

# Business Expenses Practice

Which of the expense categories do the following expenditures fall into? Put an 'X' in the box you believe to be correct.

Expenditure	Start-Up Expense	Operating Expense	Personal Expense
Opening Inventory			
Retail Store Lease			
Owner's Car Payment			
Set-up of Employee Cell Phones			
Marketing Research			
Business License Renewal			
Advertising for the Opening			
Owner's Apartment			
Store's Utilities			
Shipping / Mailing Fees			
Payroll			
Purchase of Delivery Vehicle			
Monthly Supplies			
Website Creation			
Website Maintenance			
Business Travel for Owner			

For each of the following, identify the expense as fixed or variable.

Type of Expense	Fixed or Variable
Business License	
Phone Installation	
Monthly Phone Service	
Installation of Equipment	
Equipment Maintenance/Repairs	
Utilities (Electric Bills, Water, Etc.)	
Rent	
Payroll	

Now it's your turn to come up with fixed and variable expenses that you would incur for the following categories:

1. Advertising (Website, promotions, etc.)

Fixed	1.
	2.
Variable	1.
	2.

2. Product (Inventory, supplies, etc. )

Fixed	2.
	2.
Variable	2.
	2.

**Critical Thinking:**

Give some ideas of what you think companies are spending their money on (be specific) when we use the following terms:

<b>Start-up - Hiring Employees:</b>	<b>(Ex.) - Paying for ads on LinkedIn / hiring websites</b>
<b>Operating - Supplies</b>	<b>(Ex.) - Ink for the printers in the office</b>
<b>Personal - Business Expenses</b>	<b>(Ex.) - Buying dinner for a customer</b>