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End-To-End Review of the Accounting Cycle in A Corporate Environment

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A B S T R A C T

This study examines the complete accounting cycle in a corporate FMCG environment, using insights from operational practices at Hell Energy India Pvt. Ltd. The review highlights how key processes, including Procure-to-Pay (P2P), Order-to-Cash (O2C), GST compliance, invoice verification, E-Way Bill and IRN processing, creditor aging analysis, and fixed asset documentation, support financial accuracy, internal control, and meeting regulations. By looking at important documents such as Purchase Orders, Proforma and Tax Invoices, GRNs, shipment records, claim sheets, and reconciliation reports, the research shows how accounting activities connect with daily business operations to ensure timely reporting and transparency. The study points out procedural gaps like documentation delays and invoice mismatches, stressing the need for digital systems and standardized workflows. Overall, the review connects theoretical accounting ideas with real-world FMCG practices, demonstrating how an efficient accounting cycle improves operational efficiency, compliance readiness, and data-driven decision-making in a corporate setting.

Keywords: Accounting Cycle, FMCG, P2P, O2C, GST, Fixed Asset, Expenses, Stock Reconciliation, Cooler, Eway Bill, Hell Energy Drink

INTRODUCTION

The accounting cycle is a basic framework that ensures the proper recording, reconciliation, and reporting of financial transactions within an organization. In corporate settings, especially in the fast-moving consumer goods (FMCG) and beverage industry, the accounting cycle is even more important. This is due to the high number of transactions, quick inventory turnover, frequent vendor interactions, and strict compliance requirements like GST and e-invoicing, E-way bill. As digitalization increases, regulations tighten, and the need for real-time financial visibility grows, companies must keep strong internal controls and integrated accounting systems. This helps ensure transparency, reduce operational risks, and support effective decision-making.

The end-to-end accounting cycle in a corporate environment includes several connected processes that keep financial operations running smoothly. It begins with the Procure-to-Pay (P2P) cycle, which manages everything from choosing vendors to settling invoices, ensuring timely and accurate payments. Alongside this, the Order-to-Cash (O2C) process handles customer orders, billing, and collections to maintain healthy cash flows. Fixed asset management, such as tracking and maintaining coolers or other long-term assets, helps

With a goal to become the world's top energy drink brand, HELL ENERGY plans to expand into over 100 countries. The company wants to strengthen its presence in Asia, Africa, and South America. It also aims to lead the industry in eco-friendly manufacturing. In India, HELL ENERGY offers localized versions like Classic, Apple, Watermelon, and the new Black Cherry. These choices show how the brand adapts to changing consumer tastes.

The Indian energy drink market is mainly controlled by companies like Red Bull in the premium segment and Sting in the mass segment. Still, HELL ENERGY is steadily growing through modern trade and online sales. Its strong emphasis on new ideas, sustainability, good business practices, engaging with young people, and competitive products helps position the brand as a rising player in the FMCG beverage market. The ***"WIN WITH HELL"*** Promotional Strategy campaign is entered around an exciting contest for consumers, backed by a significant marketing push across various channels to maximize reach and engagement. As part of managing fixed assets in FMCG operations, coolers are crucial for improving product visibility and supporting retail sales. Their placement at stores needs organized documentation, including agreements, KYC records, installation photos, and tracking sheets to ensure transparency and control over assets. In the accounting cycle, these coolers are capitalized, depreciated, and checked regularly. This makes them an important part of internal controls and audit preparedness for companies in competitive markets.

In India, the beverage industry is growing quickly due to shifting lifestyles, urbanization, rising incomes, and a growing preference for ready-to-drink beverages like energy drinks. As companies like Hell Energy expand, an effective accounting cycle is vital for maintaining operational continuity, financial accuracy, and compliance with regulations. This study builds on these emerging requirements by examining how a structured and technology-supported accounting cycle can enhance transparency, reduce financial risk, and strengthen decision-making for organizations operating in fast-paced markets.

In this environment, the accounting cycle must be strong, timely, and free of errors. Tasks such as documentation verification, ledger reconciliation, GST recording, creditor aging analysis, and audit preparation are crucial for supporting the company's financial stability. By looking closely at these linked processes, this study emphasizes the importance of organized accounting practices. It demonstrates how a well-managed accounting cycle serves as the foundation for transparency, profitability, and informed decision-making in the FMCG and beverage sector.

OBJECTIVES

1. To gain a comprehensive understanding of the complete accounting cycle in an FMCG organization, observing how transactions are identified, recorded, classified, summarized, and reported.
2. To understand the entire, Procure-to-Pay (P2P) and Order-to-Cash (O2C) cycles used by the company and their effects on financial accuracy and operational efficiency.
3. To study how digital tools like Tally, Excel, and internal MIS systems support accounting activities and financial reporting.
4. To assess the process for managing vendor payments, including invoice approval workflows, tracking credit periods, and settling outstanding dues.
5. To observe month-end and year-end closing activities, which include accruing postings, checking pending invoices, and reconciling balances.
6. To examine the company's method for managing statutory compliance, which covers GST returns, validating e-way bills, and preparing audit documentation.
7. To understand how coordination between departments (Finance, Sales, Logistics, Procurement) ensures smooth financial operations and timely transaction processing.
8. To find gaps, challenges, and chances for improvement in the current accounting workflow and suggest ways to strengthen internal controls, improve documentation accuracy, and automate processes.

LITERATURE REVIEW

The accounting cycle is a key concept in financial management. It describes the process that organizations use to collect, handle, and report financial information. Scholars emphasize that a smooth accounting cycle is essential for accuracy, transparency, and following regulations. This is especially true in industries like FMCG, where transaction volumes and operational dependencies are high. Looking at internal financial documents from Hell Energy India Pvt. Ltd. provides insight into how these ideas play out in real operations. The company's records—including transport documents, GRNs, invoices, reconciliation statements, ledger extracts, marketing claims, and ERP entries—show how closely financial activities connect with logistics, compliance, and daily business operations. The wide range of documents needed in an FMCG setting highlights the requirement for accounting systems that can track various sources of information simultaneously while remaining reliable and ready for audits.

Research on FMCG marketing practices enhances our understanding of the accounting cycle. Trihatmoko and Mulyani (2025) explain how both above-the-line (ATL) and below-the-line (BTL) marketing strategies affect product launches and company workflows. Their research indicates that promotional schemes bring extra accounting tasks, such as tracking expenses related to campaigns, validating claims from partners, and reconciling stock movements due to giveaways or consumer engagement. These findings align with experiences at Hell Energy, where campaigns like the "WINWITHHELL" contest needed teamwork from finance, distribution, and marketing. Each promotional effort has financial effects—from coupon redemptions to reimbursements—that need careful documentation and verification. This link between marketing efforts and financial processes shows the need for flexible accounting systems in FMCG companies.

The company's official information also shows how distribution strategies affect financial workflows. Hell Energy operates in General Trade, Modern Trade, HoReCa, and online platforms. Each channel has its own billing patterns, discount structures, credit terms, and claim processes. During my internship, I observed that reconciliation tasks, dispatch validations, and settlement documentation varied by channel and often needed different formats or approvals. These differences support academic discussions about channel-specific financial management in FMCG firms, highlighting that accounting systems must cater to various trade environments and promotions.

India's shift to digital compliance with the Goods and Services Tax (GST) has transformed accounting practices. Chitra discusses the E-Way Bill framework as a major reform aimed at standardizing and digitizing goods movement across states. By replacing old paper-based transit documents, this system has cut down on administrative errors and enhanced traceability. For a company like Hell Energy, which works in multiple states and distribution channels, this uniform digital format reinforces the connection between logistics and accounting teams while lowering the chances of compliance issues. At the same time, guidelines from the GST portal—such as GSTR return norms and input tax credit requirements—set the routine tasks businesses need to include in their accounting cycles. These regulations greatly impact invoice checks, tax reconciliation, and reporting deadlines.

Additionally, the MSME Development Act affects how companies handle their payables. By categorizing suppliers and enforcing strict payment windows, the Act adds a compliance-focused element to managing creditors. Observations at Hell Energy revealed that suppliers registered under MSME guidelines needed careful tracking of due dates, accurate creditor aging reports, and timely balance confirmations to meet audit standards. Literature on how MSME regulations impact businesses highlight how this legislation influences working capital decisions and strengthens accountability in payment practices.

Overall, the literature and evidence from the organization show that the accounting cycle in an FMCG context is shaped by promotional activities, multi-channel distribution systems, digital tax frameworks, and required payment regulations. These interconnected aspects demand that companies like Hell Energy India Pvt. Ltd. maintain flexible, technology-supported, and well-coordinated financial processes. This flexibility is crucial for accommodating fast business changes while ensuring compliance and accuracy.

Fernando and De Silva (2022) look at the operational efficiency of the Procure-to-Pay (P2P) and Order-to-Cash (O2C) cycles in high-volume retail sectors. They highlight the importance of these cycles in ensuring financial accuracy and supply chain performance. Their study shows that both cycles are key parts of the accounting system. They directly affect working capital, vendor relationships, and customer fulfillment. The authors point out that inefficiencies often come from scattered documentation, delayed invoice approvals, and poor integration between procurement, finance, and logistics departments.

The paper emphasizes that automation and standardized workflows can greatly improve cycle performance. They reduce manual errors, provide real-time visibility of inventory and receivables, and help with prompt reconciliations. The authors note that digital P2P systems simplify the three-way matching process (PO, GRN, Invoice). Meanwhile, modern O2C platforms improve billing accuracy, payment tracking, and credit risk assessment. The authors argue that organizations in fast-paced environments should use integrated ERP systems to reduce process delays and follow regulatory requirements.

Overall, the study helps us understand that efficient P2P and O2C cycles are not just necessary for operations but are also strategic tools. They have a direct effect on cash flow

RESEARCH METHODOLOGY

The methodology focuses on understanding and studying how core accounting processes work through ongoing observation, documentation, and interpretation of workflows.

This approach shows how theoretical knowledge of accounting, GST, documentation, and compliance applies to real-life operations. The main areas examined include the Procure-to-Pay (P2P) cycle, Order-to-Cash (O2C) cycle, claim management, GST and e-invoicing compliance, reconciliation methods, fixed asset tracking, and vendor settlement procedures.

Type of Research

The research primarily relies on secondary sources, including internal company data, documented processes, financial records, statutory guidelines, and MIS reports. This is enhanced by the researcher’s first-hand observations during the internship, which provided insight into actual workflows without the need for surveys or interviews.

Exploratory Component

Daily interactions with the finance team allowed for an exploration of unfamiliar processes, such as claim settlements, cooler documentation, and GST mismatch resolution. This helped clarify real-world practices.

Nature of Study

The study is descriptive and observational. It focuses on outlining existing procedures and mapping how different accounting functions fit together in a full accounting cycle within an FMCG organization.

Scope of the Study

The research addresses key parts of the accounting cycle at Hell Energy India Pvt. Ltd., including:

- Procure-to-Pay (P2P) process
- Order-to-Cash (O2C) process
- Claim settlement workflow (shortage, damage, rate difference)
- Cooler (fixed asset) tracking, agreements, and documentation
- GST compliance, e-invoicing, IRN, and E-Way Bill handling
- Reconciliations, balance confirmations, and creditor ageing
- Audit preparedness and financial reporting support

This scope ensures a thorough review of the accounting cycle from start to finish.

Tools and Techniques Used

1. Microsoft Excel: Extensively used for claim analysis, reconciliation statements, balance ageing, pivot tables, VLOOKUP, data validation, and preparing MIS reports.
2. Dummy Tally (Educational Version): Used to understand ledger posting logic and basic accounting entries since the live office Tally was unavailable.
3. Manual Documentation: Included invoices, purchase orders (PO), goods receipt notes (GRN), GST challans, E-Way Bills, cooler agreements, and claim forms.
4. Regulatory Resources: Provided guidelines from the GST portal, references from the MSME Act, and statutory documents to understand compliance.

Data Collection Methods

This study used a structured mix of secondary data collection and observation-based insights, fitting the nature of an internship-based corporate research project. The research took place in the Finance Department of Hell Energy India Pvt. Ltd. All data came from real-time business transactions and official documents.

a) Secondary Data Collection- Secondary data provided the main basis for analysis, as the study aimed to review existing accounting practices.

The following types of documents and records were examined:

- Internal Accounting Documents
- Internal Financial Reports

b) Observation-Based Insights -A significant part of the research was enriched through non-intrusive, real-time observation in the finance department. Observations occurred during daily workflows and included:

- Manual ledger verification and reconciliation procedures
- Matching GRNs with invoices and purchase orders
- Recording and validating claims in the claims register
- Preparation and updating of MIS reports for month-end review
- Coordination between finance, logistics, and sales departments

These observations allowed for a deeper understanding of internal controls, bottlenecks, departmental dependencies, and practical challenges that cannot be grasped only through document review.

As this research was based on documents and processes instead of surveys, the sample size refers to the range of corporate documents and operational records reviewed during the internship. The study included:

- 100+ Tax Invoices

- 400+ GRNs and E-Way Bills from multiple dispatch locations

- Multiple Claim Sheets for shortages, damages, RTVs, and rate differences

- Balance Confirmations for over 40 vendors/distributors

- Reconciliations for 5 major warehouse locations, including checks of stock coming in and going out

- Monthly MIS reports and ledger extracts covering the entire accounting cycle

This document sample allowed for a thorough review of the accounting processes and improved the trustworthiness of the findings.

DATA ANALYSIS:

Stage	**Description**	**Tools Used**	**Output Generated**
Data Extraction	Collection of invoices, GRNs, claims, ledgers, E-way bills, balance confirmations	Excel, physical documents	Raw transaction dataset
Data Validation	Cross-matching PO–GRN–Invoice; checking GST, IRN, vendor codes	Excel (VLOOKUP, filters), manual verification	Clean and verified data
Categorization	Grouping documents under P2P, O2C, GST, Claims, Assets	Excel, internal filing structure	Segmented data for analysis
Reconciliation Analysis	Comparing ledgers with claims, stock reports, vendor statements	Excel Pivot Tables, Reco sheets	Reco mismatches, open items

Stage	**Description**	**Tools Used**	**Output Generated**
Compliance Analysis	Reviewing GST returns, E-way bills, MSME timelines	Government portals, GST guidelines	Compliance score & gap notes
Variance Analysis	Detection of shortages, damages, rate differences	Claims register, invoice audit	Variance summary
Interpretation & Reporting	Synthesizing insights, identifying gaps and solutions	Excel reports, MIS, narrative summaries	Final analysis & recommendations

FINDINGS:

The review of the accounting cycle at Hell Energy India Pvt. Ltd. uncovered several insights into documentation practices, compliance processes, asset management, and operational efficiency in the FMCG sector.

1. Strong Integration of Documentation in Accounting Cycles

The study showed that every transaction, whether procurement, sales, or dispatch, had crucial documents like Purchase Orders (POs), Goods Receipt Notes (GRNs), Invoices, Lorry Receipts (LRs), and E-Way Bills supporting it. A strict three-way matching process (PO, GRN, Invoice) was followed before authorizing vendor payments. This ensured accuracy, transparency, and reduced errors in the Procure-to-Pay (P2P) cycle.

2. GST Compliance as a Core Priority

GST-related activities were managed with high accuracy, supported by timely e-invoicing and E-Way Bill generation. Input-output GST reconciliation was performed using Excel and verified through Tally, minimizing tax discrepancies. Compliance accuracy improved through careful monitoring of HSN code classifications, tax rate correctness, and monthly filing practices.

3. Claim Management Was Structured but Time-Intensive

The firm had a well-organized claim settlement procedure that addressed rate differences, damaged goods, shortages, promotional schemes, and loading/unloading issues. Each claim was cross-checked against GRNs, SKUs, and claim forms. However, the process relied heavily on manual efforts, resulting in delays in verification, documentation, and approval, especially during month-end closures.

4. Cooler Asset Agreements Required Extensive Documentation

The placement of branded coolers at retail outlets involved legal agreements supported by KYC documents such as PAN and Aadhaar. Verification sheets, photographs, and regular inspections ensured proper asset tracking. These coolers were treated as fixed assets, capitalized appropriately, and depreciated according to accounting standards. Yet, retrieving documentation remained time-consuming due to partial digitization.

5. Significant Manual Work Despite System Support

Even though Tally and Excel were commonly used, many accounting tasks, including claim tracking, GRN matching, reconciliation checks, and inter-department coordination, were done manually. Communication with CHA teams, dispatch units, warehouses, and vendors relied on emails and messages, which increased delays and led to documentation inconsistencies. Manual data collation made the process prone to human errors.

CONCLUSION

This complete review of the accounting cycle in a corporate FMCG environment shows that a strong financial system relies on precision, careful documentation, technological support, and teamwork across departments. By studying Hell Energy India Pvt. Ltd., the research explored how the entire accounting cycle, which includes purchase transactions, sales recording, expense recognition, cost allocation, and fixed asset (cooler) management, ensures reliable financial information in a fast-paced business setting.

The analysis of the Procure-to-Pay (P2P) process emphasized the importance of three-way matching (PO, GRN, Invoice), GST-compliant invoicing, vendor aging analysis, and timely payments in building vendor relationships and ensuring business continuity. Additionally, the review of the Order-to-Cash (O2C) cycle showed that accurate sales documentation, proper revenue recognition, e-way bill validation, and claim settlement promote transparency in receivables and compliance with tax laws.

The study also revealed that digital tools like Tally Prime, Excel MIS dashboards, and online GST platforms assist with financial accuracy, credit period tracking, ledger posting, and balance confirmations. However, it found that manual verification, particularly in claims processing, ledger reconciliations, cooler asset tracking, and document flow between departments, remains essential. This indicates a need for more automation, adopting integrated ERP systems, and creating standardized workflows to reduce delays and lessen human error.

Observing month-end and year-end closing activities provided insights into the organization’s accrual practices, pending invoice review, GST reconciliation, and audit preparation. All these practices help ensure compliance and accurate financial representation. Coordination among Finance, Sales, Logistics, Procurement, and Commercial teams proved vital for smooth transaction processing and timely reporting.

In summary, the study finds that the accounting cycle in an FMCG company is not just a routine back-office task; it is a key element that affects profitability, compliance with regulations, operational efficiency, and decision-making. A solid, technology-supported, and well-coordinated accounting framework improves audit readiness, reduces financial risk, and upholds long-term organizational integrity. The findings also point to chances for system improvements, more automation, and stronger internal controls, which can further streamline financial processes and enhance accuracy in a dynamic corporate environment. Thus, the future of accounting in corporate environments lies in creating intelligent, transparent, and interconnected systems that elevate operational efficiency while maintaining high standards of financial integrity.

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