

**Course  
&  
Test Series**

**Computerised Accounting - Module 19**

**Inventory Storage - Bill of Materials for a Stock Item in Tally ERP 9**

**Create Bill of Materials for a Stock Item**

A Bill of Materials is a list of constituent items along with quantity details that can be allotted for the manufacture of a certain product, by-product or likewise. This facilitates immediate reduction in stock of the item automatically. This process of listing the items that make up another item is made possible in Tally by enabling the Bill of Materials Facility.

**Bill of Material (BoM)** is created only for those items that are being assembled in-house. Therefore, you need to specify a BoM at the time of creating a Stock Item or while altering the stock item. For trading items, you do not need a BoM.

Bill of Material feature is useful for manufacturing organisations and can be set up through F12: Configure.

**Setup Bill of Materials**

- Go to Gateway of Tally > F12: Configure > select Accts/Inventory Info.
- Set Enable component list details (Bill of Materials)? to Yes .

<u>Master Configuration</u>			
	Provide aliases along with name	? Yes	
	Provide language aliases for name	? No	
	<u>Accounts</u>		<u>Inventory</u>
Provide advanced information in masters	? Yes	Allow advanced entries in masters	? Yes
Provide addresses for ledger accounts	? Yes	Provide part numbers for stock items	? Yes
Provide contact details	? Yes	Add description for stock items	? Yes
Add notes for ledger accounts	? No	Add remarks for stock items	? Yes
Add description for ledger accounts	? No	Use alternate units for stock items	? Yes
		Enable standard rates for stock items	? Yes
		Specify default ledger allocation for invoicing	? Yes
		Enable component list details (Bill of Materials)	<b>? Yes</b>
		Provide address for Godowns	? Yes

OR

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

 **CBSE**  
 **ICSE**  
 **NTSE**  
 **Banking & Insurance**  
 **Central Govt. Service**  
 **State Govt. Services**  
 **LAW Entrance**  
 **MBA Entrance**  
 **Railways & Metro Services**  

...many more

**abhyasonline.in**

**Course  
&  
Test Series**

**Computerised Accounting - Module 19**

- Press F12: Configure (Stock Item Configuration) and set Enable component list details (Bill of Materials)? to Yes.

<u>Stock Item Configuration</u>	
Provide aliases along with name	? Yes
Provide language aliases for name	? No
Allow advanced entries in masters	? Yes
Allow MRP/Marginal for stock items	? No
Allow inclusive of tax for stock items	? No
Provide part numbers for stock items	? Yes
Add description for stock items	? Yes
Add remarks for stock items	? Yes
Specify default ledger allocation for invoicing	? Yes
Use alternate units for stock items	? Yes
Enable standard rates for stock items	? Yes
Enable component list details (Bill of Materials)	? <b>Yes</b>



...many more  
abhyasonline.in

For a Stock Item you can create

- A Single BOM
- Multiple BOM
- Single/Multiple BOM with Type of Item.

**Single Bill of Material for a Stock Item**

Single BOM can be created for a stock item where you use standard set of inputs to manufacture finished goods.

Let us create a new Stock Item Television and specify BoM.

1. Go to Gateway of Tally > Inventory Info. > Stock Items > Create
2. In Stock Item Creation screen

o Enter the Stock Item Name , select the appropriate Stock Group and specify the appropriate Unit of Measurement in Unit field

o Set Component List : To create the component list required to manufacture the Finished goods enable this option to Yes



**Computerised Accounting - Module 19**

**Course & Test Series**

 **CBSE**

 **ICSE**

 **NTSE**

 **Banking & Insurance**

 **Central Govt. Service**

 **State Govt. Services**

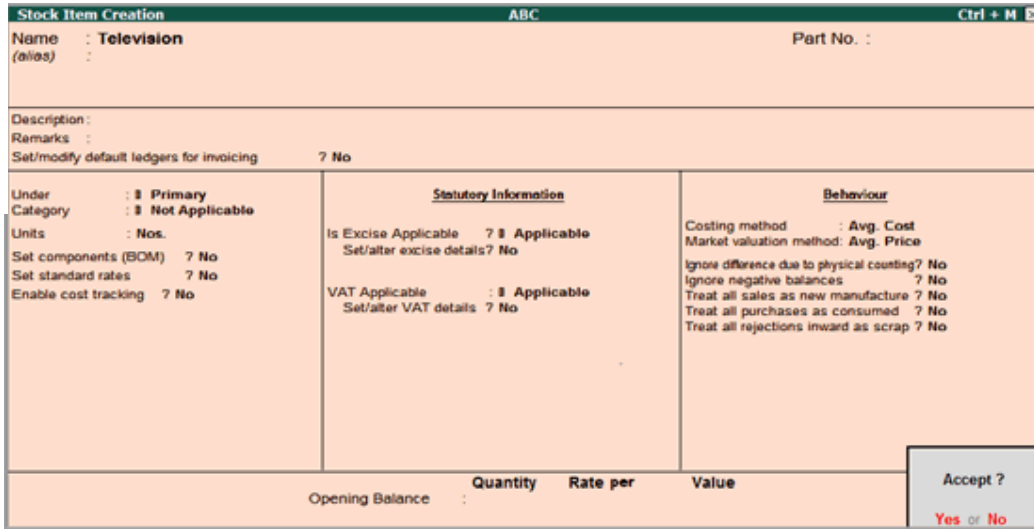
 **LAW Entrance**

 **MBA Entrance**

 **Railways & Metro Services**

**...many more**

**abhyasonline.in**



**Stock Item Creation** ABC Ctrl + M

Name : **Television** Part No. :  
(alias) :

Description :  
Remarks :  
Set/modify default ledgers for invoicing ? No

Under : <input checked="" type="checkbox"/> Primary Category : <input checked="" type="checkbox"/> Not Applicable Units : Nos. Set components (BOM) ? No Set standard rates ? No Enable cost tracking ? No	<b>Statutory Information</b> Is Excise Applicable ? <input checked="" type="checkbox"/> Applicable Set/alter excise details? No VAT Applicable : <input checked="" type="checkbox"/> Applicable Set/alter VAT details ? No	<b>Behaviour</b> Costing method : Avg. Cost Market valuation method: Avg. Price Ignore difference due to physical counting? No Ignore negative balances ? No Treat all sales as new manufacture ? No Treat all purchases as consumed ? No Treat all rejections inward as scrap ? No
---	--	--

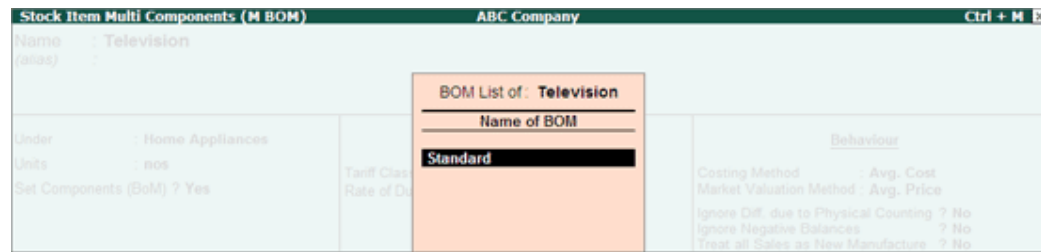
Opening Balance      Quantity      Rate per      Value      **Accept ?**  
Yes or No

**Note:** The Set Components List option will not displayed in Stock Item master on enabling the configuration option Allow Component list details (Bill of Material) ,option will display in item master only on entering/ specifying the unit of measure in the Units field.

3. Press Enter to view Stock Item Multi Components (M BOM) screen

4. In Stock Item Multi Components (M BOM) screen

o Under Name of BOM specify component list Name - Standard and press enter to view Stock Item Components (BOM) screen



**Stock Item Multi Components (M BOM)** ABC Company Ctrl + M

Name : **Television**  
(alias)

Under : Home Appliances Units : nos Set Components (BoM) ? Yes	Tariff Class Rate of Duty	<b>BOM List of: Television</b> Name of BOM <b>Standard</b>	<b>Behaviour</b> Costing Method : Avg. Cost Market Valuation Method : Avg. Price Ignore Diff. due to Physical Counting ? No Ignore Negative Balances ? No Treat all Sales as New Manufacture ? No
--	------------------------------	--	--

5. In Stock Item Components (BOM) screen:

o 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.

o Components of : In this field application displays the Name of the Stock Item for which the components are defined.

**Course  
&  
Test Series**

**Computerised Accounting - Module 19**



**CBSE**



**ICSE**



**NTSE**



**Banking &  
Insurance**



**Central Govt.  
Service**



**State Govt.  
Services**



**LAW  
Entrance**



**MBA  
Entrance**



**Railways & Metro  
Services**

**...many more**

**abhyasonline.in**

o Unit of manufacture : Specify the appropriate number of finished product that will be manufactured by using the components identified in the component list.

o Item : In this field identify the raw materials which are required to manufacture the finished goods

o Godown : If there are multiple Godowns or Locations, specify the storage location of the items from where the items will be used for manufacture.

**Note:** The godown option will be displayed only when Maintain multiple Godown feature is enabled in F11: Features (Inventory Features)

o Quantity : In this field mention the quantity of Raw Material required to manufacture the finished goods.

**Observe to create** 1 Television we require 5 different inputs . The Quantity of inputs consumed to manufacturer finished goods is 1 each of 5 different inputs.

BoM Name : **Standard**  
Components of : **Television**  
Unit of manufacture : **1 nos**

Item	Godown	Quantity
Picture Tube	Raw Material Godown	1 nos
PCB Main Board	Raw Material Godown	1 nos
TV Tuner Card	Raw Material Godown	1 nos
Auto Amplifier	Raw Material Godown	1 nos
<b>Stereo Speakers</b>	<b>Raw Material Godown</b>	<b>1 nos</b>

o Specify other required details in the stock item master and accept the screen.

6. Creating Manufacturing Journal for a Stock Item with Single Bill of Materials . All the manufacturing transactions can be accounted through a Stock Journal.

o To record manufacture of finished goods in Stock Journal - Alter the Voucher Type by setting the option Use as a Manufacturing Journal to Yes . Or



**Course  
&  
Test Series**

**Computerised Accounting - Module 19**



**CBSE**



**ICSE**



**NTSE**



**Banking &  
Insurance**



**Central Govt.  
Service**



**State Govt.  
Services**



**LAW  
Entrance**



**MBA  
Entrance**



**Railways & Metro  
Services**

**...many more**

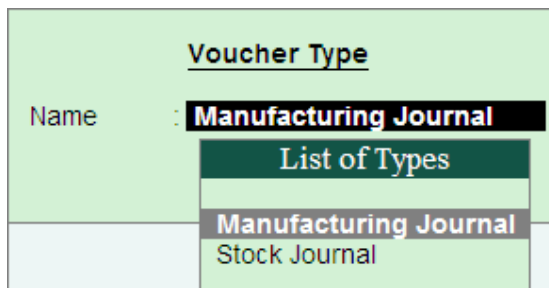
**abhyasonline.in**

o Create a Manufacturing Journal under Stock Journal by setting the option Use as a Manufacturing Journal to Yes.

**Note:** Bill of Material should be created before accounting the manufacture of an item.

7. Go to Gateway of Tally > Inventory Vouchers

8. Select the button F7: Stk. Jrnl or press Alt + F7. If you have created a new voucher type Manufacturing Journal , a pop-up menu will be displayed with the options default Stock Journal and Manufacturing Journal.



Select Manufacturing Journal to view the Manufacturing Journal voucher creation screen

o Name of Product : Select the product which needs to be manufactured from the List of Items.

o BoM Name : In this field the BoM created for the stock item will be displayed automatically with one more option Not Applicable .

**Note:** The list of Raw materials required for the manufacture of finished goods will be displayed in Components (Consumption) side based on the BOM defaulted.

o Godown : Select the godown where you would like to place the produced goods.

**Note:** Godown option will be displayed only when Maintain multiple Godown feature is enabled in F11: Features (Inventory Features)

o Quantity : In this field specify the quantity of finished goods manufactured.

o Components (Consumption) : In this section the components required to manufacture the finished goods will be displayed automatically based on the components defined in the BoM.



**Computerised Accounting - Module 19**

**Course  
&  
Test Series**



 **CBSE**



 **ICSE**



 **NTSE**



 **Banking &  
Insurance**



 **Central Govt.  
Service**



 **State Govt.  
Services**



 **LAW  
Entrance**



 **MBA  
Entrance**



 **Railways & Metro  
Services**

**...many more**

**abhyasonline.in**

Quantity of Raw material will be defaulted based on the quantity requirement defined in the BOM multiplied by the Quantity of finished goods manufactured. The completed Manufacturing Journal is displayed as shown

Inventory Voucher Creation										
ABC Company										
Manufacturing Journal No. 1										
1-Jan-2011 Saturday										
Manufacture of Materials										
Name of Product : Television		BoM Name : Standard		Godown: Finished Goods		Godown Qty		10 nos		
		% of Cost allocation		100 %						
Components (Consumption)					Co-Products / By-Products / Scrap					
Name of Item	Godown	Quantity	Rate	Amount	Name of Item	Godown	% of Cost allocation	Quantity	Rate	Amount
Picture Tube	Raw Material Godown	10 nos	2,500.00/nos	25,000.00	J End of List					
PCB Main Board	Raw Material Godown	10 nos	1,500.00/nos	15,000.00						
TV Tuner Card	Raw Material Godown	10 nos	750.00/nos	7,500.00						
Auto Amplifier	Raw Material Godown	10 nos	1,200.00/nos	12,000.00						
Stereo Speaker	Raw Material Godown	10 nos	2,000.00/nos	20,000.00						
					Cost of Components :				79,500.00	
					Type of Adtl. Cost %age					
					J End of List					
					Total Adtl. Cost :					
					Effective Cost :				79,500.00	
					Allocation to Primary Item :				79,500.00	
					Effective Rate for Primary Item :				7,950.00	
		50 nos		79,500.00						
Narration:										

**Multiple Bill of Material for a Stock Item**

Multiple BOM can be created for a stock items where you use varying set of components to manufacture a specific finished goods based on the availability of goods or customer requirements.

The facility to create Multiple Bill of Materials for Stock Item has been provided in Tally.ERP 9 Release 3.0. Where you can create multiple BOM with different component list for a stock item & appropriate BOM can be selected in the manufacturing Voucher.

This feature will be useful where you are using different components to manufacture the same stock item based on the customer requirement

**Example :** Customer A wants Television to be manufactured with specific brand of Picture Tube . Where as other customers has not specified any such specifications. In this scenario ABC company needs 2 BOM, one for Customer A as per his component specification & other may be a standard BOM for all other customers.



Follow Us:



**Course  
&  
Test Series**

**Computerised Accounting - Module 19**

**To create multiple Bill of Material**

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

2. In Stock Item Creation screen:

o Enter the Stock Item Name , select the appropriate stock group and specify the appropriate unit of measurement in Unit field

o Set Component List : To create the component list required to manufacture the Finished goods enable this option to Yes and press Enter to view Stock Item Multi Components (M BOM) screen

o In Stock Item Multi Components (M BOM) screen, under Name of BOM specify component list Name - Customer A and press enter to view Stock Item Components (BOM) screen.

If BOM is specifically created for a specific customer/sale you can enter the customer or sale name in Name of BOM field to identify the BOM while recording manufacturing transaction.

o In Stock Item Components (BOM) screen: 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.

o Components of : In this field application displays the Name of the Stock Item for which the components are defined.

o Unit of Manufacture: Specify the appropriate number of finished product that will be manufactured by using the components identified in the component list.

o Item : In this field identify the raw materials which are required to manufacture the finished goods

o Godown : If there are multiple Godowns or Locations, specify the storage location of the items from where the items will be used for manufacture.

o Quantity : In this field mention the quantity of Raw Material required to manufacture the finished goods.



**CBSE**



**ICSE**



**NTSE**



**Banking &  
Insurance**



**Central Govt.  
Service**



**State Govt.  
Services**



**LAW  
Entrance**



**MBA  
Entrance**



**Railways & Metro  
Services**

**...many more**

**abhyasonline.in**



**Course  
&  
Test Series**

**Computerised Accounting - Module 19**

 **CBSE**

 **ICSE**

 **NTSE**

 **Banking &  
Insurance**

 **Central Govt.  
Service**

 **State Govt.  
Services**

 **LAW  
Entrance**

 **MBA  
Entrance**

 **Railways & Metro  
Services**

...many more

**abhyasonline.in**

BoM Name : **Customer A**  
Components of : **Television**  
Unit of manufacture : **1 nos**

Item	Godown	Quantity
<b>Picture Tube - BPL</b>	Raw Material Godown	1 nos
PCB Main Board	Raw Material Godown	1 nos
TV Tuner Card	Raw Material Godown	1 nos
Auto Amplifier	Raw Material Godown	1 nos
<b>Stereo Speakers</b>	Raw Material Godown	<b>1 nos</b>

o Press Enter to save the Stock Item components for BOM - Customer A and to view Stock Item Multi Component screen

o In Stock Item Multi Component screen enter the second Bill of Material name- Standard in Name of BOM field

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

BoM Name : **Standard**  
Components of : **Television**  
Unit of manufacture : **1 nos**

Item	Godown	Quantity
Picture Tube	Raw Material Godown	1 nos
PCB Main Board	Raw Material Godown	1 nos
TV Tuner Card	Raw Material Godown	1 nos
Auto Amplifier	Raw Material Godown	1 nos
<b>Stereo Speakers</b>	Raw Material Godown	<b>1 nos</b>

**Course  
&  
Test Series**

**Computerised Accounting - Module 19**

 **CBSE**

 **ICSE**

 **NTSE**

 **Banking & Insurance**

 **Central Govt. Service**

 **State Govt. Services**

 **LAW Entrance**

 **MBA Entrance**

 **Railways & Metro Services**

**...many more**

**abhyasonline.in**

Stock Item Multi Components (M BOM)		ABC Company		Ctrl + M
Name	Television			
Units	nos			
Set Components (BoM) ?	Yes			
Under	Home Appliances			
Tariff Class				
Rate of D.				
		<b>BOM List of: Television</b> Name of BOM Customer A Standard		
		Behaviour		
		Costing Method - Avg. Cost		
		Market Valuation Method - Avg. Price		
		Ignore Diff. due to Physical Counting ? No		

Note: In the above scenario for Stock item - Television we have created 2 BOM . Similarly you can create multiple BOM with different component list for the stock items.

3. Specify other required details in the stock item master and accept the screen.

