

# ESTIMATION OF BUSINESS EXPENSES

## 1. INTRODUCTION

### Overview

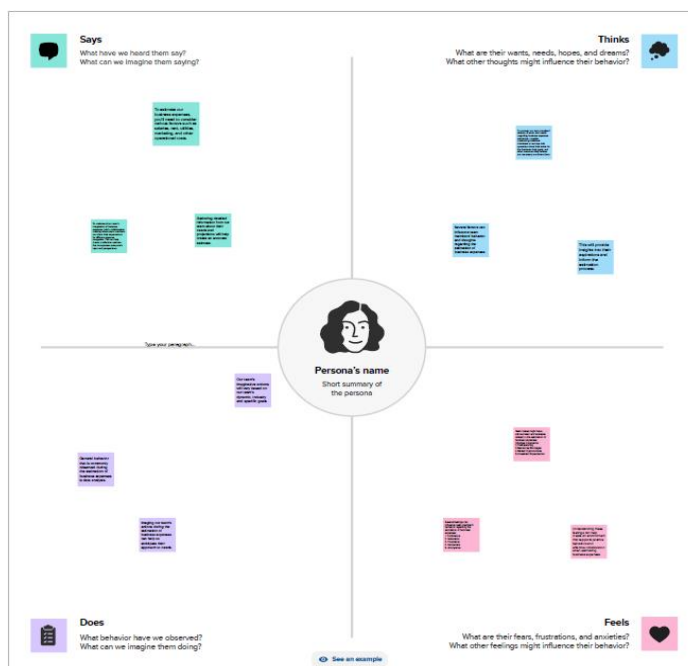
Estimation of business expenses refers to the process of forecasting and calculating the costs that a business is likely to incur in its operations. It is an essential aspect of financial planning and budgeting as it helps businesses determine their expected expenditure and allocate resources accordingly.

### Purpose

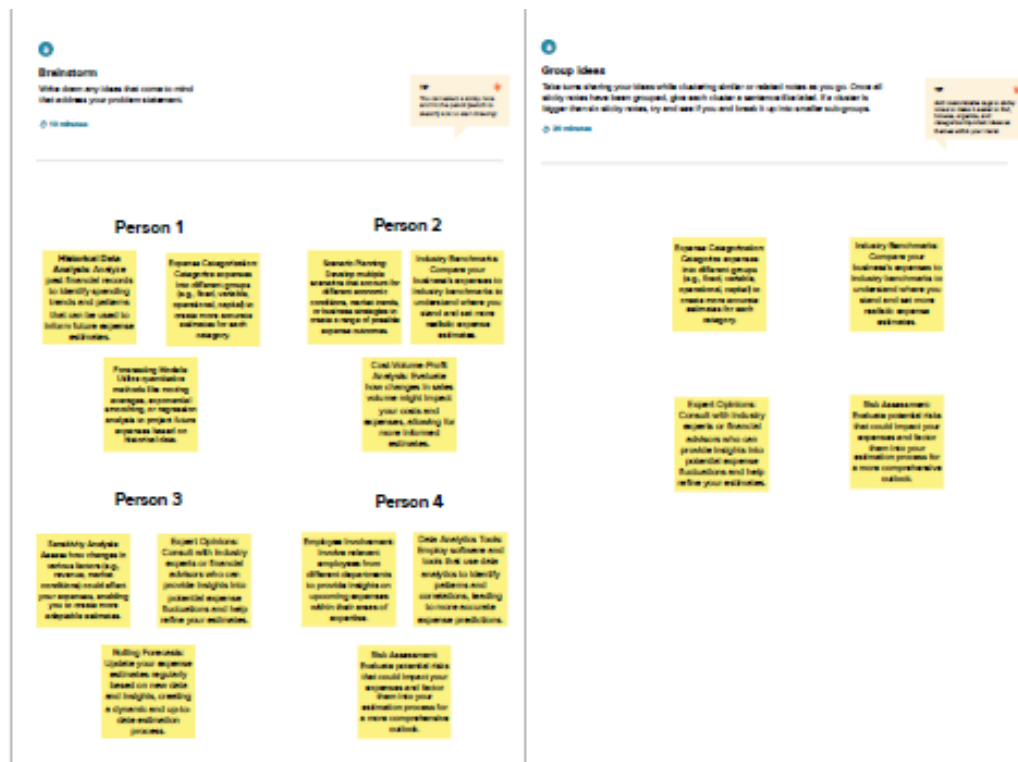
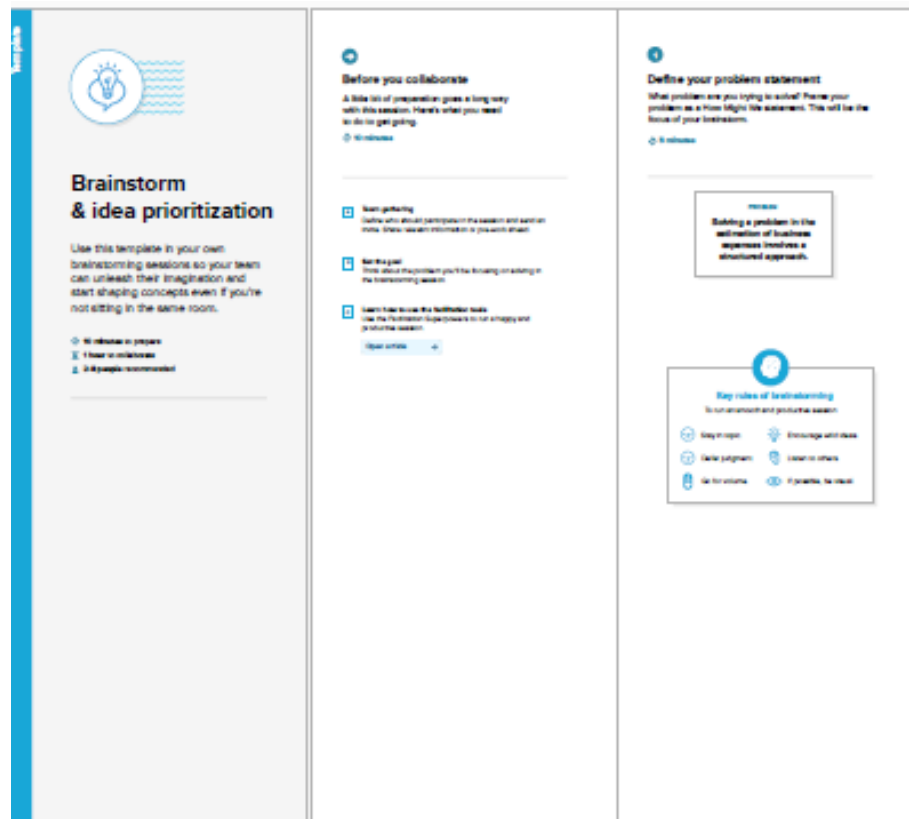
A multitude of factors, such as unexpected events, insufficiently scoped work, and inflation, can raise job costs over time, endangering the project's ability to be completed on time, under budget, and in line with profitability objectives.

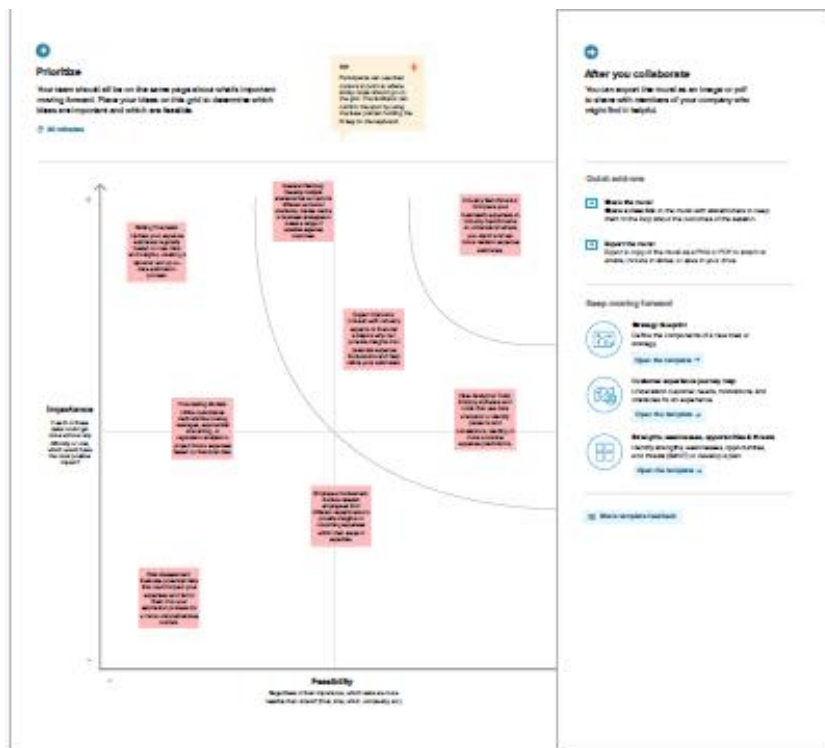
## 2. PROBLEM FINITIONN AND PROBLEM THINKING

### Empathy Map



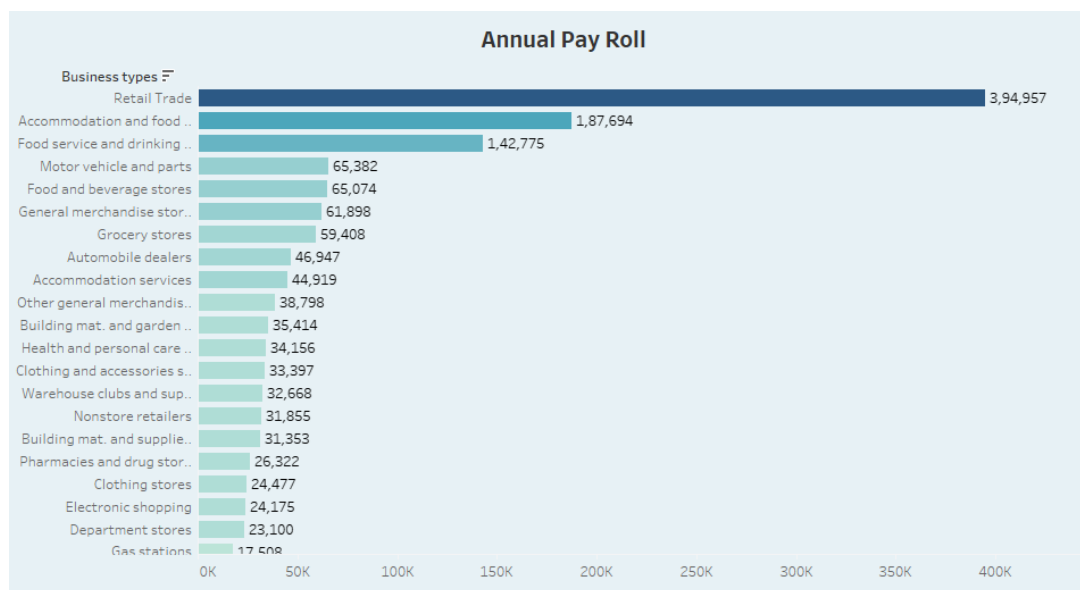
# Ideation and Brainstorming Map



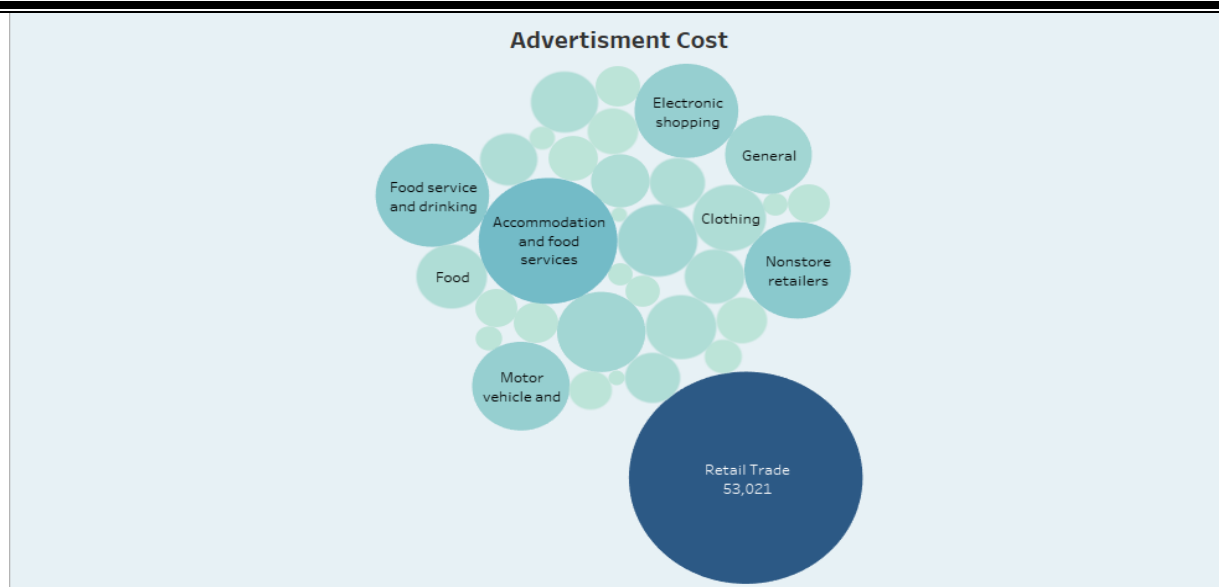


### 3. DATA SET

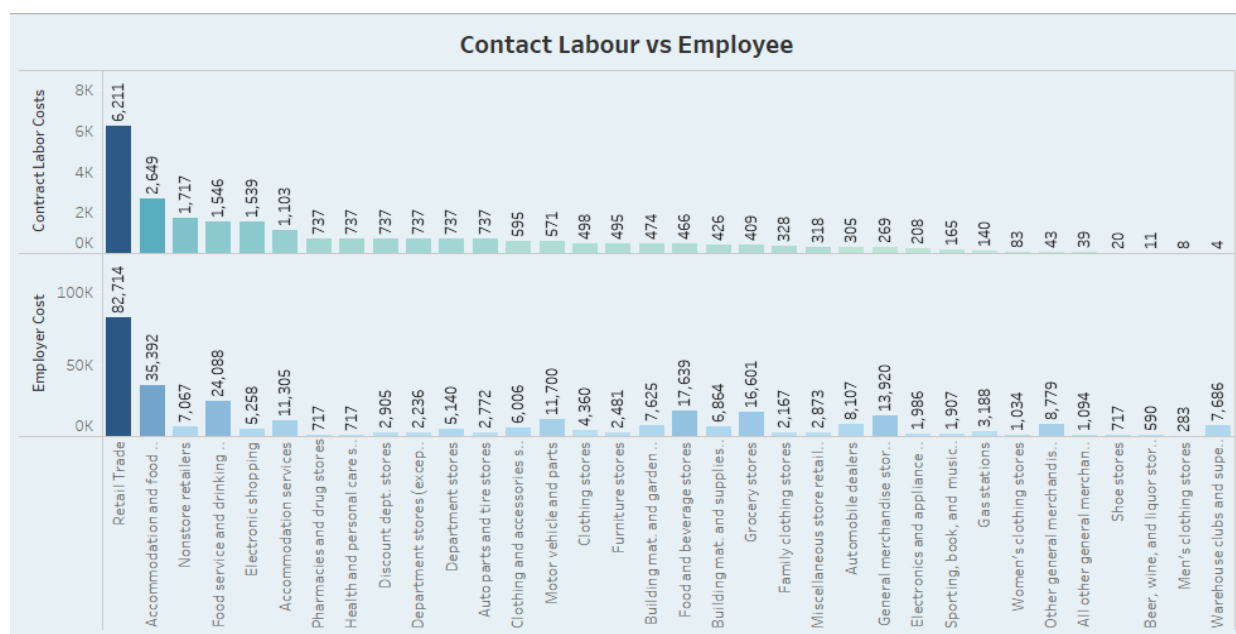
#### Sheet Creation



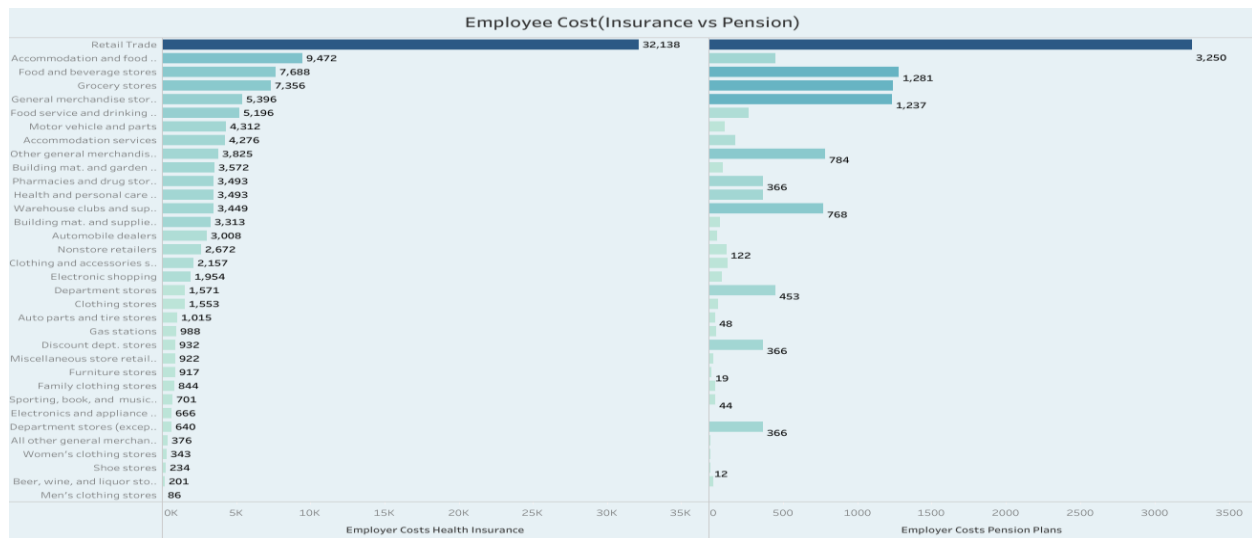
This bar chart illustrate the annual payroll disbursed by businesses to their employees over the course of reveals that the retail trade sector posts the payroll closely followed by the accomendation and food services sector.



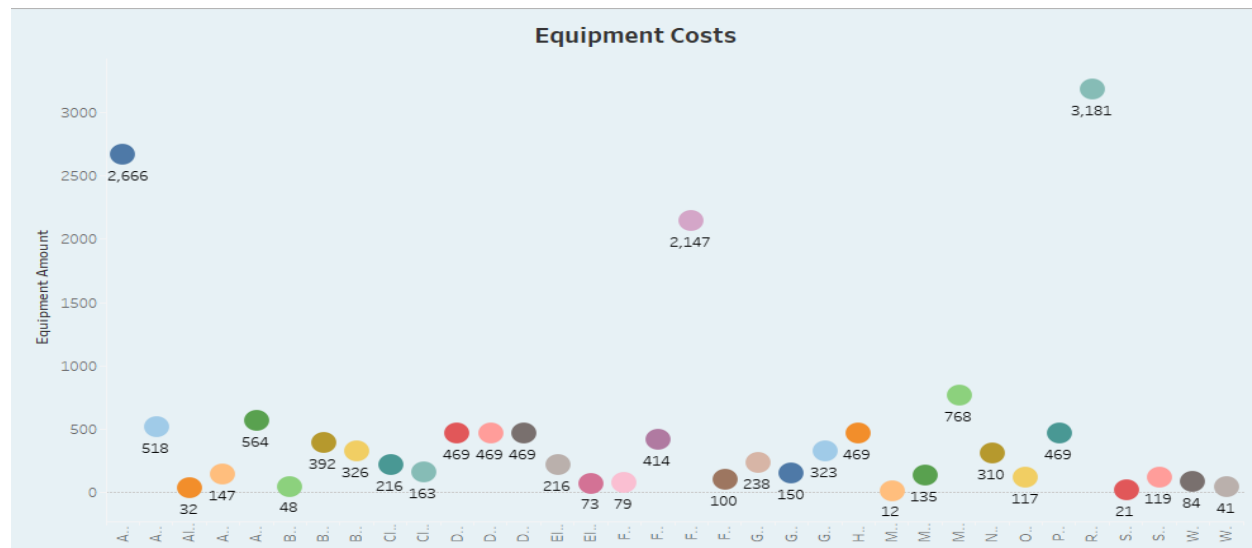
This packed bubble Chart depicts the advertising expenses incurred brands and reach out to customer.



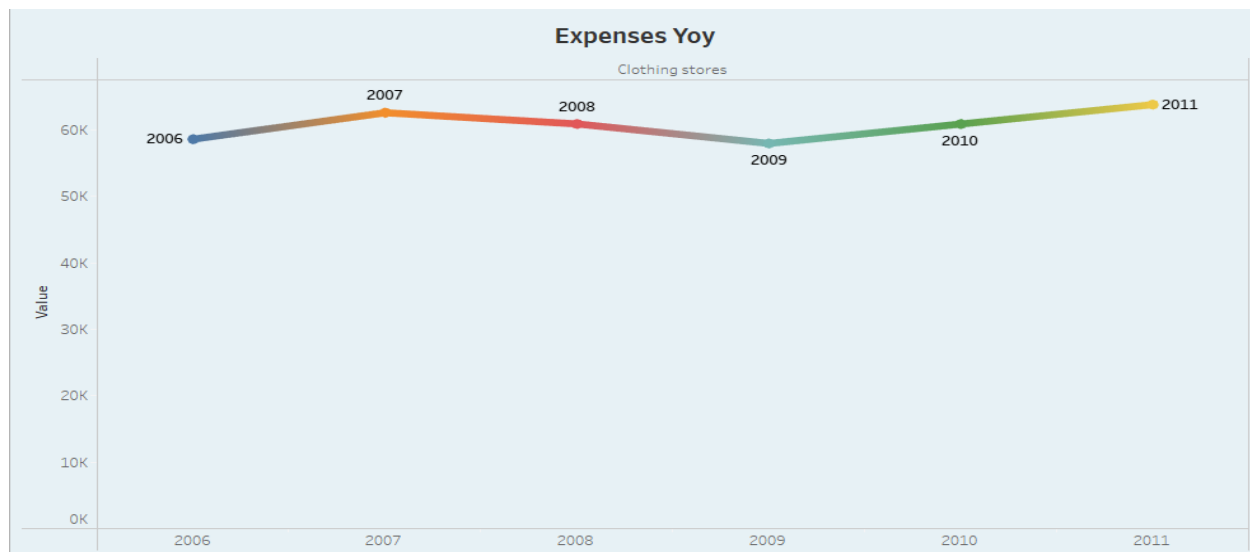
These barcharts present a comparison between the amounts allocated to permanent employee and contract labours. That data indicates that the retail trade sector incurs the highest combined cost in both types of worker.



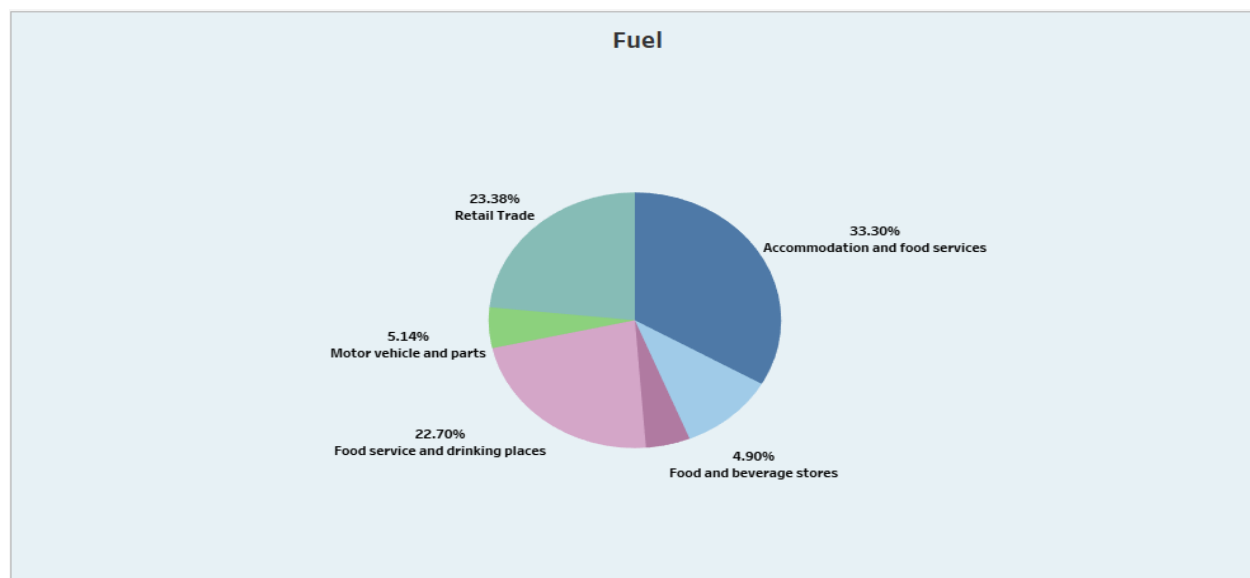
This **split bar chart** provides a **comparison of the insurance and pension plans** for their amounts allocated to each category.



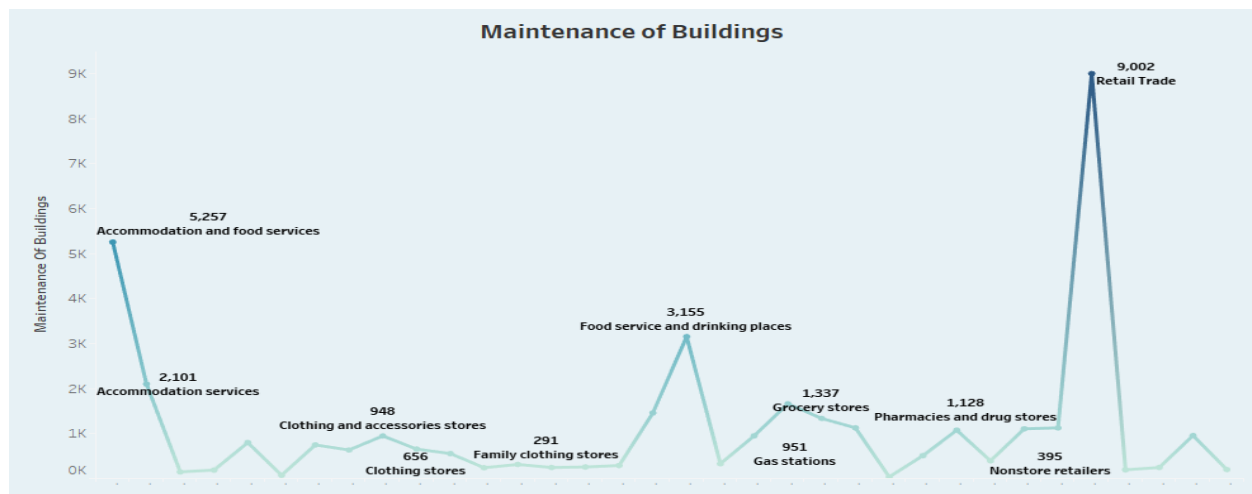
This **bubble chart** visualizes the **expenditure on equipment** by different business to operational requirements .



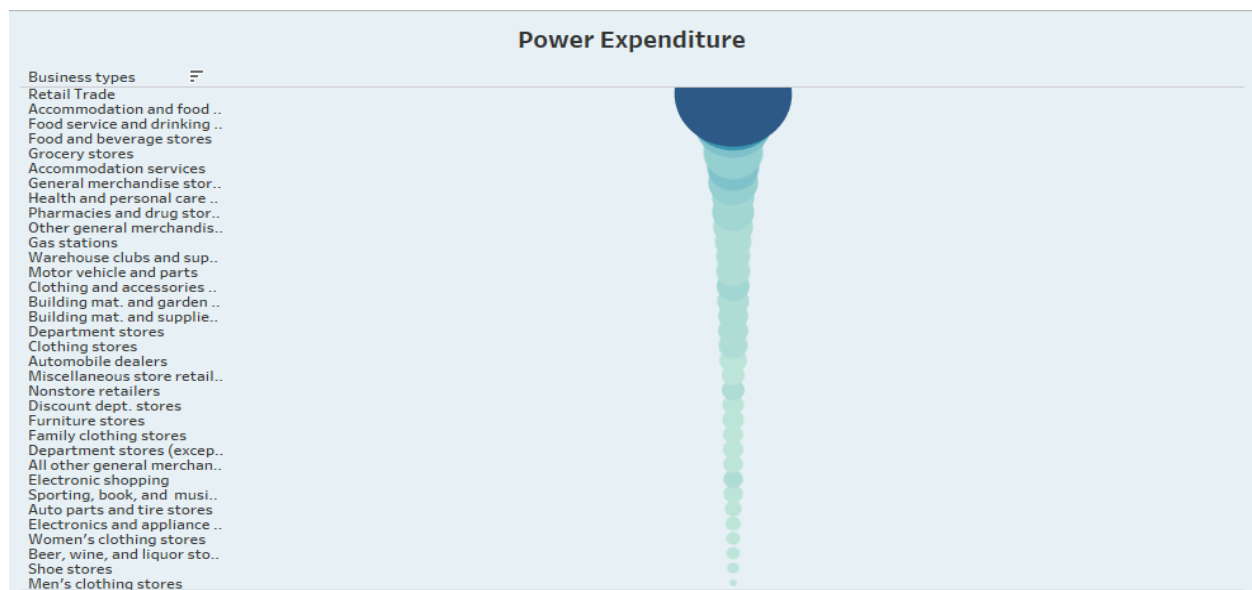
This **line chart** presents the expenditure trends of specifically from 2006 to 2011, amount of money spent by each business.



This **pie chart** illustrates the expenditure allocated by showcasing the relative percentage of these cost.

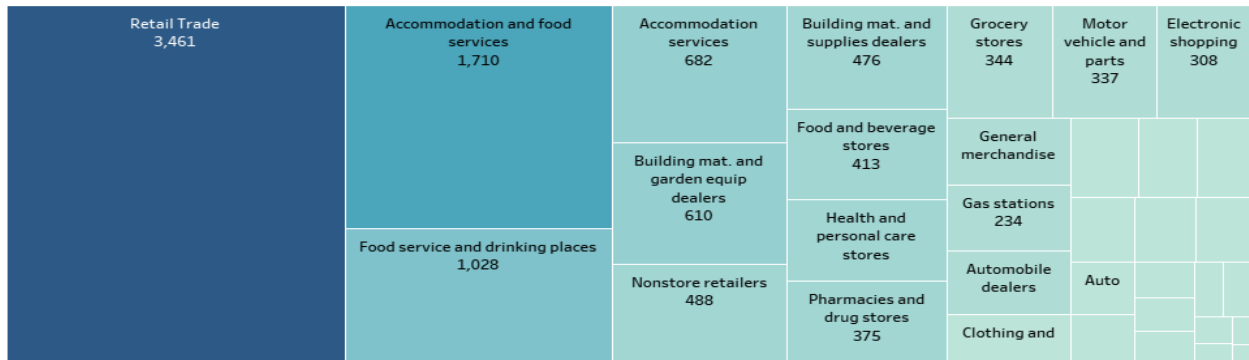


This **line chart** illustrates the expenses incurred by each business for the **maintenance of their buildings** and offices. It provides a visual representation of the amount spent in the specific category.



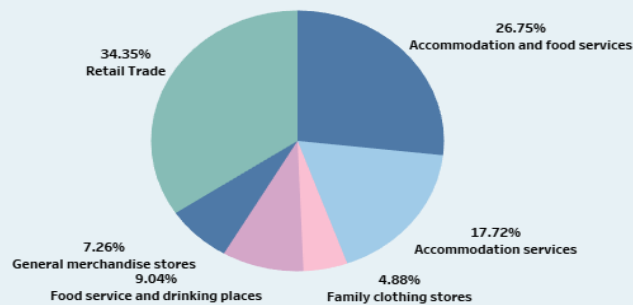
This **scatter plots** illustrates the expenses related stores, trades and shopping.

### Rental Payment for Machinery



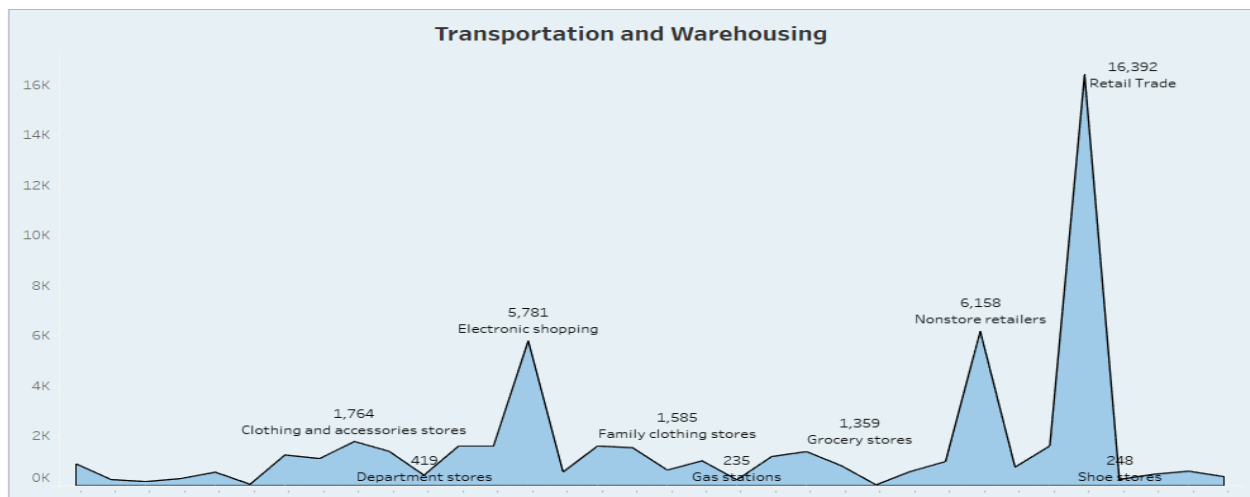
This **tree map** illustrates the expenditure on **machinery** by businesses. Showcasing the distribution of cost associated with renting equipment.

### Taxes & Licenses

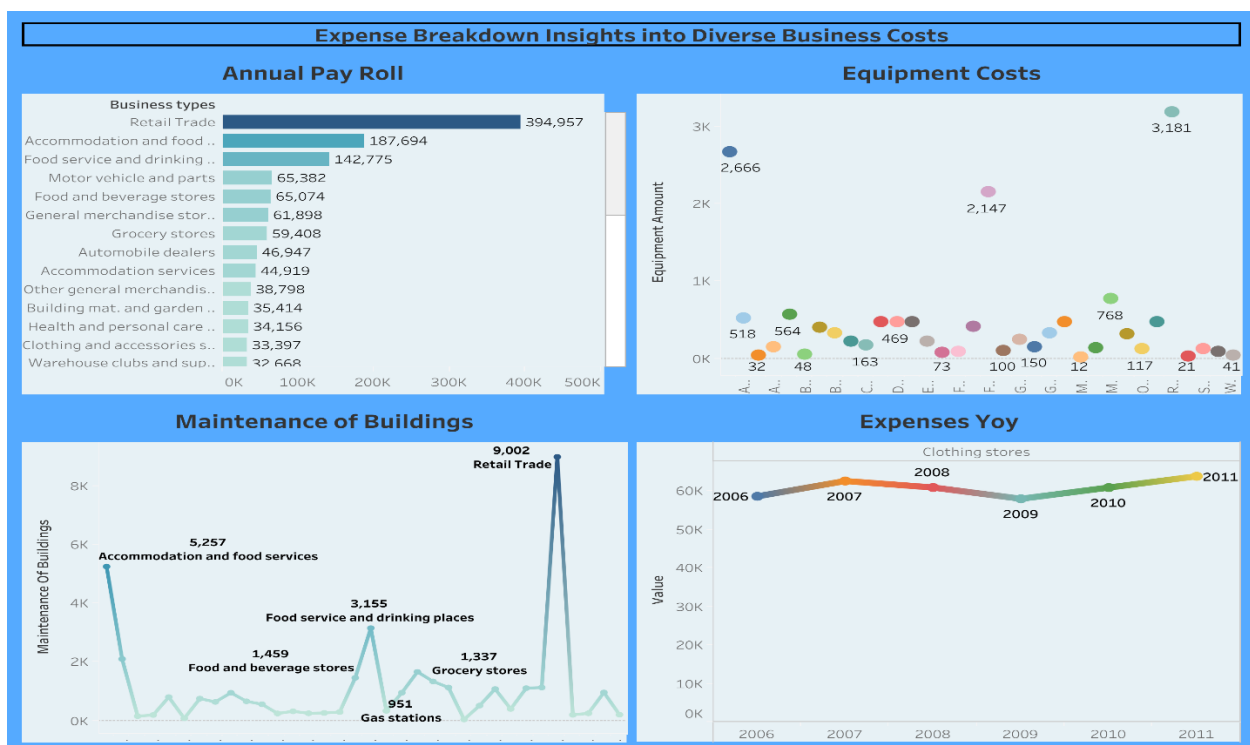


This **pie chart** illustrates the proportion of expenditure towards **taxes and licenses**, percentages of these costs.

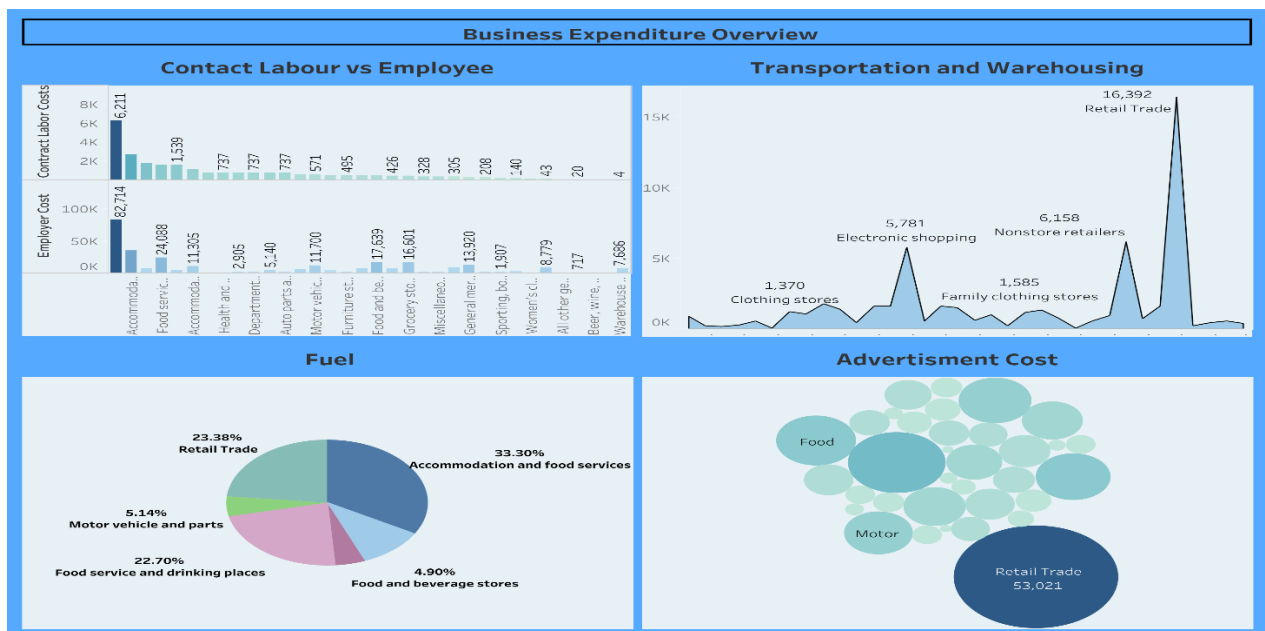




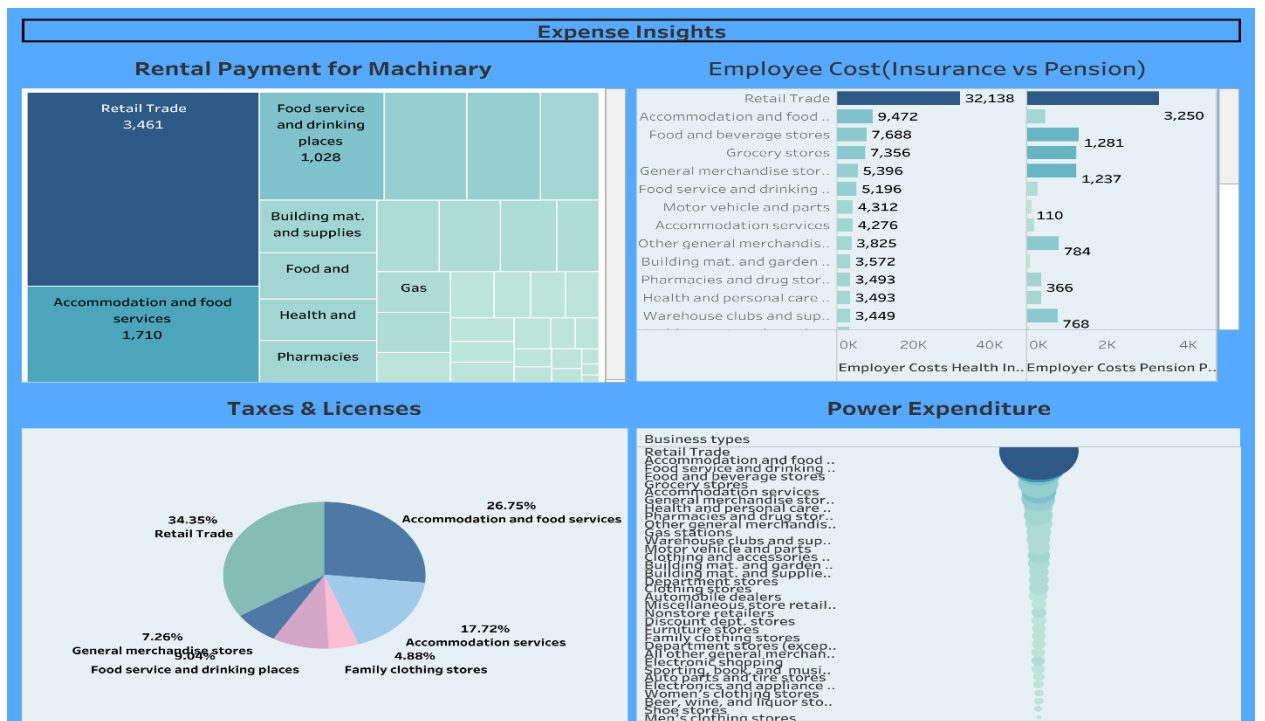
This **density map** portrays the expenditure on **transportation and warehousing** of store and services, offering insights into the intensity of costs in these areas.



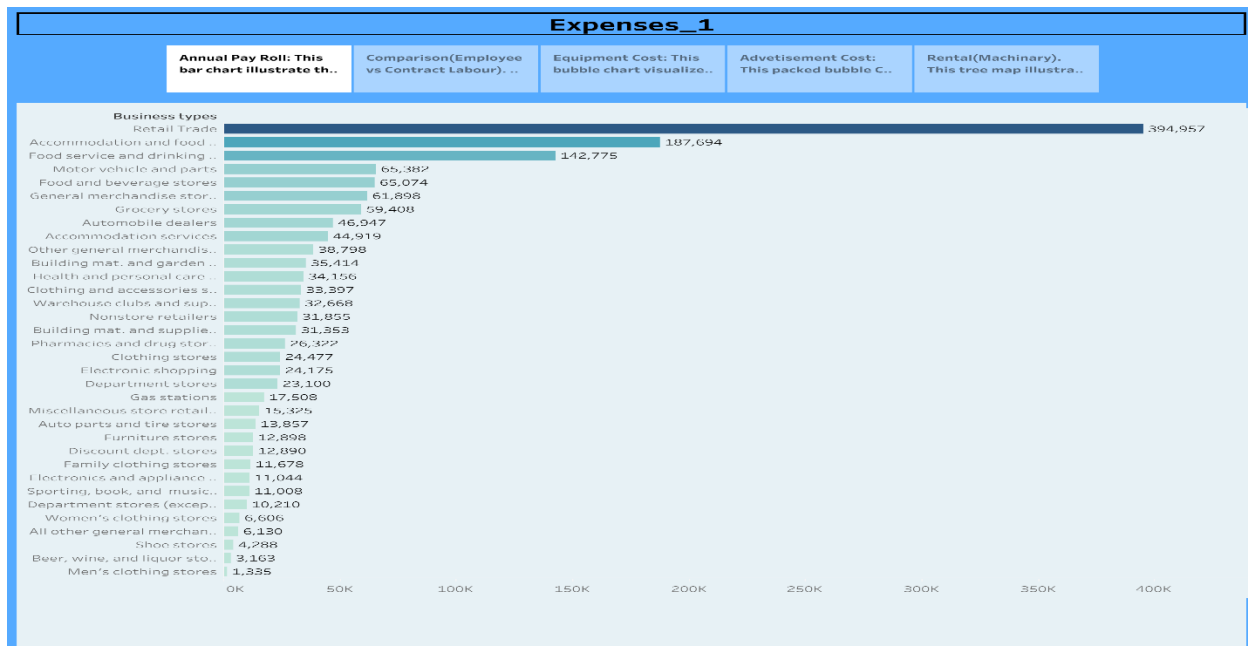
This explains the expense breakdown insights into diverse business cost.



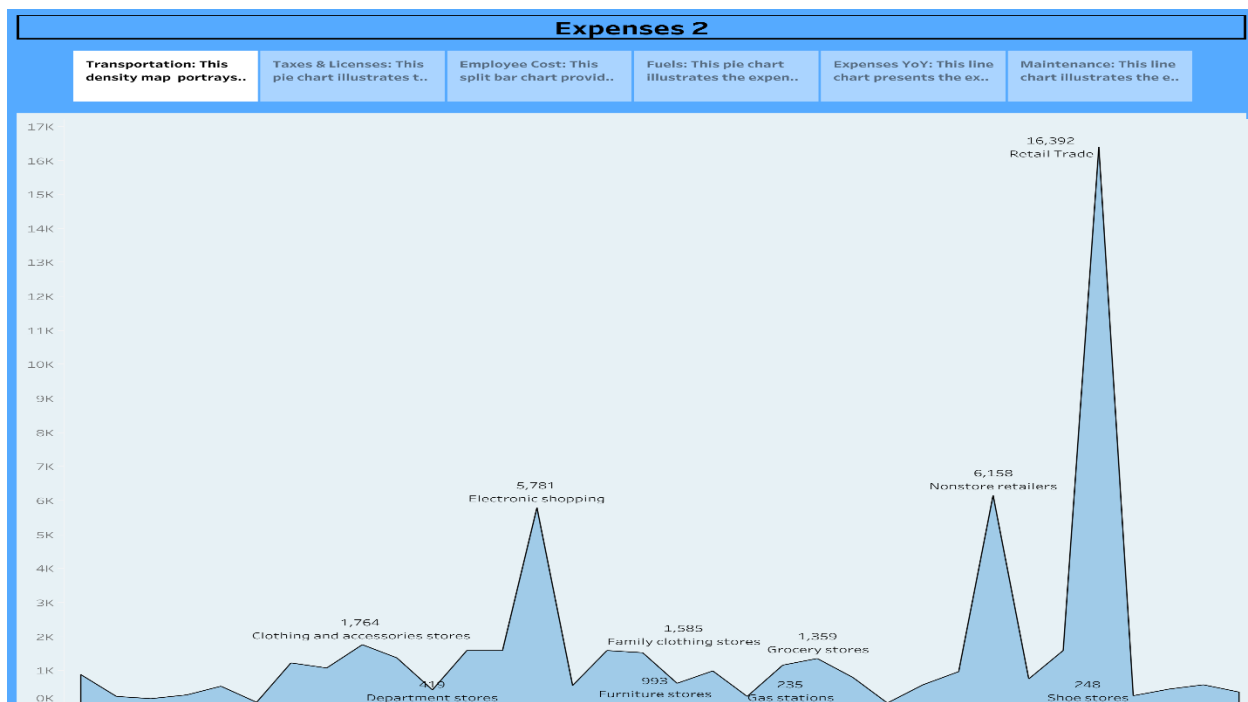
This is the business expenditure overview.



This is the business expenses insights.



**This is explain about Annual Pay Roll, Comparision of Employee vs contact labour, Equipment cost, Advertisement Cost and Rental Machinery.**



**This is explain about transportation, taxes and licenses, Employee cost, fuels, expenses Yoy and maintenance of buildings.**

## 4. ADVANTAGES AND DISADVANTAGES

### Advantages

- ❖ **Financial planning:** Estimating expenses allows businesses to create a comprehensive financial plan that aligns with their goals and objectives.
- ❖ **Budgeting:** Expense estimation is a crucial step in the budgeting process.
- ❖ **Cost control:** By estimating expenses, business can identify areas of potential cost savings and implement strategies to control and reduce expenses.
- ❖ **Pricing decisions:** Estimating expenses provides insights into the cost structure of a business, which is essential for setting prices for products or services.
- ❖ **Investment analysis:** Estimating expenses helps businesses evaluate the financial viability of potential investments or projects.

### Disadvantages

- ❖ One potential disadvantage of estimating business expenses is the possibility of inaccuracies or unforeseen costs.
- ❖ Estimating expenses relies on assumptions and projections, which may not always align with the actual costs incurred.
- ❖ This can lead to budget shortfalls or unexpected financial burdens for business.
- ❖ Relying solely on expense estimation may overlook other important factors that can impact financial performance, such as market conditions, competition, or changes in consumer behaviour.
- ❖ Overly optimistic expense estimates can lead to unrealistic financial targets and expectations.
- ❖ This can result in poor resource allocation, overcommitment of funds, or a failure to adequately prepare for potential risks or setbacks.

## **5. APPLICATIONS**

### **1. Budgeting:**

Estimating business expenses helps in creating a budget for the upcoming financial period. This allows businesses to allocate resources effectively and plan for future expenditure.

### **2. Pricing:**

Understanding business expenses is crucial for setting prices for products or services. By accurately estimating costs, businesses can determine the appropriate pricing strategy to ensure profitability.

### **3. Profit analysis:**

Analysing business expenses helps in assessing the profitability of different products, services or business lines. It allows businesses to identify areas of high or low profitability and make informed decisions about resource allocation.

### **4. Financial reporting:**

Business expenses are recorded in financial statements, such as income statements and balance sheets. These reports provide a comprehensive overview of a company's financial performance and are used by stockholders, including investors and lenders, to evaluate the business's financial health.

### **5. Tax planning:**

Estimating business expenses is crucial for tax planning purpose.

## 6. CONCLUSION

- ❖ In conclusion, tracking and managing business expenses is crucial for the overall financial well-being and success of a company.
- ❖ It enables businesses to create realistic budgets, set appropriate prices for their products or services, analyze profitability, report financial performance accurately, plan for taxes effectively, control costs, evaluate potential investments and manage cash flow efficiency.
- ❖ By estimating and monitoring businesses can make informed decisions and ensure their long-term financial stability and growth.

## 7. FUTURE SCOPE

- ❖ The future scope of tracking and managing business expenses is likely to continue evolving and improving with advancements in technology. Automation and digitization are already playing a significant role in streamlining expense management processes, reducing errors, and increasing efficiency.
- ❖ Cloud-based expense management software and mobile apps are becoming increasingly popular, allowing businesses to capture and track expenses in real-time. These tools can automatically categorize expenses, generate with accounting systems, making expense management more accurate and time-efficient.

- ❖ Furthermore, artificial intelligence (AI) and machine learning (ML) technologies have the potential to revolutionize expense management. AI-powered expense management systems can learn from past expense patterns, identify anomalies, and provide valuable insights for cost optimization and fraud detection.
- ❖ As regulations and tax laws continue to change, businesses will need to adapt their expense management practices accordingly. This includes staying up-to-date with tax codes, compliance requirements, and reporting standards. Technology can play a crucial role in helping businesses stay compliant by automating tax calculations and generating accurate financial reports.
- ❖ Additionally, as businesses become more globalized, managing expenses across multiple currencies and jurisdictions will become increasingly important. Expense management systems that can handle multi-currency transactions and provide real-time currency conversions will be in high demand.
- ❖ In conclusion, the future of tracking and managing business expenses lies in leveraging technology to automate processes, improve accuracy, and provide valuable insights for decision-making. As businesses continue to prioritize financial efficiency and transparency, the importance of effective expense management will only grow.

**THANK YOU**