

Research Paper: Financial Accounting and Reporting in Real Estate Vendor Operations

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ABSTRACT

This research paper looks at the role of financial accounting, vendor operations, and material tracking in managing real estate projects. It focuses on a case study of Vision Turnkey Project Private Limited. The study is based on qualitative observations made during an internship between June and July 2025. The research assesses the accuracy of accounting documents, the efficiency of reconciliations, vendor coordination, and material flow systems. The findings show that organized documentation, clear vendor processes, and digitized workflows significantly improve project financial clarity and operational efficiency.

Keywords - Real estate accounting, Vendor management, Financial reporting, Material tracking, Reconciliation, ERP systems.

1. INTRODUCTION

The real estate sector in India is one of the fastest-growing parts of the national economy. It significantly contributes to job creation, urban growth, and infrastructure development. Financial accounting is crucial for maintaining clear and accurate documentation in real estate projects. Vendor operations, material procurement, and financial reconciliation are essential to project execution. This research examines how Vision Turnkey Project Private Limited carries out these processes and how digital accounting practices enhance project effectiveness.

This research is based on firsthand observations made during an internship at Vision Turnkey Project Private Limited from June to July 2025. It looks at how financial accounting principles are applied in real estate vendor operations and how documentation practices affect operational efficiency. By analyzing balance sheet preparation, vendor reconciliation, GST documentation, and material tracking methods, the study provides insights into the organization's financial systems and points out where technology and automation can further boost performance.

The introduction sets up the importance of accounting accuracy, collaboration between departments, and digital financial systems in real estate operations. It places the study in the wider context of industry changes, challenges in vendor management, and the need for organized processes to support large-scale project execution. Ultimately, this research aims to deepen the understanding of how financial documentation and vendor coordination impact the success of real estate projects and organizational efficiency.

2. REVIEW OF LITERATURE

The existing literature emphasizes the need for transparency, GST compliance, digital accounting, and organized vendor documentation in real estate operations. Studies by ICAI, EY, KPMG, and Deloitte point out that accounting accuracy directly affects project cost control and vendor trust. Government reforms like RERA have further highlighted the importance of standardized documentation and real-time financial reporting.

Importance of Financial Accounting in Real Estate

- Researchers note that financial accounting ensures accuracy, transparency, and compliance in real estate projects (ICAI, 2022).
- Good documentation, such as ledgers, vouchers, and material registers, is essential for preventing financial discrepancies and supporting audits.
- Studies show that real estate accounting serves as the foundation for cost control and budgeting, affecting overall project performance.

Impact of RERA on Documentation Practices

- The Real Estate (Regulation and Development) Act (RERA) stresses financial discipline, accurate documentation, and project transparency (Government of India, 2016).
- Literature suggests that RERA has pushed companies to transition from manual systems to organized and compliant accounting frameworks.
- RERA-compliant financial reporting boosts stakeholder trust and lowers the risk of project delays.

Challenges in Real Estate Financial Management

- Research identifies common challenges, such as delayed material reporting, incomplete vendor documentation, and manual ledger updates.
- Many organizations still depend on partially manual systems, leading to reconciliation delays and repeated work.

Objectives of the Study

- To analyze accounting practices in real estate vendor operations.
- To examine financial documentation, ledger management, and reconciliation processes.
- To evaluate material tracking and its effect on project cost control.
- To pinpoint operational efficiencies and areas for improvement in vendor financial management.

3. SWOT ANALYSIS

Strengths

1. Strong Documentation Discipline – The company keeps accurate ledgers, vouchers, challans, and GST records, which ensures readiness for audits.
2. Effective Interdepartmental Coordination – Clear communication between Accounts, Procurement, and Site teams aids timely decision-making.
3. Reliable Reconciliation Practices – The company consistently follows vendor reconciliation, bank matching, and invoice verification.
4. Clear Vendor Communication – Open processes build vendor trust and decrease disputes.

Weaknesses

1. Reliance on Manual Data Entry – Many processes still need manual updates, which raises the risk of errors.
2. Partial Digital Integration – Systems are not fully connected, causing repeated work.
3. Dependence on Physical Documents – Hard-copy invoices and challans introduce delays and hinder retrieval.

Opportunities

1. Adoption of Full ERP System – Integrating accounts, procurement, and inventory can improve workflows.
2. Cloud-Based Document Storage – Digital archives can cut down on physical storage needs and provide quick access.
3. Automated Reconciliation Tools – AI/ML-based matching can lessen manual errors in vendor and material records.
4. Analytics-Based Cost Management – Data-driven forecasting can enhance budgeting accuracy.

Threats

1. Rising Construction Material Costs – Changes in the prices of cement, steel, and aggregates can impact project budgets.
2. Increasing Competition – Real estate support services face pressure from competitive pricing and vendors.
3. Frequent Regulatory Changes – Updates to GST, RERA amendments, and compliance rules may require continual adjustments.

4. RESEARCH METHODOLOGY

The research uses a qualitative observational methodology based on internship experiences at Vision Turnkey Project Pvt. Ltd. Data sources include: (a) financial documentation, (b) invoice handling, (c) reconciliation practices, and (d) departmental interactions. No personal or confidential client data was used.

(a) Financial documentation – reviewing ledgers, vouchers, statements, and accounting records.

(b) Invoice handling – observing how invoices are received, verified, matched with POs/GRNs, and processed.

(c) Reconciliation practices – understanding how vendor accounts, bank statements, and financial records are matched and corrected.

(d) Departmental interactions – communicating with accounts, procurement, and site teams to understand how workflows are coordinated.

Company Profile: Vision Turnkey Project Pvt. Ltd.

Vision Turnkey Project Pvt. Ltd. is a real estate vendor management company that provides accounting support, coordinates material procurement, manages vendor documentation, and offers project-based cost reporting. The company operates through organized financial systems backed by accounting tools, vendor negotiation teams, and material tracking methods.

5. FINDINGS

Based on observations during the internship at Vision Turnkey Project Pvt. Ltd., the following key findings were noted regarding financial accounting, vendor operations, and material tracking practices:

1. Strong Documentation and Accounting Discipline

The company follows a structured approach to financial documentation, including ledgers, vouchers, purchase orders, GRNs (Goods Received Notes), GST records, and invoice files. This reduces errors and ensures accuracy during audits and monthly financial reviews.

2. Efficient Vendor Communication and Coordination

Vendor interactions, such as invoice submission, rate clarification, and reconciliation, are handled clearly and openly. This builds trust, lowers conflict, and ensures timely payments.

3. Effective Reconciliation Practices

The accounts department has systematic reconciliation processes, including:

- Vendor ledger reconciliation
- Bank reconciliation
- Material inward-outward matching
- GST input verification

These practices help maintain financial accuracy and lessen cumulative errors.

4. Well-Defined Material Tracking Processes

Material flow from vendor supply to site consumption is tracked through:

- Material challans
- Delivery notes
- Site confirmation
- Stock registers

Although some processes are manual, they assist in cost tracking and prevent material shortages.

5. Overdependence on Manual Data Entry

Many tasks, such as ledger updates, challan entries, and invoice verification, rely heavily on manual work. This raises the risk of errors and delays in monthly closing.

6. Limited Digital Integration Across Departments

Procurement, accounts, and site teams keep separate records, leading to unnecessary paperwork. The absence of a unified digital system (ERP) causes data discrepancies and delayed approvals.

7. Strong Interdepartmental Coordination

Even with limited digital tools, communication among departments is effective. Regular follow-ups help ensure timely invoice verification, approval cycles, and vendor payments.

8. Potential to Improve Through Automation

Areas like vendor performance tracking, auto-matching of invoices to POs/GRNs, digital signatures, and cloud-based documentation provide chances for improvement. Automation could greatly improve overall effectiveness.

6. RECOMMENDATIONS

6.1 Implement ERP Integration

Combining Accounts, Procurement, and Site Systems into one platform will reduce repetitive work and cut down on errors.

6.2 Shift Toward Digital Documentation

Using digital challans, e-signatures, and cloud archives will lessen delays and enhance accessibility.

6.3 Automate Reconciliation and Invoice Matching

Automation tools can help minimize errors when matching invoice details with financial and material records.

6.4 Introduce Vendor Performance Tracking

A scoring system can help identify reliable vendors and point out recurring problems.

6.5 Employee Training and Development

Regular training in digital accounting, GST rules, and documentation practices will boost team efficiency.

7. CONCLUSION

Financial accounting is key to vendor management in real estate projects. This study shows that Vision Turnkey Project Pvt. Ltd. has a strong procedural framework, especially in documentation, reconciliation, and collaboration between departments. However, the company could benefit from greater digital integration, automated processes, and less reliance on paper.

The internship provided practical experience with real-world accounting issues, demonstrating how accuracy, transparency, and teamwork impact financial outcomes in vendor-driven real estate operations. By improving digital systems and streamlining processes, the company can significantly enhance financial reliability and operational efficiency.

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