



# GOVERNMENT OF TAMILNADU

## Naan Muthalvan- Project-Based Experiential Learning

### ESTIMATION OF BUSINESS EXPENSES

Submitted by

**K. DHARANI- (21321ER005)**

**T J. DHARSHINI- (21321ER006)**

**M. DHIVYADHARSHINI - (21321ER007)**

**J. DIVYA- (21321ER008)**

Under the guidance of

**Mrs. B. LAKSHMIPRABHA, MSC., M.Phil., B.Ed., (Ph.D),**

**Guest Lecturer.**

**PG and Research Department of Mathematics**



**M.V. MUTHIAH GOVERNMENT ARTS COLLEGE FOR WOMEN**

(Affiliated to Mother Teresa Women's University, Kodaikanal)

Reaccredited with 'A' Grade by NAAC

**DINDIGUL-624001.**

**NOVEMBER - 2023**

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**PG & RESEARCH DEPARTMENT OF MATHEMATICS**

**BONAFIDE CERTIFICATE**

This is to certify that this is a bonafide record of the project entitled, "ESTIMATION OF BUSINESS EXPENSES" done by Ms. K. DHARANI- (21321ER005), Ms. T J. DHARSHINI- (21321ER006), Ms. M. DHIVYADHARSHINI - (21321ER007) and Ms. J. DIVYA- (21321ER008). This is submitted in partial fulfillment for the award of the degree of Bachelor of Science in Mathematics in M.V. MUTHIAH GOVERNMENT ARTS COLLEGE FOR WOMEN, DINDIGUL during the period of June 2023 to November 2023.

*B. Laxshminiprabha.*

**Project Mentor(s)**

*N. 102*

**Head of the Department**

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## **1.INTRODUCTION**

According to the Internal Revenue Service (IRS), business expenses are ordinary and necessary costs incurred to operate your business. Examples include inventory payroll and rent. Fixed expenses are regular don't change much-things like rent and insurance. Business income is the amount received from your customers for the goods or services that you have sold to them. It includes any amount received for expenses or materials you invoiced to your customer.

This is applicable irrespective of a business being a large corporation or a small entity. Business spending is part of the statement of income. Business expenses are subtracted from income on the income statement to arrive at the taxable net income of a business. Business expenses are also referred to as deductions. Operating costs are the ongoing expenses incurred from the normal day-to-day of running a business operating costs include both costs of goods sold (COGS) and other operating expenses-often called selling, general and administrative (SG&A) expenses

### **1.1 OVERVIEW**

- An expense is the cost of operations that a company incurs to generate revenue.
- Business can write off tax- deductible expenses on their income tax returns, provided that they meet the IRS' guidelines.
- Accountants record expenses through one of two accounting methods: cash basis or accrual basis.
- The IRS treats capital expenses differently than most other business expenses.

### **1.2 PURPOSE**

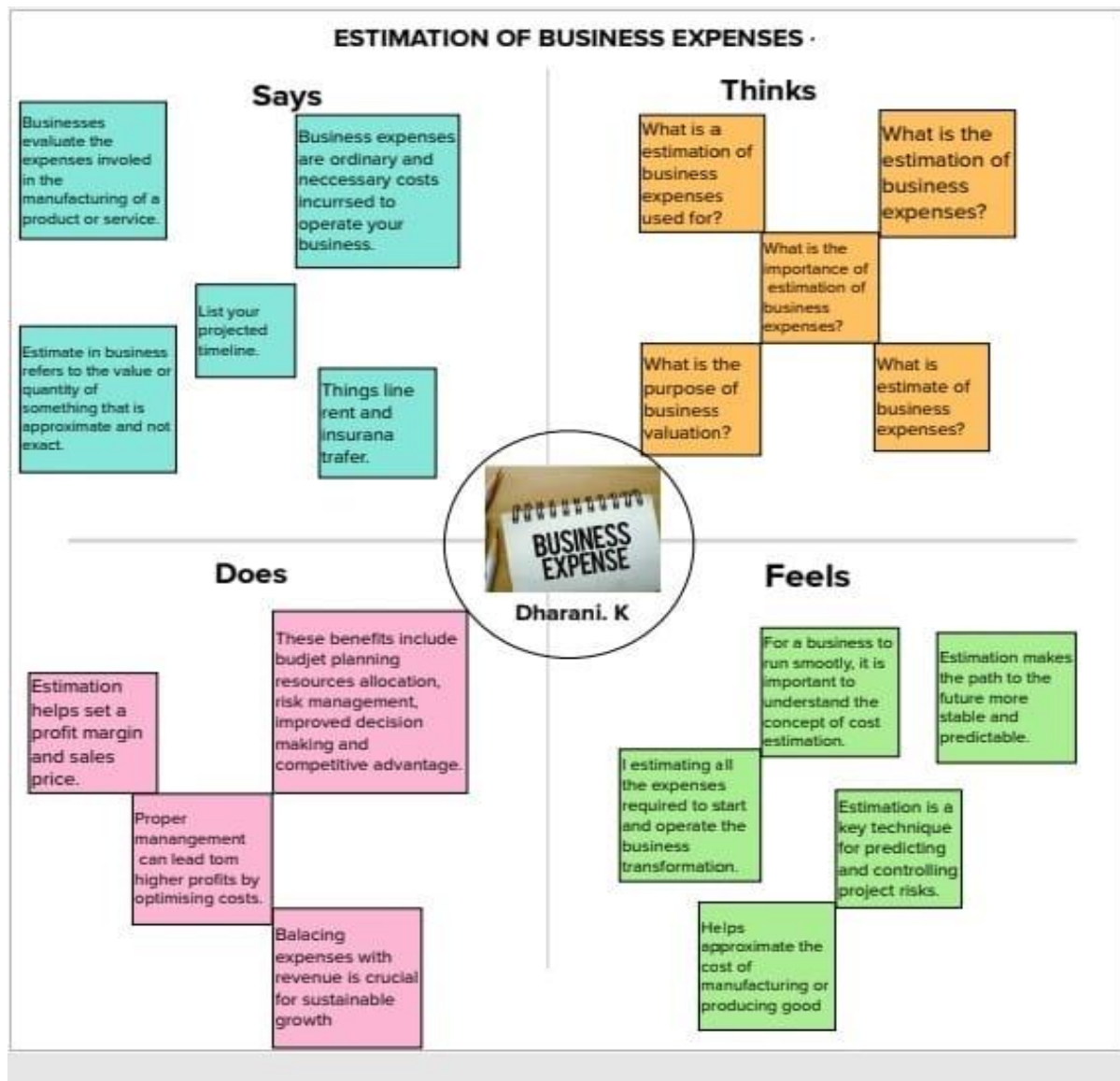
- An expense is a cost that business incurred in running their operations.
- Expenses include wages, salaries, maintenance, rent and depreciation.
- Expenses are deducted from revenue to arrive at profits.
- Businesses are allowed to deduct certain expenses taxes to help alleviate the tax burden and bulk up profits.

## 2. PROBLEM DEFINITION & DESIGN THINKING

### 2.1 EMPATHY MAP

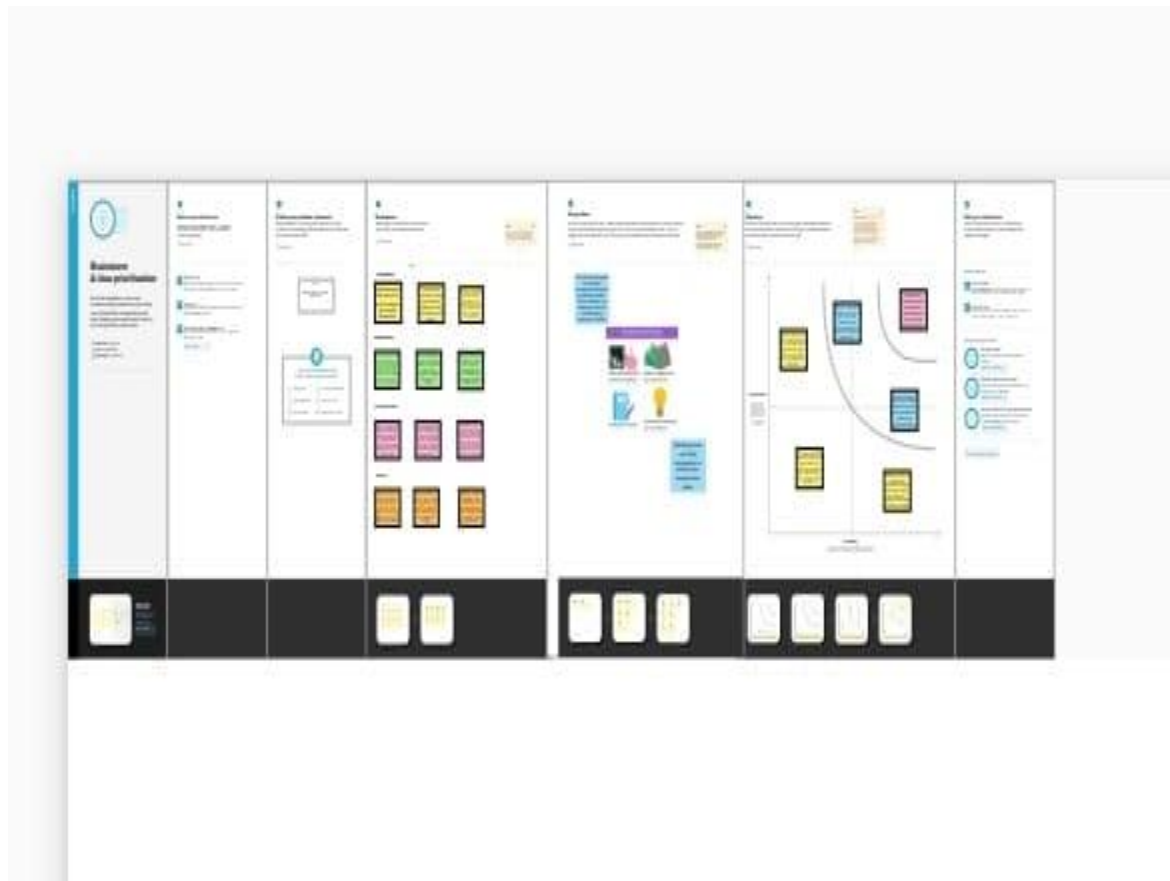
An empathy map is a collaborative visualization used to articulate what we know about a particular type of user. It externalizes knowledge about users in order to

- 1) Create a shared understanding of user needs, and
- 2) Aid in decision making.



## 2.2 IDEATION & BRAINSTORMING MAP

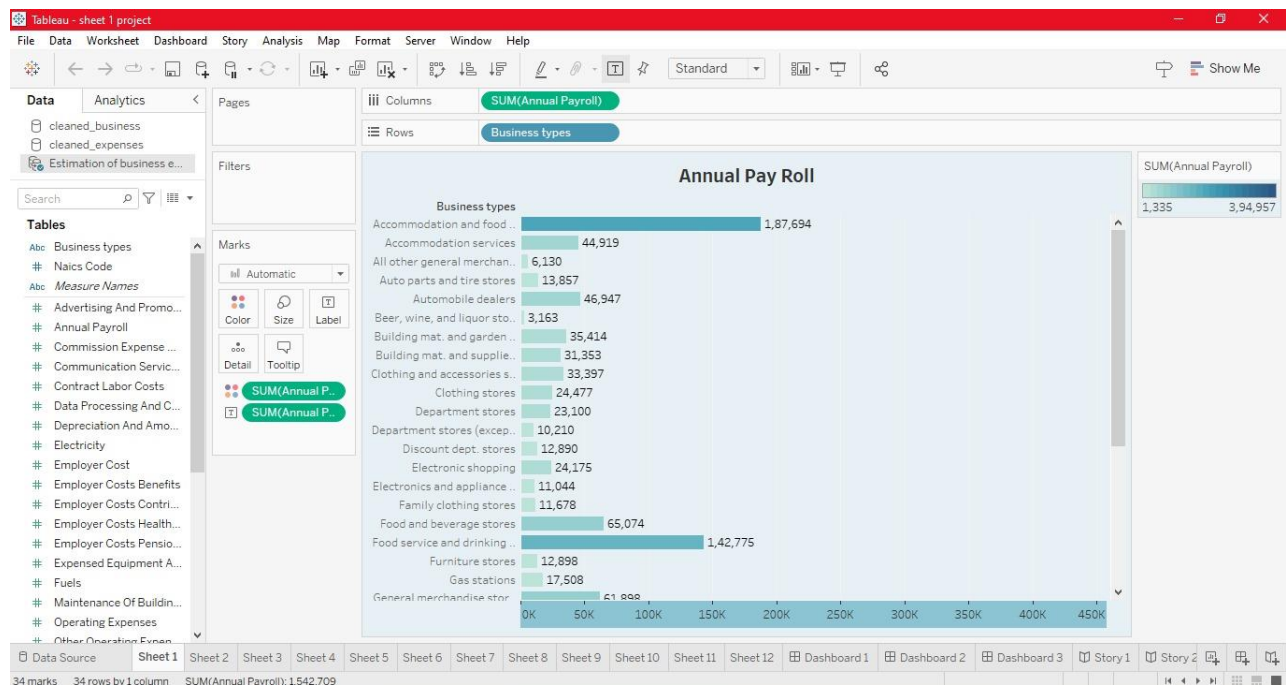
Brainstorming is a group creativity technique by which efforts are made to find a conclusion for a specific problem by gathering a list of ideas spontaneously contributed by its members.



### 3. RESULT

#### 3.1 ANNUAL PAY ROLL

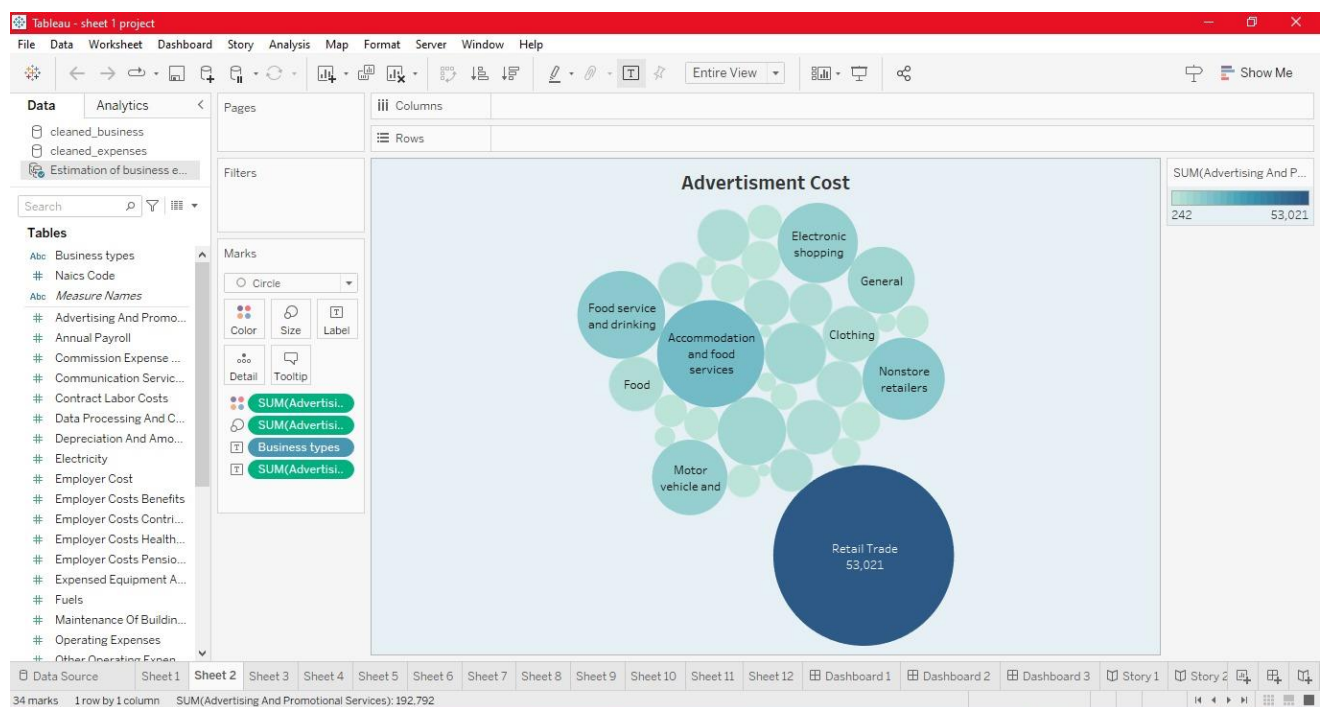
- Payroll includes all forms of compensation, such as salaries, wages, commissions, dismissal pay, bonuses, vacation allowances, sick-leave pay, and employee contributions to qualified pension plans paid during the year to all employees.





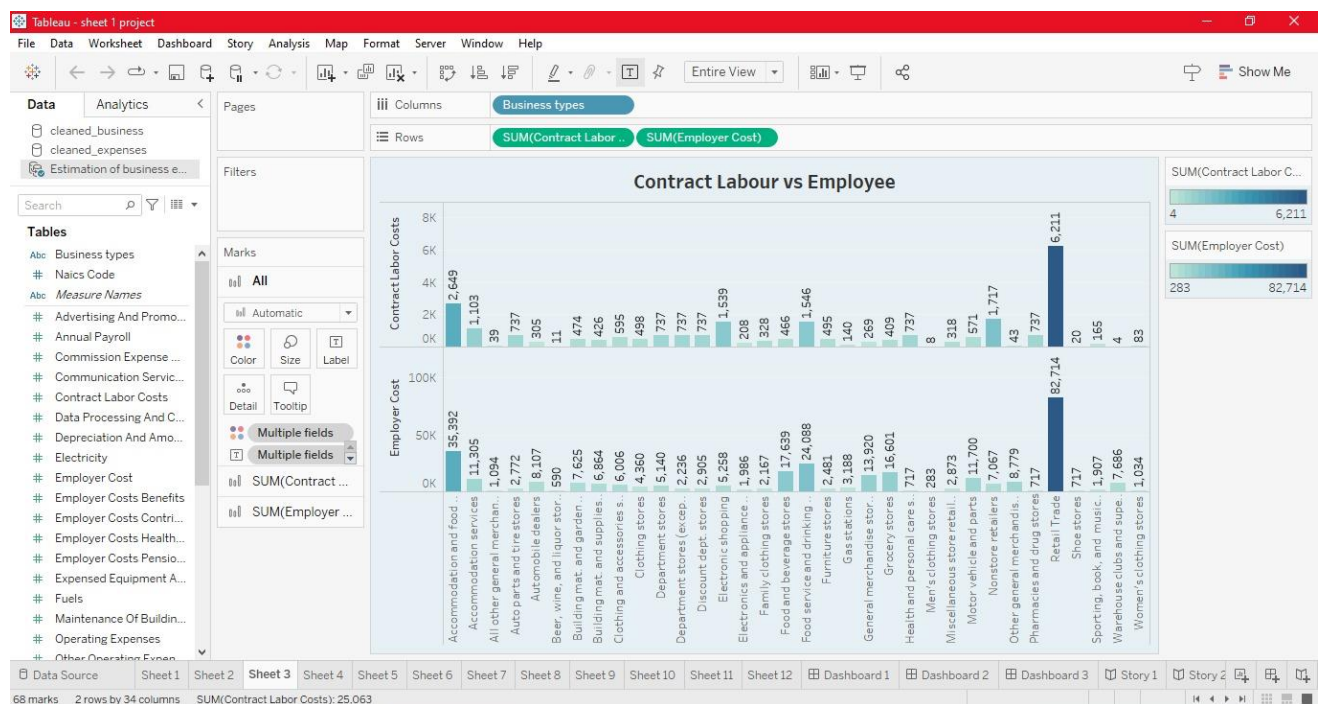
## 3.2 ADVERTISEMENT COST

Advertising costs are a type of financial accounting that covers expenses associated with promoting an industry, entity, brand, product, or service. They cover ads in print media and online venues, broadcast time, radio time, and direct mail advertising.



### 3.3 CONTRACT LABOUR VS EMPLOYEE

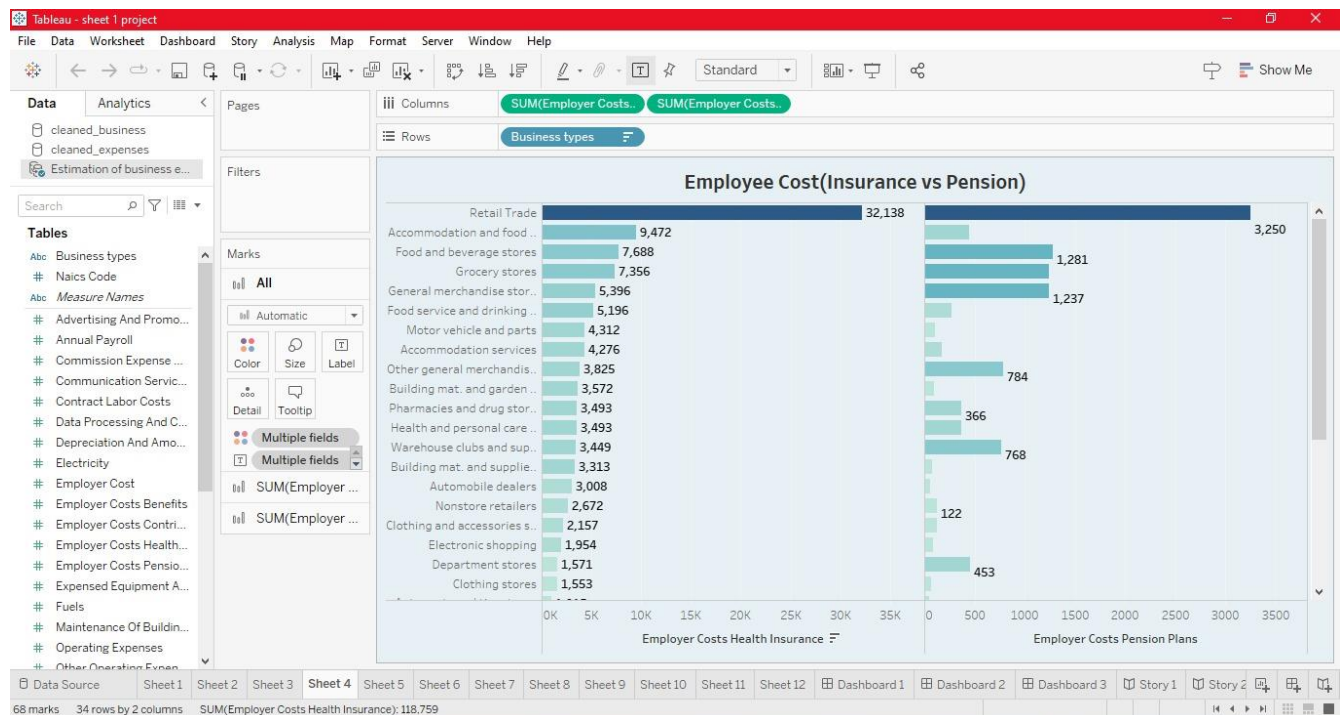
- A contractor is an independent worker who has autonomy and flexibility but does not receive employer-provided benefits such as health insurance and paid time off.
- An employee is on a company's payroll and receives wages and benefits in exchange for following the organization's guidelines and remaining loyal.



### 3.4 EMPLOYEE COST (INSURANCE VS PENSION)

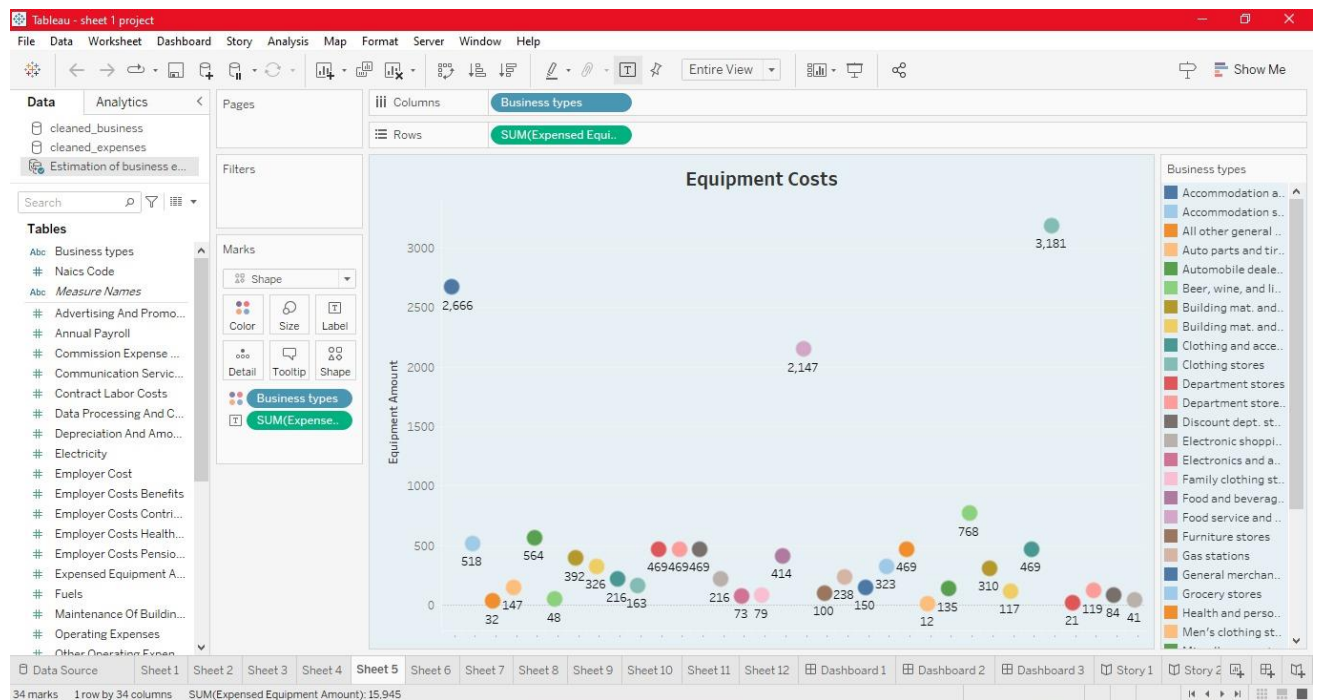
Offering health insurance to your employee is an essential benefits that can positively impact their overall health and well-being. 80% of Indian employees consider employer-provided health insurance a crucial factor in job satisfaction.

Pensionable salary is the average monthly salary in the last 60 months before the member exits the Employee's Pension Scheme. The actual service period of the member is considered as the pensionable service. The pensionable service period is considered on a 6 months basis.



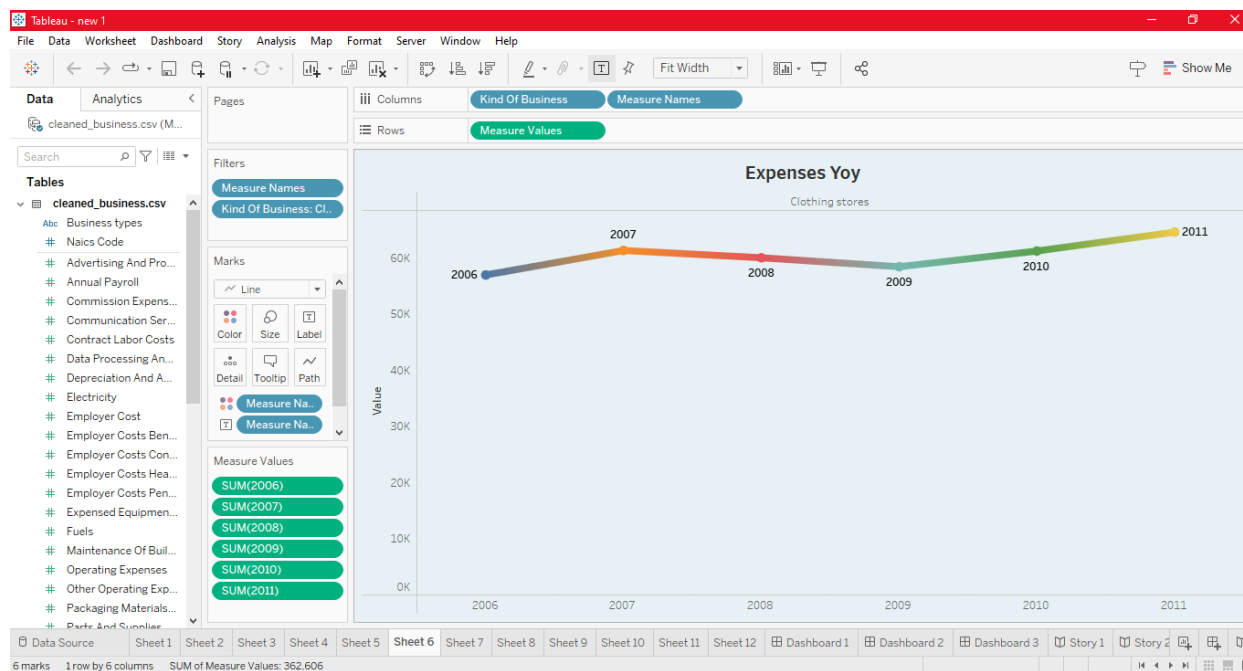
### 3.5 EQUIPMENT COSTS

Equipment Costs means the total cost of the Equipment, including related costs such as freight, installation and taxes, capitalizable costs, and costs of issuance incurred in connection with the acquisition and or financing of the Equipment



### 3.6 EXPENSES OF YOY

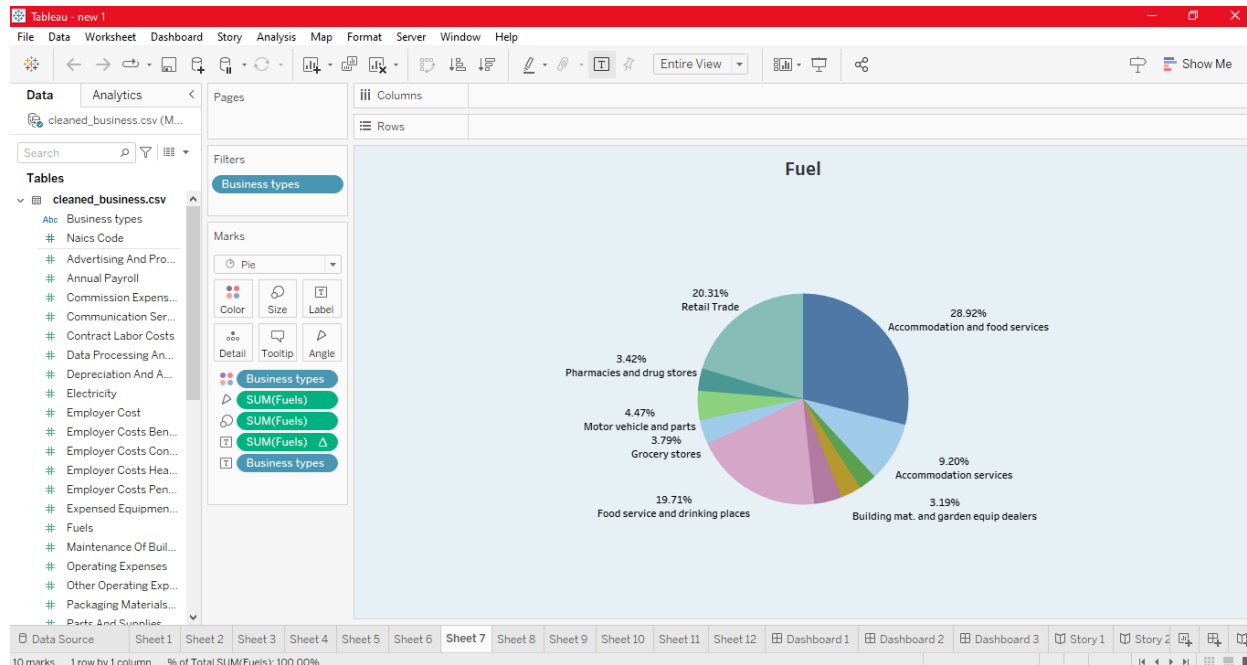
An expense is the cost of operations that a company incurs to generate revenue. It is simply defined as the cost one is required to spend on obtaining something. Year-over-year- (YOY)- sometimes referred to as year-on-year- is a frequently used financial comparison for looking at two or more measurable events on an annualized basis.



### 3.7 FUEL

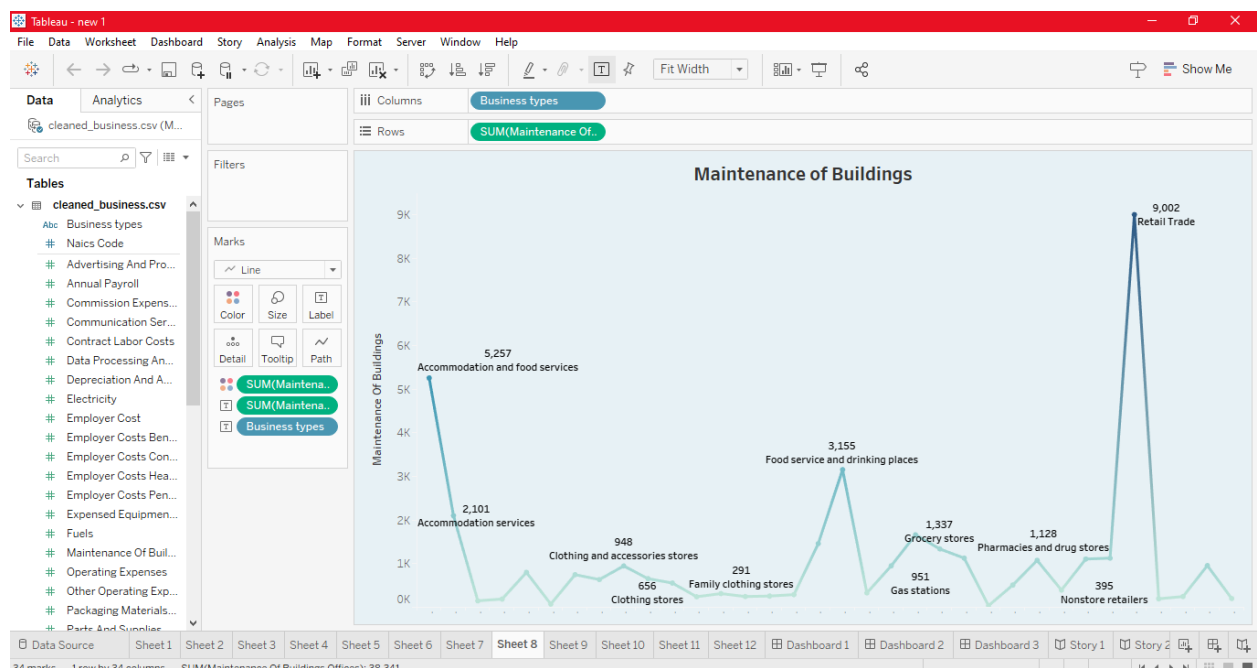
For businesses that sell products or goods, fuel may be considered a cost of goods sold (COGS). This is because fuel is often used in the production or transportation of the goods being sold.

Another common way that businesses account for fuel is as an operating expense. This is because fuel is often used to power vehicles or machinery that is used for business purposes.



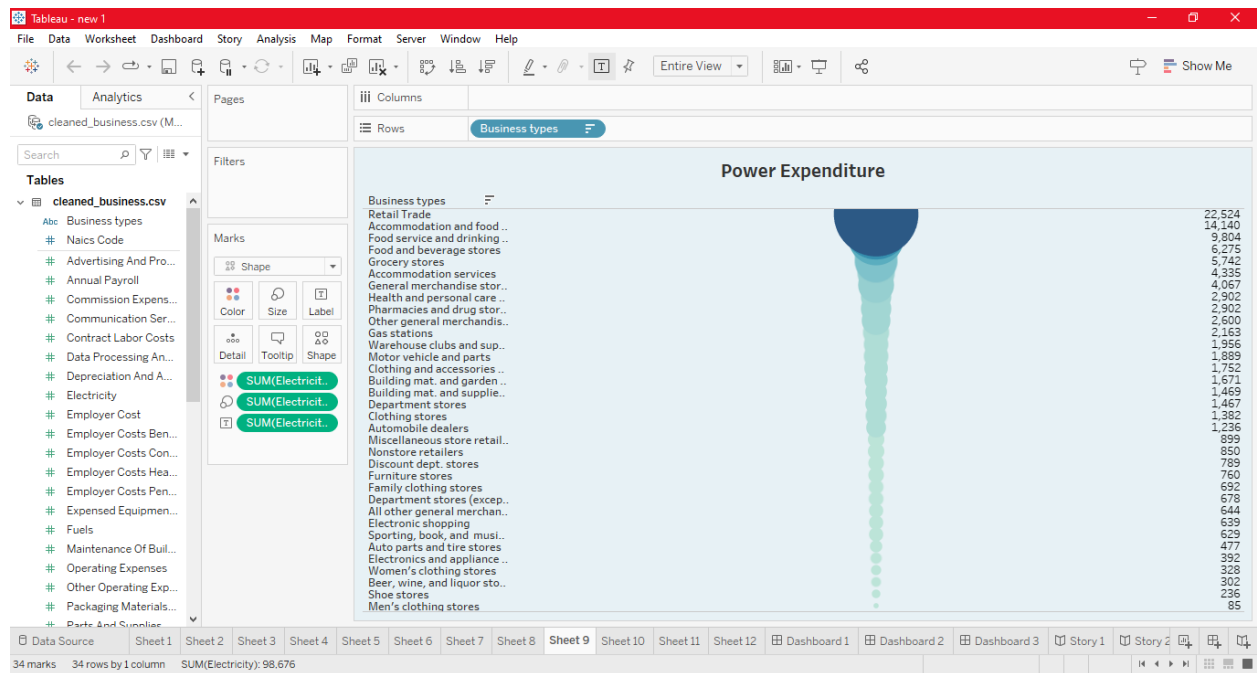
### 3.8 MAINTENANCE OF BUILDINGS

Building maintenance includes a variety of tasks that help create a safe and comfortable work or living environment for a building's tenants. Ranging from anything inside a building, like cleaning bathrooms and maintaining electrical systems, to anything outside a building, like lawn care and landscaping, routine maintenance services are performed to keep properties in tip-top shape. Building maintenance is important because it ensures the safety and comfort of anyone who stay in a building, whether they live or work there.



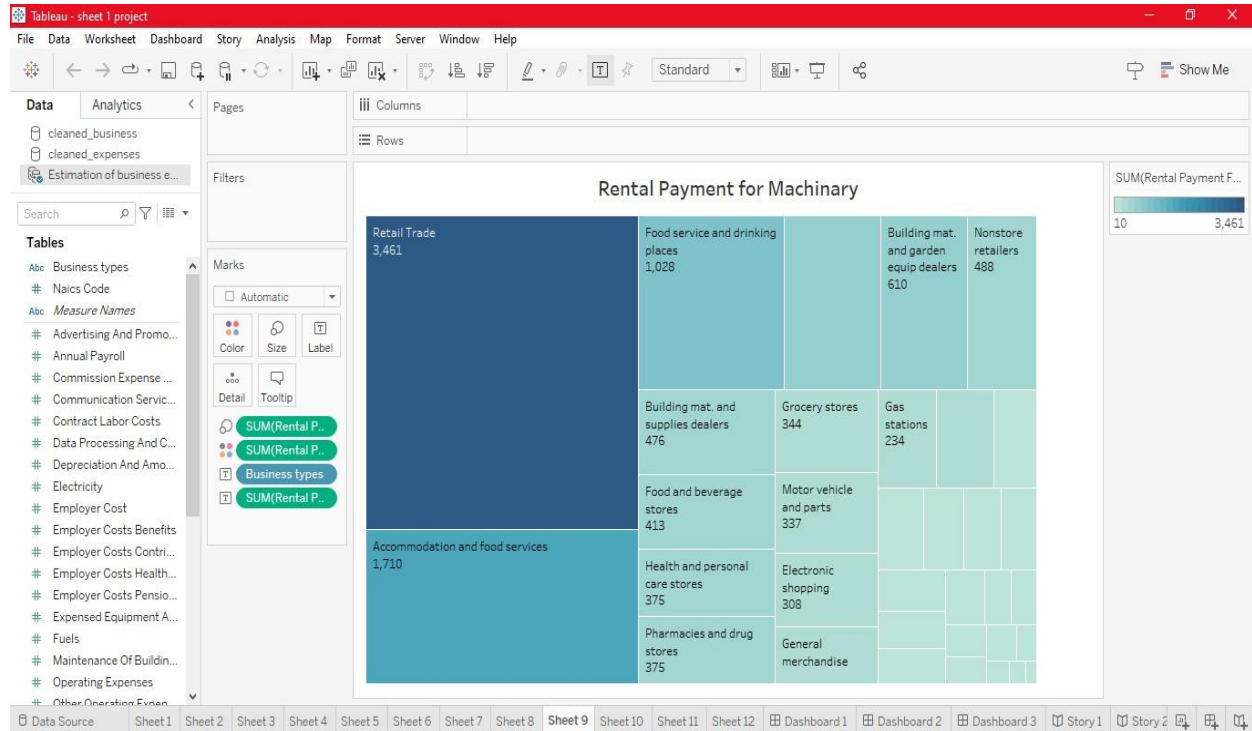
### 3.9 POWER EXPENDITURE

The rate of metabolic energy expenditure refers to the rate of free energy released from the catabolism of carbohydrate, fat, and amino acids to resupply adenosine triphosphate (ATP) for cellular activities such as biosynthesis, transport, and muscular contractions.





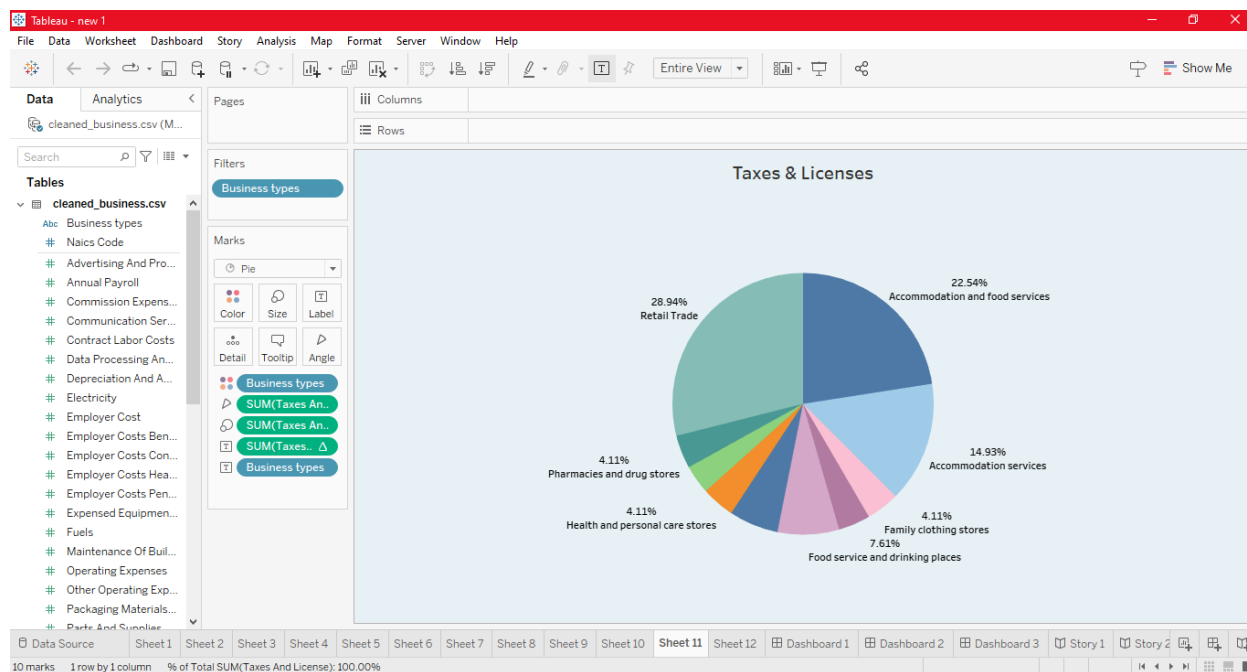
### 3.10 RENTAL PAYMENT FOR MACHINERY



### 3.11 TAXES AND LICENSES

All state, local, and foreign taxes paid or accrued in connection with trade or business or production of income are deductible. In addition, annual fees paid to keep a business license current are deductible as an ordinary and necessary business expense.

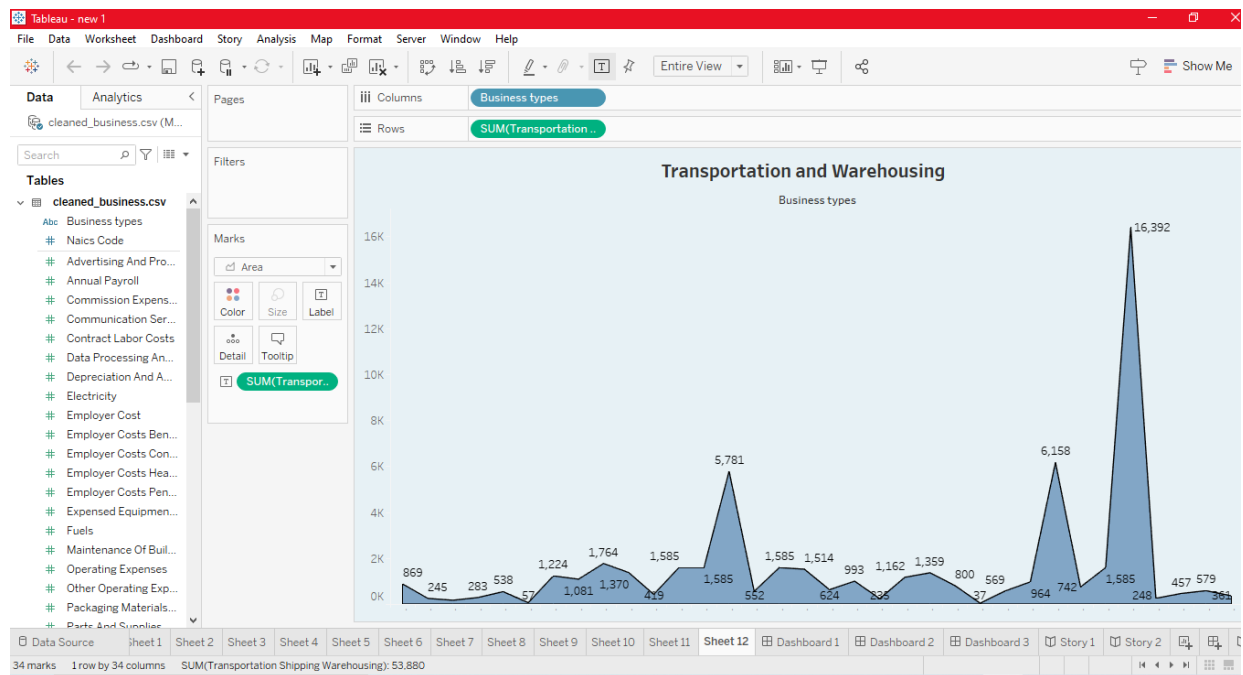
Licensing costs means the IPR owner's out-of-pocket costs of prosecuting, registering, licensing, and enforcing rights in the Intellectual Property (including all legal or other third-party fees, filing fees and other costs).



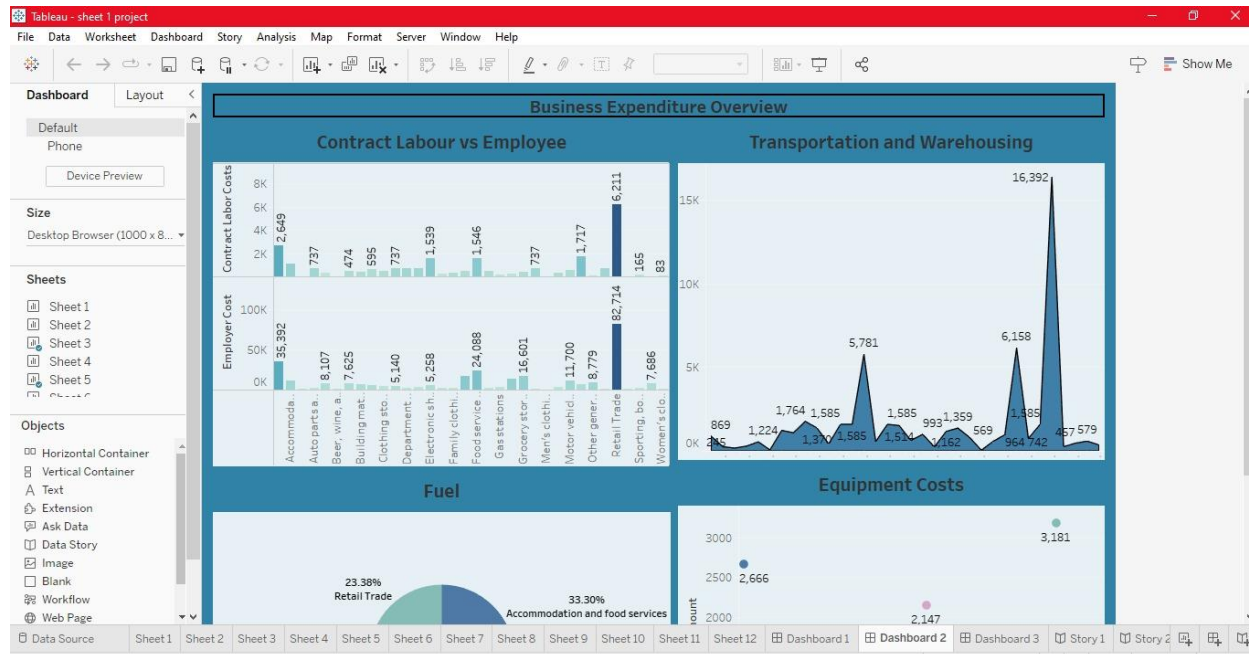
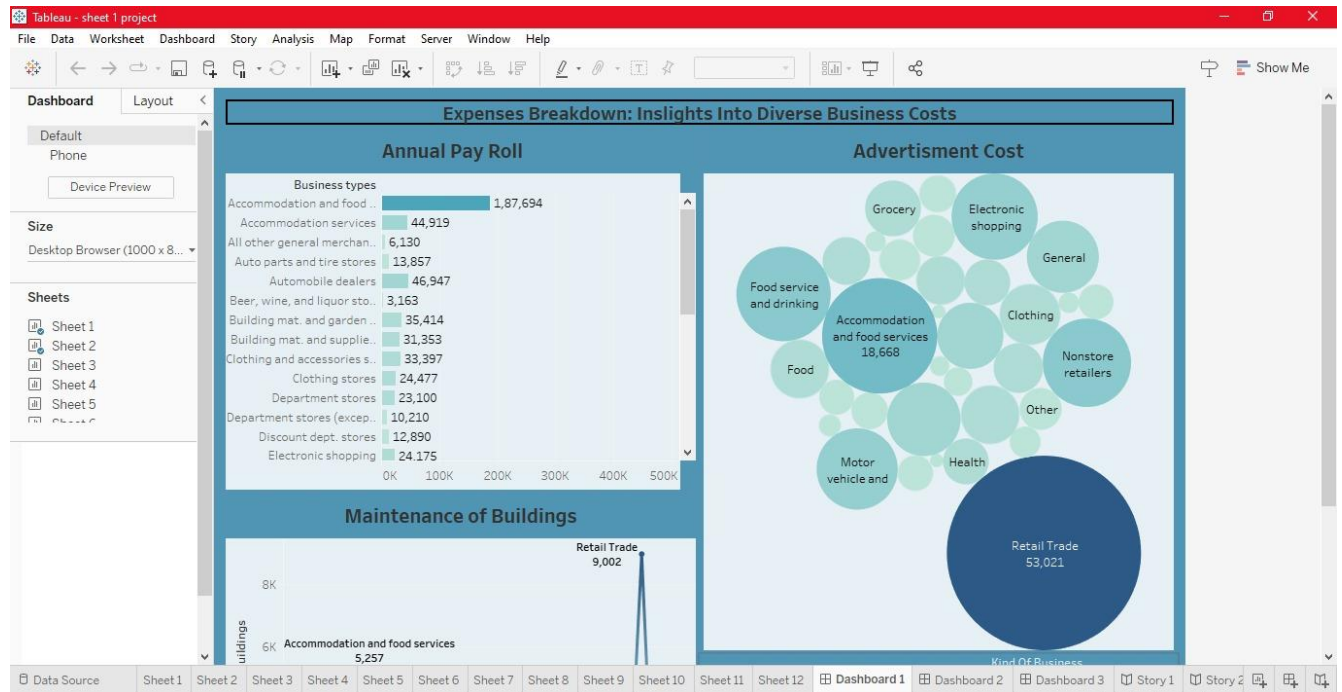
## 3.12 TRANSPORTATION AND WAREHOUSING

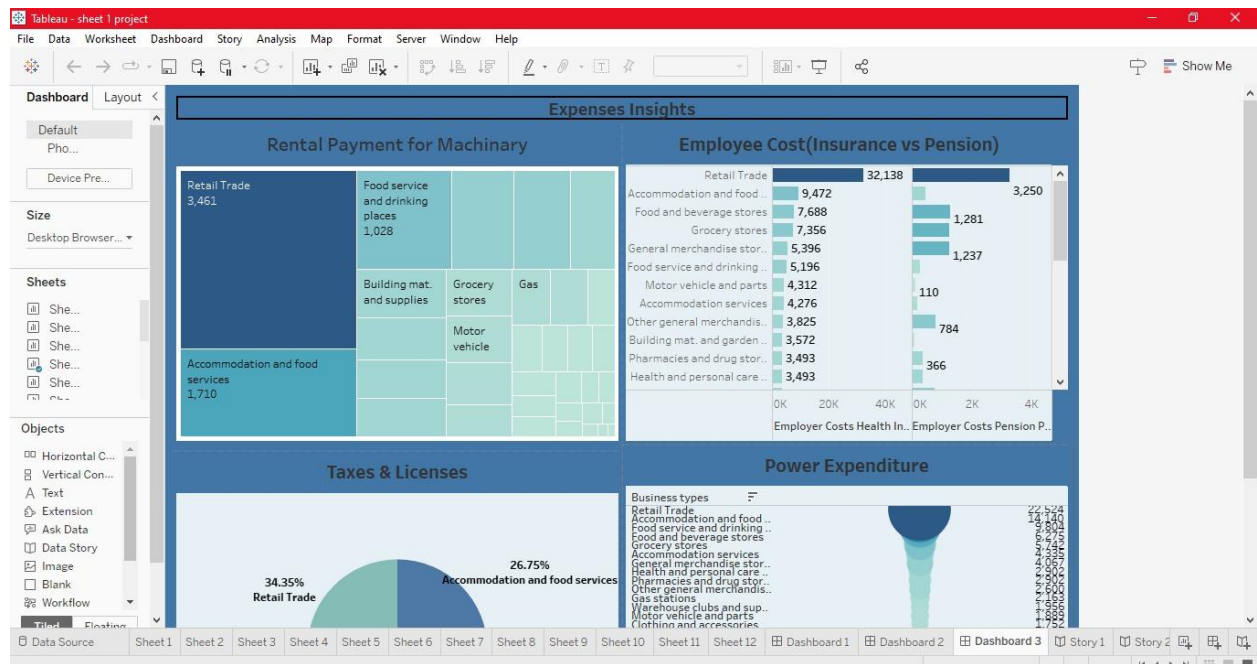
Transportation is a multimodal approach that includes roads, rails, sea and ocean. With the help of an excellent transportation strategy, delivering goods from a warehouse to retail outlets to a customer is not an issue. However, this process is a lot more complex and includes planning and optimizing routes, modes of carrying, order management, freight audit, and payment.

Warehousing is not just storing goods in a place; it is a hub that controls a set of different elements. One such element is inventory management. It keeps a tab on the stock and helps manufacturing units by serving them raw materials in need.

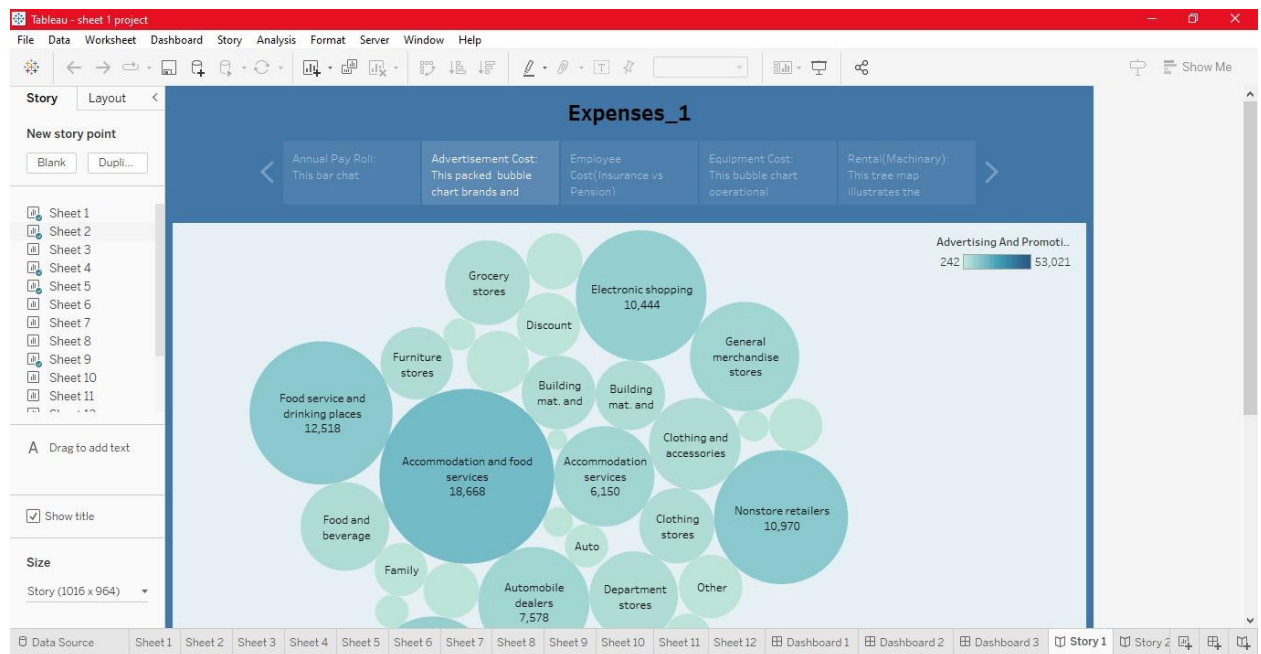


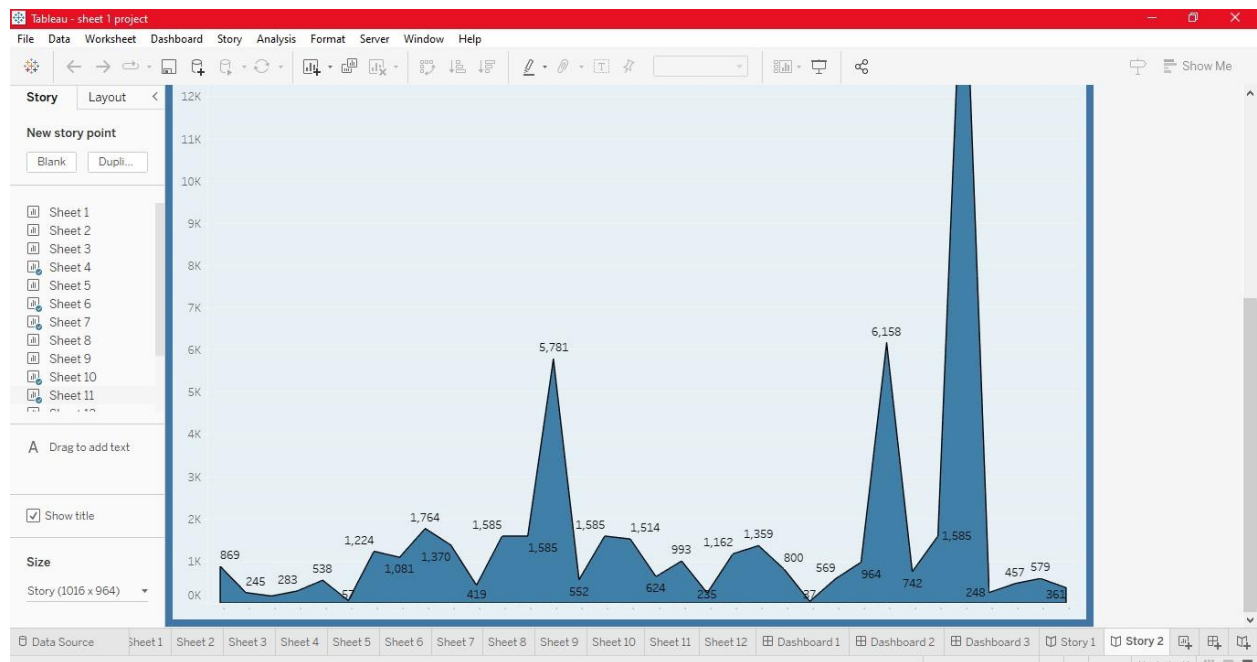
## 4 DASHBOARD





## 5 STORY





## 6 ADVANTAGE

- ❖ Separating business finances from personal finances helps you track your business expenses more effectively.
- ❖ Tracking business expenses is essential for maintaining healthy cash flow and qualifying for tax deductions that could reduce your taxable income.
- ❖ Business expenses include the cost of goods sold along with the ordinary and necessary operational expenses associated with keeping a business running.

## 7 DISADVANTAGES

- Financial Risks. A business requires an extensive amount of financial resources to launch and expand
- Time commitment
- Dealing with Stress
- Risk of Failure
- High Competition
- Possible Lack of Guidance
- Lack of Business Processes and Operational

## **8 APPLICATIONS**

- This involves estimating all the expenses required to start and operate the business, such as equipment, rent, inventory, and marketing.
- By calculating these costs upfront, business owners can better plan their budget and avoid unexpected expenses.
- These benefits include budget planning, resource allocation, risk management, improved decision making and competitive advantage.
- Cost estimates help produce a reasonable budget for a task or project for this to happened estimates should be both accurate and consistent.

## **9 CONCLUSION**

To sum up, keeping track of business expenses is an essential aspect of running a successful company. It helps you to make informed financial decisions and stay on top of your cash flow. Neglecting this important task can lead to serious consequence, such as legal penalties and potential bankruptcy. Cost estimation is an important component of project management that ensures projects are finished on schedule and within budget.

