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Budget Accounting System – Shiv Furniture

1. Business Objective

Shiv Furniture requires a centralized **Budget Accounting System** to record purchases, sales, and payments while enabling **cost-center–wise budget monitoring**. The system should support financial discipline by ensuring that operational activities are aligned with approved budgets and provide clear visibility into financial performance.

2. Business Problem

Due to the lack of structured linkage between transactions, cost centers, and budgets, Shiv Furniture faces challenges in:

- Tracking budget utilization against actual income and expenses
- Monitoring spending across different business activities
- Maintaining consistent master data usage
- Obtaining timely and reliable budget performance insights

A unified accounting and budgeting system is required to address these challenges.

3. Scope of the Solution

3.1 Master Data Management

- Contacts
- Products
- Analytical Accounts (Cost Centers)
- Budgets
- Auto Analytical Models

3.2 Transaction Processing

- Purchase Orders
- Vendor Bills
- Sales Orders
- Customer Invoices
- Payments

3.3 Budget Monitoring

- Budget vs Actual computation
- Achievement percentage and remaining balance
- Budget achievement line report and charts
- Tracking of Revision of Budgets

3.4 Customer Portal

- Invoice / Bill viewing
- SO/PO viewing (Sales Order / Purchase Order)
- Invoice / Bill downloading
- Online invoice payment

4. Users

Role	Description
Admin (Business Owner)	Read, write, modify, and archive all master data; record transactions; configure models; view all reports
Contact (Portal User / Customer)	View, download, and pay own invoices/Bills via the customer portal

5. Functional Requirements

- The system shall allow creation and maintenance of:
  - Contact master
  - Product master
  - Analytical accounts
  - Budgets
  - Auto analytical models

- The system shall restrict **modification and archival** of master data to **Admin users only**.
- Users shall record purchase and sales transactions using predefined master data.
- Each transaction could be linked to an analytical account, either **manually** or **automatically using auto analytical models**.
- Budgets shall be defined for a specific period and linked to analytical accounts.
- The system shall automatically compute **actual values against budgeted amounts**.
- Users shall be able to view:
    - Budget achievement
    - Remaining balance
- Payments shall be recorded in the system.
- Payment status shall be **automatically updated** on the corresponding invoice or bill as:
    - Paid
    - Partially Paid
    - Not Paid
    (based on the defined formula in the mockup)
- Customer portal users shall be able to:
    - View their invoices / bills / so / po
    - Download invoice / bills documents so / po
    - Pay invoices using payment methods provided by the configured payment provider

6. Success Criteria

- Real-time visibility of budget utilization is available.
- Transactions are consistently linked to cost centers.
- Manual effort in budget tracking is reduced.
- Management can rely on system-generated budget and analytical reports for decision-making.

7. Why This Hackathon Problem is Important

- **Real-world ERP workflow:** Shows how a complete business flow works end-to-end (Purchases & Sales → **Budgeting** → Accounting → Payments → Financial Reports).
- **Business logic focus:** Teaches handling real operational problems like budget utilization, cost-center tracking, and payment reconciliation, not just UI.
- **Industry-ready system thinking:** Builds a production-like solution with real-time financial coordination, automated analytical modeling, and reporting insights.

8. Key Concepts for Budget Accounting

Analytical Accounts (Cost Centers)

Unlike the Chart of Accounts (which tracks *what* the money is for, e.g., "Electricity"), Analytical Accounts track *where* or *on what activity* the money is being spent.

- **Example:** You pay for "Marketing" (General Account), but link it to "Furniture Expo 2026" (Analytical Account) to see if that specific event was profitable.

Budget vs. Actuals

The core of your project. It is the process of comparing your planned financial targets (Budget) against the real-world money moving in and out (Actuals).

- **Actuals** are pulled from "Posted" journal entries.
- **Variance** is the difference between the two.

Auto-Analytical Models

A tool to automate analytical applicability . Instead of an accountant manually selecting a cost center for every single invoice line, the system uses rules (like "any product in category 'Wood' goes to the 'Production' analytical account") to link transactions automatically.

Payment Status & Reconciliation

The logic that connects a Payment record to an Invoice or Vendor Bill.

- **Fully Paid:** Payment amount equals the Invoice total.
- **Partially Paid:** A payment was made, but a balance remains.
- **Reconciliation:** The "handshake" between a bank entry and an invoice that marks it as "Paid" in the system.

Mockup - https://link.excalidraw.com/l/65VNwvy7c4X/yBECBfjQsa