

Depreciation is the systematic allocation of the cost of tangible assets over their useful life. In Tally Prime, you can manage depreciation using the fixed assets module. Here's a guide on how to record depreciation in Tally Prime:

Step 1: Set Up Fixed Assets

1. Create Fixed Asset Ledger:
 - Go to "Gateway of Tally" > "Accounts Info" > "Ledgers" > "Create."
 - Select the appropriate group (e.g., Fixed Assets) and enter the details of the fixed asset, including its name, opening balance, and other relevant information.

Step 2: Configure Depreciation Settings

1. Enable Depreciation:
 - Go to "Gateway of Tally" > "Accounts Info" > "Groups" > "Alter."
 - Select the group under which the fixed assets ledger is categorized.
 - Set "Allow Depreciation" to "Yes" and specify the depreciation rate.
2. Set Depreciation Method:
 - By default, Tally Prime uses the Straight Line Method (SLM) for calculating depreciation. If you need to change the method, you can do so under "Depreciation Calculation" in the group alteration screen.

Step 3: Record Depreciation Entry

1. Navigate to Fixed Assets:
 - Go to "Gateway of Tally" > "Fixed Assets" to access the fixed assets module.
2. Select Fixed Asset Ledger:
 - Choose the fixed asset for which you want to record depreciation.
3. Enter Depreciation Voucher:
 - Press "Alt + J" or click on "Journal" to create a new depreciation voucher.
4. Enter Depreciation Amount:
 - Enter the depreciation amount in the respective ledger account, considering the depreciation rate and the asset's cost.
5. Specify Narration:
 - Optionally, provide a narration to describe the depreciation entry.
6. Save the Voucher:
 - Review the depreciation entry for accuracy and save it by pressing "Ctrl + A."

Step 4: Verify Depreciation Reports

1. Depreciation Summary:
 - Go to "Gateway of Tally" > "Display" > "Statutory Reports" > "TDS/TCS Reports" > "Depreciation."
 - Verify the depreciation summary report to ensure that the depreciation entries are correctly recorded.
2. Fixed Assets Register:
 - Go to "Gateway of Tally" > "Display" > "Statutory Reports" > "Fixed Assets Register."
 - Check the fixed assets register to review the asset's book value and accumulated depreciation.

Key Points to Remember:

- Regularly record depreciation entries to reflect the reduction in the value of fixed assets over time.
- Ensure that depreciation calculations are in accordance with accounting standards and company policies.
- Review depreciation reports regularly to monitor asset values and comply with financial reporting requirements.

By following these steps, you can effectively record depreciation entries in Tally Prime and maintain accurate fixed asset records.