

# **ESTIMATION OF BUSINESS EXPENSES**

## **1. INTRODUCTION:**

### **1.1 Overview:**

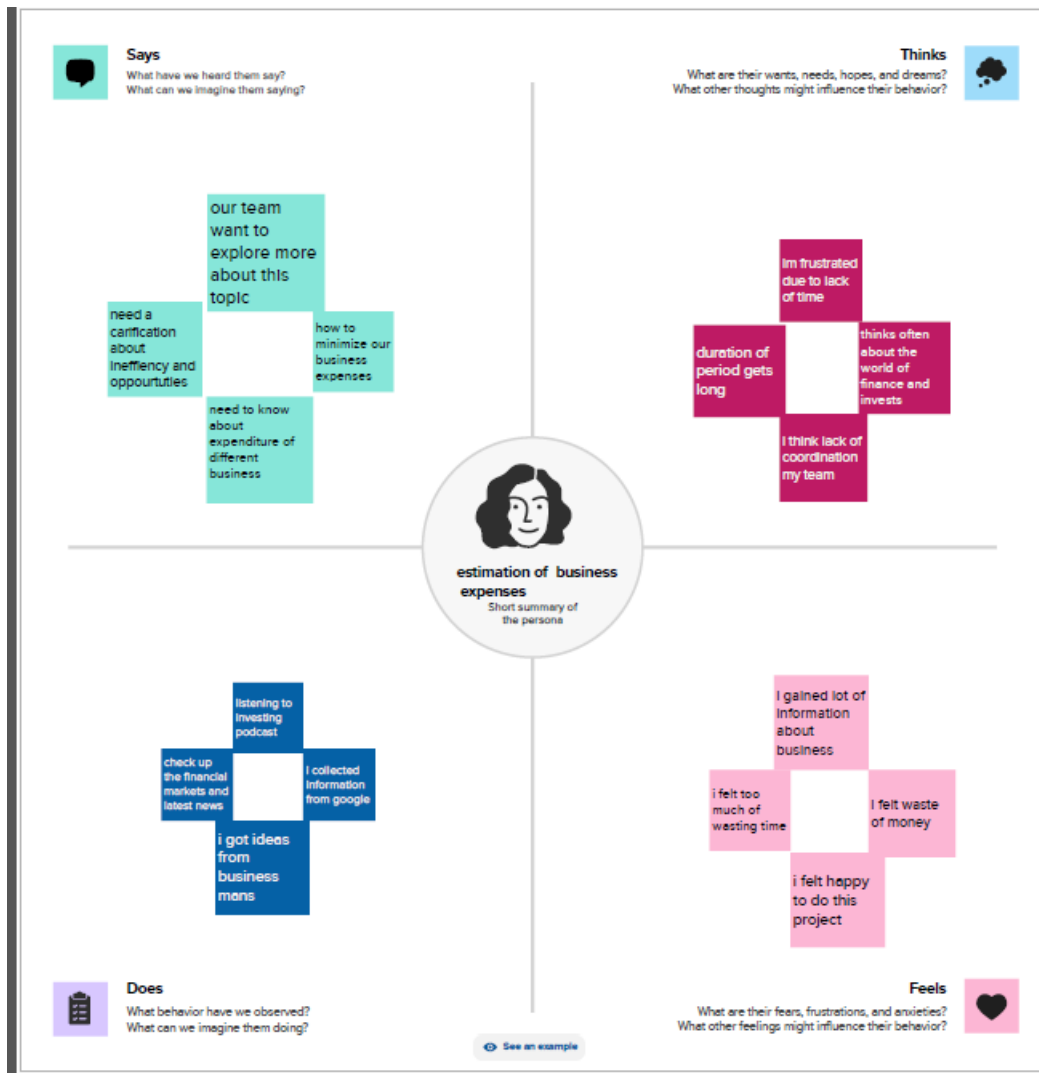
Estimating business expenses is a fundamental aspect of financial planning and management for any organization. It involves the process of predicting and calculating the costs associated with running a business.

### **1.2 Purpose**

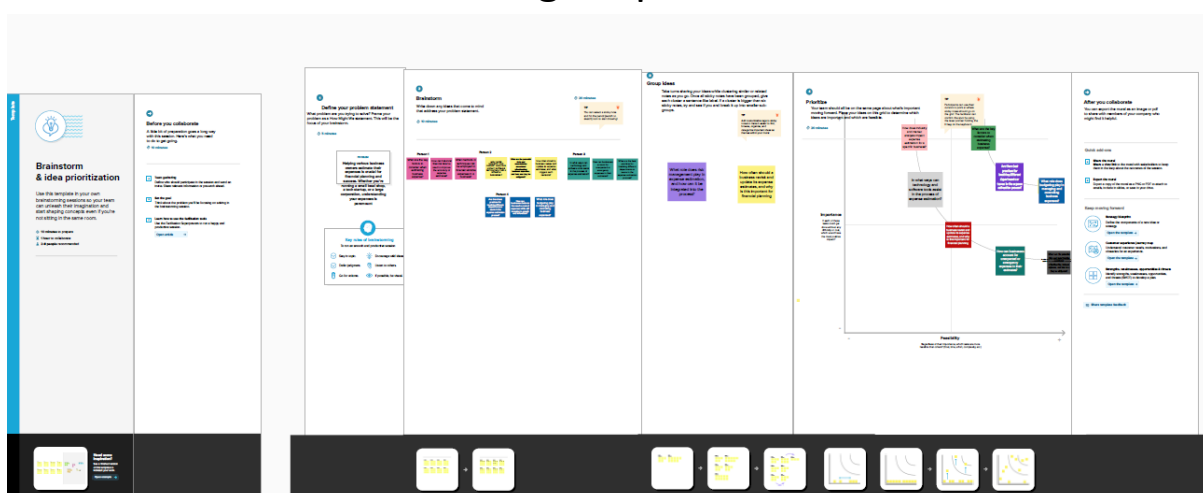
1. **\*Budgeting\***: Expense estimation helps in creating budgets
2. **\*Financial Planning\***: It provides a roadmap for financial goals
3. **\*Cost Control\***: Estimation assists in identifying areas where cost control measures can be implemented to improve profitability

## **2. PROBLEM DEFINITION & DESIGN THINKING**

### **2.1 Empathy Map**

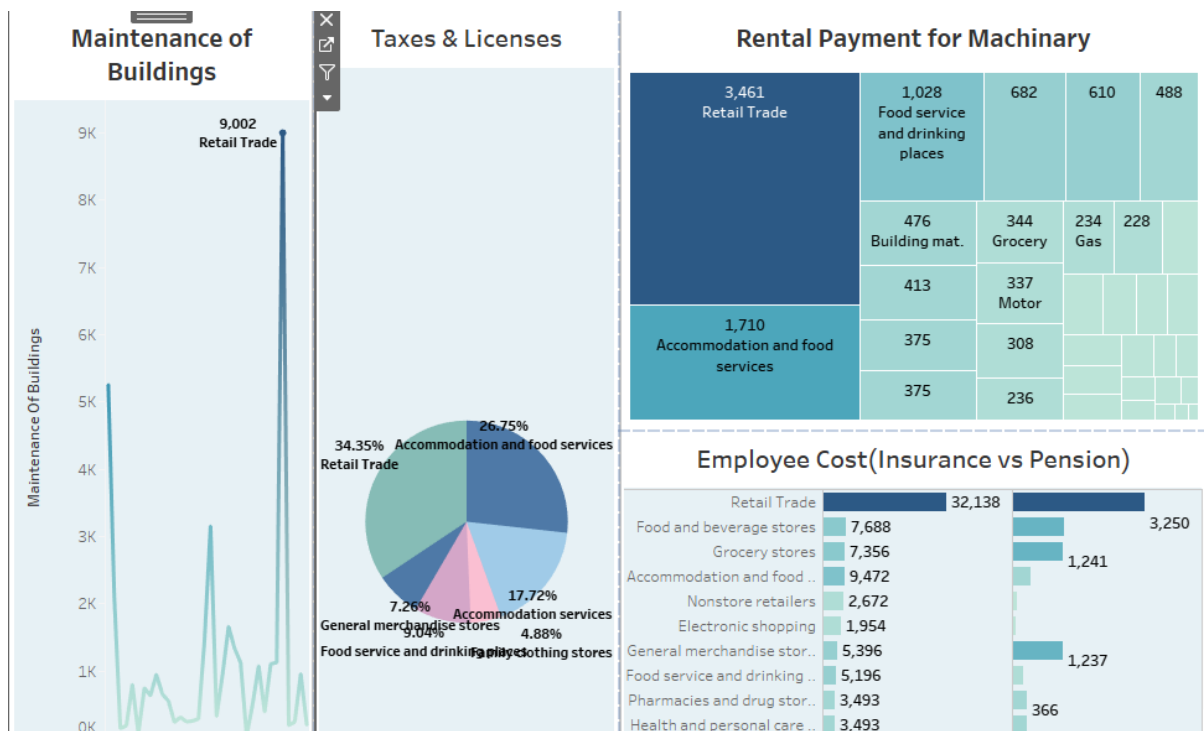


## 2.2 Ideation & Brainstorming Map

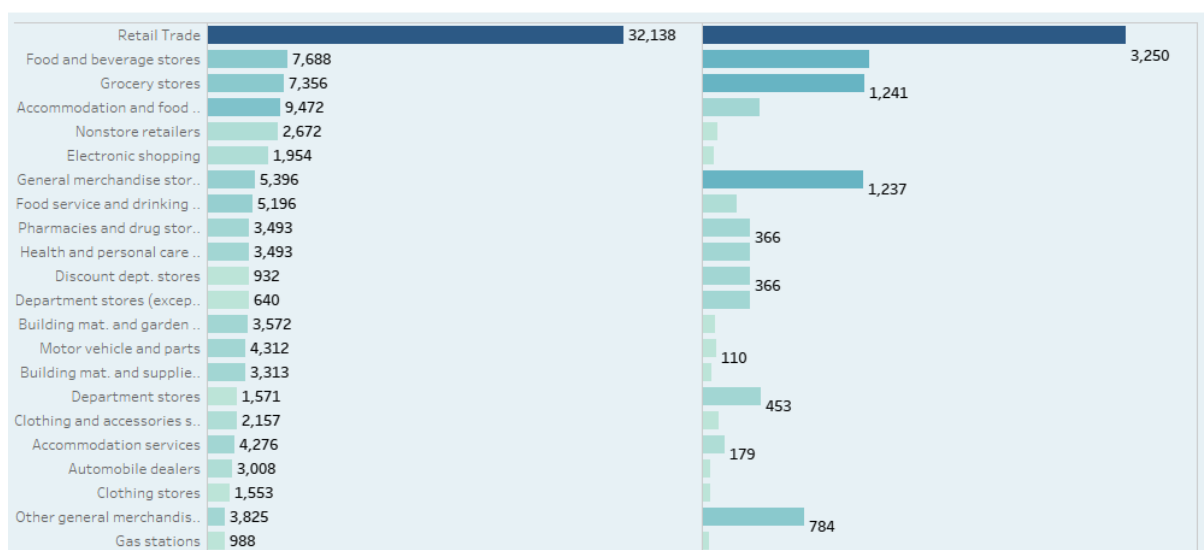
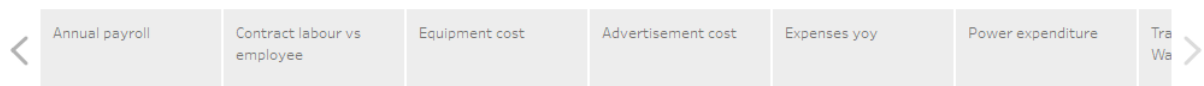


## 3. RESULT





## Story 1



## 4. ADVANTAGES & DISADVANTAGES

### \*Advantages:\*

1. **\*Financial Planning\*:** Expense estimation is essential for effective financial planning, enabling businesses to allocate resources and set budgets.

2. **\*Budget Creation\***: It serves as the foundation for creating budgets, which help organizations outline their financial goals and strategies.

**\*Disadvantages\***

1. **\*Inaccuracy\***: Expense estimates are inherently uncertain, and actual expenses may differ significantly from estimates, potentially leading to financial challenges.

2. **\*Time-Consuming\***: Developing accurate expense estimates can be a time-consuming process, requiring data collection, analysis, and periodic updates.

## **5. APPLICATIONS**

1. **\*Tax Planning\***: Knowing estimated expenses is essential for tax planning. It allows businesses to calculate their taxable income accurately and take advantage of tax deductions and credits.

2. **\*Resource Allocation\***: By estimating expenses, businesses can allocate resources, such as labor and capital, more efficiently to support their operations.

## **6. CONCLUSION**

1. **\*Fixed Costs\***: These are regular, predictable expenses, such as rent, insurance, and salaries. Estimate the monthly or annual cost for each.

2. **\*Variable Costs\***: These are expenses that fluctuate, like utilities, raw materials, and advertising. Look at historical data if available to estimate these.

## **7. FUTURE SCOPE**

**Analyze Historical Data**: Review your company's past financial statements and expenses to identify trends and patterns.

This will provide a baseline for future projections