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A Study on Expenses Tracking and Reporting Practices at Badshah Industries, Patna, Bihar

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ABSTRACT :

This study investigates the expense tracking and reporting practices at Badshah Industries, a medium-sized agarbatti manufacturing firm in Patna, Bihar. The research looks at the internal financial processes of the company, both manual and electronic, such as Microsoft Excel and Tally ERP 9. The project is based on internship observation data, completed by interviews, questionnaires, and company document analysis. Its purpose is to determine strengths and inefficiencies in the expense management system and gives practical suggestions for process improvement, electronicization, and transparency enhancement.

1. Introduction

With the competitive business environment today, the potential to efficiently monitor and report expenses is crucial to operational effectiveness, budgetary control, and decision-making. Badshah Industries, a developing SME, needs an effective financial tracking system in order to sustain its existence in the market. This research analyzes their existing expense management system, including tools employed, departmental processes, and report structures.

2. Objectives

- Assess the precision and efficiency of Badshah Industries' present expense tracking system.
- Determine the financial tracking and reporting technologies utilized.
- Evaluate the effectiveness of financial reports in making decisions.
- Examine operational difficulties in keeping expense records.
- Suggest best practices for enhancing financial control and reporting.

3. Scope of the Study

- Geographical Scope: Operative at Patna, Bihar.
- Departmental Scope: Finance, admin departments, and expense-approving staff.
- Functional Scope: Encompasses workflows, tools (Excel, Tally ERP), and approval hierarchies.
- Temporal Scope: Examination of the practices during the last 6 to 12 months.
- Technology Scope: Level of digital uptake and mechanization.
- Operational Scope: Internal controls, accuracy of data, budget, and coordination among departments.

4. Research Methodology

- Design: Descriptive research was utilized to capture a picture of the existing practices at a point in time.
- **Primary Data:**
 - Interviews with finance employees.
 - Structured questionnaires.
 - On-site observations.
- **Secondary Data:**
 - Financial records.
 - Internal manuals.

- Industry literature.

Tools Utilized: Microsoft Excel, Tally ERP 9, Google Forms, Word, PowerPoint.

Drawbacks: Short duration of internship, limited access to confidential information, potential employee prejudice, and generalizability limitations.

5. Company Overview

Badshah Industries produces agarbatti goods and has expanded gradually since the early 2000s. Employing around 150 staff members, it operates a functional organization with a hybrid production system that adopts automated machinery and manual work. The finance department is organized, with proper roles such as Finance Manager, Accounts Officer, Accounts Assistant, Payroll Clerk, and Internal Auditor.

6. Data Analysis and Interpretation

Expense Categorization:

- Direct Costs: Raw material, labor, maintenance of machinery, packaging.
- Indirect Costs: Salaries for administration, utility expenses, depreciation, logistics, advertising.

Monthly Expense Patterns:

- Raw materials and utility bills are influenced by seasonal changes.
- April bonuses and March and July advertising spikes observed.

Budget vs Actual Review:

- Fluctuations in raw materials (+8%) and maintenance (+60%) due to unexpected market fluctuations and unscheduled repairs.
- Expenditure in marketing resulted in a significant 22% increase in sales.

Unit Cost Analysis:

- Computed as total direct + assigned indirect costs divided by units produced.
- Assists in cost control and pricing decision-making.

Key Findings

- Direct and indirect costs are well-classified.
- Multiple means of payment make reconciliation difficult.
- Manual entry into data causes inaccuracies.
- Late expense updates impede real-time decision-making.

Challenges Identified:

- Irregular data entry.
- Manual processes.
- Non-standardized classifications.
- Authorized expense risk.

8. Practical Implications

Financial Reporting:

- Enhanced data integrity and readiness for audit.
- Real-time reporting facilitates timely decision-making.

Budget Control:

- Variance analysis enables proactive corrections.
- Improved procurement and vendor negotiations.

- Improved cash flow forecasting.

9. Conclusion

Badshah Industries' existing system is operationally adequate but in need of improvement. Digital transformation, improved data practices, and automation are the answers to eliminating errors and inefficiencies. Consolidation of internal controls and process standardization will further improve financial transparency and strategic responsiveness.

10. Recommendations

- Leverage automated expense management tools.
- Standardize entry and classification procedures for data.
- Centralize payment channels for improved control.
- Provide real-time tracking of expenses.
- Enhanced internal approval and authorization mechanisms.
- Regular financial training for employees.
- Regular internal audits.

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