Ideation & Discovery Reporting Document for Fund Management System

Purpose

The purpose of this document is to outline the requirements and customer pain points for the development of the Fund Management System. This will ensure that developers have a clear understanding of the project goals and the issues faced by the customers, enabling them to design a solution that meets these needs effectively.

Background

The Fund Management System comprises two main operational parts: Subsidiary Companies and Main/Group Company (Maclean's Group). This system involves creating customer invoices with considerations for VAT deductions and loyalty rewards, tracking these as liabilities for the subsidiary company, and managing loan requests and repayments to the parent group.

Key Requirements

1. Customer Invoice Creation

- **Invoice Amount Calculation**: Calculate the total invoice amount for the customer.
- **VAT Deduction**: Subtract 18% VAT from the invoice amount, if applicable. The adjusted amount reflects the net amount after VAT deduction.
- **Loyalty Reward Deduction**: Deduct 20% (or any specified percentage) as a loyalty reward to the group from the net amount after VAT deduction.

2. Tracking VAT and Loyalty as Liabilities

- **VAT Liability**: Record the deducted VAT amount as a liability for the subsidiary company, indicating the amount owed to tax authorities.
- **Loyalty to Group Liability**: Record the deducted loyalty reward amount as a liability for the subsidiary company, showing the amount owed to the group.

3. Tracking VAT and Loyalty as Receivables to Group

- **VAT Receivable**: Track VAT as a receivable from the subsidiary company, reflecting the amount owed to the parent group.
- **Loyalty to Group Receivable**: Track the deducted loyalty reward amount as a receivable from the subsidiary company.

4. Loan Request Process

- **Request Initiation**: Subsidiary formally requests a loan from the parent group.
- **Approval**: Parent group evaluates the request based on financial policies, risk assessment, and strategic alignment.

5. Accounting Treatment of Loan Requests

- **For the Subsidiary (Borrower)**:
  - Record the loan received as a liability.
- **For the Parent Group (Lender)**:
  - Record the loan granted as a receivable from the subsidiary.

6. Monitoring and Reporting

- **Repayment Terms**: Clearly define and agree upon repayment schedules and terms.
- **Regular Reporting**: Include loan transactions in regular financial reports.

7. Payments of VAT, Loyalty, and Loans to the Group

- **VAT Payment**:
  - Process: Deduct VAT from sales invoices.
  - Payment: Make periodic payments to tax authorities.
  - Accounting: Debit VAT Payable and credit Cash or Bank Account.
- **Loyalty Reward Payment to the Group**:
  - Process: Deduct loyalty rewards from sales invoices.
  - Payment: Pay loyalty rewards to the parent group as per agreed terms.
  - Accounting: Debit Loyalty to Group Payable and credit Cash or Bank Account.
- **Loan Repayment to the Group**:
  - Repayment Terms: Clearly define schedules and interest rates.
  - Payment: Repay loans as per agreement.
  - Accounting: Debit Loan Payable to Group and credit Cash or Bank Account.

8. Reporting and Compliance

- **Regular Reporting**: Include payments in financial reports.
- **Compliance**: Ensure timely and accurate payments according to agreed terms.

Reports Needed by the Subsidiary

1. **Customer Invoice Report**
   - Details of all customer invoices, including gross amount, VAT deducted, and loyalty rewards deducted.
   - Shows net amounts post deductions.
2. **VAT Liability Report**
   - Lists all VAT amounts deducted from invoices.
   - Tracks the total VAT liability owed to tax authorities.
3. **Loyalty Reward Liability Report**

- o Shows amounts deducted as loyalty rewards.
- o Tracks the total loyalty liability owed to the parent group.
4. **Receivables from Group Report**
   - o Details of VAT and loyalty reward amounts receivable from the parent group.
   - o Tracks outstanding receivables from the parent group.
5. **Loan Liability Report**
   - o Lists all loan amounts received from the parent group.
   - o Tracks repayment schedules and outstanding loan balances.
6. **Payment Reports**
   - o Detailed records of VAT, loyalty rewards, and loan repayments made to the parent group.
   - o Tracks the timing and amounts of each payment.
7. **Financial Statements**
   - o Balance Sheet: Includes all liabilities and receivables, such as VAT, loyalty rewards, and loans.
   - o Income Statement: Reflects the financial performance including any impact of loyalty rewards.

Reports Needed by the Parent Group

1. **Consolidated Invoice Report**
   - o Summary of all invoices issued by subsidiaries, including VAT and loyalty rewards deductions.
   - o Shows the consolidated net amounts.
2. **VAT Receivable Report**
   - o Tracks the total VAT amounts receivable from all subsidiaries.
   - o Details amounts owed by each subsidiary.
3. **Loyalty Reward Receivable Report**
   - o Tracks the total loyalty reward amounts receivable from subsidiaries.
   - o Details amounts owed by each subsidiary.
4. **Loan Receivable Report**
   - o Lists all loans given to subsidiaries.
   - o Tracks repayment schedules and outstanding loan balances for each subsidiary.
5. **Intercompany Payments Report**
   - o Records all payments received from subsidiaries, including VAT, loyalty rewards, and loan repayments.
   - o Tracks the timing and amounts of each payment.
6. **Group Financial Statements**
   - o Consolidated Balance Sheet: Includes receivables from subsidiaries for VAT, loyalty rewards, and loans.
   - o Consolidated Income Statement: Reflects the financial performance of the entire group, including the impact of loyalty rewards.
7. **Monitoring and Compliance Reports**
   - o Regular updates on the financial health of each subsidiary.
   - o Compliance reports ensuring that subsidiaries are adhering to internal policies and regulatory requirements.

8. **Risk Assessment and Management Reports**
   - Evaluations of financial risks associated with loans to subsidiaries.
   - Regular assessment of subsidiaries' ability to meet financial obligations.

Additional Considerations

- **Automation and Integration**: Implementing an integrated accounting and reporting system can streamline the generation of these reports and ensure accuracy.
- **Frequency**: Monthly, quarterly, and annual reports are typically required to maintain up-to-date financial records and compliance.
- **Custom Reports**: Depending on the specific needs of the group, custom reports may be developed to address unique aspects of the fund management system.
- Operational or Subsidiary Company Running costs so as to measure its growth
- Setting company budgets and fighting meeting the budget (Income Generating Budget and Expenses Budget)

Conclusion

By addressing these key requirements and customer pain points, the Fund Management System will facilitate efficient financial management, ensure compliance, and enhance overall operational transparency. This document provides a clear framework to guide the development process and meet the customers' needs effectively.

DEVELOPMENT WORK PLAN

Phase 1: Developing Subsidiary Portal

Duration: 5-7 days (Unit Testing included)

Scope:

- Develop a portal for managing invoices.
- Enable loan requests and payments.
- Manage operational costs.

Daily Reporting:

- **Day 1**: Project kickoff, requirements review, and initial setup.
- **Day 2**: Basic invoice management functionality developed.
- **Day 3**: Loan request feature implemented.
- **Day 4**: Payment processing module completed.
- **Day 5**: Operational costs management added and initial unit testing begins.
- **Day 6**: Continued unit testing and bug fixing.
- **Day 7**: Final unit testing and preparation for the next phase.

Customer Report: Summary of daily progress, targets achieved, issues encountered, and plans for the next day.

Phase 2: Integrating Subsidiary Portal with Group Systems

Duration: 3-5 days (Unit Testing included)

Scope:

- Seamless integration of the subsidiary portal with the group system.
- Enable loan approval processes.
- Track VAT and loyalty from subsidiaries.
- Track VAT, loyalty, and loan payment records.
- Facilitate loan allocation from one company to another.

Daily Reporting:

- **Day 1**: Integration setup and initial data mapping.
- **Day 2**: Implementation of loan approval workflow.
- **Day 3**: VAT and loyalty tracking integration.
- **Day 4**: Loan payment tracking and record management.
- **Day 5**: Unit testing and final integration checks.

Customer Report: Summary of daily progress, targets achieved, issues encountered, and plans for the next day.

Phase 3: System Deployment, Testing, and Data Migration

Duration: 2 days

Scope:

- Deploy the system in the production environment.
- Conduct final system testing.
- Migrate and feed data from January of this year up to date.

Daily Reporting:

- **Day 1**: System deployment and initial testing.
- **Day 2**: Data migration and final system checks.

Customer Report: Summary of daily progress, targets achieved, issues encountered, and plans for the next day.

Overall Reporting and Communication

- **Daily Reports**: Delivered at the end of each day, detailing targets set, achievements made, any issues encountered, and plans for the following day.
- **Weekly Summary**: A comprehensive summary report at the end of each week, consolidating daily reports and providing an overall status update.

COST AND PAYMENT STRUCTURE

Total cost of developing the system including training, annual maintenance and support to ensure the system will work fine will be 7,500,000/=

Initial payments 30% for some setups and after completing the project 70% of the remaining balance

Cost and Payment Structure

Total Cost

The total cost for developing the Fund Management System, including training, annual maintenance, and support to ensure the system operates efficiently, is **6,500,000**.

Payment Schedule

1. **Initial Payment**: 30% of the total cost for initial setups
   - **Amount**: 1,950,000
   - **Due Date**: Upon commencement of the project
2. **Final Payment**: 70% of the remaining balance upon project completion
   - **Amount**: 4,550,000
   - **Due Date**: After successful completion of the project, including training, deployment, and final acceptance testing

Payment Milestones

1. **Initial Setup**:
   - **Deliverables**: Project kickoff, initial system setup, and development environment configuration
   - **Payment**: 1,950,000 (30% of total cost)
2. **Project Completion and Final Acceptance**:
   - **Deliverables**: Fully developed system, integrated subsidiary and group portals, tested and deployed system, data migration, user training, and support setup
   - **Payment**: 4,550,000 (70% of remaining balance)

Conclusion

This payment structure ensures that the initial setup and development can proceed with adequate funding, while the majority of the payment is reserved until the successful completion of the project, ensuring all deliverables meet the agreed-upon requirements and standards. This approach balances financial commitment and project delivery assurance for both parties.