2024

Zoho Finance Workshop

HAND NOTES

CA NISHCHIT SHETTY

PREFACE

Dear Reader,

As we move towards a future where automation and digital tools are integral to our daily operations, it is imperative for accountants to adapt and thrive. This eBook, "Zoho Finance Workshop Notes," is crafted with the intent to bridge the gap between traditional accounting practices and modern technological advancements.

Five years ago, I was unexpectedly prompted by a client to start using Zoho Books for his business. I agreed, not knowing that this decision would mark the beginning of a transformative journey. Fast forward to today, I have gained extensive experience in accounting, auditing, and resolving errors across a varied range of software within the Zoho ecosystem, known as "Zoho Finance."

This journey has not been without its challenges. There were days when I had to rectify my own errors, moments when revenue generation took a backseat to learning and growth. Each mistake, however, proved to be an invaluable lesson. I learned that mistakes are not just missteps; they are stepping stones to greater expertise. This understanding transformed my approach to work and self-improvement, turning each fault into a lesson for myself and my team.

Creating this eBook has been a labor of love, driven by my desire to equip accountants with the practical skills and knowledge necessary to excel in today's digital age. "Zoho Finance Workshop Notes" is not just a guide but a comprehensive resource designed to provide you with insights into leveraging Zoho's powerful suite of financial tools.

I am deeply grateful to my family for their unwavering support and encouragement. Their belief in my vision has been a source of strength and motivation. I also extend my heartfelt thanks to my dedicated team at the office, whose hard work and commitment have been instrumental in bringing this project to fruition.

A special note of gratitude goes to the divine blessings of goddess Mahakali of Ambalapady Mahakali Temple, Udupi. Her guidance and presence have been a constant source of comfort and inspiration, reminding me that I am on the right path.

I invite you to embrace the future of accounting with an open mind and a willingness to innovate. Join me as I reveal the insights gained from years of real-world experience—mistakes included—to help you navigate the complexities of Zoho Books like a pro. Together, let's create a world where accountants are not only experts in their field but also pioneers of technological integration, driving excellence and integrity in all that we do.

With heartfelt gratitude and dedication,

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CHAPTER 1: ZOHO EXPENSE

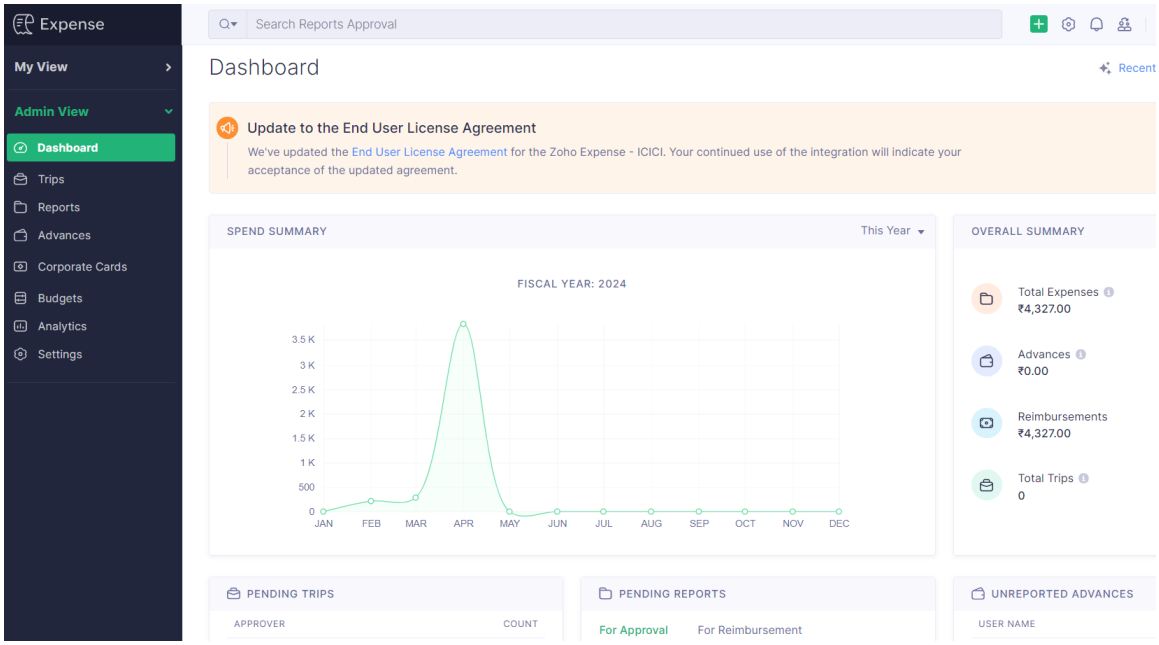
ACCESSING ZOHO APPLICATIONS

You can access the various Zoho finance applications through the following links:

- Zoho Payroll: https://payroll.zoho.in/
- Zoho Books: https://books.zoho.in/
- Zoho Inventory: https://inventory.zoho.in/
- Zoho Expense: https://expense.zoho.in/

NAVIGATING ZOHO EXPENSE

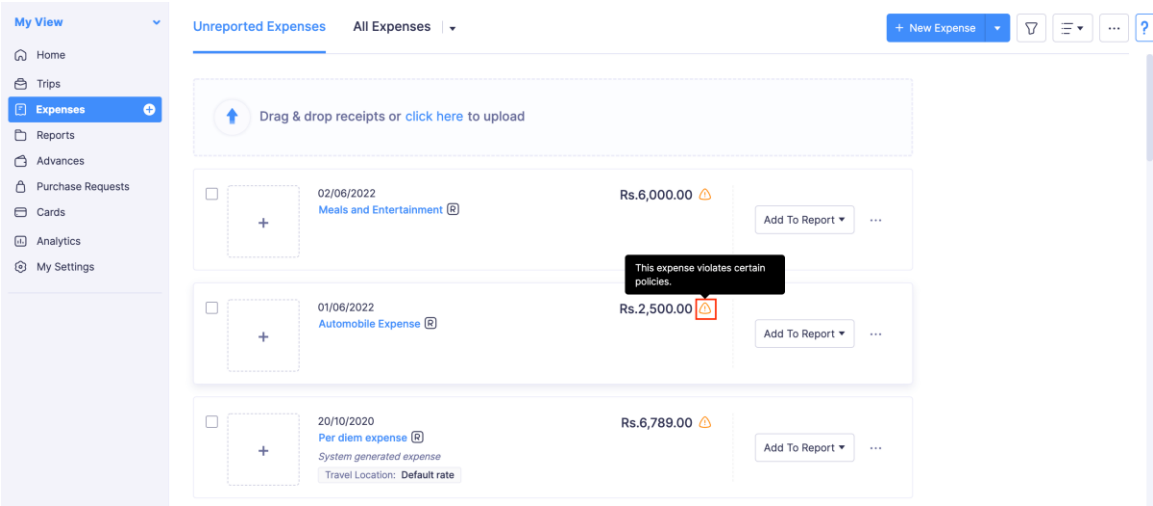
To start navigating Zoho Expense, log in to your Zoho account and select Zoho Expense from your list of applications. The first screen you encounter is the dashboard, which provides an overview of your recent activities, pending tasks, and quick access to essential functions. The navigation pane on the left side of the screen includes modules such as Expenses, Reports, Approvals, and Analytics.



The "Settings" menu, accessible from the top-right corner, allows you to customize various aspects of Zoho Expense. Here, you can update your company profile, manage users, and configure roles and permissions to match your organizational structure and policies.

POLICY VIOLATION

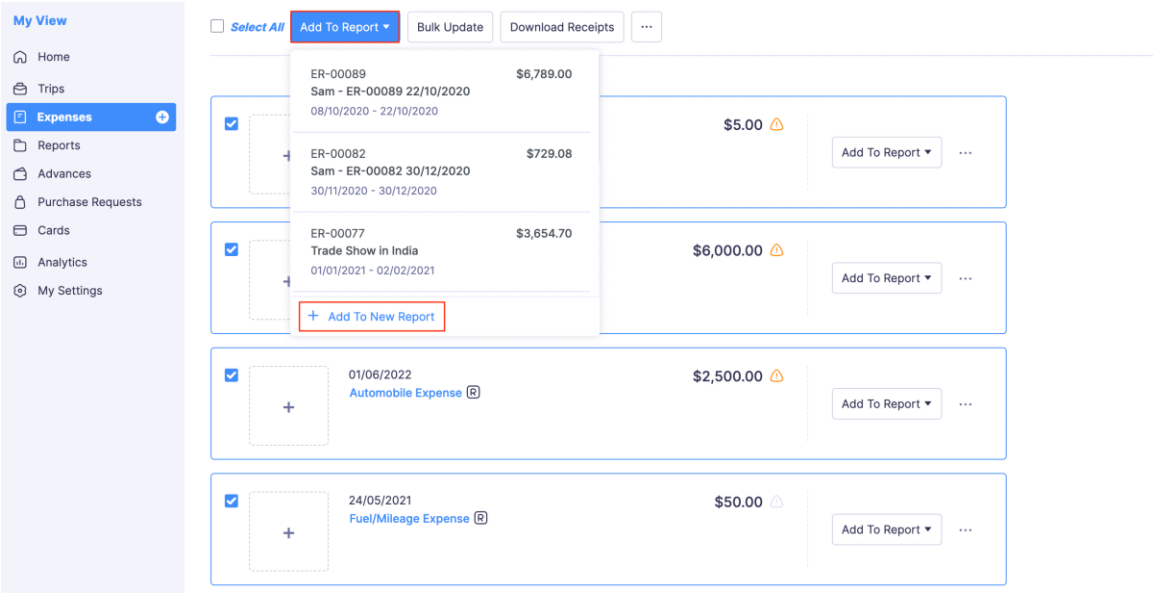
In Zoho Expense, defining and managing company expense policies is straightforward. Policies can be created under the "Settings" menu by selecting "Policies." These policies help ensure compliance by alerting users and administrators to any violations.



When a policy is breached, the system flags the expense and sends an alert. The flagged expenses are then reviewed and resolved through the approval workflow, which is essential for maintaining financial discipline and compliance.

CREATE REPORT FROM EXPENSES

Creating a report from expenses involves several steps. First, enter individual expenses in the "Expenses" module by clicking "Add Expense" and filling in the necessary details. Once you have entered multiple expenses, you can compile them into a report by navigating to the "Reports" module and selecting "Create Report." Review the report for accuracy, then submit it for approval by clicking the "Submit" button on the report page.

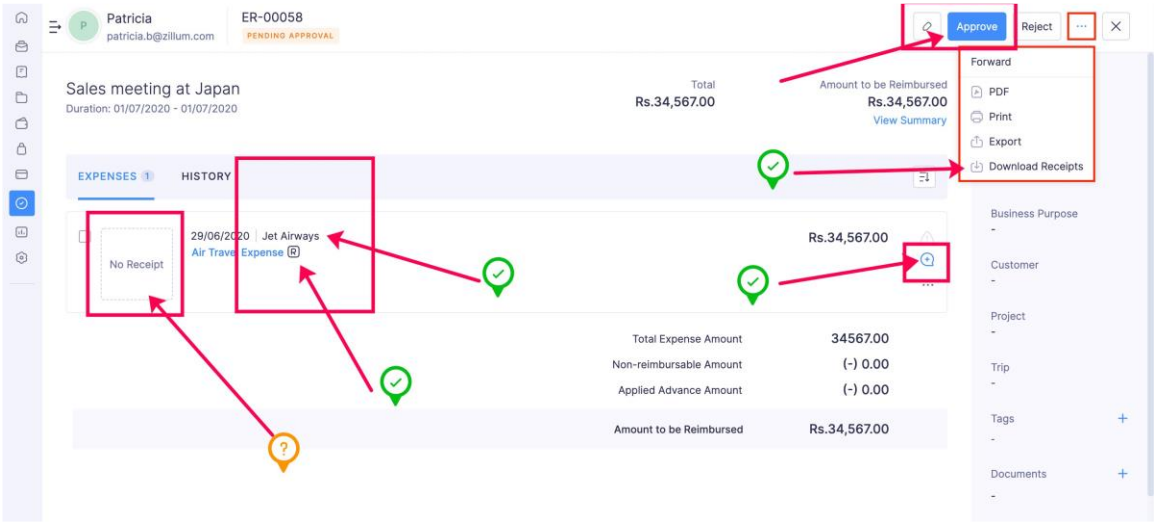


APPROVAL MECHANISM

Setting up an approval mechanism in Zoho Expense is vital for efficient expense management. In the "Settings" menu, go to "Approvals" to define hierarchical approval workflows. Customize these

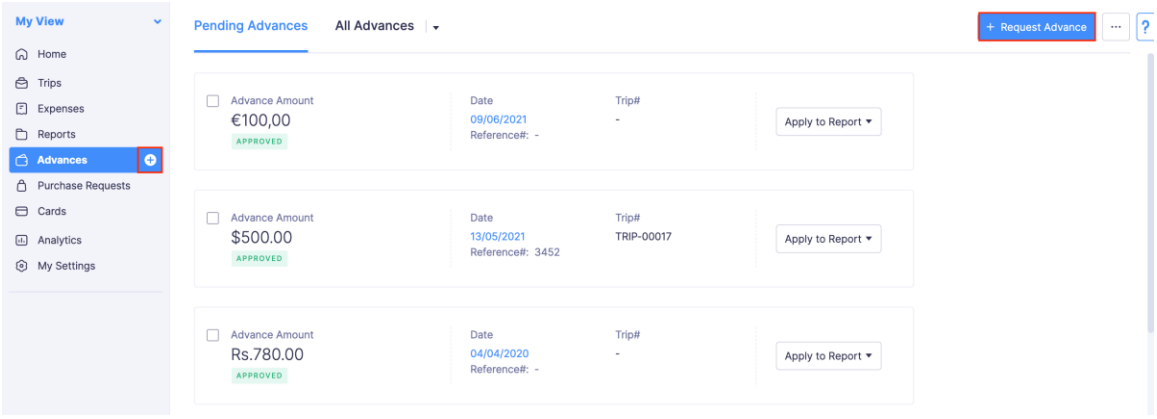
workflows to align with your organization's structure and policies. Automated notifications alert approvers when there are pending reports, ensuring timely reviews and approvals. This system streamlines the approval process and helps maintain control over expenses.

Approval Mechanism



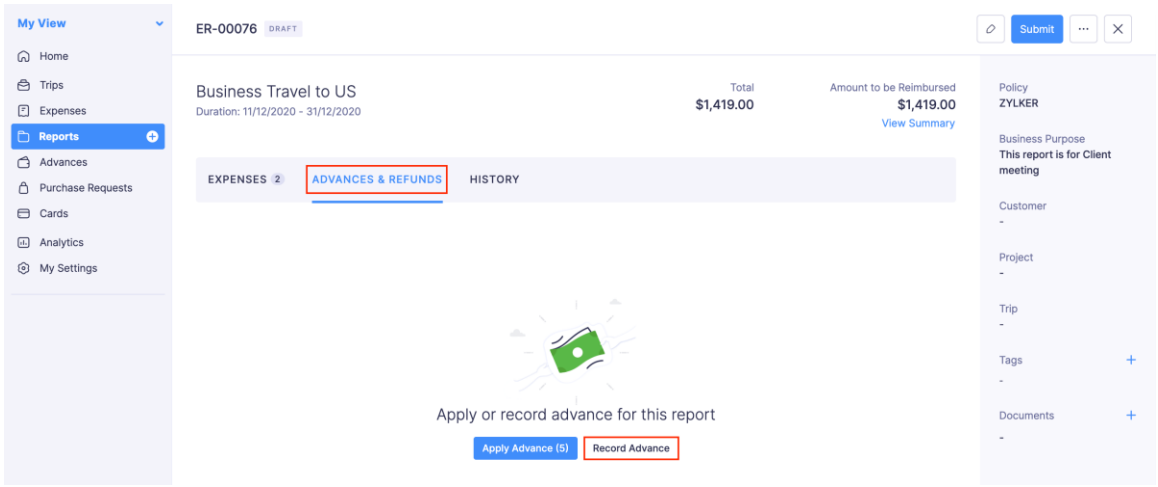
REQUEST ADVANCE

Requesting an advance for business expenses in Zoho Expense is straightforward. Navigate to the "Advances" module and click "Request Advance." Fill in the necessary details, such as the amount and purpose of the advance, and submit the request for approval. The advance request follows the same approval workflow as expense reports, ensuring consistent processing.



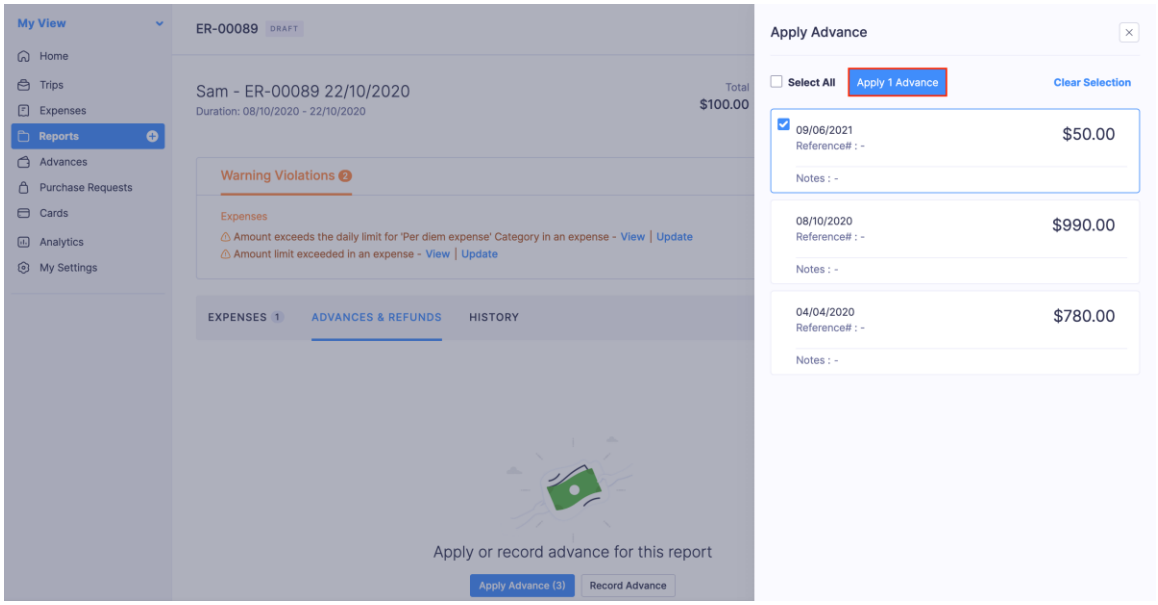
RECORD ADVANCE

After an advance is approved, record it in the system by entering the advance details in the "Advances" module. This includes the amount and any pertinent information about the advance. Recording advances ensures they are tracked accurately and can be applied to expenses when needed.



APPLY ADVANCE

Applying an advance to an expense involves matching the advance with the actual expenses incurred. When adding an expense, select the advance to apply it against the expense. This ensures accurate tracking and reconciliation. If the expense exceeds the advance, enter the additional amount required. If the advance is more than the expense, the remaining balance will be available for future expenses.



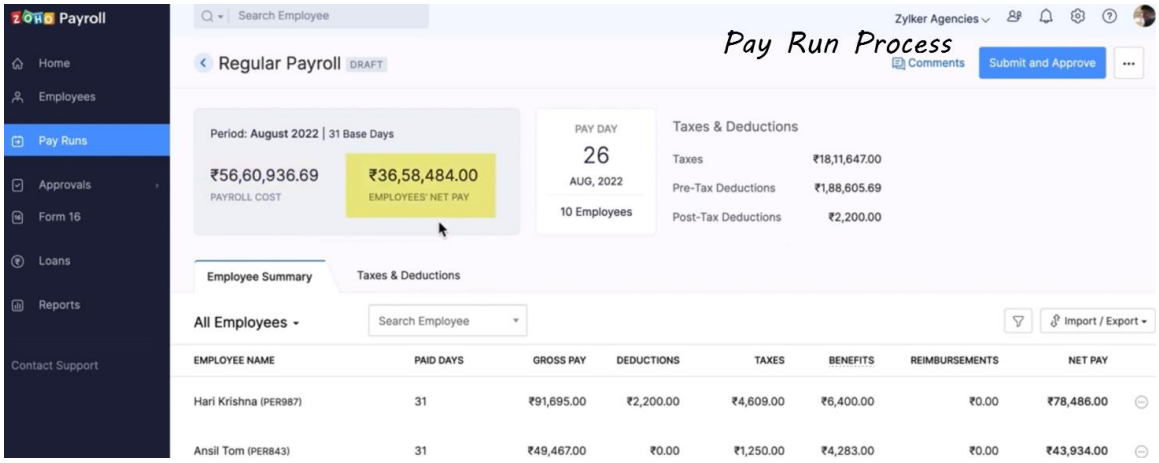
GENERATING ANALYTICAL REPORT

Generating analytical reports in Zoho Expense provides valuable insights into your financial data. To create these reports, navigate to the "Reports" module and select "Analytics." You can generate various types of reports, such as expense summaries, category-wise analysis, and policy violations. Customize the reports by setting date ranges, selecting departments, and filtering by expense categories. The insights gained from these reports help make informed financial decisions and optimize expense management.

CHAPTER 2: ZOHO PAYROLL

PAY RUN PROCESS

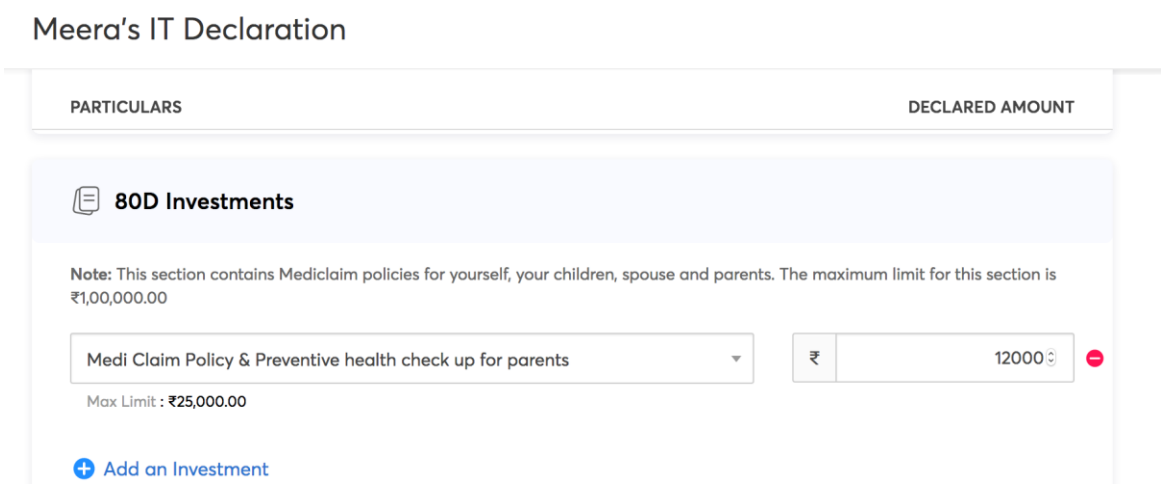
Setting up and managing payroll in Zoho Payroll involves several steps. Start by configuring payroll settings, including adding employee details, defining salary structures, and setting up statutory components. This is done in the "Settings" menu under "Payroll."



Processing payroll is the next step. Navigate to the "Payroll" module, select the pay period, and review the payroll summary. Ensure all details are accurate before proceeding to run the payroll. Once processed, payslips can be generated and distributed to employees. Ensuring statutory compliance is a critical aspect of payroll processing. Zoho Payroll helps you stay compliant by automating calculations for taxes, provident fund, and other statutory deductions.

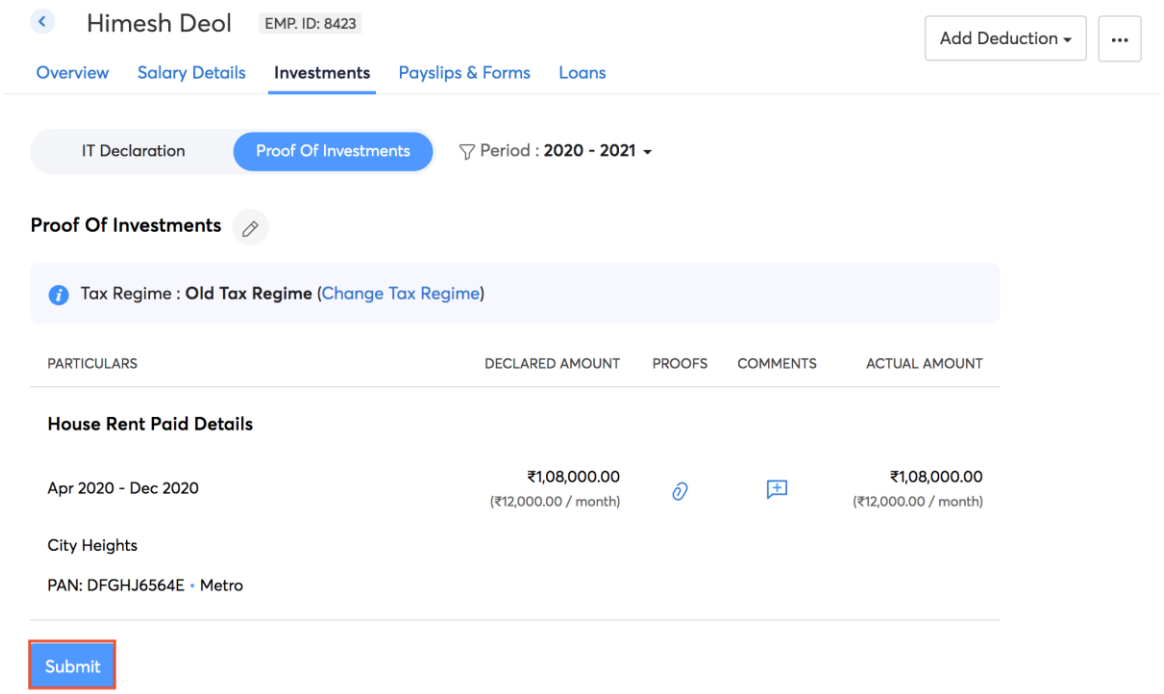
IT DECLARATION

Employees can declare their investment and tax-saving details through the self-service portal. This process involves filling out the necessary forms and submitting them for approval. Administrators can review these declarations in the "IT Declaration" section and approve or request modifications. This ensures that employees' tax liabilities are accurately calculated, and their tax-saving investments are considered during payroll processing.



PROOF OF INVESTMENT

Collecting and verifying proofs for declared investments is an essential step in the payroll process. Employees can upload their proof of investments through the self-service portal. HR or payroll administrators then review and verify these proofs to ensure compliance. Approved proofs are recorded in the system, and the corresponding tax benefits are applied to the employees' payroll calculations.



EMPLOYEE LOANS

Setting up and managing employee loans in Zoho Payroll involves defining loan types, interest rates, and repayment schedules. This can be done in the "Loans" section under "Settings." Once a loan is approved and disbursed, the system automatically calculates EMIs and deducts them from the employees' salaries. This ensures seamless management of employee loans and accurate financial records.

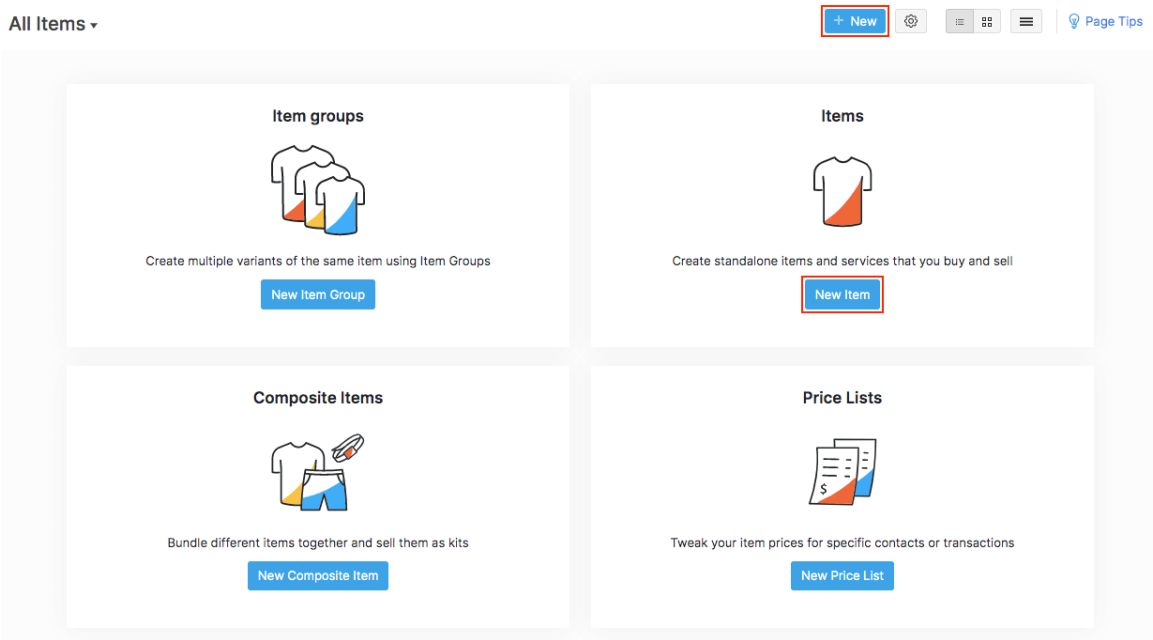
CHAPTER 3: ZOHO INVENTORY

WAREHOUSE

Setting up and managing multiple warehouses in Zoho Inventory begins with navigating to the "Settings" menu and selecting "Warehouses." Here, you can add new warehouses, define their locations, and configure stock levels. Monitoring and managing stock levels across all warehouses is done through the "Inventory" module. This helps in ensuring optimal stock availability and efficient inventory management.

NEW ITEM CREATION

Creating new items in Zoho Inventory involves navigating to the "Items" module and selecting "Add Item." Enter the necessary details such as SKU, description, pricing, and stock levels to set up new inventory items. Ensuring accurate and detailed item entries helps in maintaining organized inventory records and facilitates easy tracking and management.



ITEM GROUPS

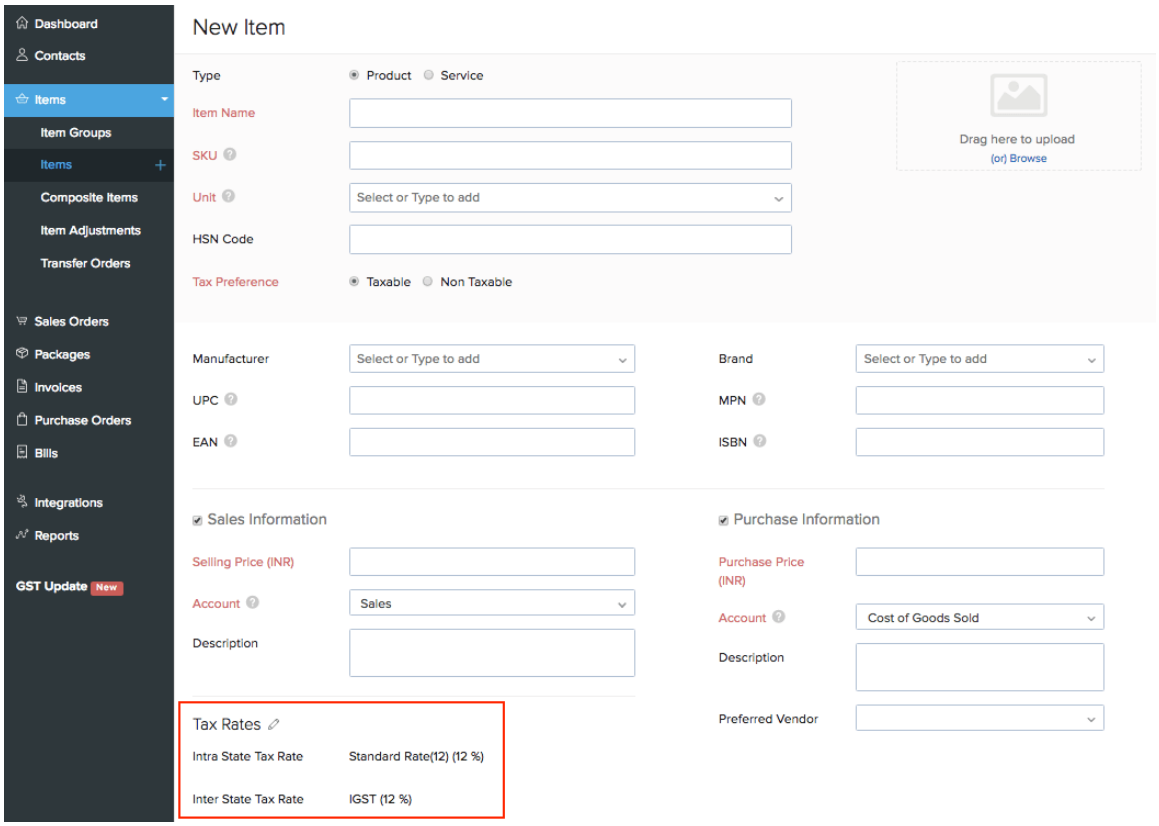
Grouping similar items together enhances inventory management efficiency. This can be done in the "Items" module under "Item Groups." By creating item groups, you can perform bulk actions such as price updates or stock adjustments, saving time and effort. Managing item groups helps in organizing inventory and streamlining processes related to stock management.

ITEM-WISE GST CONFIGURATION

Configuring GST for individual items ensures compliance with tax regulations. This is done in the "Items" module under "GST Configuration." Set the appropriate GST rates for each item to ensure accurate tax calculations during sales and purchases. Maintaining compliance with GST regulations is crucial for legal and financial accuracy in your business operations.

PICKLIST

Creating picklists for orders involves navigating to the "Orders" module and selecting "Picklist." This feature helps in efficiently fulfilling orders by guiding warehouse staff through the picking process. Using picklists streamlines order fulfillment and ensures accuracy in inventory management, reducing errors and improving customer satisfaction.



E-INVOICING

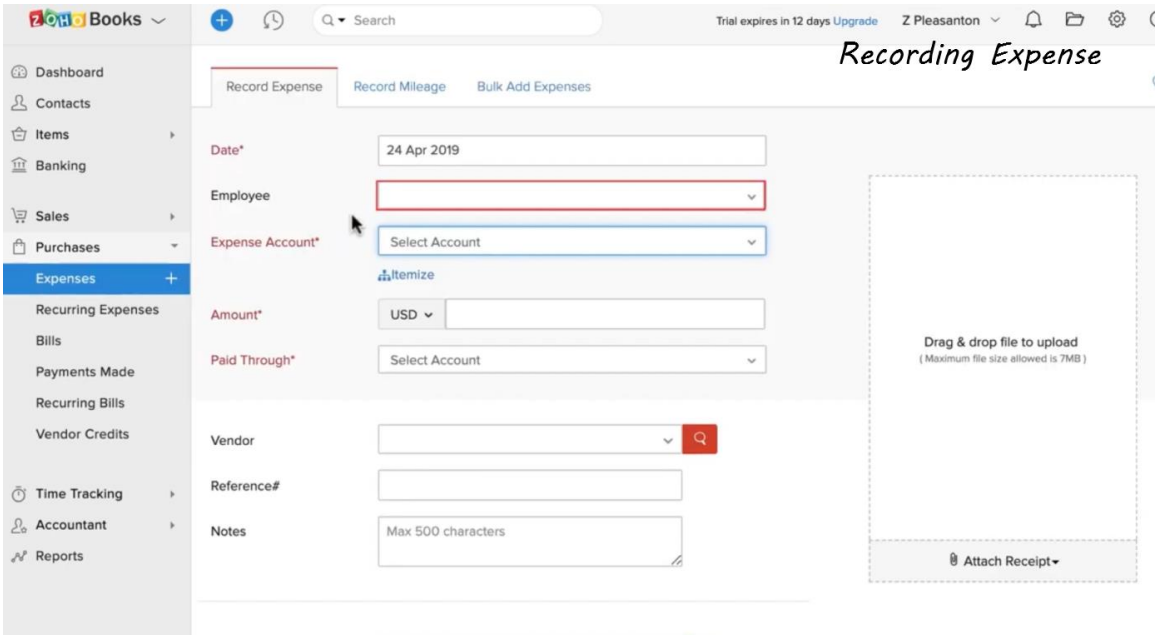
Configuring e-invoicing in Zoho Inventory is done in the "Settings" menu under "E-Invoicing." Once set up, you can generate compliant e-invoices for transactions, ensuring adherence to legal and regulatory requirements. Generating e-invoices helps in maintaining accurate financial records and facilitates smooth business operations by ensuring compliance with e-invoicing mandates.

CHAPTER 4: ZOHO BOOKS

HOW TO RECORD EXPENSE

Recording expenses in Zoho Books begins with navigating to the "Expenses" module and selecting "New Expense." Enter the details such as date, amount, category, and description to accurately record business expenses. Categorizing expenses appropriately ensures proper financial tracking and aids in managing your company's financial health.

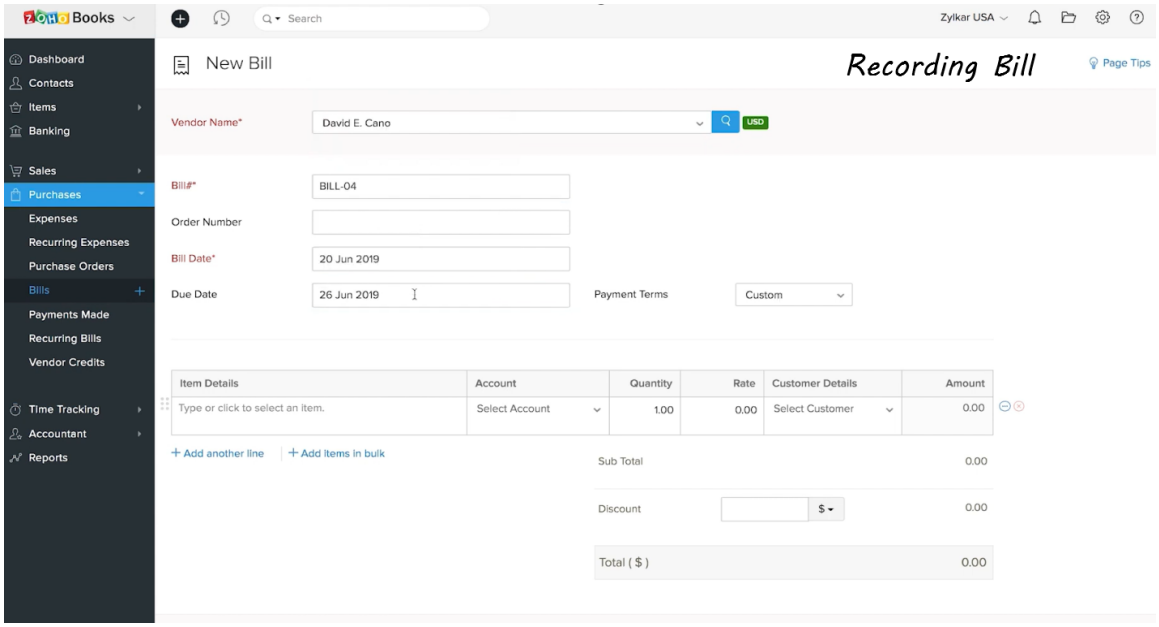
Record an expense if you don't have a bill or if you wouldn't want to track the payments that you make for that bill.



HOW TO RECORD BILL

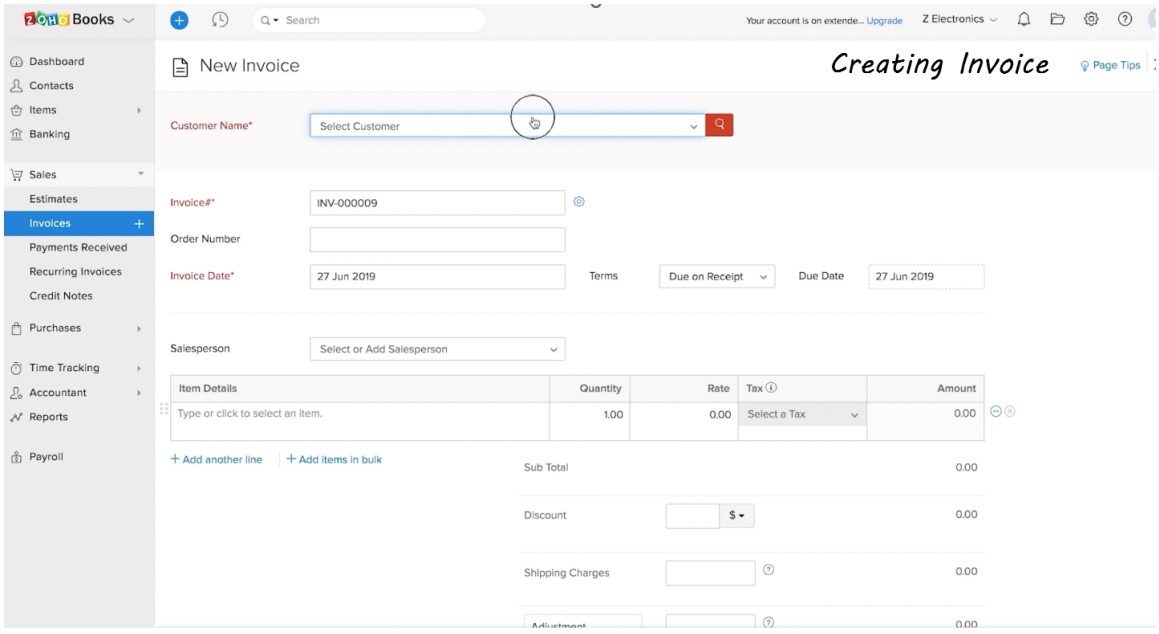
Entering supplier bills is done in the "Purchases" module under "Bills" by selecting "New Bill." Fill in the supplier details, bill date, due date, and line items, then save the bill. This helps in tracking payables and ensuring timely payments to suppliers.

Bills are for expenses where you've received a hard copy of a bill for your purchase and you would like to track the payments that you make against them.



HOW TO CREATE INVOICE

Creating invoices in Zoho Books involves going to the "Sales" module and selecting "Invoices." Click "New Invoice" and enter the customer details, invoice date, and line items. Customize the invoice as needed and save it. You can then send the invoice to clients directly from Zoho Books via email or other integrated channels.



PAYMENT GATEWAYS

Setting up payment gateways in Zoho Books involves navigating to the "Settings" menu and selecting "Online Payments." Here, you can integrate with various payment gateways such as PayPal, Stripe, Razorpay, and others. Integration involves entering API keys or other authentication details provided

by the payment gateway service. Once configured, your clients can make payments directly through the invoices you send, simplifying the payment process and improving cash flow. To ensure everything works smoothly, always test the gateway after setting it up.

MANUAL JOURNAL ENTRIES

Creating manual journal entries in Zoho Books is essential for making adjustments and corrections to your financial records. To create a manual journal entry, go to the "Accounting" module and select "Manual Journals." Click "New Journal" and enter the necessary details, including the date, accounts affected, and amounts. Ensure that each entry is balanced, meaning the total debits equal the total credits. Save the journal entry once all details are correctly entered.

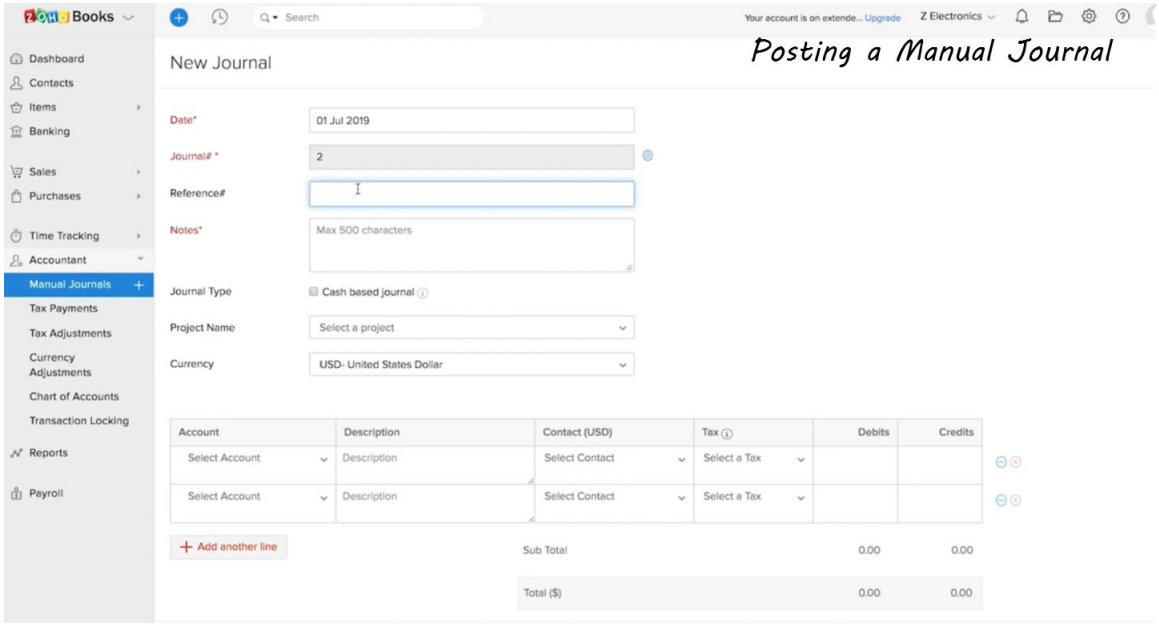
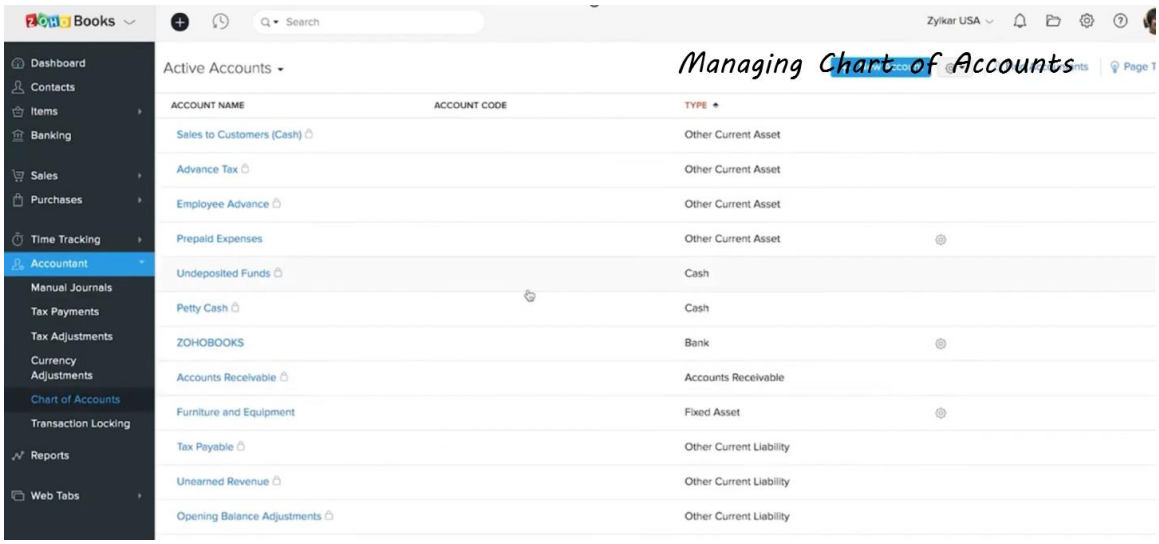


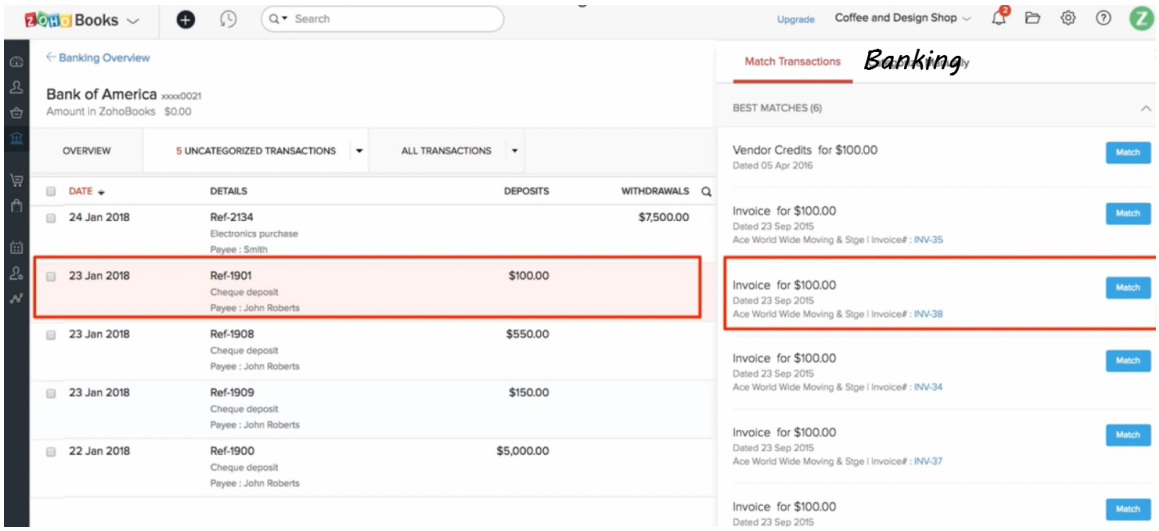
CHART OF ACCOUNTS

Setting up the chart of accounts in Zoho Books involves organizing your financial transactions into predefined categories. Navigate to "Accounting" and select "Chart of Accounts." Here, you can add new accounts, edit existing ones, and categorize them under various account types such as assets, liabilities, equity, income, and expenses. This structure helps in maintaining accurate financial records and simplifies reporting.



BANKING

Managing banking transactions in Zoho Books starts with setting up bank feeds. Go to the "Banking" module and select "Add Bank or Credit Card." Follow the instructions to connect your bank account to Zoho Books, allowing automatic import of transactions. Once set up, you can reconcile your bank statements by matching imported transactions with recorded entries in Zoho Books. This ensures that your financial records accurately reflect your bank account activities.



APPROVALS

Setting up approval workflows in Zoho Books is crucial for maintaining control over financial transactions. In the "Settings" menu, select "Approval Process" to define workflows for different types of transactions such as bills, expenses, and invoices. Customize the approval hierarchy to match your organization's structure. Once set up, transactions will follow the defined approval path, ensuring that all financial activities are reviewed and approved appropriately before they are finalized.

CHAPTER 5: FINALIZING ACCOUNTS IN ZOHO BOOKS

INTRODUCTION

This chapter is designed to help Chartered Accountants efficiently finalize their clients' books in Zoho Books before audits. Covering essential navigation, managing opening balances, generating and customizing reports, and addressing specific accounting requirements, this eBook ensures accurate financial records and streamlined audits.

NAVIGATION

❖ OPENING REPORTS IN NEW TABS

Always open reports in new tabs to keep multiple documents accessible and avoid losing your place in the main application.

❖ MANUAL JOURNALS AND CHART OF ACCOUNTS

Access these essential tools from the left-hand menu for quick navigation during the finalization process. Zoho Books allows the creation and management of detailed charts of accounts and manual journal entries for specific adjustments such as depreciation or bad debts.

❖ CHOOSING COMFORTABLE VIEWS

Select the balance sheet or profit and loss (PNL) view that suits your preference for efficient data analysis.

❖ DUPLICATING TABS

Duplicate tabs to cross-reference information, compare reports, and verify entries without losing context.

❖ SEARCHING LEDGERS

Use the search function to quickly locate specific ledgers, saving time and reducing errors.

❖ CHANGING PERIOD/YEAR

Change the period or fiscal year as necessary to ensure you are viewing the correct data set, crucial for accurate analysis and reporting.

OPENING BALANCES

❖ IDENTIFYING AND RESOLVING ISSUES

An "Opening Balance Adjustment A/C" indicates issues with updating opening balances. Address these issues promptly for accurate financial records.

❖ REMOVING PREVIOUS BALANCES

Remove all balances before the "Opening Balance" date, as Zoho Books lacks a split data concept, ensuring data integrity.

❖ FIRST-TIME AUDITS

Expect and address issues with opening balances during the first audit of Zoho Books to ensure accurate financial positioning.

SALES

❖ EXPORTING AND ANALYZING SALES TRANSACTIONS

Export sales data, removing unnecessary columns for clarity. Ensure draft invoices are finalized to reflect in accounting records.

COST OF GOODS SOLD

❖ INVENTORY MANAGEMENT AND COGS ACCOUNTING

Inventory asset accounts are debited at purchase and credited at sale, with COGS debited. Horizontal PNL shows opening stock, purchases, and closing stock separately for detailed analysis.

ACCOUNTS RECEIVABLE

❖ LEDGER AND CUSTOMER BALANCE SUMMARY

Review ledgers and customer balance summaries separately for thorough analysis.

❖ MATCHING REPORTS

Ensure "Accounts Receivable" less "Unearned Revenue" matches with the customer balance report, investigating any discrepancies.

❖ INVOICE TAGGING

Mandatory in Zoho Books, ensuring accurate auditing despite increased accounting workload.

❖ JVS IN ACCOUNTS RECEIVABLE/PAYABLE

Not allowed, maintaining data integrity but adding complexity to transaction management.

TDS RECEIVABLE

❖ MANAGING TDS RECEIVABLE ENTRIES

Transactions default to the Advance Tax ledger but can be reassigned. TDS receivable is booked upon receipt, not at invoice generation.

❖ WORKAROUNDS

Book a nominal payment (e.g., INR 0.01) to record TDS.

Create a "TDS Receivable Account" in liabilities, receive payment through it, and then pass a JV to merge with the original account.

TDS PAYABLE

❖ BOOKING TDS PAYABLE

TDS on provisions cannot be booked via JV as it won't reflect in the "TDS Summary" report. Ensure correct usage of the TDS Summary report for TDS payments and returns.

GST LEDGERS

❖ MANAGING GST RETURNS AND LATE FEES

Set off entries are recorded automatically as per returns filed in GSTR-3B. Manually record late fees as expenses and transfer ITC of reverse charge to ITC ledgers.

❖ USING GST REPORTS

Compare GST reports with PNL to ensure sales figures reconcile, investigating any discrepancies.

BANK TRANSACTIONS

❖ ENSURING PROPER CATEGORIZATION

Ensure all transactions are categorized or matched, avoiding any "Manually Added" entries for accuracy.

❖ BANK RECONCILIATION

Regularly perform bank reconciliation to verify all transactions and ensure financial accuracy.

❖ HANDLING FOREX BANK ACCOUNTS

Check forex bank accounts to ensure exchange gains/losses are correctly reflected, noting that forex amounts may be nil in the banking module but present in INR in the balance sheet.

REPORTS TO START WITH AND CUSTOMIZING THEM

❖ KEY REPORTS

- Balance Sheet
- Profit and Loss Account (with percentage analysis)
- Trial Balance
- Detailed General Ledger Report
- Journal Report

❖ CUSTOMIZATION TIPS

- Filter Accounts: Apply filters for detailed account analysis.
- Comparison: Utilize comparison features, though not available in horizontal balance sheets and PNL.
- Schedule III Formats: Non-editable, but account mapping can be customized.
- Excel Formats: Export formats can be improved for clarity and usability.

OTHER IMPORTANT POINTS

❖ DOCUMENT UPLOADS

Utilize the system's document upload feature for better organization and easy access.

❖ FOREX RATES AND EXCHANGE GAIN/LOSS

Manage forex rates and exchange gain/loss entries, noting that closing balances do not separate for customers/vendors.

❖ ACCOUNT TYPE RESTRICTIONS

"Account Type" cannot be changed if transactions exist, ensuring consistency and integrity in accounting records.

❖ SUGGEST CLIENTS TO ACTIVATE THE APPROVAL MECHANISM SYSTEM

This makes sure that each and every entry is approved by the management first and then audited. Enabling this feature reduces the audit risk.

ENDING NOTE

Dear Chartered Accountants,

As we conclude this e-book, I hope "Zoho Finance Workshop Notes" has provided you with valuable insights and practical guidance to enhance your proficiency with Zoho's financial applications. This resource is designed to help you navigate the complexities of accounting software with confidence and accuracy.

I understand that training junior accountants and freshers in a Chartered Accountant's office can be a demanding task. High iteration rates and the associated costs of training new staff are significant challenges that many CA firms face. To address these issues, I have developed "The Bookkeeper Course."

"The Bookkeeper Course" is specifically tailored for the junior accountants and freshers who join your firm. Developed by experienced Chartered Accountants, this course provides comprehensive training on essential topics, including:

- Accounting
- GST
- TDS
- Tally Prime
- Zoho Books
- Word and Excel
- ChatGPT for Accountants
- Depreciation
- Preparation of Financial Statements
- Maintenance of Records
- Interview Skills

This course is designed to be a practical training guide, reflecting the real-world environment of a CA office. By equipping your staff with the skills and knowledge covered in "The Bookkeeper Course," you can streamline the training process, reduce iteration rates, and enhance the overall efficiency of your firm.

I invite you to explore "The Bookkeeper Course" for your staff, providing them with the tools they need to excel in their roles and contribute effectively to your practice. You can learn more and enroll in the course by visiting http://www.upskillexchange.com/page/the-bookkeeper-course

Thank you for attending my workshop and for your commitment to continuous learning and professional development. Together, we can shape a future where our accounting practices are not only efficient and accurate but also innovative and forward-thinking.

With heartfelt gratitude and dedication,

CA Nishchit Shetty