

**Ananya Rai**

**Btech 3rd year**

**Presentation on:**  
**Expense Tracker**



# Expense Tracker

Expense tracking is important in creating a budget for your small business. Keeping a daily record of your expenses by tracking receipts, invoices, and other outgoing expenses improves the financial health of your budget. Tracking expenses can help you stay on top of your cash flow and prepare you for tax season.

Expense tracking means recording all your expenditures so you have a clear and detailed understanding of your budget. This is typically done for a certain project or over a certain period, so you can stay on budget and make any necessary adjustments.

For many small businesses, expense tracking may include fixed expenses like rent and utilities as well as fluctuating costs like labor, product orders, and advertising. It's especially important to record one-time and variable costs, as these aren't always accounted for in the initial budget.

People use an expense tracker to better manage their business and personal finances, analyse their spending patterns, and make informed financial decisions. The process includes monitoring and recording all the expenses incurred by an individual or their business and includes various subheads such as bills, utilities, supplies, salaries, vendor payments, entertainment, etc. The objective of using a business or personal expense tracker is to keep finances organised and create an effective budget that can be used to expand the business later on.

Expense tracking is important in creating a budget for your small business. Keeping a daily record of your expenses by tracking receipts, invoices, and other outgoing expenses improves the financial health of your budget.

# Features

- 1. Helps you Take Control of Your Finances :** Knowing how and when you spend is key to controlling your finances. When you record your expenses, it's easier to note any spending that doesn't fit your goals so you can manage your future spending to grow your business.
- 2. Gives you a Time Frame to Manage Your Finances :** Expense tracking isn't just for knowing where your money goes — it's for adjusting your spending promptly to suit changing business needs. When you record your expenses within a certain time frame, it's easy to review your spending and decide what to keep and cut.
- 3. Tracking Your Expenses Makes You a Better Money Manager** As a business owner, staying on top of your monthly budget is crucial to success. There is no better way to manage your budget and know where your money is going than expense tracking.

# How Do You Track Expenses?

1. Track your Expenses Regularly
2. Categorize your Expenses
3. Open a Bank Account
4. Consider a Cloud-Based Software
5. Save Your Receipts
6. Know What's Tax Deductible

# Expense Tracking Workflow

## 1. Collecting Receipts

Employees must gather their receipts, card statements, and invoices whenever they make an expense as proof of their purchase

## 2. Creating Expense Reports

Next, employees have to create an expense report and attach the related receipt. They have to make the report keeping the company's policy in mind. Usually, expense reports are created every month.

### **3. Submitting Reports for Approval**

Further, the employee has to submit this report to the manager for approval. However, in certain situations, there can be multiple approvers for a specific expense category.

### **4. Verification of Claims**

If everything looks fine and the expense complies with the company's expense policy, the manager approves the expense claim and sends it to the finance team. The finance team validates the receipts and reimburses the employee.

### **5. Data Transfer to the Accounting Systems**

Finally, the expense is recorded in the accounting system for auditing requirements and other tax purposes.

# Common Types of Expenses

Here are the common types of expenses incurred by most businesses:

- **Fixed expenses:** These are regular expenses that are fixed and stay pretty much the same each month, such as loan repayments, rent, salaries for employees, etc.
- **Variable expenses:** These can vary and fluctuate monthly, such as utility bills or supplier/vendor payments, shipping costs, etc.
- **Direct expenses:** These can be directly attributed to a specific product or service, such as the cost of raw materials for production.
- **Indirect expenses:** These cannot be directly attributed to a specific product or service, such as office supplies or rent for a shared workspace.



# Purpose of expense tracking

Tracking your spending habits can help you stay on track with your financial goals. By regularly monitoring your expenses, you can make sure you're staying within your budget and making progress towards your financial goals. This can help you stay motivated and avoid overspending.

The primary purpose when monitoring expenditure against income is to ensure that expenditure does not exceed the available income. As when monitoring expenditure against budget, the first problem is how to identify which sources of funds are showing significant surpluses or deficits

# **Advantage**

- 1. Know what expenses are used for**
- 2. Know the average daily, weekly, and monthly expenses**
- 3. Identify necessary and unnecessary expenses**
- 4. Makes financial planning easier**
- 5. Know your transaction limit**

# Disadvantage

- Error-Prone: Manual tracking is susceptible to errors, such as data entry mistakes, lost receipts, or mathematical inaccuracies.
- Time-Consuming: The process can be time-consuming, especially for businesses with numerous transactions. This time could be spent on more valuable tasks.
- Limited Insights: Manual methods may provide basic tracking but lack the analytical capabilities to derive insights from spending patterns.

# Conclusion

Also known as expense manager and money manager, an expense tracker is a software or application that helps to keep an accurate record of your money inflow and outflow. Many people in India live on a fixed income, and they find that towards the end of the month they don't have sufficient money to meet their needs.

**Better budgeting:** Expense tracking provides a detailed overview of where money is being spent, making it easier to create and stick to a budget. **Improved cash flow:** The process can help identify areas where cash flow can be improved, such as reducing unnecessary expenses or improving payment terms

Thanks

*Thank  
You*