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.

5.8 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.

Despatch Details

Despatched through	:	Mode/Terms of Payment:
Destination	:	

Process Instruction

Duration of Process	:	60 Days
Nature of Processing	:	Manufacture of 8 Litre Pressure Cooker

Party Details

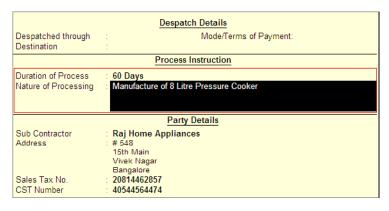|		
Sub Contractor	:	Raj Home Appliances
Address	:	# 548
		15th Main
		Vivek Nagar
		Bangalore
Sales Tax No.	:	20814462857
CST Number	:	40544564474

Figure 5.35 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**

Notes   *If the **Principal Manufacturer** has agreed for the delivery of finished goods in Installments 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**

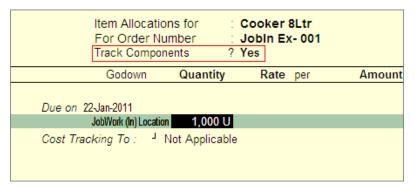- **Quantity**: Specify the **Quantity** of finished goods to be received from the Job Worker.

Figure 5.36 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

Figure 5.37 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.
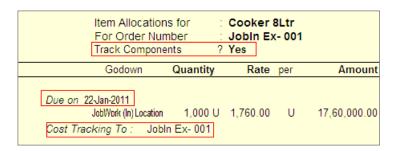

Figure 5.38 Completed Stock Item Allocation Screen

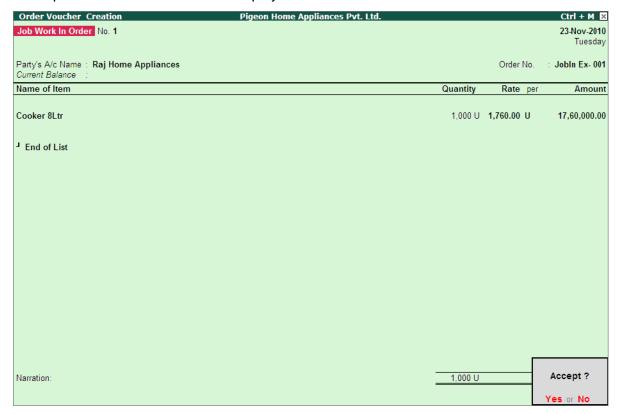The completed Job Work In Order is displayed as shown

Order Voucher Creation	Pigeon Home Appliances Pvt. Ltd.		Ctrl + M ☒
Job Work In Order No. 1			23-Nov-2010 Tuesday
Party's A/c Name : Raj Home Appliances Current Balance :		Order No.	: JobIn Ex- 001
Name of Item	Quantity	Rate per	Amount
Cooker 8Ltr	1,000 U	1,760.00 U	17,60,000.00
⌐ End of List			
Narration:	1,000 U		Accept ? Yes or No

Figure 5.39 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**

5.9 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**.

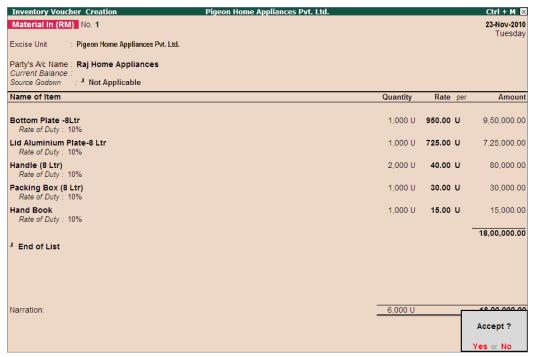The completed Material Transfer In Voucher is displayed as shown

Inventory Voucher Creation	Pigeon Home Appliances Pvt. Ltd.			Ctrl + M
Material In (RM) No. 1				**23-Nov-2010** Tuesday

Excise Unit : **Pigeon Home Appliances Pvt. Ltd.**

Party's A/c Name : **Raj Home Appliances**
Current Balance :
Source Godown : **Not Applicable**

Name of Item	Quantity	Rate per	Amount
Bottom Plate -8Ltr Rate of Duty : 10%	1,000 U	950.00 U	9,50,000.00
Lid Aluminium Plate-8 Ltr Rate of Duty : 10%	1,000 U	725.00 U	7,25,000.00
Handle (8 Ltr) Rate of Duty : 10%	2,000 U	40.00 U	80,000.00
Packing Box (8 Ltr) Rate of Duty : 10%	1,000 U	30.00 U	30,000.00
Hand Book Rate of Duty : 10%	1,000 U	15.00 U	15,000.00
			18,00,000.00
End of List			

| Narration: | 6,000 U | | 18,00,000.00 |

Accept ?
Yes or **No**

Figure 5.40 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**.

Notes

*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**

5.10 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**.
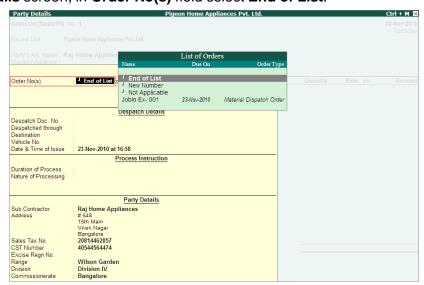

Figure 5.41 Party Details Screen

> *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
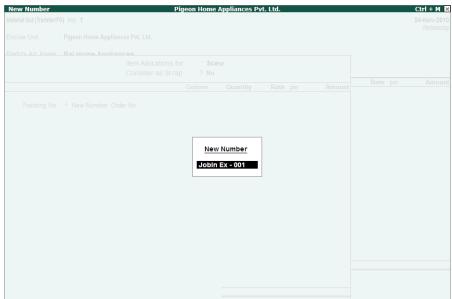

Figure 5.42 Specifying Tracking Number

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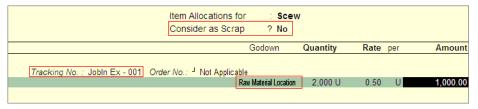

Figure 5.43 Completed Stock Item Allocation Screen

> **Notes**
>
> □ *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).

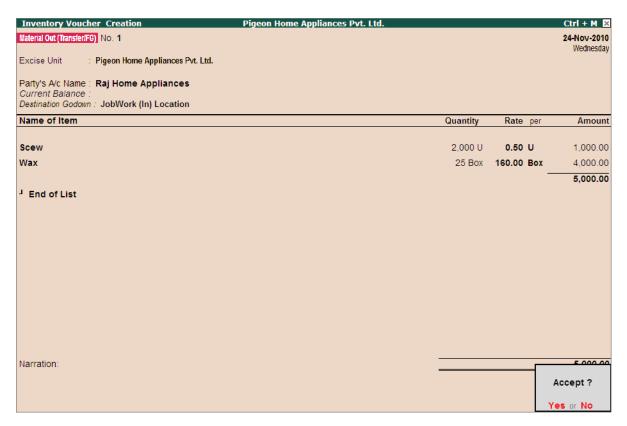The completed material transfer out voucher is displayed as shown

Figure 5.44 Completed Material Transfer Out voucher

8. Press **Enter** to save.

5.11 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.

Notes — *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.

Notes — *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
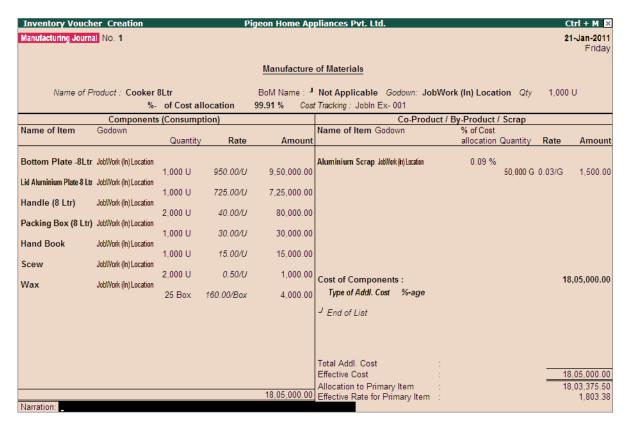

Figure 5.45 Completed Manufacturing Journal

10. Press **Enter** to save.

5.12 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
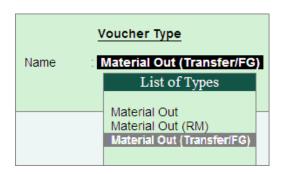

Figure 5.46 Voucher Type Selection

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.
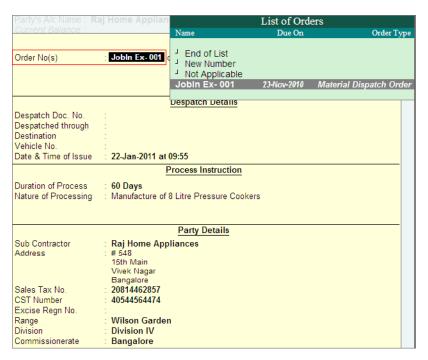
Figure 5.47 Selection of Job Order

*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**.

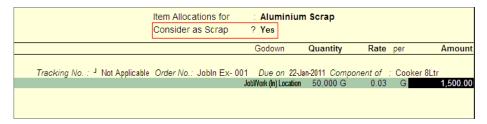Figure 5.48 Stock Item Allocation Screen

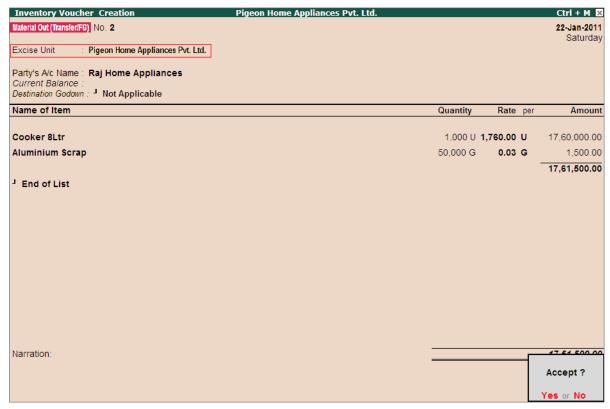The completed Material Transfer Out voucher is displayed as shown

Figure 5.49 Completed Material Transfer Out Voucher

11.Press **Enter** to save.