# **1. Benefit-Cost Analysis**

## **Sports international is planning to expand its business and for it required 4 new employees. To check the benefit analysis.**

## **Project Overview**

To check or analysis whether the expansion is beneficial.

## **Constraints**

Factors that limit the ability to meet objectives

## Within the time frame of one year it is expected that if the company hire 4 employees for the expansion then the revenue of the complete will increase by 50% the revenue benefit will be around Rs: 250000.

1. Also due to the new hiring the company value of the business will increase which would result in additional revenue of Rs: 30,000.
2. The salary of the new employees is estimated to be Rs:16000.00
3. The additional cost of hiring is estimated to be Rs: 15000.00
4. The additional cost will be Rs:25,000.00

Solution :

1. Total benefit from the project t - increase in revenue from expansion
2. Total benefit from the project 25,0000 + 30000 = 280,000
3. Total cost from expansion- salary of new employees + cost of hiring + cost of additional
4. Total cost from expansion = 160,000 + 15,000 + 25,000
5. Total cost = 200,000

Benefit - Cost Ration = 1.40

As the expansion has a positive benefit cost ratio. The company should go ahead with the expansion of the project and hire new employees as that will be beneficial for the company

## **Recommendations**

Based on the above analysis.