the consumption of Raw materials to manufacture the finished goods is **Auto Consumption**. Cursor will **skip** the filed.

The completed Material In voucher is displayed as shown

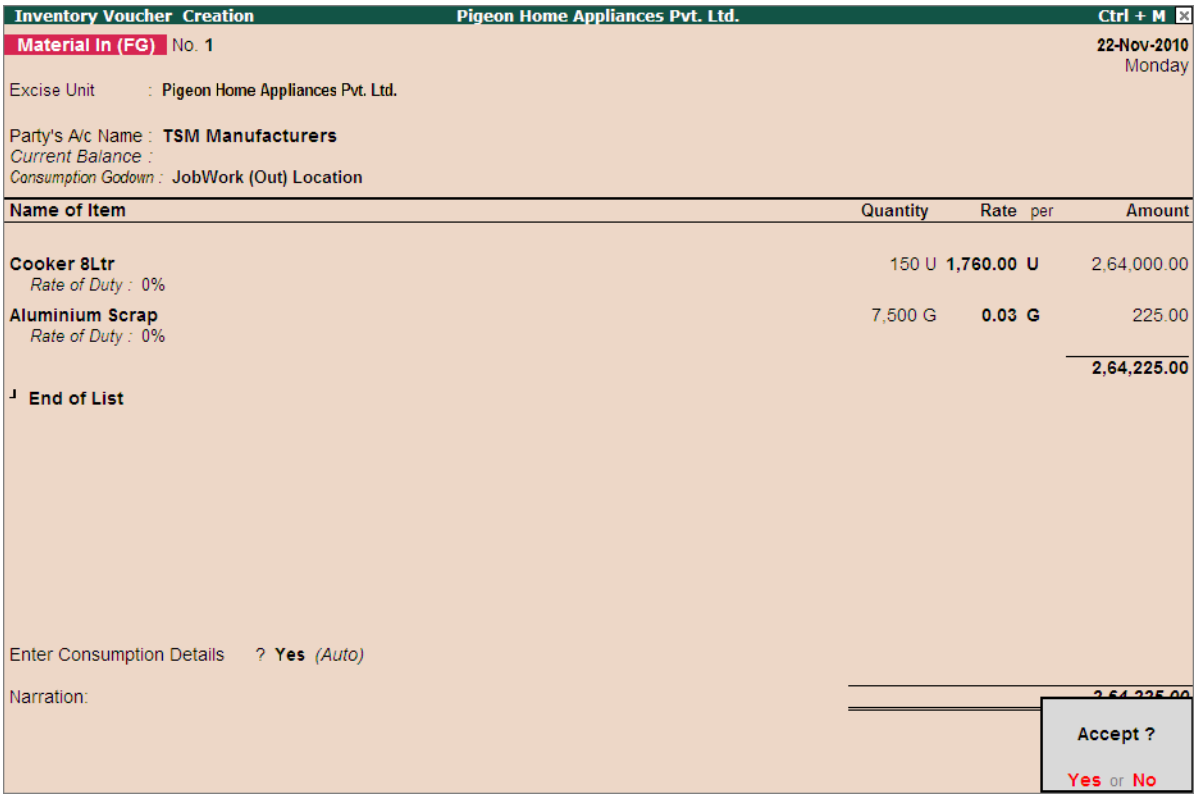
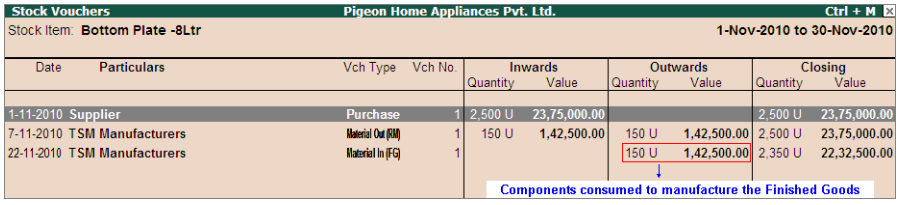


Figure 4.57 Completed Material Transfer Out Voucher

11.Press **Enter** to save.

*To check the details of **auto consumption** of raw materials you can check the **Stock Summary** report*

*We will take the Component - **Bottom Plate 8Ltr** to view the details*



Lesson 6: Job Work In Transactions

Lesson Objectives

On completion of this lesson, you will learn to

- Record Job Work In Order Transactions
- Record Material Transfer In Transactions
- Record Material Transfer Out Transactions
- Record Sales Invoice for the Job Work In
- Receipt of Payment form the Principal Manufacturer

This lesson is divided into **Two** parts

1. **Part I – Recording Job Work In Transactions (Excise Not Applicable)**
2. **Part II – Recording Job Work In Transactions (Excise Applicable)**

Part – I

Recording Job Work In Transactions (Excise Not Applicable)

In this section we shall emphasis on understanding how Tally.ERP 9's Job Work feature can be effectively used to record Job Work In transactions where excise is not applicable.

Let us take the example of Pegion Home Appliances (Created and Job Work enabled, as discussed in the earlier chapter) to record Job Work In transactions such as

- Job Work In Order
- Material In
- Transfer of Own Consumption Goods
- Manufacture of Finished Goods
- Material Out
- Sales Invoice for the Job Work
- Receipt of payment from the Principal Manufacturer

In Tally.ERP 9, you can account Job Work transaction in **Job Work In Order, Material In** and **Material Out Vouchers**, as required.

6.1 Job Work In Order

In case of Job Work In Order, Job Worker receives the Job Order with the details of **Finished Goods to be manufactured,** expected **Quantity** of Finished Goods, Raw material to be supplied by the Principal Manufacturer, Date of Delivery of Raw Materials (if delivered in instalments) etc.

In Tally.ERP 9 users can record Job Work In Orders using **Job Work In Order** voucher.

Example 1:

*On 8-11-2010, Pegion Home appliances received Job Order from Raj Home Appliances to manufacturer **300** nos of 8Litre Cooker.To manufacture of 8 Litre Cookers following Raw Materials will be supplied by Raj Home Appliances.*

Raw Materials	***Quantity***
Bottom Plate-8Ltr	*300 (Nos)*
Lid Aluminium Plate-8 Ltr	*300 (Nos)*
Handle (8 Ltr)	*800 (Nos)*
Packing Box (8 Ltr)	*300 (Nos)*
Hand Book	*300 (Nos)*

The following scrap produced will be returned to the Principal Manufacturer

Scrap	Quantity
Aluminium Scrap	15000 (Gm)

Record the Transaction in Job Work In Order

To record the Job Work In Order

Go to **Gateway of Tally > Order Vouchers > W: Job Work In Order**

1. Enter the **Date** as **8-11-2010**
2. **Party A/C Name**: In this field select the **Principal Manufacturer ledger** from whom the Job Work In Order received. E.g. **Raj Home Appliances**.
3. In **Party Details** screen, under **Process Instruction** section specify the duration of Process and Nature of Process to be carried out.
   - **Duration of Process**: In this field enter the duration of the manufacture of finished goods. i.e. within how many days/months etc. the process to be completed and goods to be delivered.
   - **Nature of Processing**: In this field specify the details of nature of process (process Instruction) to be carried out to manufacture the expected finished goods.

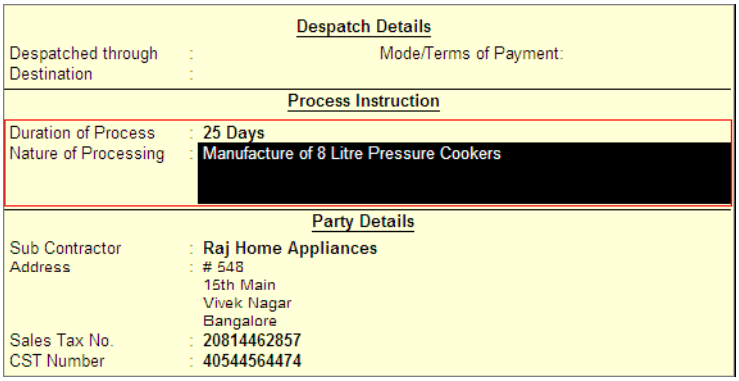


Figure 4.1 Party Details with Duration and Nature of Processing

*The **Party Details** screen will be displayed while recording Job Work Order only if the option **Accept Supplementary Details** option is set to **Yes** in **Job Work Out Order** Configuration.*

*Providing details in **Duration Of Process** and **Nature of Processing** in Job Work In Order is **Mandatory**.*

- Press **Enter** to accept the party details screen.

4. **Order No**: In this field enter the Job Work In Order Number. E.g. **JobIn - 001**

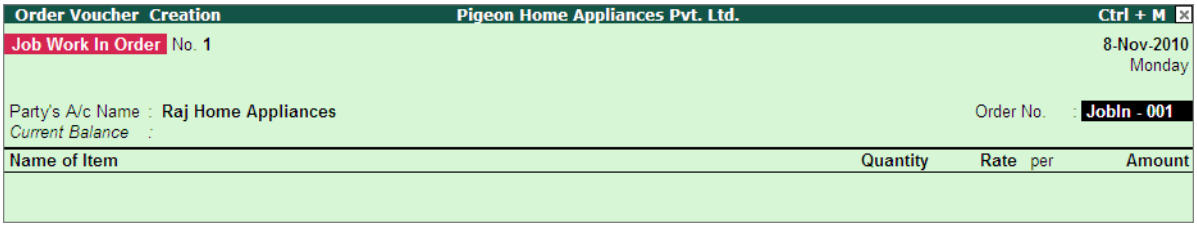


Figure 4.2 Specifying Job Order Number

5. **Name of Item**: In this field select the stock Item i.e. **Finished Goods** to be manufactured. E.g. **Cooker 8 Litre**. Press **Enter** to view Stock Item Allocations screen

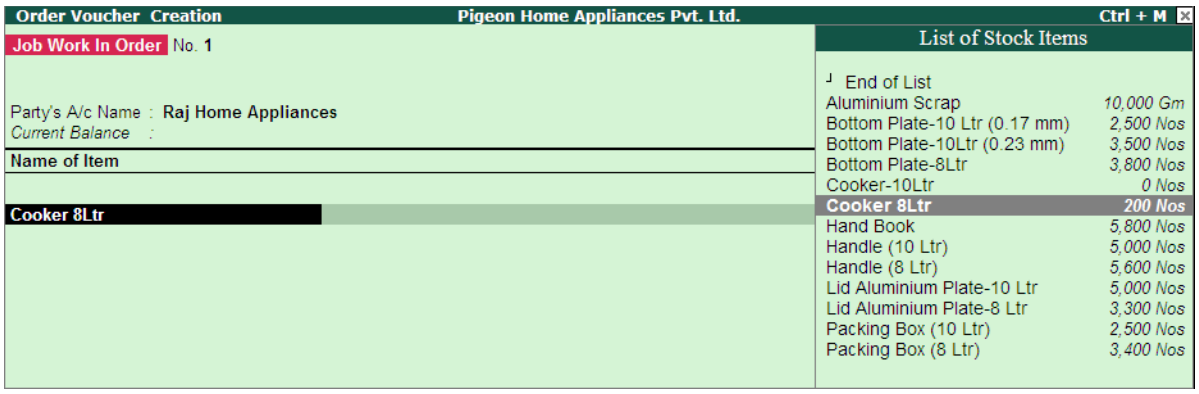


Figure 4.3 Selection of Finished Goods

6. In **Stock Item Allocation** screen
   - **Item Allocation for**: By default the stock Item selected in the Job Work Out Order will be displayed, indicating that the item allocation is for the selected item.
   - **For Order Number**: By default the Job order specified in the Job Work Out Order will be displayed indicating that the item allocation is for the job order specified.
   - **Track Components**: By default this field will be set to **Yes**. If the **Job Worker** wants to **track the raw materials** used in the manufacture of finished goods retain the Setting as **Yes**.

*In case the Job Worker does not want to track the Raw materials then set the option **Track Components** to **No**. When this option is set to **No**, Tally.ERP 9 will not display the **Component Allocation** Screen.*

- **Due On**: In this field specify the **Date on** which the **delivery of Finished Goods** is **due**. In this case Raj Home Appliances has accepted the manufacturing Duration of 45 Days. Hence the 300 Nos of **Cooker 8 Litre** will be due on **03-12-2010**

*If the **Principal Manufacturer** has agreed for the delivery of finished goods in Instalments the user can define multiple **Due on** date with **Quantity of delivery**.*

***Example: 100 Nos** on **20-11-2010, 100 Nos** on **28-11-2010** and **100 Nos** on **03-12-2010**.*

- **Godown**: In this field select the **Godown** where the **finished goods** will be **stored** after manufacture of goods. E.g. **JobWork (In) Godown**

*In **Godown** field select the godown created by enabling the option **Third Party Stcok with us**.*

- **Quantity**: Specify the **Quantity** of finished goods to be received from the Job Worker.

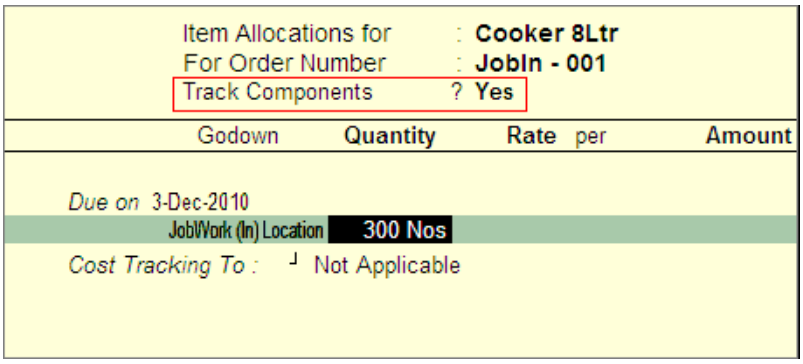


Figure 4.4 Stock Item Allocation Screen

7. Press enter from **Quantity** field to view **Components Allocation** screen
8. In **Components Allocation** Screen

__Component Allocation__ screen will be displayed only when the option __Track Components__ is set to __Yes__ in __Stock Item Allocation__ screen.

The __Finished goods__ for which __Job Work__ order is raised does not have the __Bill of Material (BOM)__ then in __Component Allocation__ screen, Tally.ERP 9 will skip __Fill Component using__ field and cursor will be displayed in __Name of Item__ field indicating that the __Raw Materials__ required for the manufacture of Finished goods has to be selected from the __List of Stock Items__.

- **Name of Item**: Select the Raw materials required to manufacture the finished Goods. E.g. **Bottom Plate-8Ltr**
- **Track**: In this field select **Pending to Receive** from the **Type of Component** list as the Raw materials have to be received from the Principal Manufacturer.

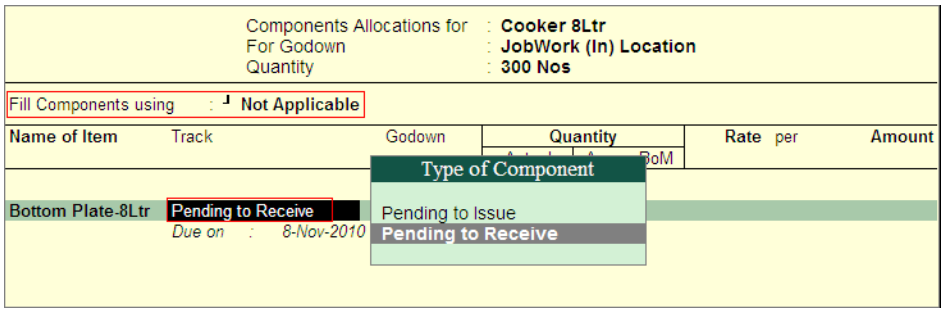


Figure 4.5 Selection of Tracking

- **Due on**: In this field specify the date on which the Raw materials will be received. By default the **Voucher Date** will be displayed in this filed. if the Receipt Date is different than the voucher date, specify the correct Due on date. Here, Pegion Home Appliances is receiving the Raw materials on **9-11-2010**.

If the __Principal Manufacture__ is delivering the raw materials in Instalments then user can define multiple __Due on__ date with __Quantity of delivery__.

- **Godown**: In this field select the godown where the Raw materials will be stored. Select the Godown created by enabling the option **Third Party Stock with us**. E.g **JobWork (In) Location**.
- **Quantity (Actual)**: In this section specify the **Quantity** of Raw materials to be received.

*Cursor will not move to **As per BOM** field when the BOM is not selected in **Fill Component using** field*

- **Rate**: In this field specify the **Rate** of **Raw material** received for the manufacture of finished goods.
- Similarly, select **all** the **Raw materials** to be received towards the Job work In Order.
- In the process of Manufacture of **Cooker 8Litre**, Aluminium Scrap is produced. Under **Name of Item** select **Aluminium Scrap** and in **Track** field select **Pending to Issue** as the scrap has to be issued (sent back) to the Manufacturer along with the Finished goods.

*While recording the **Job Work Out Order** users can also track the **Scrap, By-Products or Co-products** produced during the manufacture of **Finished goods**.*

- In **Due On** field specify the Date on which the scrap will be sent back, Here, Job Worker is sending the scrap along with the Finished Goods on **03-12-2010**.
- In **Godown** field select the Godown where the scrap will be stored.E.g. **JobWork (In) Location**
- In **Quantity** (**Actual**) field specify the **Quantity** of scrap to be received. e.g. 15,000 Gm

The completed Components Allocation screen is displayed as shown

Components Allocations for : **Cooker 8Ltr**
For Godown : **JobWork (In) Location**
Quantity : **300 Nos**

Fill Components using : **Not Applicable**

Name of Item	Track	Godown	Quantity Actual	Quantity As per BoM	Rate per	Amount
Bottom Plate-8Ltr	Pending to Receive		**300 Nos**			
	Due on : 9-Nov-2010	JobWork (In) Location	300 Nos		800.00 Nos	2,40,000.00
Lid **Aluminium Plate-8 Ltr**	Pending to Receive		**300 Nos**			
	Due on : 9-Nov-2010	JobWork (In) Location	300 Nos		500.00 Nos	1,50,000.00
Handle (8 Ltr)	Pending to Receive		**600 Nos**			
	Due on : 9-Nov-2010	JobWork (In) Location	600 Nos		35.00 Nos	21,000.00
Packing Box (8 Ltr)	Pending to Receive		**300 Nos**			
	Due on : 9-Nov-2010	JobWork (In) Location	300 Nos		30.00 Nos	9,000.00
Hand Book	Pending to Receive		**300 Nos**			
	Due on : 9-Nov-2010	JobWork (In) Location	300 Nos		15.00 Nos	4,500.00
Aluminium Scrap	Pending to Issue		**15,000 Gm**			
	Due on : 3-Dec-2010	JobWork (In) Location	15,000 Gm		0.03 Gm	450.00

Figure 4.6 Completed Component Allocation Screen

9. Press **Enter** to accept the Component Allocation screen and to view Stock Item Allocation screen
10. In **Stock item Allocation** screen
    - **Rate**: In this field specify the Rate of Finished goods. E.g.**1380**
    - **Amount**: Will be calculated and displayed automatically. Press **Enter** to save the **Item Allocation** screen.
    - **Cost Tracking To**: In this field select the Cost tracking Number to track the cost of Manufacture of Finished goods.

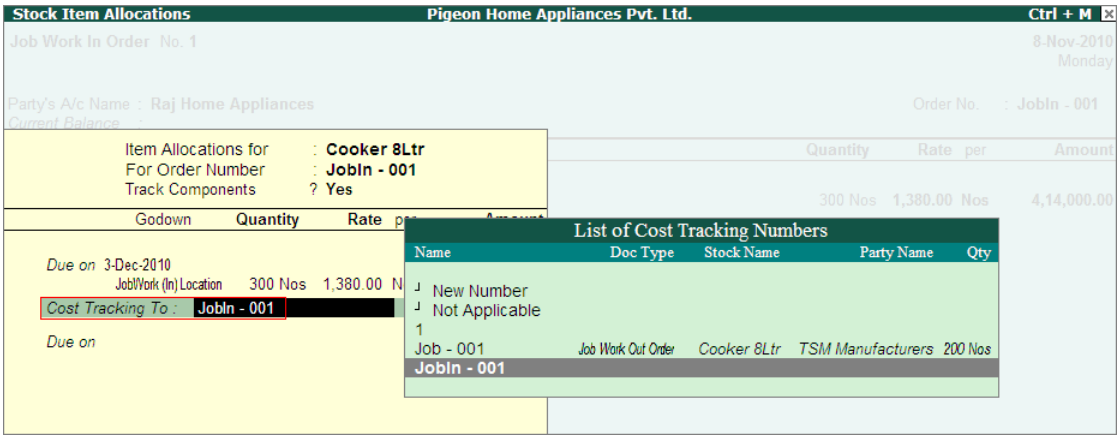


Figure 2.7 Completed Stock Item Allocations Screen

The completed Job Work In Order is displayed as shown

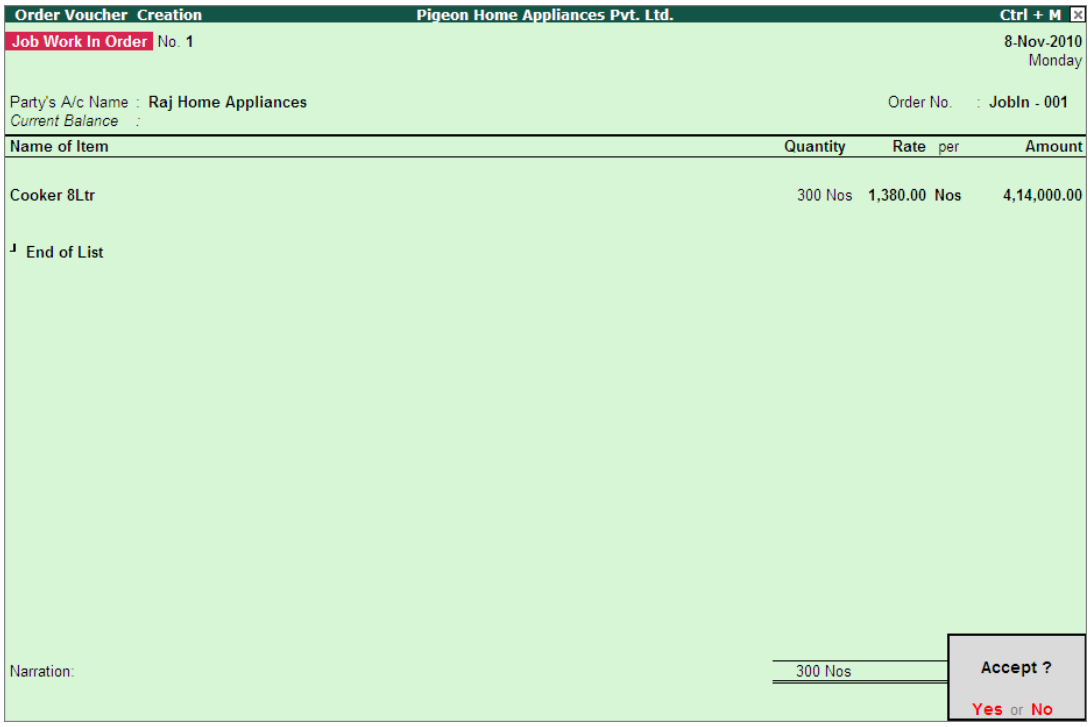


Figure 4.8 Completed Job Work In Order

11.Press **Enter** to save.

*Similarly, you can create **Job Work In Order** for a stock item with **BOM** be selecting the applicable BOM in **Fill Components using** field in **Components Allocation** screen.*

The details of Job Work In Order details can be viewed in

- Order Outstandings - Orders
- Job Work In Orders Book

To view the **Job Work In Orders Book**

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers > Job Work In Orders Book**

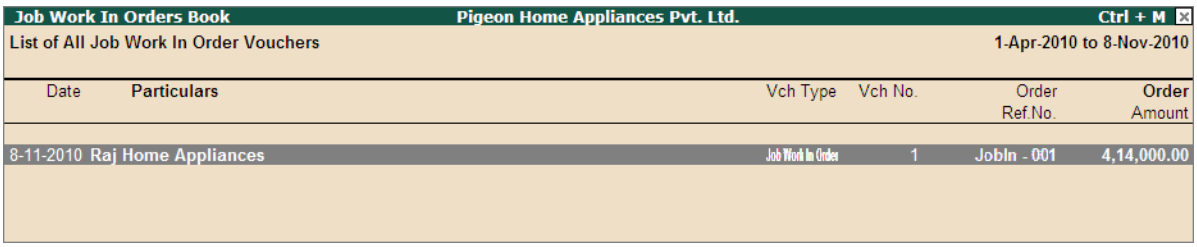


Figure 4.9 Job Work In Order Book

6.2 Receipt of Material towards a Job Order

On receiving a job work in order, principal Manufacturer has delivered the Raw materials based on the delivery date agreed upon.

In Tally.ERP 9 the Material receipts from the principal manufacturer can be recorded using **Material In** vouchers. Under this we will learn to record material transfer In transactions.

Example 2:

*On 9-11-2010, Pegion Home Appliances received the stock from Raj Home appliances towards the Job Oder - **JobIn - 001** raised on **8-11-2010**. Materials are received along with Material Delivery Document (Material Transfer Out Challan)*

Record the transaction in Material In Voucher

Go to **Gateway of Tally > Inventory Vouchers > W: Material In**

1. In **Change Voucher Type** screen select **Material In (RM)** from the List of Types

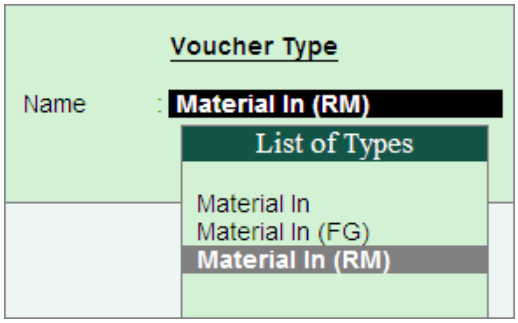


Figure 4.10 Voucher Type Selection

Here, Pegion Home Appliances is using **Material In (RM)** voucher type as it is receiving the Raw materials from the Principal Manufacturer.

2. Enter the **Date** as **9-11-2010**
3. **Party A/C Name**: In this field select the **Principal Manufacturer ledger** from whom the material are received. E.g. **Raj Home Appliances**. Press **Enter** to view Party Details screen
4. In **Party Details** screen
5. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the Raw materials are transferred

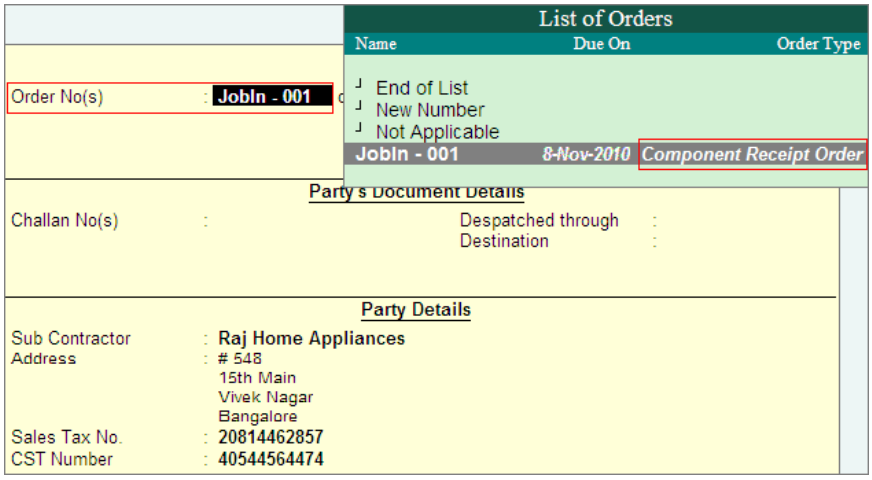


Figure 4.11 Selection of Job Order

*The **Order Type** in **List of Orders** will be displayed as **Component Receipt Order** indicating that this order is selected to account the receipt of components.*

6. Under **Name of Item** the stock items will be auto-filled based on the **Job Order** selected.
7. **Source Godown**: In this field select **Not Applicable**, as we are receiving the components from the principal Manufacture

The completed Material Transfer In Voucher is displayed as shown

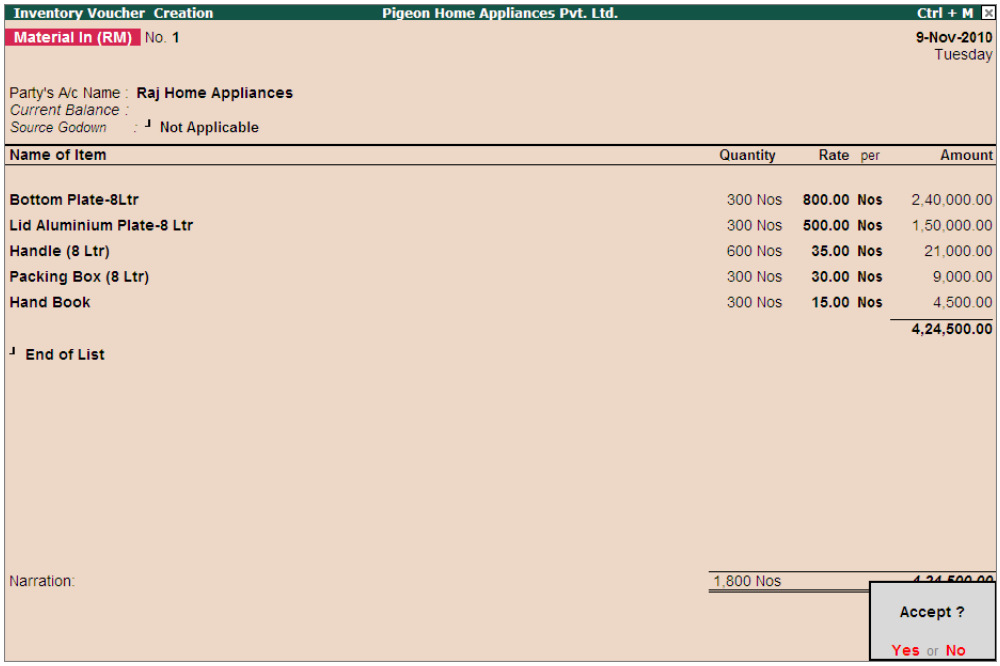


Figure 4.12 Completed Material Transfer In Voucher

Observe, Tally.ERP 9 displays only the Raw material required for the Manufacture of finished goods. For Job Order **JobIn - 001** we have identified that during manufacturing process Aluminium Scrap will be produced, which is not auto filled for material transfer in.

8. Press **Enter** to save.

Even though the goods are received **physically** from principal manufacturer location to Job Worker location, **ownership** on the goods is still with the Principal Manufacturer. Hence in the books of accounts of Job Worker the **Value** or the **Quantity** of the goods received are not added. Users can check the stock details in **Stock Summary**.

*The **Value** or the **Quantity** of the stock is not added to the Job Worker Books of Accounts when the **Godown** used to account the receipt of goods from the principal manufacturer is created by enabling the option **Third Party Stock with us**.*

The details of Material Transfer In voucher details can be viewed in **Material In Register.** To view the **Material In Register**

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers > Material In Register**

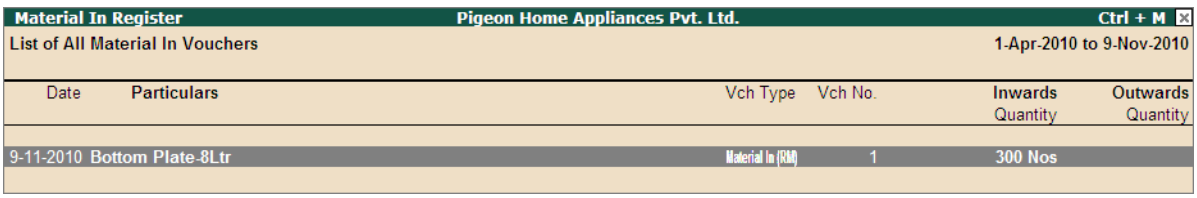


Figure 4.13 Material In Register

6.3 Transfer of Own Goods to Production

In some cases Job Worker may be using his own goods to manufacture the goods ordered by the Principal Manufacturer which will be charged to the Principal Manufacturer.

Example 3:

On 10-11-2010, Pegion Home Appliances transferred the following items to produce 300 cookers, job worker is using screws and Wax which are Own Consumption. Following Own Consumption Items are also transferred to Production

Raw Materials	***Quantity***
Screw	*600 (Nos)*
Wax	*6 Box*

Set up:

In **F11: Features (Inventory Features)**

- Set the option **Use Tracking Numbers (Delivery/Receipt Notes)** to **Yes**

Record the Transaction in Material Out Voucher

Go to **Gateway of Tally > Inventory Vouchers > J: Material Out**

1. In **Change Voucher Type** screen select **Material Out** from the **List of Types**

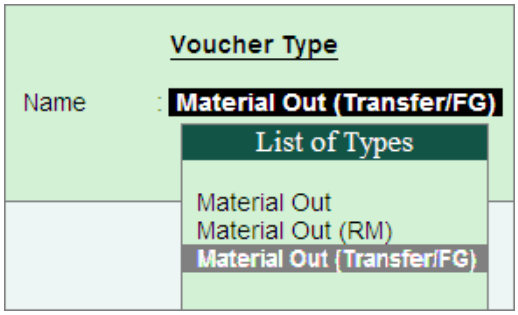


Figure 2.14 Voucher Type Selection

Here, Pegion Home Appliances is using **Material Out (Transfer/FG)** voucher as they are recording internal material transfer transaction.

1. Enter the **Date** as **10-11-2010**
2. **Party A/C Name**: In this field select the Principal Manufacturer ledger to whom the finished goods are manufactured towards which Job worker is transferring the own goods to production. E.g. **Raj Home Appliances**

3. In **Party Details** screen, in **Order No(s)** field select **End of List**.

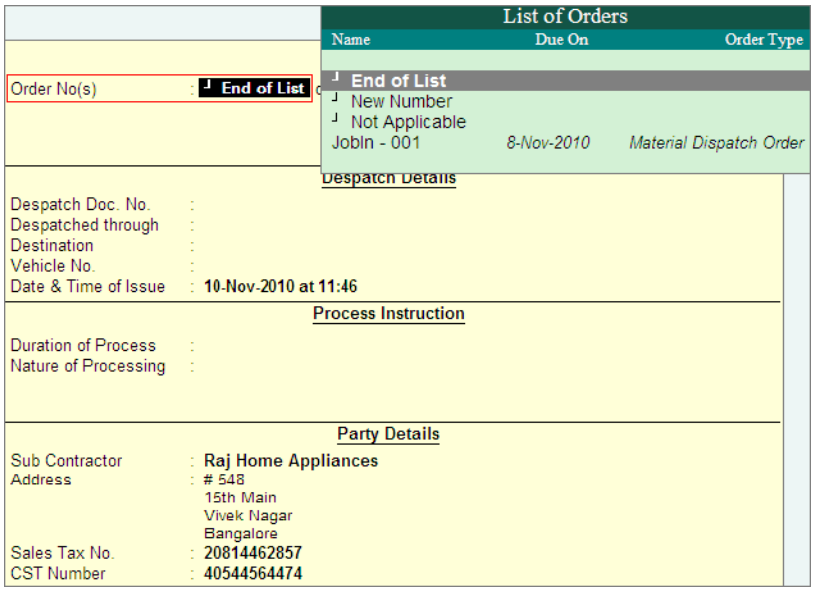


Figure 2.15 Party Details Screen

*In **Order No (s)** field, **End of List** is selected, as the Job Worker is not transferring out the finished goods, he is only moving the stock from one godown to another godown with in the factory.*

4. **Destination Godown**: In this field select the godown to where the raw materials are transferred. E.g. **JobWork (In) Location**
5. Under **Name of Item** field select the stocks which are own consumption of the Job Worker. Select **Screw**. Press **Enter** to view **Stock Item Allocation** screen
6. In **Stock Item Allocation** screen
   - Retain **No** in **Consider as Scrap**
   - **Tracking Number**: Job Worker is using his own stock to manufacture the goods. The goods consumed will be billed for the Principal Manufacturer. Hence to track the Raw Materials in sales invoice tracking Number has to specified. Select New Number & specify the tracking as - **JobIn - 001**. indicating that these raw materials are consumed to manufacture goods of order JobIn - 001

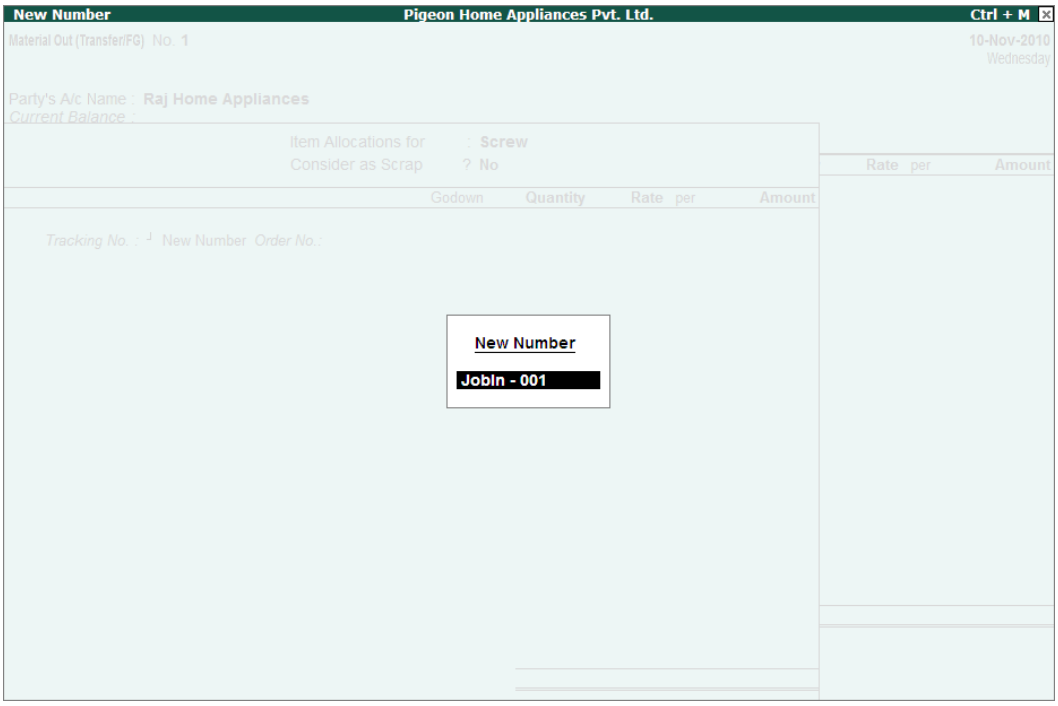


Figure 2.16 Specifying Tracking Number

- In **Godown** select the godown from where the stocks are transferred. Enter the **Quantity** & **Rate** of stock transferred.

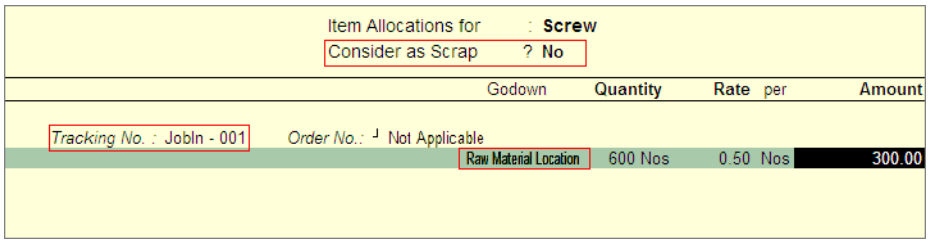


Figure 2.17 Completed Stock Item Allocation Screen

- *Pegion Home Appliances stores all the **components** purchased in **Raw Material Location**. From Raw Material Location screws are issued to Job Work (In) Location*
- *The **Tracking Number** specified for the stock item's used as **own consumption** will used in Sales invoice to bill the Items.*

7. In **Name of Item** field select the stocks which are own consumption of the Job Worker. Select **Wax**. In Item Allocation screen, enter the **Tracking Number** (**JobIn - 001**), select the **Godown** (Raw Material Location) and enter the **Quantity** (6) & **Rate** (160).

The completed material transfer out voucher is displayed as shown

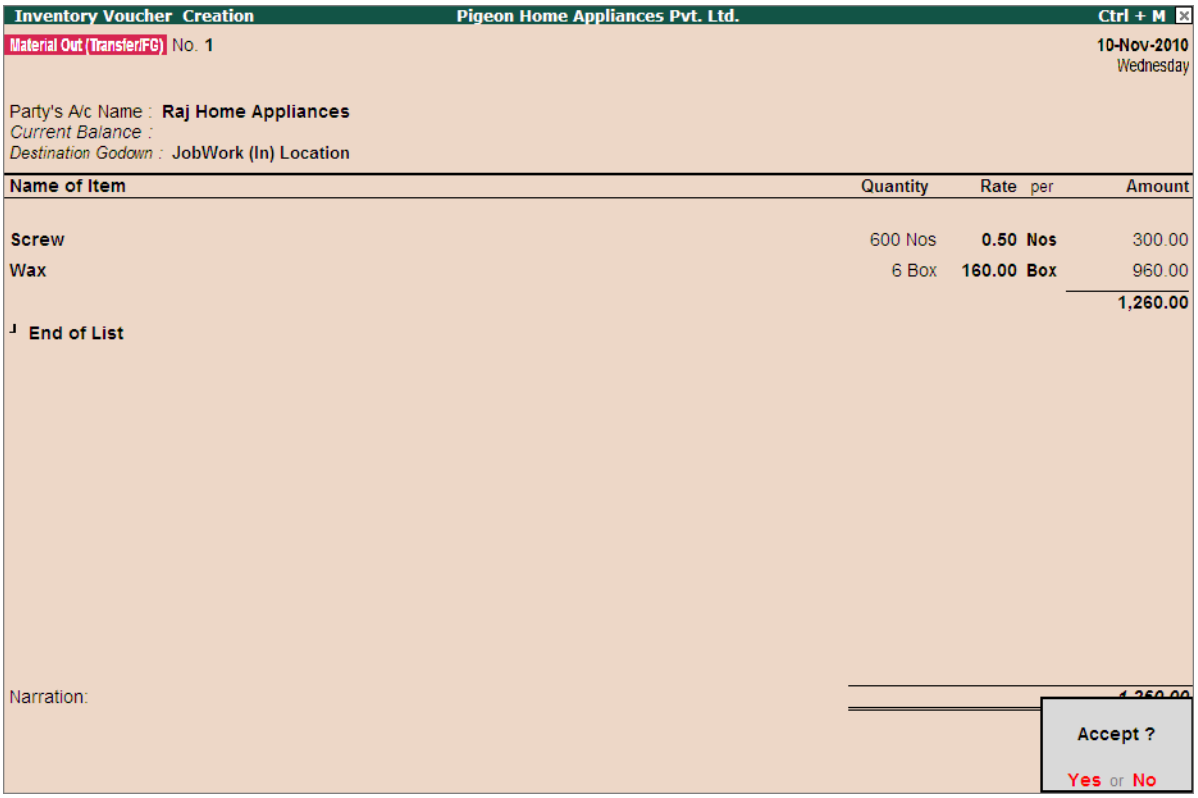


Figure 2.18 Completed Material Transfer Out voucher

8. Press **Enter** to save.

6.4 Manufacture of Finished Goods

Record the Manufacturing Journal to account the manufacture the finished goods.

Example 4:

On 2-12-2010, Pegion Home Appliances manufactured 300 Cooker 8 Litres.

*To record the Manufacturing Journal, You can alter the default **Stock Journal** or create a new voucher type under stock Journal by enabling the option **Use as a Manufacturing Journal**.*

Record the Transaction in Manufacturing Journal

Go to **Gateway of Tally > Inventory Vouchers > F7: Stock Journal**

1. In **Change Voucher Type** screen select **Manufacturing Journal** from the **List of Types**.
2. Enter the **Date** as **2-12-2010**
3. In **Name of Product** select the Finished Goods which is manufactured. E.g. **Cooker 8Ltr**
4. Application skips the **BoM Name** field as bill of Material is not created for the stock item
5. In **Godown** field select the godown where the finished goods manufactured will be stored. Pegion Home Appliance stores all the manufactured goods in **JobWork (In) Location**.
6. In **Quantity** field specify the quantity of goods manufactured. E.g **300**.
7. In **Cost Tracking** field select the **Cost Tracking Number** towards which you want to track the cost of Manufacture. Here ABC Company is tracking the cost towards **JobIn - 001**.

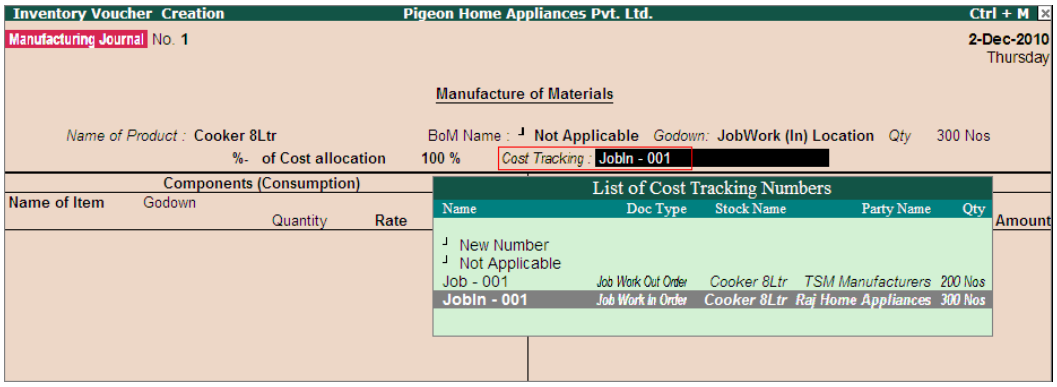


Figure 2.19 Selection of Cost Tracking

8. Under **Components (Consumption)** section select the stock items which are used to manufacture the finished goods.
   - **Name of Item**: In this field select the components used to manufacture the finished goods
   - **Godown**: In this field select the goods from where the components are consumed
   - **Quantity**: In this field mention the Quantity of Components required to manufacture the finished goods
   - **Rate**: In this field specify the Rate of Components

- **Amount**: Amount will be calculated and displayed automatically.

*All the **Components** required to manufacture **Cooker 8 Litre** are consumed form **Job Work (In) Location** godown.*

*If **BOM** is created for the **finished goods,** on selection of Bill of Material in **BoM Name** field all the **Components** will be **auto-filled**.*

9. Under **Co-Product / By-Products / Scrap** section select the stock items which are produced as Co-Product / By-Products of finished goods or Scrap.
   - **Name of Item**: In this field select the Co-Product / By-Products / Scrap produced during manufacture of Finished goods.
   - **Godown**: In this field select the goods from where the Co-Product / By-Products / Scrap are stored
   - **% of Cost Allocation**: In this field specify the% of cost of allocation to be made towards the By-product/Co-product/Scrap produced
   - **Quantity**: In this field mention the Quantity of Co-Product / By-Products / Scrap produced
   - **Rate & Amount**: Rate & Amount will be displayed automatically based on the% of Cost Allocation.

The completed Manufacturing Journal will be displayed as shown

Inventory Voucher Creation — Pigeon Home Appliances Pvt. Ltd. — Ctrl + M

Manufacturing Journal No. 1 — 2-Dec-2010 Thursday

Manufacture of Materials

Name of Product : Cooker 8Ltr — BoM Name : Not Applicable — Godown: JobWork (In) Location — Qty 300 Nos
%- of Cost allocation 99.88 % — Cost Tracking : JobIn - 001

Components (Consumption)					Co-Product / By-Product / Scrap				
Name of Item	Godown	Quantity	Rate	Amount	Name of Item	Godown	% of Cost allocation	Quantity	Rate	Amount
Bottom Plate-8Ltr	JobWork (In) Location	300 Nos	800.00/Nos	2,40,000.00	Aluminium Scrap	JobWork (In) Location	0.12 %	15,000 Gm	0.03/Gm	450.00
Lid Aluminium Plate-8 Ltr	JobWork (In) Location	300 Nos	500.00/Nos	1,50,000.00						
Handle (8 Ltr)	JobWork (In) Location	600 Nos	35.00/Nos	21,000.00						
Packing Box (8 Ltr)	JobWork (In) Location	300 Nos	30.00/Nos	9,000.00						
Hand Book	JobWork (In) Location	300 Nos	15.00/Nos	4,500.00						
Screw	JobWork (In) Location	600 Nos	0.50/Nos	300.00	Cost of Components :					4,25,760.00
Wax	JobWork (In) Location	6 Box	160.00/Box	960.00	Type of Addl. Cost	%-age				
					End of List					
				4,25,760.00	Total Addl. Cost :					
					Effective Cost :					4,25,760.00
					Allocation to Primary Item :					4,25,249.09
					Effective Rate for Primary Item :					1,417.50

Narration:

Figure 2.20 Completed Manufacturing Journal

10. Press **Enter** to save.

6.5 Delivery of Finished Goods towards a Job Order

On receiving the Raw materials, Job Worker will undertake the processing as defined by the Principal Manufacturers. On completing the production of agreed goods, the finished goods will be delivered to the Principal manufacture.

In Tally.ERP 9 the Material Delivery (Finished Goods/ scrap etc.) to the Principal Manufacturer can be recorded using **Material Out** vouchers. Under this we will learn to record material transfer Out transactions.

Example 5:

*On 03-12-2010 Pegion Home Appliances delivered the following Finished goods and Scrap of Job work order **JobIn - 001** to Raj Home Appliances. The finished goods are delivered along with Delivery Document.*

Materials Received	***Quantity***
Cooker 8Litre	*300 (Nos)*
Aluminium Scrap	*15000(GM)*

Record the transaction in Material Out Voucher

Go to **Gateway of Tally > Inventory Vouchers > J: Material Out**

1. In **Change Voucher Type** screen select **Material Transfer Out (Transfer/FG)** from the List of Types

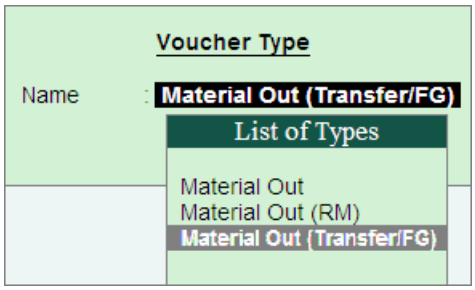


Figure 4.21 Voucher Type Selection

Here, Pegion Home Appliances is using **Material Transfer Out (Transfer/FG)** voucher type to account the delivery of **Finished Goods** and **Scrap**

2. Enter the **Date** as **03-12-2010**
3. **Party A/C Name**: In this field select the **Principal Manufacturer ledger** to whom the Finished goods to be delivered. E.g. **Raj Home Appliances**. Press Enter to view Party Details screen
4. In **Party Details** screen
   - Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the finished goods are delivered.

Figure 4.22 Selection of Job Order

*The **Order Type** in **List of Orders** will be displayed as **Material Dispatch Order** indicating that this order is selected to account the despatch of Finished Goods.*

*The **Duration of Process** and **Nature of Processing** specified in **Job Work In Order** will be displayed automatically based on the Order selected.*

5. Under **Name of Item** the stock items (Finished Goods/Scrap/Co-products/By-products) will be auto-filled based on the **Job Order** selected.
6. **Destination Godown**: Select **Not Applicable** in this field. Here, Pegion Home Appliances is not transferring the goods to any Godown instead Finished goods are delivered to Principal Manufacturer form **JobWork (In) Location**, hence in **Destination Godown** field **Not Applicable** is selected.
7. Under **Name of Item**, select the **stock item** and press **enter** to view **Stock Item Allocation** screen
8. In **Stock Item Allocation** screen,
   - Retain **No** for the option **Consider as Scrap**

*If the **Goods** delivered is a **Scrap** set the option **Consider as Scrap** to **Yes**.*

- In **Cost Tracking To** field select **JobIn - 001** to track the cost against the Job order JobIn - 001 to manufacture Cooker 8Ltr.

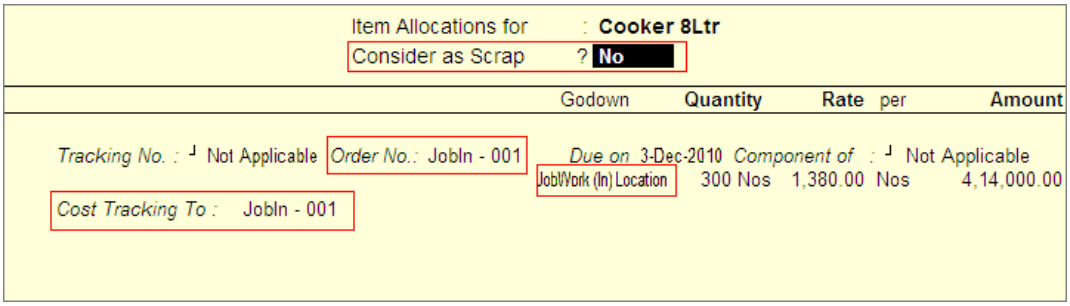


Figure 2.23 Completed Stock Item Allocation Screen

9. Similarly, select **Aluminium Scrap**, set the option **Consider as Scrap** to **Yes**.

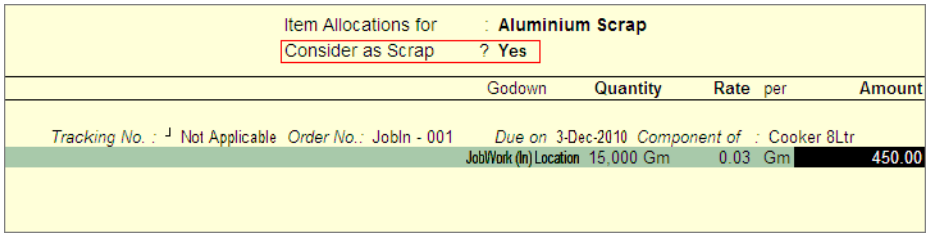


Figure 2.24 Completed Stock Item Allocation Screen

The completed Material Out voucher is displayed as shown

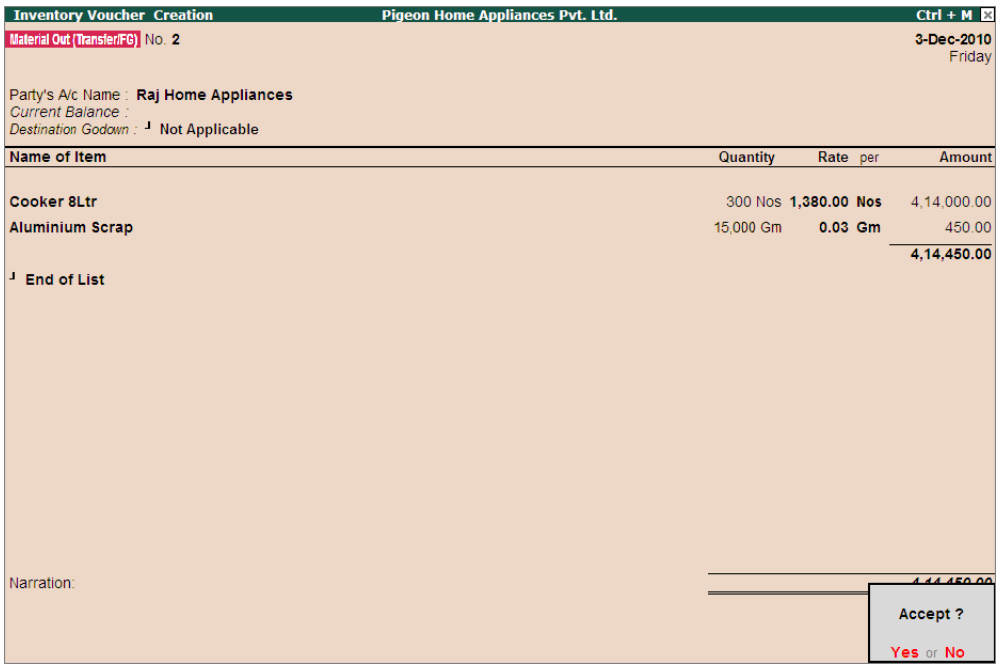


Figure 4.25 Completed Material Transfer Out Voucher

10. Press **Enter** to save.

The details of Material Out voucher recorded to account the delivery of finished goods can be viewed in **Material Out Register** report

To view the **Material Out Register**

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material Out Register**

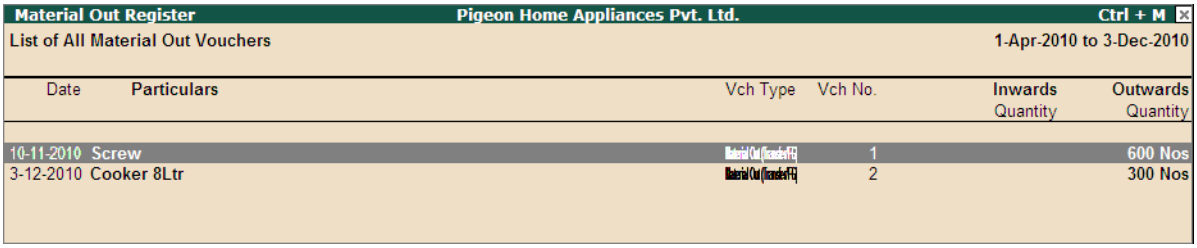


Figure 4.26 Material Transfer Out Register

6.6 Raising Sales Bill for the Job Work

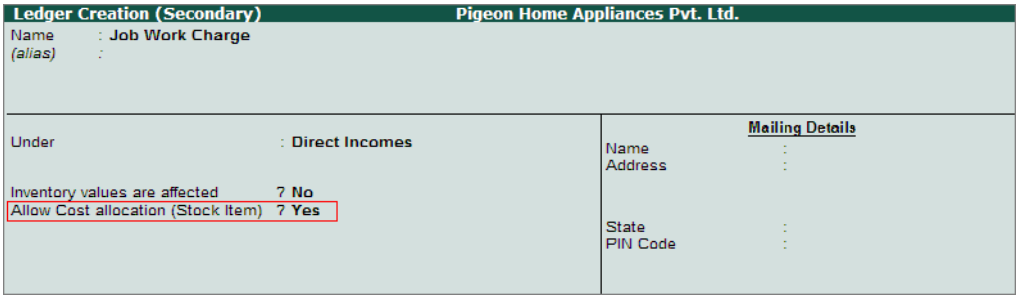
After delivery of finished goods and scrap/By-Product/Co-Product, Job Worker raises sales invoice on the principal manufacturer by giving the details of cost of manufacture (labour charges, Transportation Expenses etc.) along with the cost of material consumed, if any.

In Tally.ERP 9, the sale of Job Work services, can be accounted through sales Invoice.

Example 6:

On 6-12-2010, Pegion Home Appliances raised the Job Work invoice on Raj Home Appliances for Rs. 55,000 (Job Work Charge - Rs. 23,500 & Cost of Material Consumed - Rs.1260)

*Before recording the transaction, create **Job Work Charge** ledgers under **Direct Income** by enabling the option **Allow Cost Allocation (Stock Item)***



Record the transaction in Purchase Invoice

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales (Item Invoice Mode)**

1. Enter the **Date** as **6-12-2010**
2. In **Party A/c Name** field select **Raj Home Appliances** ledger. Press Enter to view Party Details screen
3. In **Party Details** screen,
   - In **Delivery Note No(s)** field, the **Tracking Number** defined for the stock item used as own consumption will be displayed in **List of Tracking Numbers**. Select the tracking Number to bill the items used in the production of Finished goods for **JobIn - 001**.

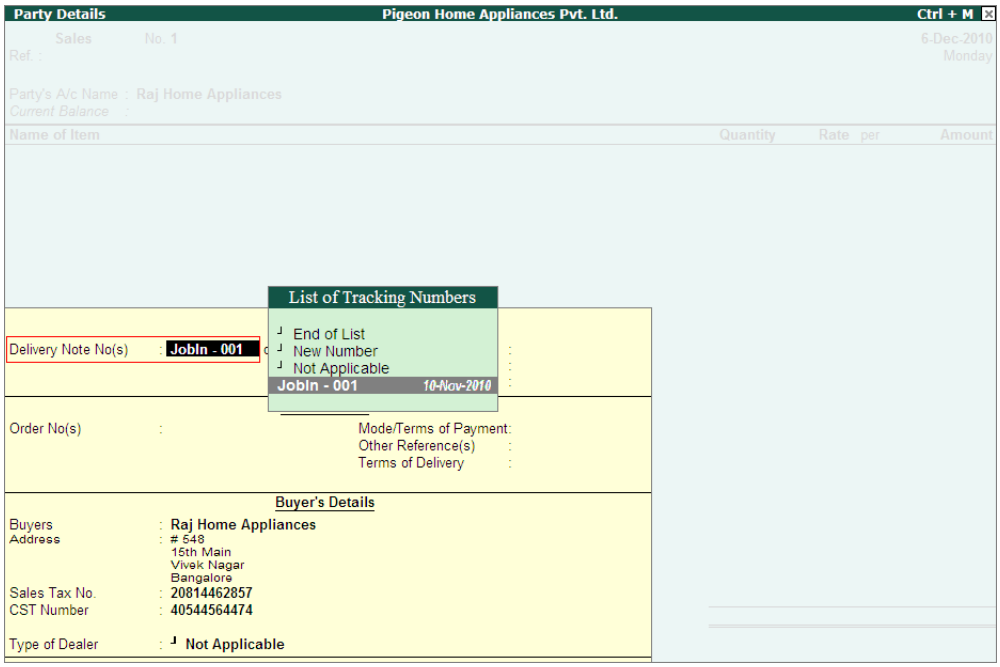


Figure 2.27 Selection of Tracking Number

4. On selection of **Tracking Number**, In sales invoice the **stock items** tracked with the number selected will be displayed along with **Quantity** utilised.

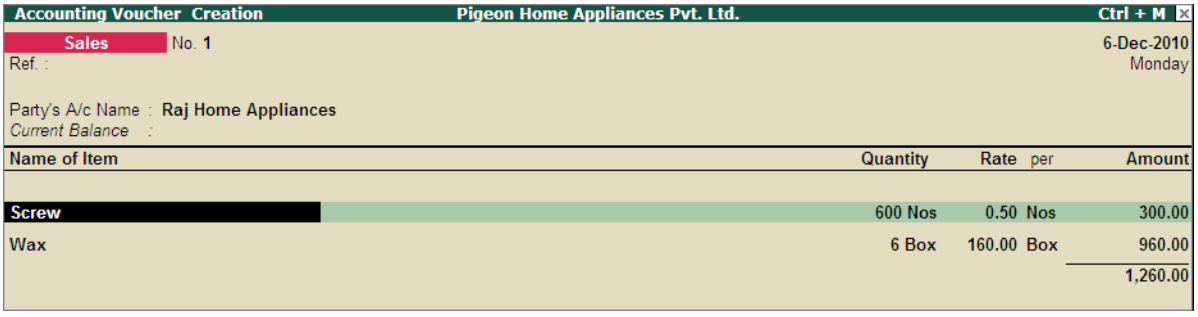


Figure 2.28 Auto-filled Stock items

5. Select **Job Work Charge** ledger. In **Amount** field specify the charges to be paid by the principal Manufacturer for the finished goods delivered. Press enter to view Stock Item Cost Allocation screen
6. In **Stock Item Cost Allocation** screen
   - In **Cost Track to** field select the **Cost Tracking Number** to which the cost to be tracked. Here, ABC Company is tracking the cost towards the tracking Number - **JobIn- 001**

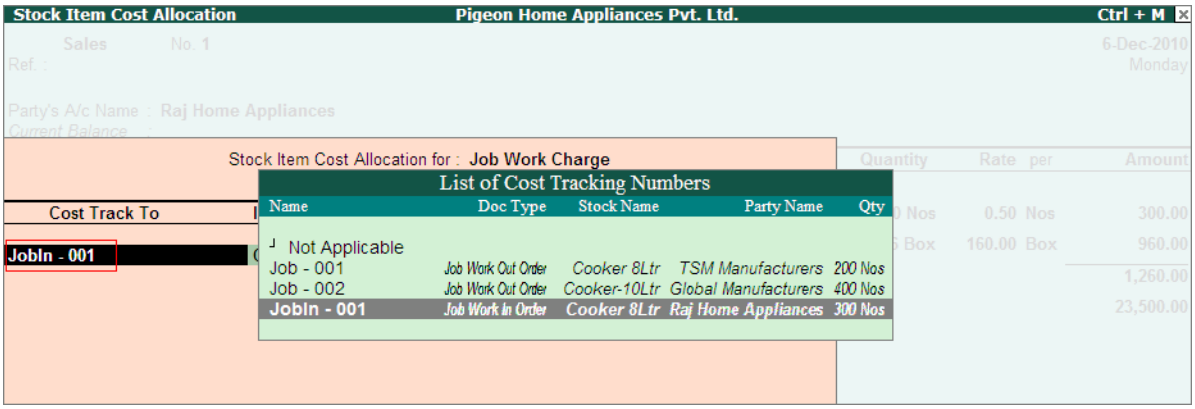


Figure 2.29 Selection of Cost Tracking Number

   - In **Name of Item** field by default the stock item with which the selected **Cost tracking Number** is identified will be displayed.
   - In **Quantity** field, enter the Quantity towards which the cost to be tracked. E.g. **300 Nos**
   - **Rate** will be calculated and displayed automatically based on the **Amount** and the **Quantity** defined.

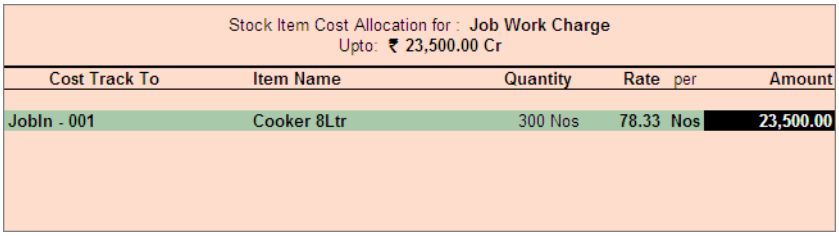


Figure 2.30 Completed Stock Item Cost Allocation Screen

*Details of **Cost tracked** against the **Stock Item** can be viewed in **Item Cost Analysis** Reports (**Gateway of Tally > Display > Statements of Inventory > Item Cost Analysis**).*

7. In **Bill-wise Details** screen enter the **Bill Name** as - **JobIn - 001**

The Completed Sales Invoice is displayed as shown

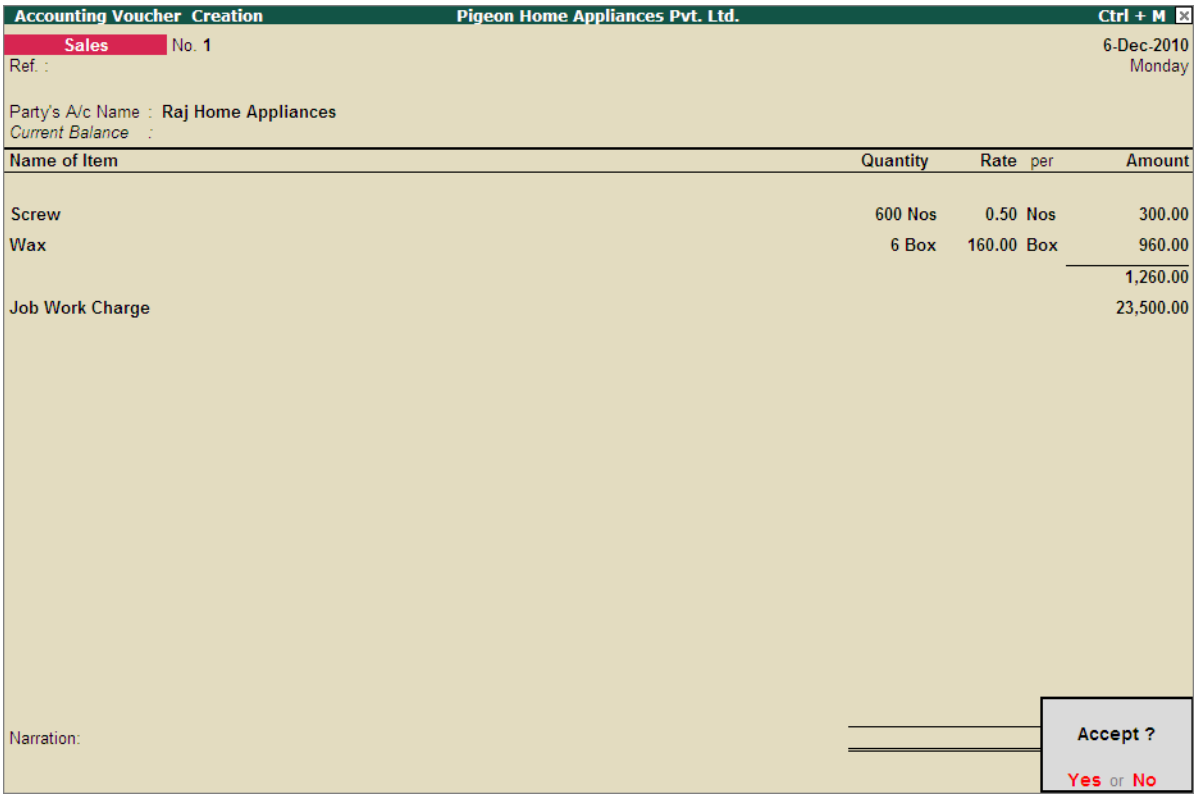


Figure 2.31 Completed Sales Invoice

8. Press **Enter** to save.

6.7 Receipts from Principal Manufacturer

Example 7:

On 9-12-2010, Pegion Home appliances received payment of Rs. 24,760 through cheque from Raj Home Appliances towards the JobWork bill - JobIn - 001 dated 6-12-2010

Record the Transaction in Receipt Voucher

Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt Vouchers**

1. In **Credit** field select **Raj Home Appliances**. In credit **Amount** field enter the amount Received- **Rs. 24,760**.
2. In **Bill-wise Details** screen
   - In **Type of Ref** select **Agst Ref**
   - In **Name** field select **JobIn - 001**. **Amount** will be displayed automatically.

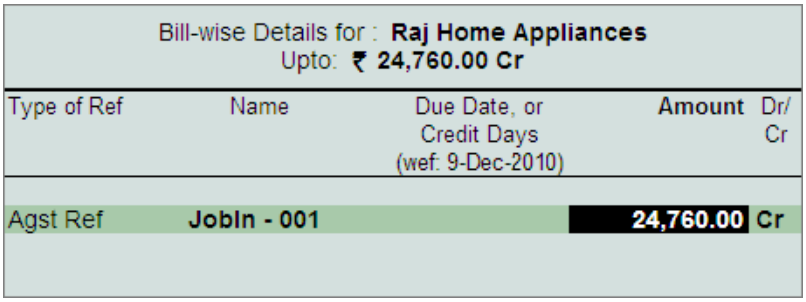


Figure 2.32 Bill-Wise Details Screen

3. In **Debit** field select the **Cash/Bank** ledger depending on the nature of payment. in Amount field the value will be auto filled
4. In **Bank Allocation** screen filled the details as shown

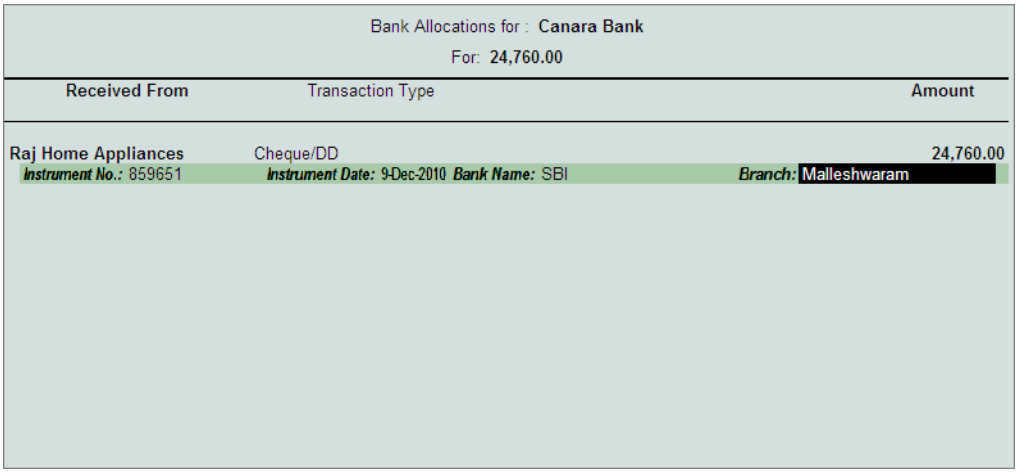


Figure 2.33 Bank Allocation Screen

5. Press **Enter** to save **Bank Allocation** screen.

The Completed Receipt Voucher is displayed as shown

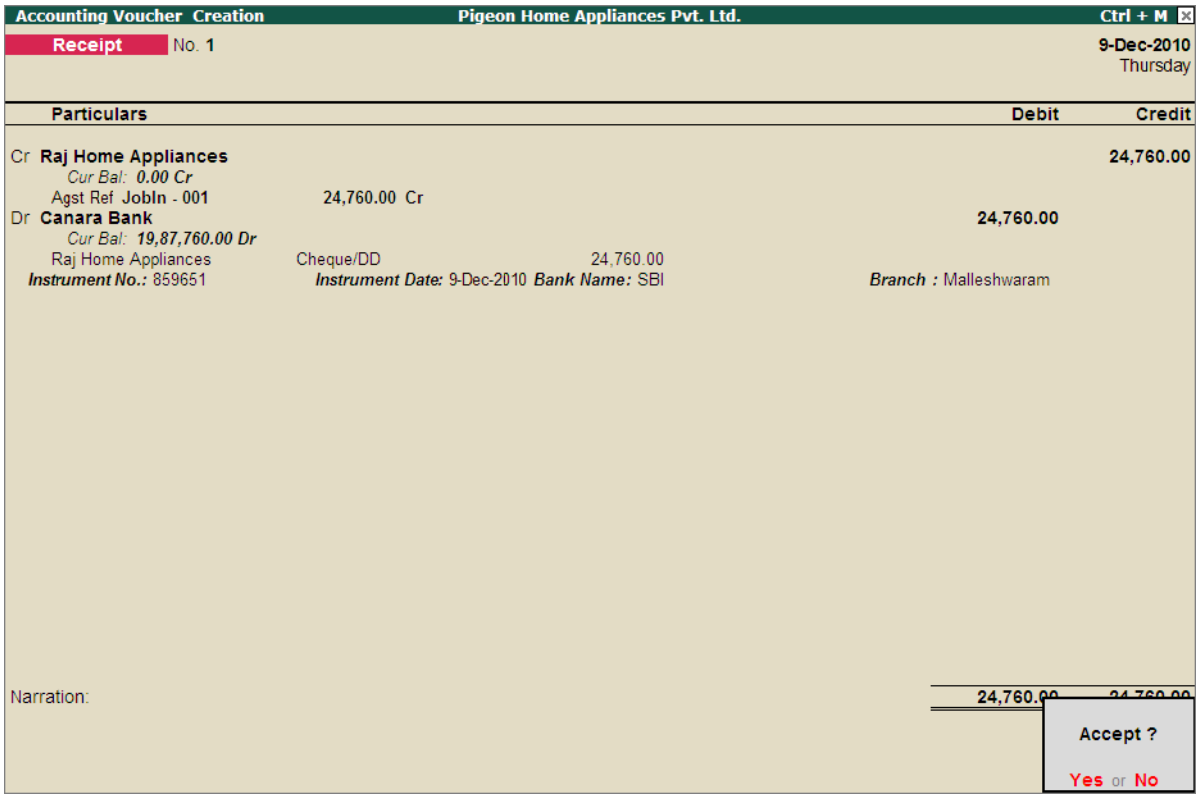


Figure 2.34 Completed Receipt Voucher

6. Press **Enter** to save.

Part - II

Recording Job Work In Transactions (Excise Applicable)

In this section we shall emphasis on understanding how Tally.ERP 9's Job Work feature can be effectively used to record Job Work In transactions where excise is applicable.

As per Excise Rules if a Job worker is registered under Excise has to maintain Annexure V (Stock Movement Register).

Let us take the example of Pegion Home Appliances (created and Job Work enabled, as discussed in the earlier chapter) to record Job Work In transactions such as

- Job Work In Order
- Material In
- Transfer of Own Goods for Production
- Manufacture of Finished Goods
- Material Out

Here we are considering that Pegion Home Appliances is **registered** under **Excise**.

To record the Job work transactions for Excisable Goods

- Enable Excise (Refer Job Work Out Excise Applicable)
- Create Excise Stock Items (Raw Materials, Finished Goods & Scrap) [Refer Job Work Out Excise Applicable]
- Create Godown
- Create Voucher Types

1. Create Godown

Tally.ERP 9 allows to create and maintain multiple Excise Units in a Single Company. The Excise Units created will be considered as Godowns.

When Excise feature is enabled, the other godowns required for storing Third party stock lying with us needs to be created as **sub-godowns** of **Excise Unit**.

Godowns	Under	Registration Type	Our Stock with Third Party	Third Party stock with us
JobWork (In) Location	Pigeon Home Appliances Pvt. Ltd.	Not Applicable	No	Yes

2. Create Voucher Types

In Tally.ERP 9, when the excise stock items are sent out/ received in for Job work, such transfer in/out have to be recorded in excise Voucher types to get the transaction details captured in Excise Reports.

Voucher Type	Under	Use for Job Work	Use for Job Work In	Allow Consump-tion	Use for Excise	Default Excise Unit
Material Out (Transfer/FG)	Material Out	Yes	Yes	–	Yes	Pigeon Home Appliances Pvt. Ltd.
Material In (RM)	Material In	Yes	Yes	–	Yes	Pigeon Home Appliances Pvt. Ltd.

6.8 Job Work In Order

Example 8:

*On 23-11-2010, Pegion Home appliances has received the Job of Manufacture of **1000** nos of 8Litre Cooker from Raj Home Appliances.To manufacture 8 Litre Cookers following Raw Materials will be supplied by Pegion Home appliances.*

Raw Materials	*Quantity*
Bottom Plate-8Ltr	*1000 (U)*
Lid Aluminium Plate-8 Ltr	*1000 (U)*
Handle (8 Ltr)	*2000 (U)*
Packing Box (8 Ltr)	*1000 (U)*
Hand Book	*1000 (U)*

The following scrap produced will be returned to the Principal Manufacturer

Scrap	*Quantity*
Aluminium Scrap	*50000 (G)*

Record the Transaction in Job Work In Order

To record the transaction in Job Work In Order

Go to **Gateway of Tally > Order Vouchers > W: Job Work In Order**

1. Enter the **Date** as **23-12-2010**
2. **Party A/C Name**: In this field select the **Principal Manufacturer ledger** from whom the Job Work In Order received. E.g. **Raj Home Appliances**.
3. In **Party Details** screen, under **Process Instruction** section specify the duration of Process and Nature of Process to be carried out.
   - **Duration of Process**: In this field enter the duration of the manufacture of finished goods. i.e. within how many days/months etc. the process to be completed and goods to be delivered. E.g.
   - **Nature of Processing**: In this field specify the details of nature of process (process Instruction) to be carried out to manufacture the expected finished goods. E.g.

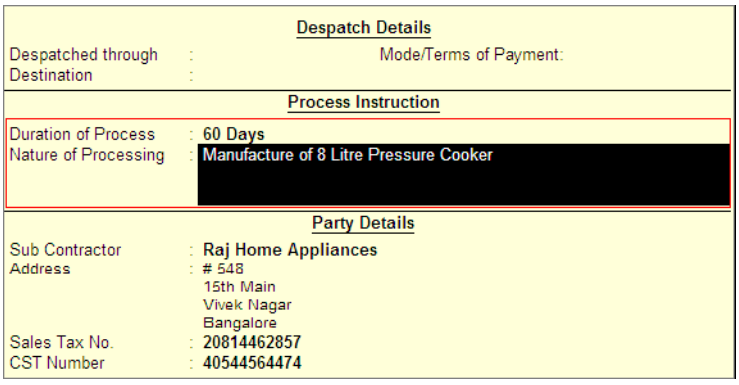


Figure 4.35 Party Details with Duration and Nature of Processing

*The **Party Details** screen will be displayed while recording Job Work Order only if the option **Accept Supplementary Details** option is set to **Yes** in **Job Work Out Order** Configuration.*

*Providing details in **Duration Of Process** and **Nature of Processing** in Job Work In Order is **Mandatory**.*

   - Press **Enter** to accept the party details screen.
4. **Order No**: In this field enter the Job Work In Order Number. E.g. **JobIn Ex- 001**
5. **Name of Item**: In this field select the stock Item i.e. **Finished Goods** to be manufactured. E.g. **Cooker 8 Ltr**. Press **Enter** to view Stock Item Allocations screen
6. In **Stock Item Allocation** screen
   - **Item Allocation for**: By default the stock Item selected in the Job Work Out Order will be displayed, indicating that the item allocation is for the selected item.

- **For Order Number**: By default the Job order specified in the Job Work Out Order will be displayed indicating that the item allocation is for the job order specified.
- **Track Components**: By default this field will be set to **Yes**. If the **Job Worker** wants to **track the raw materials** used in the manufacture of finished goods retain the Setting as **Yes**.
- **Due On**: In this field specify the **Date on** which the **delivery of Finished Goods** is **due**. In this case Raj Home Appliances has accepted the manufacturing Duration of 45 Days. Hence the 300 Nos of **Cooker 8 Litre** will be due on **22-1-2011**

*If the **Principal Manufacturer** has agreed for the delivery of finished goods in Instalments the user can define multiple **Due on** date with **Quantity of Delivery**.*

- **Godown**: In this field select the **Godown** where the **finished goods** will be **stored** after manufacture of goods. E.g. **JobWork (In) Godown**
- **Quantity**: Specify the **Quantity** of finished goods to be received from the Job Worker.

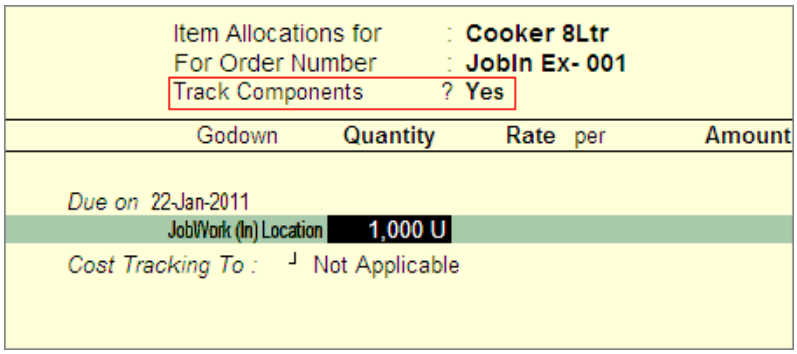
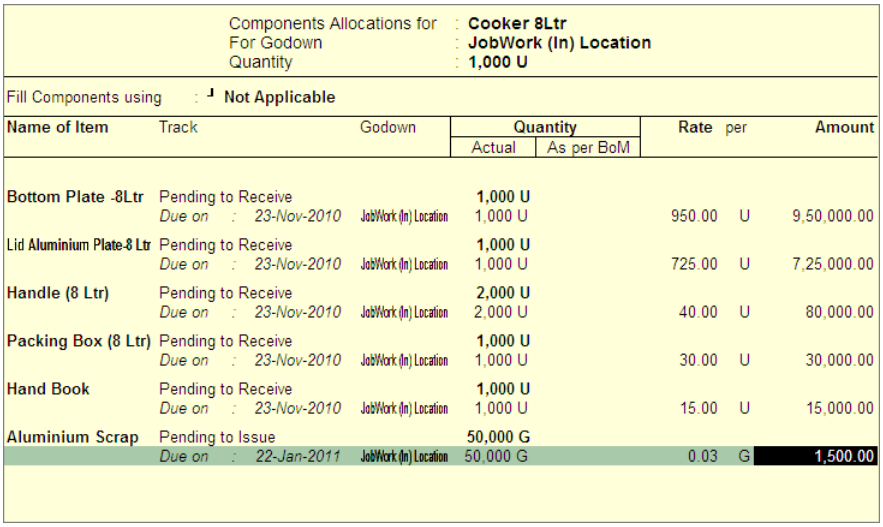


Figure 4.36 Stock Item Allocation Screen

7. Press enter from **Quantity** field to view **Components Allocation** screen
8. In **Components Allocation** Screen, select the
   - **Raw Materials** supplied by the principal Manufacturer to produce the finished goods and
   - **Scrap/ By-Products/Co-Products** produced during manufacture of finished goods to be returned back to the Principal Manufacturer

The completed Components Allocation screen is displayed as shown



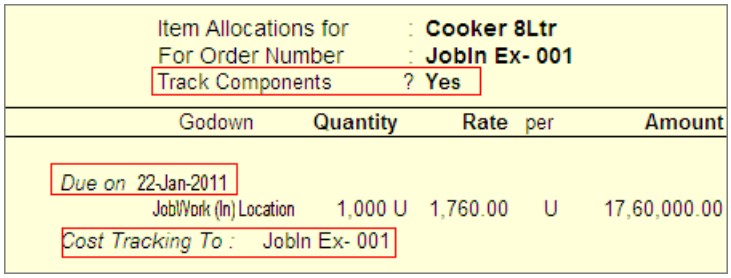
Components Allocations for : **Cooker 8Ltr**
For Godown : **JobWork (In) Location**
Quantity : **1,000 U**

Fill Components using : **Not Applicable**

Name of Item	Track	Godown	Quantity Actual	Quantity As per BoM	Rate	per	Amount
Bottom Plate -8Ltr	Pending to Receive		**1,000 U**				
	Due on : 23-Nov-2010	JobWork (In) Location	1,000 U		950.00	U	9,50,000.00
Lid Aluminium Plate-8 Ltr	Pending to Receive		**1,000 U**				
	Due on : 23-Nov-2010	JobWork (In) Location	1,000 U		725.00	U	7,25,000.00
Handle (8 Ltr)	Pending to Receive		**2,000 U**				
	Due on : 23-Nov-2010	JobWork (In) Location	2,000 U		40.00	U	80,000.00
Packing Box (8 Ltr)	Pending to Receive		**1,000 U**				
	Due on : 23-Nov-2010	JobWork (In) Location	1,000 U		30.00	U	30,000.00
Hand Book	Pending to Receive		**1,000 U**				
	Due on : 23-Nov-2010	JobWork (In) Location	1,000 U		15.00	U	15,000.00
Aluminium Scrap	Pending to Issue		**50,000 G**				
	Due on : 22-Jan-2011	JobWork (In) Location	50,000 G		0.03	G	1,500.00

Figure 4.37 Completed Component Allocation Screen

9. Press **Enter** to accept the Component Allocation screen and to view Stock Item Allocation screen
10. In **Stock item Allocation** screen
    - **Rate**: In this field specify the Rate of Finished goods. E.g.**1760**
    - **Amount**: Will be calculated and displayed automatically. Press **Enter** to save the **Item Allocation** screen.
    - **Cost Tracking To**: In this field select the Cost Tracking Number to track the cost of Manufacture of Finished Goods.



Item Allocations for : **Cooker 8Ltr**
For Order Number : **JobIn Ex- 001**
Track Components ? **Yes**

Godown	Quantity	Rate	per	Amount
Due on 22-Jan-2011				
JobWork (In) Location	1,000 U	1,760.00	U	17,60,000.00
Cost Tracking To : JobIn Ex- 001				

Figure 2.38 Completed Stock Item Allocation Screen

The completed Job Work In Order is displayed as shown

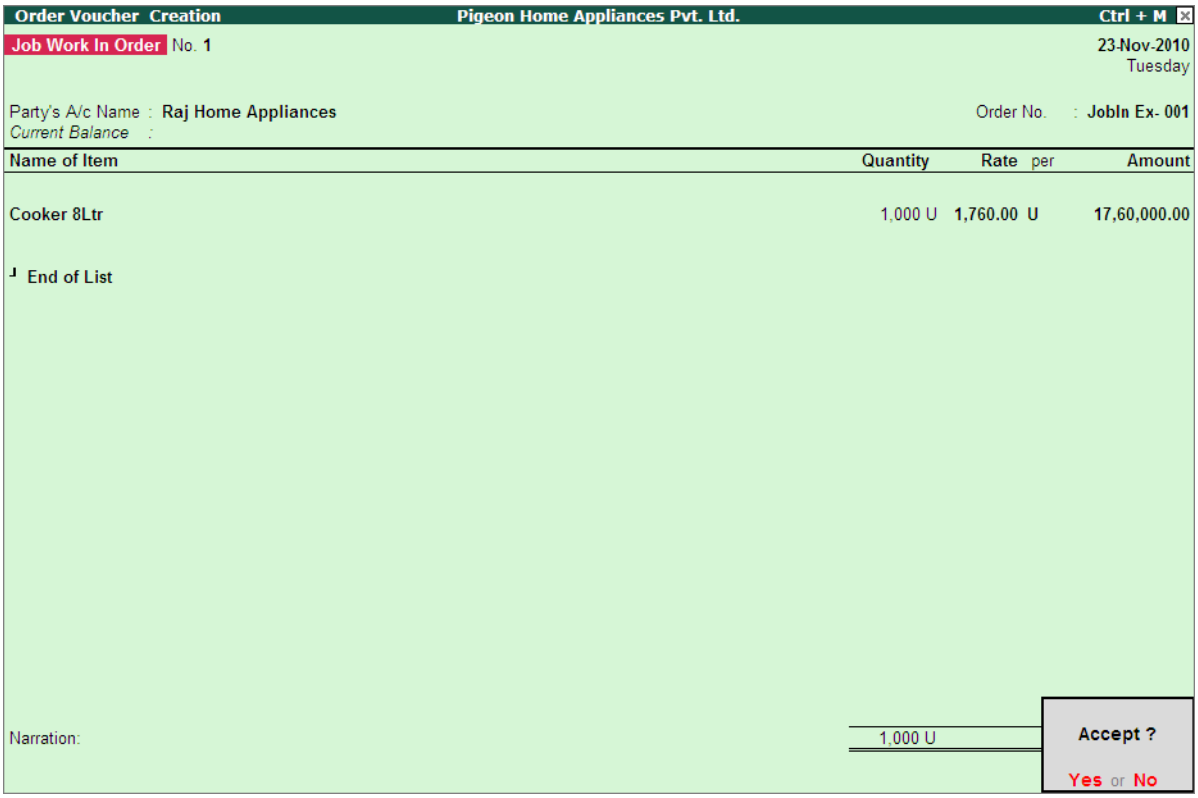


Figure 4.39 Completed Job Work In Order

11.Press **Enter** to save.

*Similarly, you can create **Job Work In Order** for a stock item with **BOM** be selecting the applicable BOM in **Fill Components using** field in **Components Allocation** screen.*

The details of Job Work In Order details can be viewed in **Job Work In Orders Book**

To view the **Job Work In Orders Book**

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers > Job Work In Orders Book**

6.9 Receipt of Material towards a Job Order

On receiving a job work in order, principal Manufacturer has delivered the Raw materials based on the delivery date agreed upon.

In Tally.ERP 9 the Material receipts from the principal manufacturer can be recorded using **Material In** vouchers. Under this we will learn to record material transfer In transactions.

Example 9:

*On 23-11-2010, Pegion Home Appliances received the stock from Raj Home appliances towards the Job Order - **JobIn Ex- 001** raised on **23-11-2010**. Materials are received along with Material Delivery Document (Material Transfer Out Challan)*

Record the transaction in Material In Voucher

Go to **Gateway of Tally > Inventory Vouchers > W: Material In**

1. In **Change Voucher Type** screen select **Material In (RM)** from the List of Types

Here, Pegion Home Appliances is using **Material In (RM)** voucher type as it is receiving the Raw materials from the Principal Manufacturer.

2. Enter the **Date** as **23-11-2010**
3. **Party A/C Name**: In this field select the **Principal Manufacturer ledger** from whom the material are received. E.g. **Raj Home Appliances**. Press **Enter** to view Party Details screen
4. In **Party Details** screen
5. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the Raw materials are transferred- **JobIn Ex - 001**

*The **Order Type** in **List of Orders** will be displayed as **Component Receipt Order** indicating that this order is selected to account the receipt of components.*

6. Under **Name of Item** the stock items will be auto-filled based on the **Job Order** selected.
7. **Source Godown**: In this field select **Not Applicable**.

The completed Material Transfer In Voucher is displayed as shown

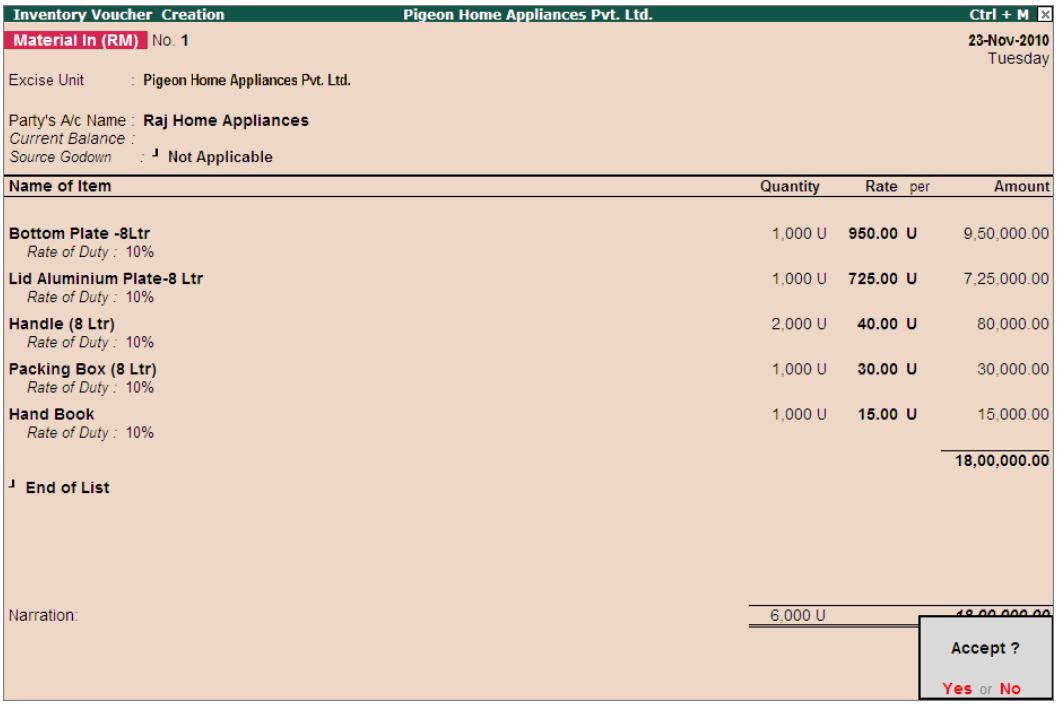


Figure 4.40 Completed Material Transfer In Voucher

Observe, Tally.ERP 9 displays only the Raw material required for the Manufacture of finished goods. For Job Order **JobIn - 001** we have identified that during manufacturing process Aluminium Scrap will be produced, which is not auto filled for material transfer in.

8. Press **Enter** to save.

Even though the goods are received **physically** from principal manufacturer location to Job Worker location, **ownership** on the goods is still with the Principal Manufacturer. Hence in the books of accounts of Job Worker the **Value** or the **Quantity** of the goods received are not added. Users can check the stock details in **Stock Summary**.

*The **Value** or the **Quantity** of the stock is not added to the Job Worker Books of Accounts when the **Godown** used to account the receipt of goods from the principal manufacturer is created by enabling the option **Third Party Stock with us**.*

The details of Material Transfer In voucher details can be viewed in **Material Transfer In**

To view the **Material Transfer In**

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers > Material Transfer In**

6.10 Transfer of Own Goods for Production

Example 10:

On 24-11-2010, Pegion Home Appliances transferred the following items To produce 1000 cookers, job worker is using screws and Wax which are Own Consumption. Following Own Consumption Items are also transferred to Production

Raw Materials	*Quantity*
Screw	*2000 (Nos)*
Wax	*25 Box*

Setup:

In **F11: Features (Inventory Features)**

- Set the option **Use Tracking Numbers (Delivery/Receipts Notes)** to **Yes**

Record the Transaction in Material Out Voucher

Go to **Gateway of Tally > Inventory Vouchers > J: Material Out**

1. In **Change Voucher Type** screen select **Material Out (Transfer/FG)** from the **List of Types**

Here, Pegion Home Appliances is using **Material Out (Transfer/FG)** voucher as they are recording internal material transfer transaction.

1. Enter the **Date** as **24-11-2010**
2. **Party A/C Name**: In this field select the Principal Manufacturer ledger to whom the finished goods are manufactured towards which Job worker is transferring the own goods to production. E.g. **Raj Home Appliances**
3. In **Party Details** screen, in **Order No(s)** field select **End of List**.

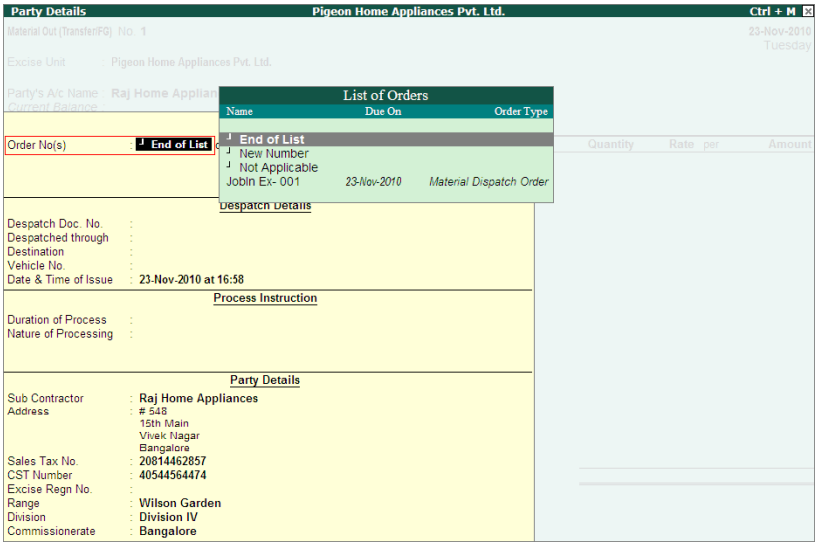


Figure 2.41 Party Details Screen

*In **Order No (s)** field, **End of List** is selected, as the Job Worker is not transferring out the finished goods, he is only moving the stock from one godown to another godown with in the factory.*

4. **Destination Godown**: In this field select the godown to where the raw materials are transferred. E.g. **JobWork (In) Location**
5. Under **Name of Item** field select the stocks which are own consumption of the Job Worker. Select **Screw**. Press **Enter** to view **Stock Item Allocation** screen
6. In **Stock Item Allocation** screen
   - Retain **No** in **Consider as Scrap**
   - **Tracking Number**: Job Worker is using his own stock to manufacture the goods. The goods consumed will be billed for the Principal Manufacturer. Hence to track the Raw Materials in sales invoice tracking Number has to specified. Select New Number & specify the tracking as - **JobIn Ex - 001**. indicating that these raw materials are consumed to manufacture goods of order JobIn - 001

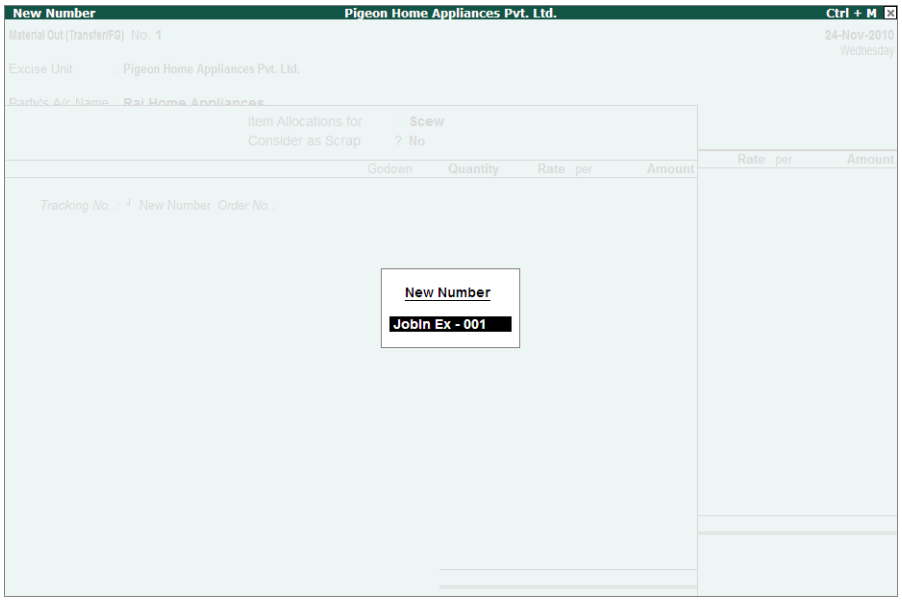


Figure 2.42 Specifying Tracking Number

   - In **Godown** select the godown from where the stocks are transferred. Enter the **Quantity** & **Rate** of stock transferred.

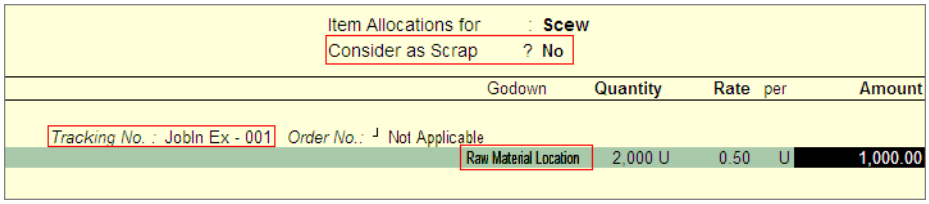


Figure 2.43 Completed Stock Item Allocation Screen

- *Pegion Home Appliances stores all the **components** purchased in **Raw Material Location**. From Raw Material Location screws are issued to Job Work (In) Location*
- *The **Tracking Number** specified for the stock item's used as **own consumption** will used in Sales invoice to bill the Items.*

7. In **Name of Item** field select the stocks which are own consumption of the Job Worker. Select **Wax**. In Item Allocation screen, enter the **Tracking Number** (**JobIn - 001**), select the **Godown** (Raw Material Location) and enter the **Quantity** (25) & **Rate** (160).

The completed material transfer out voucher is displayed as shown

Inventory Voucher Creation — Pigeon Home Appliances Pvt. Ltd. — Ctrl + M

Material Out (Transfer/FG) No. 1 — 24-Nov-2010 Wednesday

Excise Unit : Pigeon Home Appliances Pvt. Ltd.

Party's A/c Name : Raj Home Appliances
Current Balance :
Destination Godown : JobWork (In) Location

Name of Item	Quantity	Rate per	Amount
Scew	2,000 U	0.50 U	1,000.00
Wax	25 Box	160.00 Box	4,000.00
			5,000.00

End of List

Narration:

Accept ?
Yes or No

Figure 2.44 Completed Material Transfer Out voucher

8. Press **Enter** to save.

6.11 Manufacture of Finished Goods

Record the Manufacturing Journal to account the manufacture the finished goods.

Example 11:

On 21-1-2011, Pegion Home Appliances manufactured 1000 Cooker 8 Litres.

*To record the Manufacturing Journal, You can alter the default **Stock Journal** or create a new voucher type under stock Journal by enabling the option **Use as a Manufacturing Journal**.*

Record the Transaction in Manufacturing Journal

Go to **Gateway of Tally > Inventory Vouchers > F7: Stock Journal**

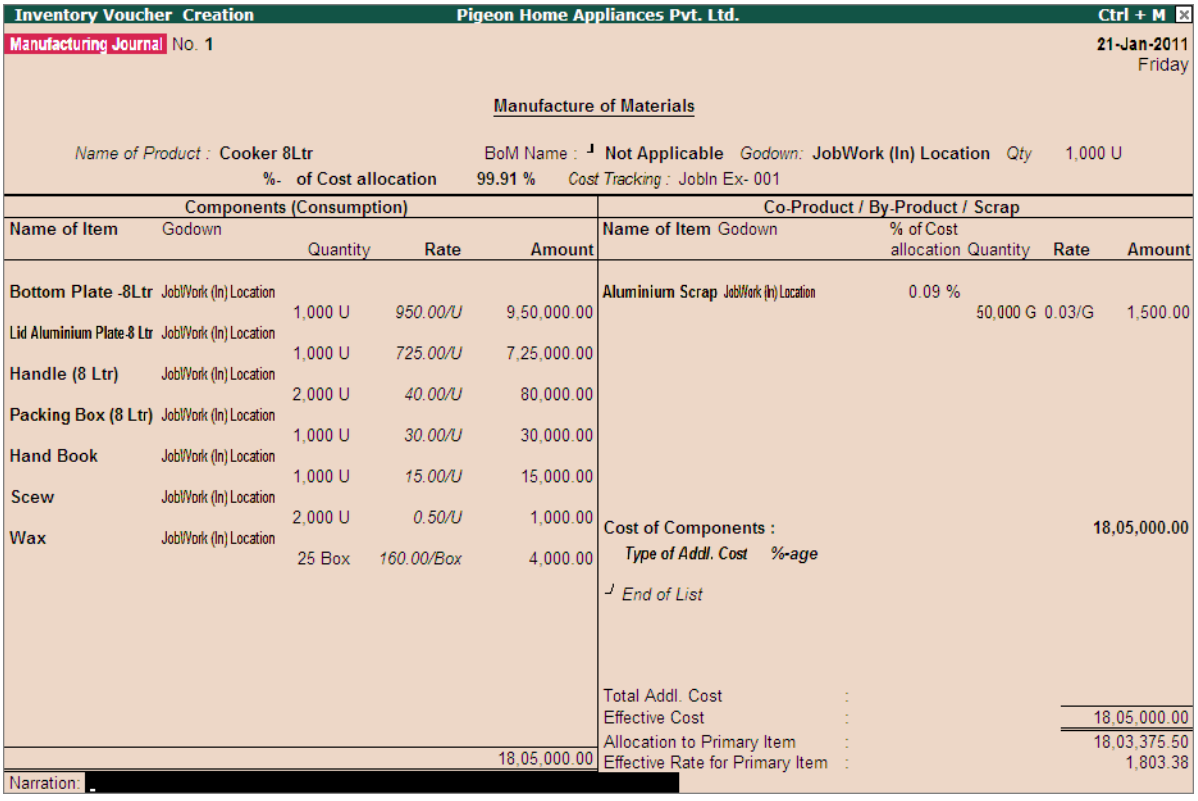
1. In **Change Voucher Type** screen select **Manufacturing Journal** from the **List of Types**.
2. Enter the **Date** as **21-1-2011**
3. In **Name of Product** select the Finished Goods which is manufactured. E.g. **Cooker 8Ltr**
4. Application skips the **BoM Name** field as bill of Material is not created for the stock item
5. In **Godown** field select the godown where the finished goods manufactured will be stored. Pegion Home Appliance stores all the manufactured goods in **JobWork (In) Location**.
6. In **Quantity** field specify the quantity of goods manufactured. E.g **1000**.
7. In Cost Tracking select **JobIn Ex - 001** from the **List of Cost Tracking Numbers**
8. Under **Components (Consumption)** section select the stock items which are used to manufacture the finished goods.
   - **Name of Item**: In this field select the components used to manufacture the finished goods
   - **Godown**: In this field select the goods from where the components are consumed
   - **Quantity**: In this field mention the Quantity of Components required to manufacture the finished goods
   - **Rate**: In this field specify the Rate of Components
   - **Amount**: Amount will be calculated and displayed automatically.

*All the **Components** required to manufacture **Cooker 8 Litre** are consumed form **JobWork (In) Location** godown.*

*If **BOM** is created for the **finished goods,** on selection of Bill of Material in **BoM Name** field all the **Components** will be **auto-filled**.*

9. Under **Co-Product / By-Products / Scrap** section select the stock items which are produced as Co-Product / By-Products of finished goods or Scrap.
   - **Name of Item**: In this field select the Co-Product / By-Products / Scrap produced during manufacture of Finished goods.
   - **Godown**: In this field select the goods from where the Co-Product / By-Products / Scrap are stored
   - **% of Cost Allocation**: In this field specify the% of cost of allocation to be made towards the By-product/Co-product/Scrap produced
   - **Quantity**: In this field mention the Quantity of Co-Product / By-Products / Scrap produced
   - **Rate & Amount**: Rate & Amount will be displayed automatically based on the% of Cost Allocation.

The completed Manufacturing Journal will be displayed as shown



Inventory Voucher Creation — Pigeon Home Appliances Pvt. Ltd. — Ctrl + M

Manufacturing Journal No. 1 — 21-Jan-2011 Friday

Manufacture of Materials

Name of Product : Cooker 8Ltr — BoM Name : Not Applicable — Godown: JobWork (In) Location — Qty 1,000 U

%- of Cost allocation 99.91 % — Cost Tracking : JobIn Ex- 001

Components (Consumption)					Co-Product / By-Product / Scrap				
Name of Item	Godown	Quantity	Rate	Amount	Name of Item	Godown	% of Cost allocation	Quantity	Rate	Amount
Bottom Plate -8Ltr	JobWork (In) Location	1,000 U	950.00/U	9,50,000.00	Aluminium Scrap	JobWork (In) Location	0.09 %	50,000 G	0.03/G	1,500.00
Lid Aluminium Plate-8 Ltr	JobWork (In) Location	1,000 U	725.00/U	7,25,000.00						
Handle (8 Ltr)	JobWork (In) Location	2,000 U	40.00/U	80,000.00						
Packing Box (8 Ltr)	JobWork (In) Location	1,000 U	30.00/U	30,000.00						
Hand Book	JobWork (In) Location	1,000 U	15.00/U	15,000.00						
Scew	JobWork (In) Location	2,000 U	0.50/U	1,000.00						
Wax	JobWork (In) Location	25 Box	160.00/Box	4,000.00	Cost of Components :					18,05,000.00
					Type of Addl. Cost	%-age				
					End of List					
				18,05,000.00	Total Addl. Cost :					
					Effective Cost :					18,05,000.00
					Allocation to Primary Item :					18,03,375.50
					Effective Rate for Primary Item :					1,803.38

Narration:

Figure 2.45 Completed Manufacturing Journal

10. Press **Enter** to save.

6.12 Delivery of Finished Goods towards a Job Order

On receiving the Raw materials, Job Worker will undertake the processing as defined by the Principal Manufacturers. On completing the production of agreed goods, the finished goods will be delivered to the Principal manufacturer.

In Tally.ERP 9 the Material Delivery (Finished Goods/ scrap etc.) to the Principal Manufacturer can be recorded using **Material Out** vouchers. Under this we will learn to record material transfer Out transactions.

Example 12:

*On 22-1-2011 Pegion Home Appliances delivered the following Finished goods and Scrap of Job work order **JobIn Ex - 001** to Raj Home Appliances. The finished goods are delivered along with Delivery Document.*

Materials Received	***Quantity***
Cooker 8Litre	*1000 (Nos)*
Aluminium Scrap	*50000(GM)*

Record the transaction in Material Out Voucher

Go to **Gateway of Tally > Inventory Vouchers > J: Material Out**

1. In **Change Voucher Type** screen select **Material Transfer Out (Transfer/FG)** from the List of Types

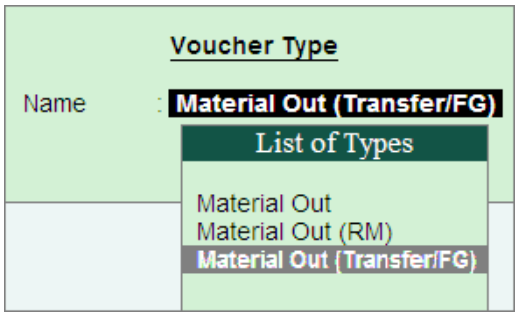


Figure 4.46 Voucher Type Selection

Here, Pegion Home Appliances is using **Material Transfer Out (Transfer/FG)** voucher type to account the delivery of **Finished Goods** and **Scrap**

2. Enter the **Date** as **22-1-2011**
3. **Party A/C Name**: In this field select the **Principal Manufacturer ledger** to whom the Finished goods to be delivered. E.g. **Raj Home Appliances**. Press Enter to view Party Details screen
4. In **Party Details** screen
5. Under **Order Details**, in **Order No(s)** field select the **Job Order** from the **List of Orders** towards which the finished goods are delivered.

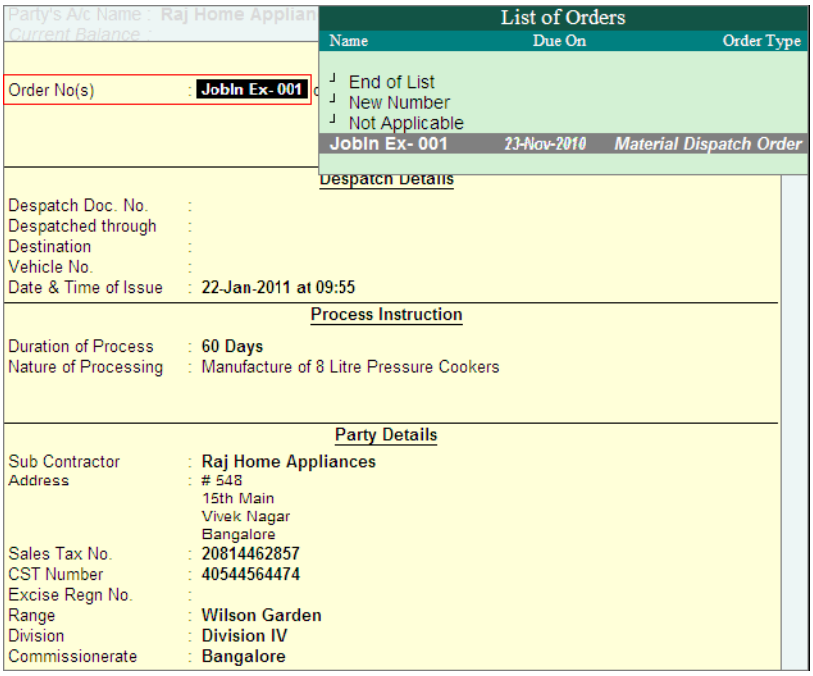
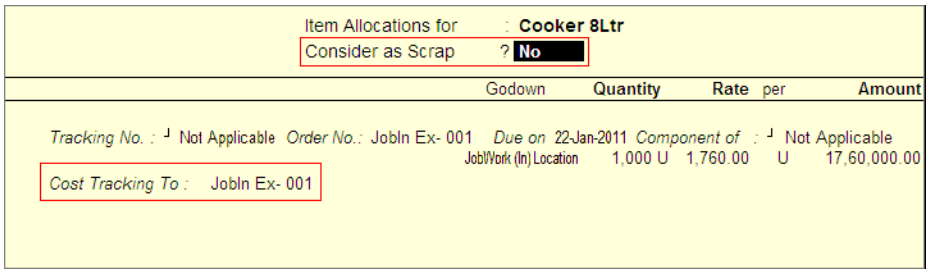


Figure 4.47 Selection of Job Order

*The **Order Type** in **List of Orders** will be displayed as **Material Dispatch Order** indicating that this order is selected to account the despatch of Finished Goods.*

*The **Duration of Process** and **Nature of Processing** specified in **Job Work In Order** will be displayed automatically based on the Order selected.*

6. Under **Name of Item** the stock items (Finished Goods/Scrap/Co-products/By-products) will be auto-filled based on the **Job Order** selected.
7. **Destination Godown**: Select **Not Applicable** in this field. Here, **Pegion Home Appliances** is not transferring the goods to any Godown instead Finished goods are delivered to Principal Manufacturer form Production Floor, hence in Destination Godown field **Not Applicable** is selected.
8. Under **Name of Item**, select the **stock item** and press **enter** to view **Stock Item Allocation** screen
9. In **Stock Item Allocations** Screen
   - Retain **No** for the option **Consider as Scrap**
   - In **Cost Tracking No.** field select the Tracking number **JobIn Ex - 001** to track the cost of Job order JobIn Ex - 001.



10.Similarly, select **Aluminium Scrap**. Set the option **Consider as Scrap** as **Yes**.

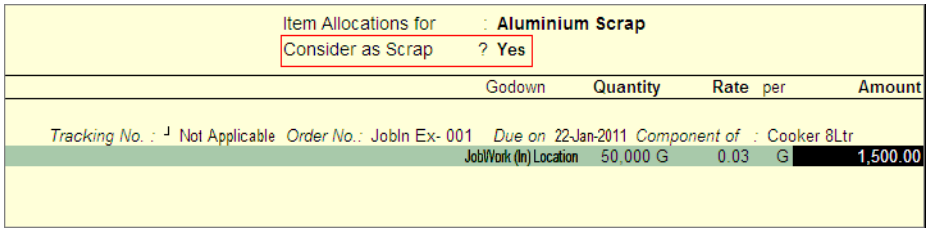


Figure 2.48 Stock Item Allocation Screen

The completed Material Transfer Out voucher is displayed as shown

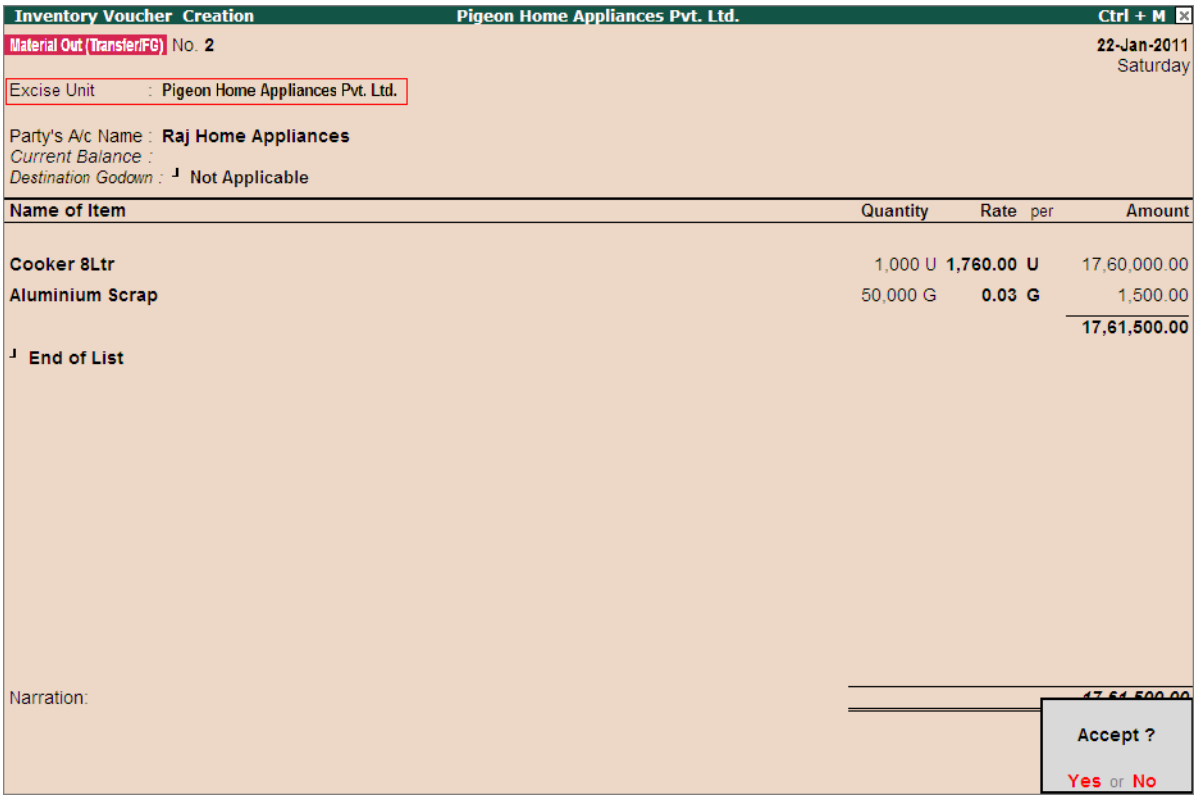


Figure 4.49 Completed Material Transfer Out Voucher

11.Press **Enter** to save.

Lesson 7: Job Work Reports

Lesson Objectives

On completion of this lesson, you will learn to

- View Job Work Out Reports
- View Job Work In Reports
- View Job Work Out Statutory Reports (if Excise applicable)
- View Job Work In Statutory Report (if excise is applicable)

7.1 Job Work Out Reports

To view the Job Work Out Reports

Go to **Gateway of Tally > Display > Job Work Out Reports**

Figure 2.1 Job Work Out Reports

7.1.1 Order Outstandings

Order Outstandings report displays the details of all the Job work out orders raised on the Job workers which are pending.

To view the **Order Outstandings** report

Go to **Gateway of Tally > Display > Job Work Out Reports > Order Outstandings**

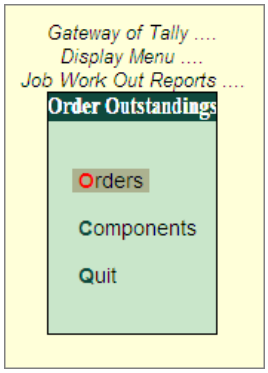


Figure 2.2 Order Outstandings

7.1.1.1 Orders

1. Job Order Summary

Job Order Summary report displays the summary of all the Job work orders which are outstanding (job order raised on the Job worker towards which the raw materials are pending for issue)

To view Job Order Summary report

Go to **Gateway of Tally > Display > Job Work Out Reports > Order Outstandings > Orders**

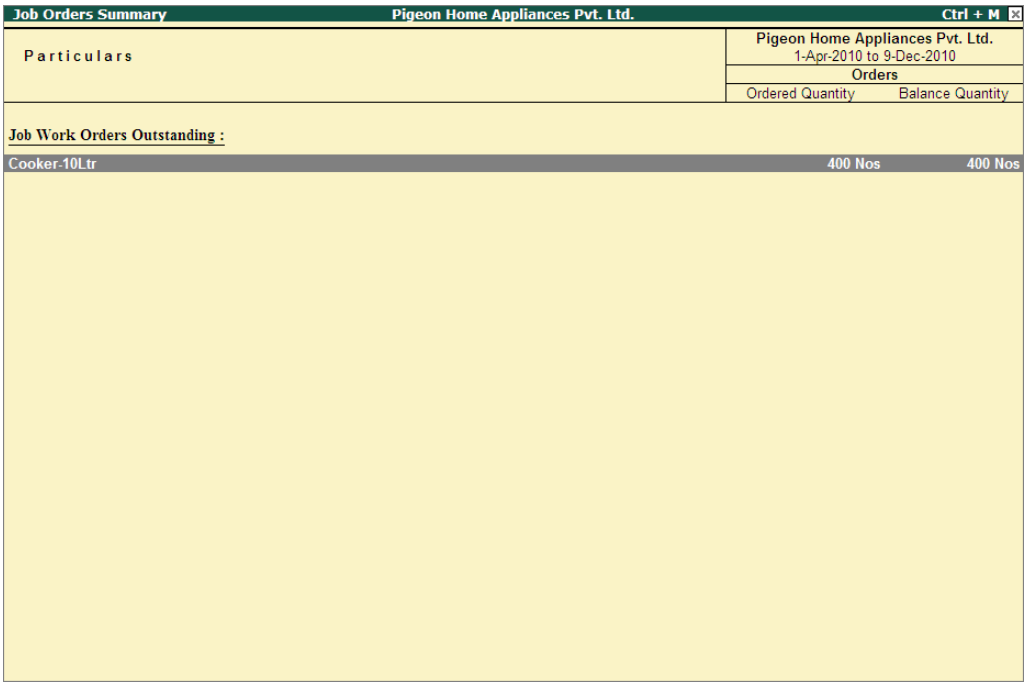


Figure 2.3 Job Order Summary Report

2. Job Orders Details

To view the details of Job order outstandings select the stock item and press enter to view the Job Orders Details screen. Press **Alt + F1: Detailed** (or click on F1: Detailed button) to view in Detailed Mode.

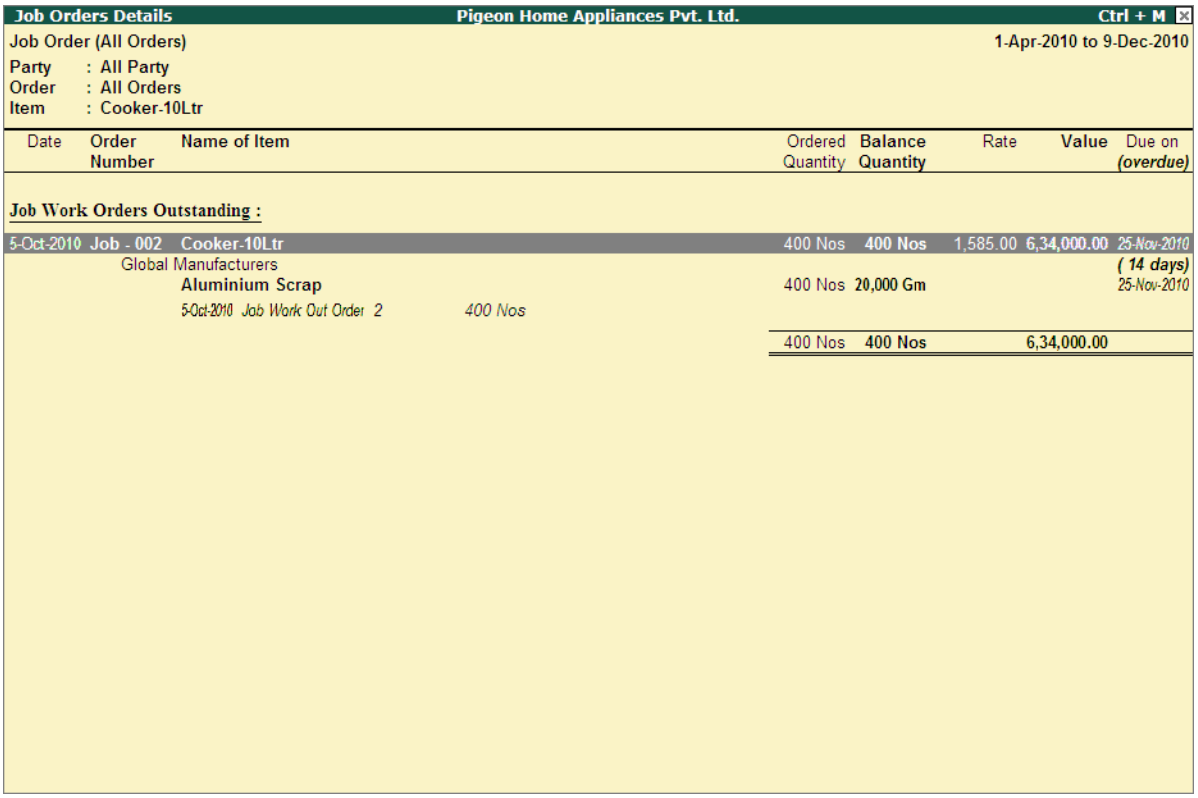


Figure 2.4 Job Orders Details

7.1.1.2 Components

Components Order Summary report displays the components Outstanding (for issue) for a Job Orders raised. To view Components Order Summary

Go to **Gateway of Tally > Display > Job Work Out Reports > Order Outstandings > Components**

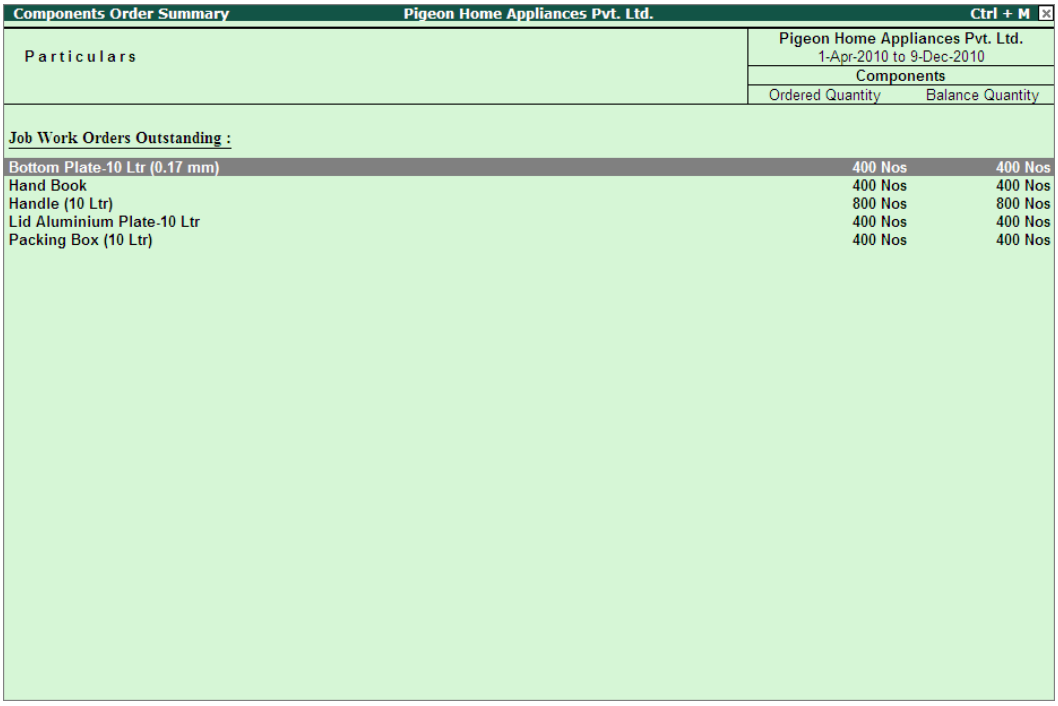


Figure 2.5 Components Order Summary

7.1.2 Job Work Registers

To view the Job Work Registers

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers**

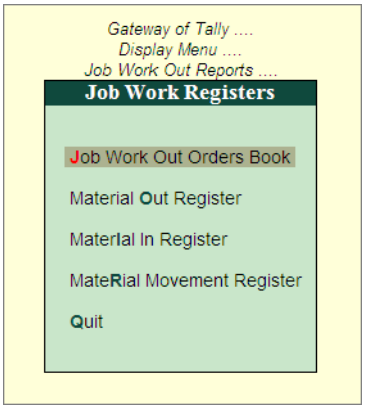


Figure 2.6 Job Work Registers

7.1.2.1 Job Work Out Orders Book

Job Work Out Orders Book displays all the Job Work Out Order Vouchers recorded in the Books.

To view the Job Work out Orders Book

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Job Work Out Orders Book**

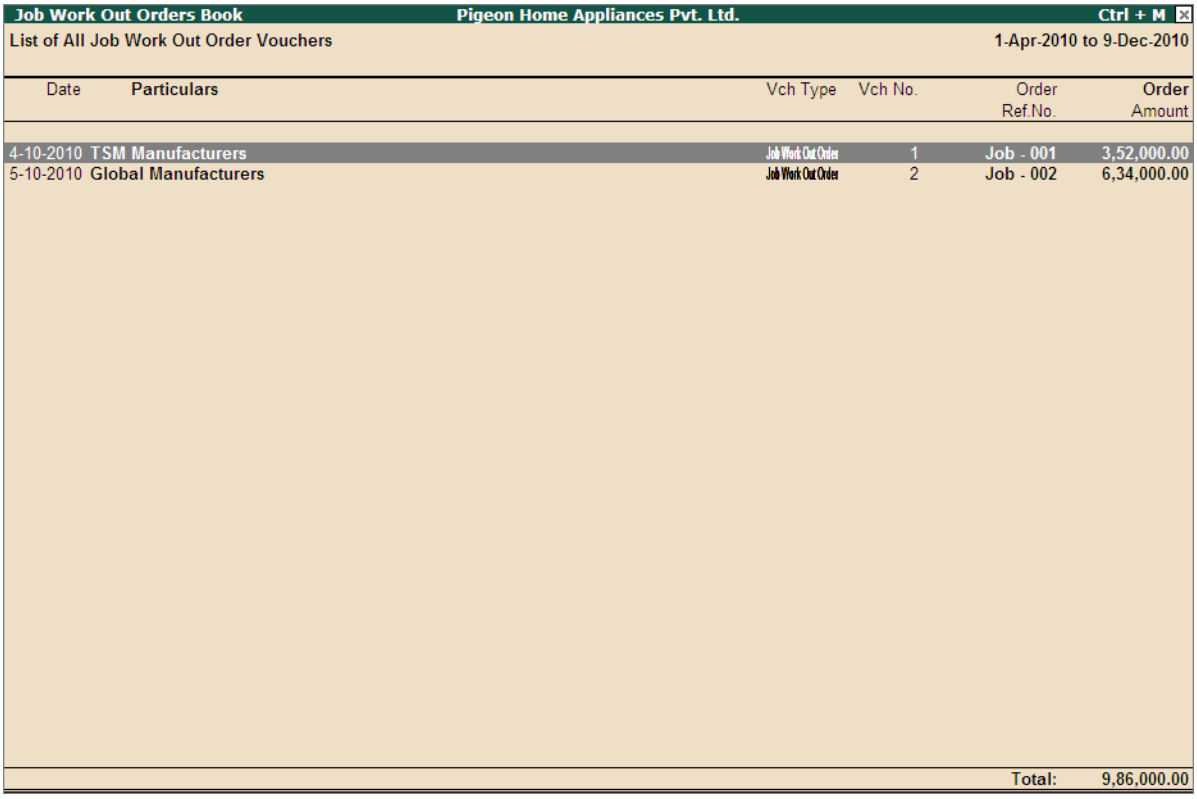


Figure 2.7 Job Work Out Orders Book

7.1.2.2 Material Out Register

Material Out Register displays all the material out vouchers recorded to account the transfer of Material to the Job worker Location.

To view the Material Out Registers

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material Out Registers**

Figure 2.8 Material Out Registers

7.1.2.3 Material In Register

Material In Register displays all the material in vouchers recorded to account the receipt of finished goods from the Job worker Location.

To view the Material In Register

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material In Register**

Figure 2.9 Material In Register

7.1.2.4 Material Movement Register

Material Movement Register displays the details of Movement of Material (Raw Materials and Finished Goods) of Job Orders.

To view Material Movement Register

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material Movement Register**

Material Movement Register — **Pigeon Home Appliances Pvt. Ltd.** — Ctrl + M

1-Apr-2010 to 9-Dec-2010

Order Number	Delivery Challan Number	Date of Dispatch	Description of Goods Dispatched	Quantity Dispatched to Job Worker	Name and Address of Job Worker	Nature of Processing Required
						8 more ... →
Job - 001	1	5-Oct-2010	Bottom Plate -8Ltr	200 Nos	TSM Manufacturers	Manufacture and Packing of Pressure Cooker
			Hand Book	200 Nos		
			Handle (8 Ltr)	400 Nos		
			Lid Aluminium Plate-8 Ltr	200 Nos		
			Packing Box (8 Ltr)	200 Nos		

Figure 2.10 Material Movement Register

Column Description of Material Movement Register

- **Order Number**: This column displays the Job Order number towards which the material movement (Out/In) is captured.
- **Delivery Challan Number**: This column displays the voucher number of the Material out voucher through which the materials are transferred towards the Job Order.
- **Date of Dispatch**: Displays the date on which the materials are transferred/dispatched for the Job Order.
- **Description of Goods dispatched**: Displays the description/Name of the stock items dispatched for the Job Order

- **Quantity Dispatched to Job Worker**: Displays the Quantity of each goods dispatched.
- **Name and Address of Job Worker**: This column displays the Name of the Job worker on whom the order is raised.
- **Nature of Processing Required**: This column displays the Nature of Processing required. Nature of Processing details will be captured form the Party Details of Material out voucher.
- **Goods Received from Job Worker**: This column displays the goods (Finished Goods/ Scrap/By-Products/Co- Products) received from the Job Worker
- **Quantity Received form Job Worker**: This column displays the Quantity of Finished Goods received.
- **Job Worker's Delivery Challan No. and Date**: This column displays the Job worker's Delivery Challan Number and Date entered in the Material In Voucher.
- **Factory GRN/GRRNo. and Date**: This column will display the Voucher Number and date of Material In voucher through which the material receipts are accounted.
- **Shortages if any**: This column displays the details of Shortages in the process of Manufacturer if any.
- **Wastage/Scrap at the end of Job worker**: This column displays the quantity of wastage and scrap produced during the manufacture of Finished Goods.
- **Duty Paid on Shortages/Scrap/Wastage**: This column displays the details of Duty paid on the Shortage/ scrap/Wastage
- **Remarks**: To enter the remark as the Job Order is closed.

7.1.3 Stock

Stock reports displays the details of stock lying with Job worker and from how many days the stock is with the Job worker

To view the Stock reports

Go to **Gateway of Tally > Display > Job Work Out Reports > Stock**

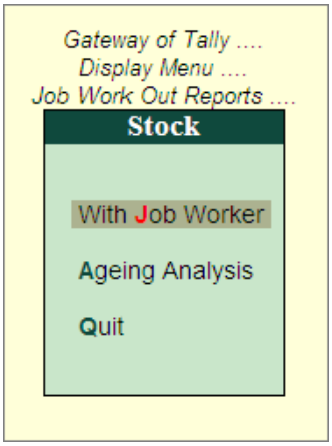


Figure 2.11 Stock

7.1.3.1 With Job Worker

With Job Work report displays the details of stock lying with the Job worker.

7.1.3.2 Ageing Analysis

Ageing Analysis report displays the details of period (i.e. for how long), stock is lying with the Job worker.

7.1.4 Job Work Analysis

Job work Analysis report give the information of any variance in the issue of Raw Materials (issued more or less) and receipt of Finished Goods/Scrap/By-Products/Co-products. These reports can be used to analyse the reason for the variances.

To view the stock Job Work Analysis reports

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Analysis**

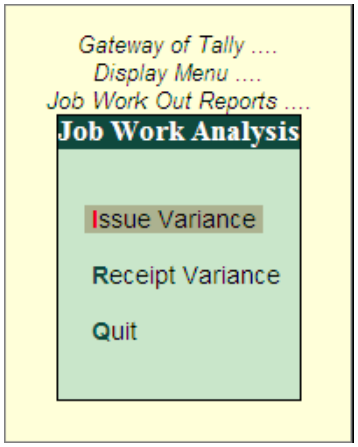


Figure 2.12 Job Work Analysis

7.1.4.1 Issue Variance

Issue Variance report displays the details of variance in the raw material/components issued against the ordered Quantity of the Job Work Out Order. Report also displays the variance Quantity and the Percentage of variance.

7.1.4.2 Receipt Variance

Receipt Variance report displays the details of variance in the Finished Goods/ Scrap/ Co-product/ By-product received against the ordered Quantity of the Job Work Out Order.

7.1.5 Statutory Report - Annexure IV

As per Rule if the principal manufacture is sending the excisable goods for Job work the material Movement details has to be maintained in **Annexure - IV**. In Tally.ERP 9 Annexure - IV can be generated when the **Excise for Manufacturer** feature is enable in **F11: Features (Statutory & Taxation)**.

To view Annexure - IV

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Annexure - IV**

- In **Select Item** screen select the **Excise Unit** for which the Annexure - IV to be generated

The Annexure - IV is displayed as shown

Annexure - IV — **Pigeon Home Appliances Pvt. Ltd.** — Ctrl + M

Excise Unit : Pigeon Home Appliances Pvt. Ltd. — 1-Apr-2010 to 22-Jan-2011

Order Number	Delivery Challan Number	Date of Dispatch	Description of Goods Dispatched	Quantity Dispatched to Job Worker	Name and Address of Job Worker	Nature of Processing Required
						8 more ... →
Job Ex - 001	1	7-Nov-2010	Bottom Plate -8Ltr	150 U	TSM Manufacturers	Manufacture and Packing of Pressure Cooker
			Hand Book	150 U		
			Handle (8 Ltr)	300 U		
			Lid Aluminium Plate-8 Ltr	150 U		
			Packing Box (8 Ltr)	150 U		

Figure 2.13 Annexure IV

7.2 Job Work In Reports

To view the Job Work In Reports

Go to **Gateway of Tally > Display > Job Work In Reports**

Figure 2.14 Job Work In Reports

7.2.1 Order Outstandings

Order Outstandings report display the details of all the Job work In orders raised on the Principal Manufacturer which are pending.

To view the Order Outstandings report

Go to **Gateway of Tally > Display > Job Work In Reports > Order Outstandings**

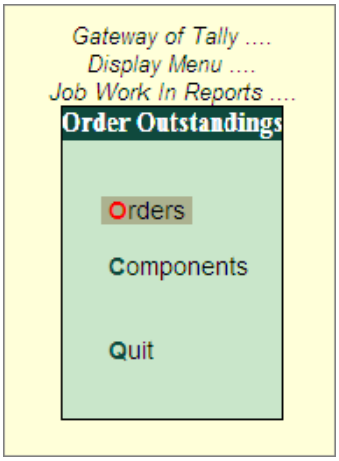


Figure 2.15 Order Outstandings

7.2.1.1 Orders

Job Order Summary report displays the summary of all the Job work In orders which are outstanding (job order in raised on Principal Manufacturer towards which the raw materials are pending to receive)

To view Job Order Summary report

Go to **Gateway of Tally > Display > Job Work In Reports > Order Outstandings > Orders**

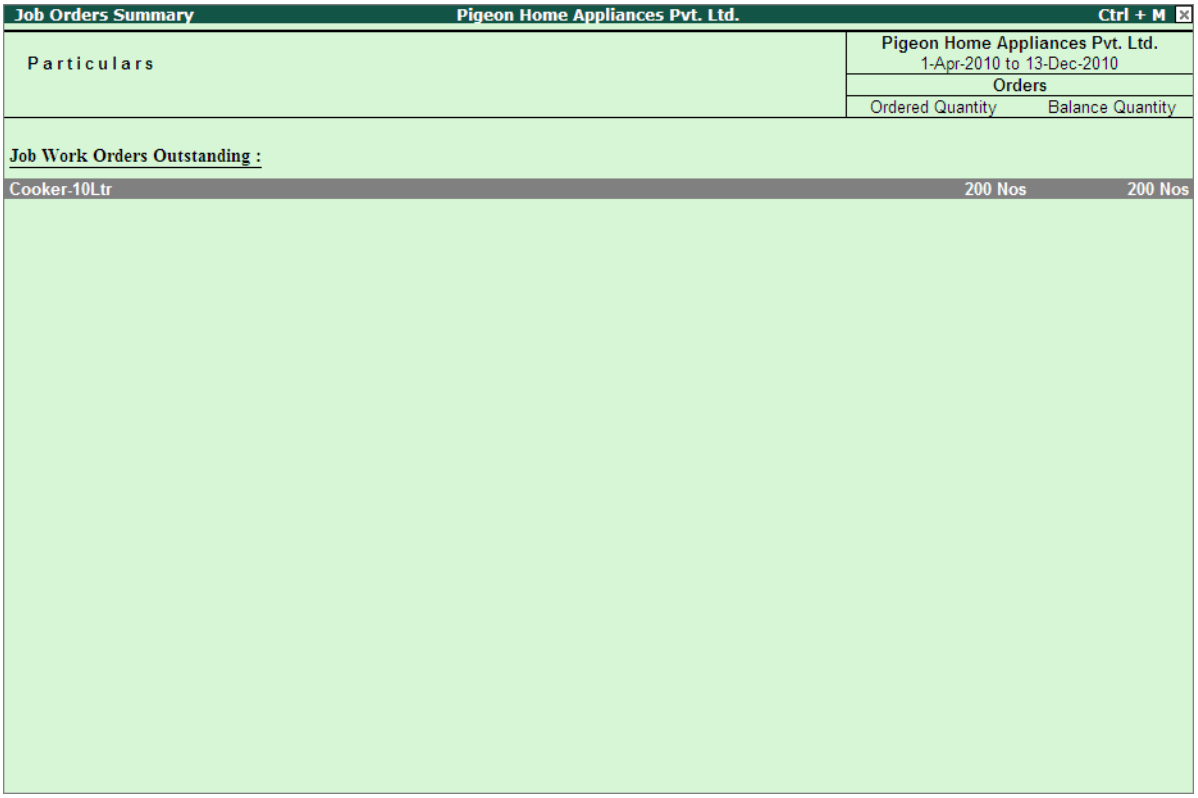
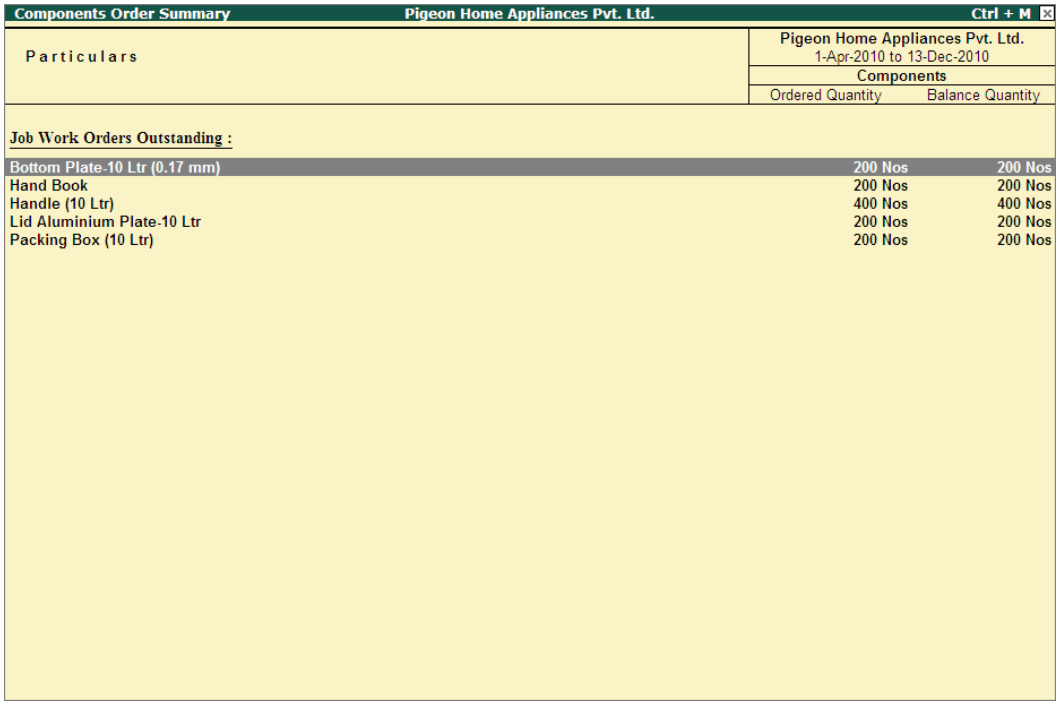


Figure 2.16 Job Order Summary Report

7.2.1.2 Components

Components Order Summary report displays the components Outstanding (to receive) for a Job Order In raised. To view Components Order Summary

Go to **Gateway of Tally > Display > Job Work In Reports > Order Outstandings > Components**



Components Order Summary — Pigeon Home Appliances Pvt. Ltd. — Ctrl + M

Particulars	Pigeon Home Appliances Pvt. Ltd. 1-Apr-2010 to 13-Dec-2010	
	Components	
	Ordered Quantity	Balance Quantity
Job Work Orders Outstanding :		
Bottom Plate-10 Ltr (0.17 mm)	200 Nos	200 Nos
Hand Book	200 Nos	200 Nos
Handle (10 Ltr)	400 Nos	400 Nos
Lid Aluminium Plate-10 Ltr	200 Nos	200 Nos
Packing Box (10 Ltr)	200 Nos	200 Nos

Figure 2.17 Components Order Summary

7.2.2 Job Work Registers

To view the Job Work Registers

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers**

Figure 2.18 Job Work Registers

7.2.2.1 Job Work In Orders Book

Job Work In Orders Book displays all the Job Work In Order Vouchers recorded in the Books.

To view the Job Work In Orders Book

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Register > Job Work In Orders Book**

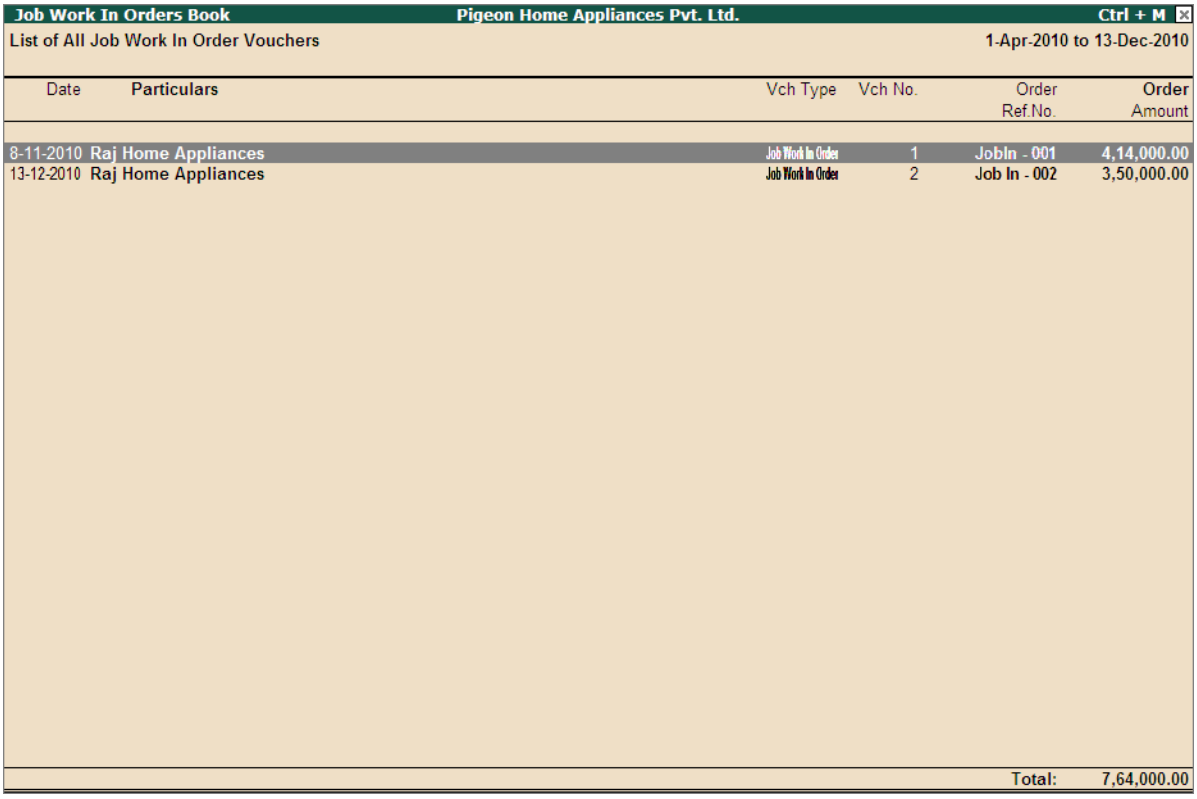


Figure 2.19 Job Work In Orders Book

7.2.2.2 Material Out Register

Material Out Register displays all the material out vouchers recorded to account the transfer of own Consumption stock to Third party stock lying with use godown and the Finished goods transferred to the Principal Manufacturer.

To view the Material Out Registers

Go to **Gateway of Tally > Display > Job Work Out Reports > Job Work Registers > Material Out Registers**

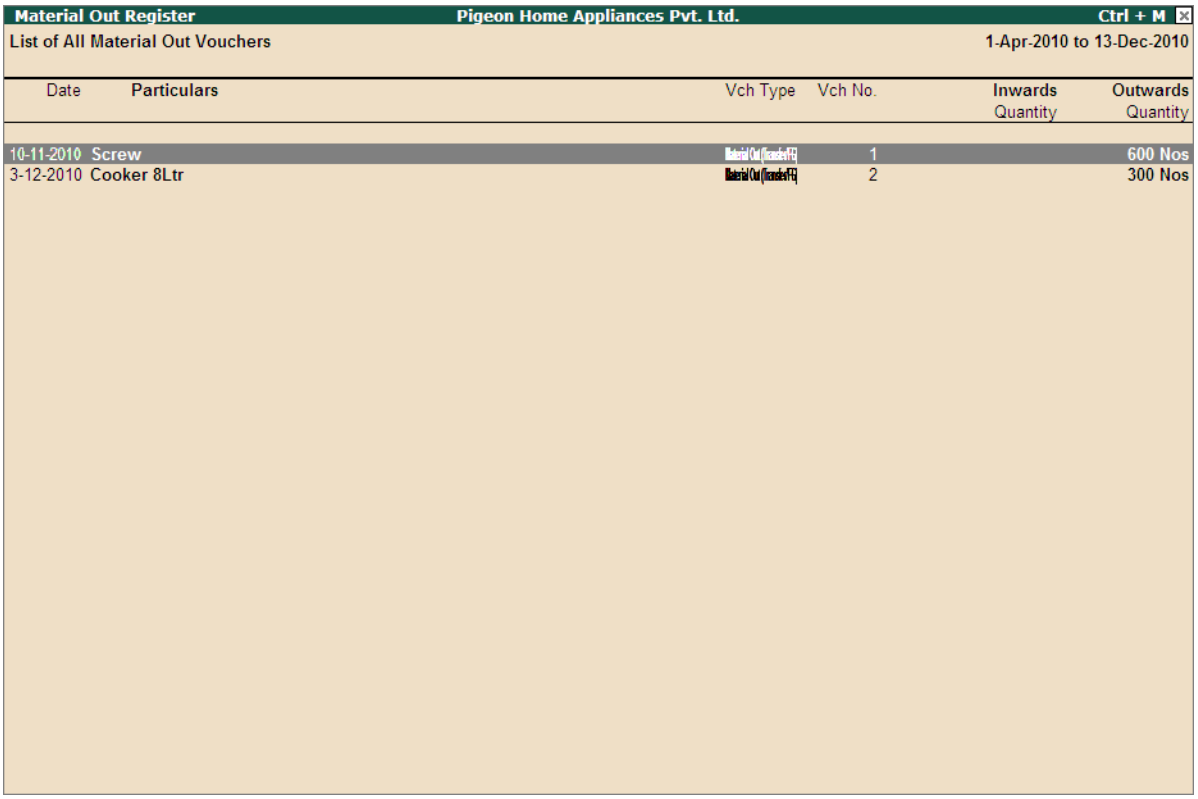


Figure 2.20 Material Out Register

7.2.2.3 Material In Register

Material In Register displays all the material in vouchers recorded to account the receipt of Raw Materials/Components from the Principal Manufacturer.

To view the Material In Registers

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers > Material In Registers**

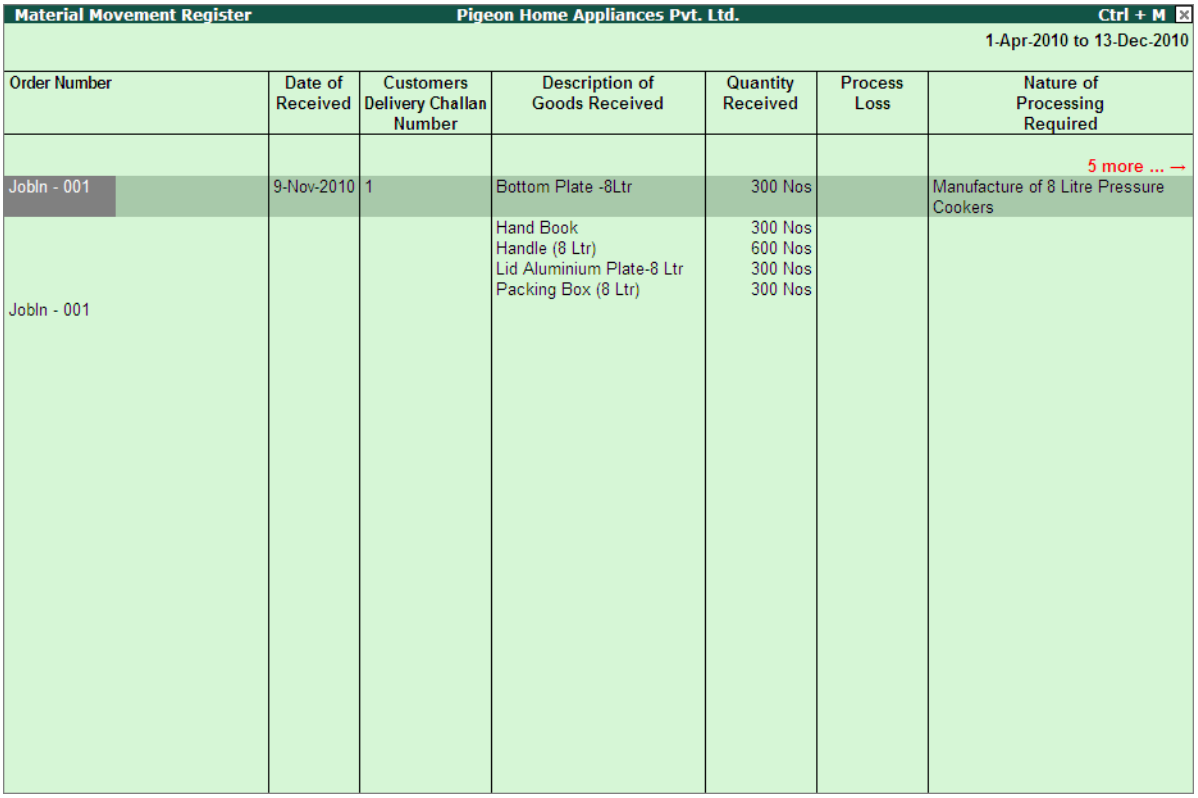
Figure 2.21 Material In Register

7.2.2.4 Material Movement Register

Material Movement Register displays the details of Movement of Material (Raw Materials and Finished Goods) of Job Work In Orders.

To view Material Movement Register

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Registers > Material Movement Register**



Material Movement Register — Pigeon Home Appliances Pvt. Ltd. — Ctrl + M

1-Apr-2010 to 13-Dec-2010

Order Number	Date of Received	Customers Delivery Challan Number	Description of Goods Received	Quantity Received	Process Loss	Nature of Processing Required
						5 more ... →
JobIn - 001	9-Nov-2010	1	Bottom Plate -8Ltr	300 Nos		Manufacture of 8 Litre Pressure Cookers
JobIn - 001			Hand Book Handle (8 Ltr) Lid Aluminium Plate-8 Ltr Packing Box (8 Ltr)	300 Nos 600 Nos 300 Nos 300 Nos		

Figure 2.22 Material Movement Register

Column Description of Material Movement Register

- **Order Number**: In this column the Job Work In Order Number will be displayed
- **Date of Received**: This column displays the date on which the components are received form the Principal manufacturer
- **Customers Delivery Challan**: This column displays the voucher number of the material In voucher through which the components for Job work is received.
- **Description of Goods Received**: This column displays the description of the components received

- **Quantity Received**: This column displays the quantity of components received towards a Job Work In Order
- **Process Loss**: This column displays the loss of stock during manufacture of Finished goods
- **Nature of Process Required**: This column displays the Natures of Processing instructed by the Manufacturer
- **Quantity Processed Goods Returned**: This column displays the details of stock (Finished Goods/Scrap/By-Products/Co-Products) manufactured
- **Quantity Issued**: This column displays the Quantity of goods manufactured and delivered to the principal Manufacturer
- **Wastage Scrap at end of Job Work**: This column displays the quantity of Wastage or Scrap produced during the manufacture of Finished goods
- **Job Worker's Challan No. & Date**: This column displays the Job workers challan number and Date. These details will be captured from the Material out voucher recorded to deliver the goods to the manufacturer.
- **Remarks**: To enter the information of closure of stock.

7.2.3 Stock

Stock reports displays the details of stock received from different Principal Manufacturers and from how many days the stock is with the Job worker.

To view the Stock reports

Go to **Gateway of Tally > Display > Job Work In Reports > Stock**

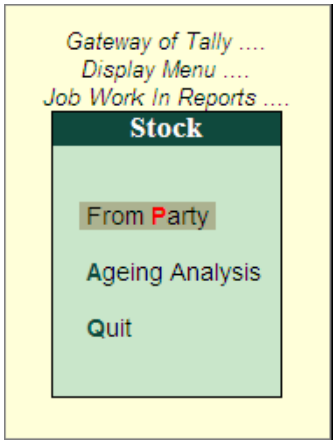


Figure 2.23 Stock

7.2.3.1 From Party

Stock **From Party** report displays the details of stock received from different Principal Manufacturer

7.2.3.2 Ageing Analysis

Stock **Ageing Analysis** report displays the details of period (i.e. for how long) the Principal manufacturer's stock is lying with the Job worker.

7.2.4 Job Work Analysis

Job work Analysis report give the information of any variance in the receipt of finished Goods (received more or less) and issue of Finished Goods/Scrap/By-Products/Co-products. These reports can be used to analyse the reason for the variances.

To view the stock Job Work Analysis reports

Go to **Gateway of Tally > Display > Job Work In Reports > Job Work Analysis**

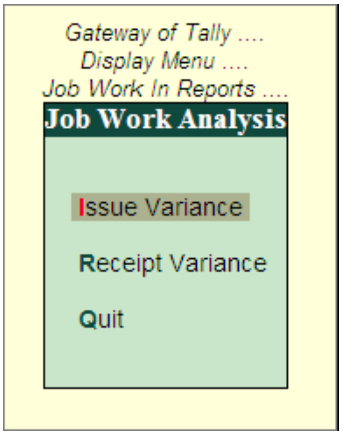


Figure 2.24 Job Work Analysis

7.2.4.1 Issue Variance

Issue Variance report displays the details of variance in the Finished Goods/Co-Product/By-Product/ Scrap delivered against the ordered Quantity of the Job Work In Order. Report also displays the variance Quantity and the Percentage of variance.

7.2.4.2 Receipt Variance

Receipt Variance report displays the details of variance in the components received against the ordered Quantity of the Job Work In Order.

*Refer **Tally.ERP 9 Reference Manual** (Local Help) for more information on **Job Work In** and **Job Work Out Reports***