

3.2.1. Project Estimates

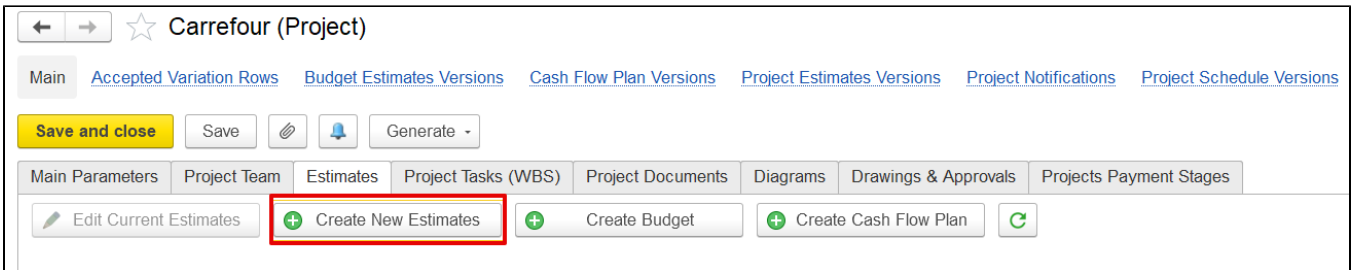
Project estimation refers to forecasting the costs, resources, and time required to complete a project. It is critical to project planning and financial management in contracting, serving as the basis for calculating **expected** costs and profit when submitting a proposal. Estimates can be created directly from the project or by going to **Project Costing** **Project Costing Documents** **Project Estimates**.

This process includes:

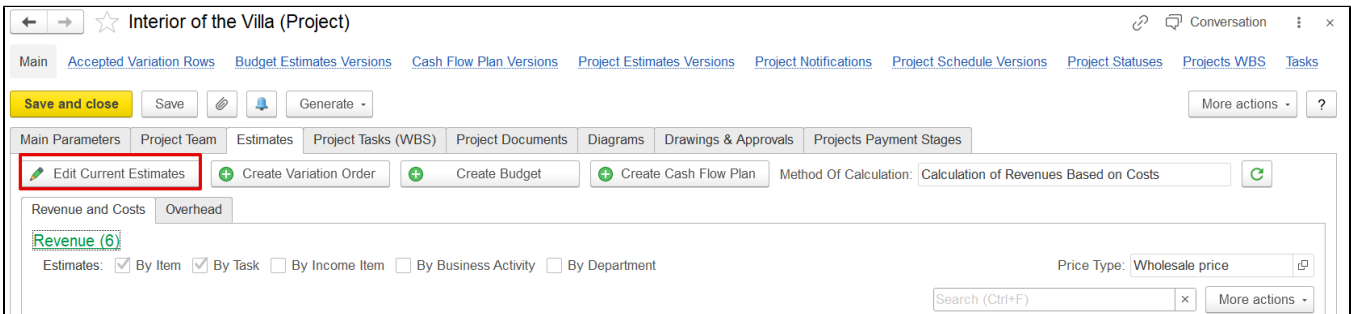
- Estimating direct costs (such as labor, materials, subcontractors, and equipment)
- Estimating overhead expenses (such as administration, supervision, and utilities)
- Adding markups to ensure profitability

To manage estimates in the system:

- **Create Estimate** – used to generate a new estimate based on current project data. This is typically done when preparing a proposal or starting a new phase of planning.



- **Edit Estimate** – used to open and modify the most recent existing estimate. This option allows updates or corrections to previously saved data but does **not** create a new estimate.



Project Estimation Method

The calculation method for project estimates is set in **Administration** **Project Costing** **Default Method of Project Estimate Calculation**.

There are two budgeting methods:

1. **Independent Calculation of Costs and Revenues**

Project Estimates MEPE25-0000001 dated 5/4/2025 8:05:15 PM *

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Generate - Settings Fill by Templates Change Cost Refill Cost Prices More actions - ?

Main Revenue (5) Costs (10)

Add Import BOQ From File Search (Ctrl+F) More actions -

#	Code	Reason	Project Task	Item	Content	Quantity	UOM	Price
1	1.1	Not Applicable	GF - Majlis	Supply and installation of wallpaper	Supply and installation of wallpaper	2.000	Roll	
2	1.2	Not Applicable	GF - Majlis	Supply and delivery of center table	Supply and delivery of center table. Size: 1000mm L x 1000mm W	2.000	Nos	
3	1.3	Not Applicable	GF - Majlis	LED TV 46" wide Samsung	Supply, customize and installation of full height TV cabinet with shutters + LED lighting	1.000	Pcs	
4	1.4	Not Applicable	GF - Majlis	Supply, customize and delivery of 3-seater sofa including fabric	Supply, customize and delivery of 3-seater sofa including fabric	2.000	Nos	
5		Not Applicable	GF - Sitting	Service 1	Service 1	1.000	Pcs	

In this method, revenue and cost estimates are entered separately and independently. Revenue figures are manually set and do not depend on cost data. This approach is typically used when revenue is fixed or predetermined, such as in fixed-price contracts, while costs are estimated separately for budgeting and tracking purposes.

2. Calculation of Revenues Based on Costs

Project Estimates MEPE25-0000004 dated 5/24/2025 9:18:37 PM

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Generate - Settings Set Markup - More actions - ?

Main Revenue and Costs (6) Overhead

Revenue (6)

Add Allocate Overhead Costs Change Row Cancel Row Freeze Revenue Amounts Search (Ctrl+F) More actions -

#	Reason	Accepted	Project Task	Item	Content	Quantity	UOM
1	Not Applicable		GF - Majlis	Supply and installation of wallpaper	Supply and installation of wallpaper	2.000	Roll
2	Not Applicable		GF - Majlis	Supply and delivery of center table	Supply and delivery of center table. Size: 1000mm L x 1000mm W	2.000	Nos
3	Not Applicable		GF - Majlis	LED TV 46" wide Samsung	Supply, customize and installation of full height TV cabinet with shutters + LED lighting	1.000	Pcs
4	Not Applicable		GF - Majlis	Supply, customize and delivery of 3-seater sofa including fabric	Supply, customize and delivery of 3-seater sofa including fabric	2.000	Nos

Costs (3)

Add Search (Ctrl+F) More actions -

#	Parent	Project Task	Expense Item	Cost Element	F	Quantity per Unit	Quantity	UOM	Price
1		GF - Majlis	Cost of Materials	ORBIT DEEP SILVER WALLPAPER	1	1.000	2.000	Roll	350.00
2		GF - Majlis	Labor Costs		1	1.000	2.000		500.00
3		GF - Majlis	Cost of Materials	Wallpaper Glue Powder, Wallpaper Adhesive	1	1.000	2.000	Nos	120.00

Revenue is automatically calculated by applying a markup percentage to the estimated costs. Costs such as labor, materials, and overhead are entered first, and revenue is derived based on these figures plus the markup. This method is ideal when pricing is closely tied to the actual or expected cost structure and when profitability depends on managing costs effectively.

If time-based planning is enabled, the **Estimates by Period** tab appears. It splits revenue, cost, and overhead estimates across specific planning periods to help track the budget over time.

Ways to Create Project Estimates

There are two main ways to create a project estimate:

a) From within the project

Open the relevant **Project**. Click **Create/Edit Current Estimate** or use **Generate Project Estimate** to create an estimate based on the project data.

Villa #115 - Al Hamra Village RAK (Project)

Main Accepted Variation Rows Budget Estimates Versions Cash Flow Plan Versions Project Estimates Versions Project Notifications Project Schedule Versions Project Statuses Projects WBS Tasks

Save and close Save Generate - More actions - ?

Main Parameters Project Team Project Tasks Estimates Project Documents Diagrams Drawings & Approvals Projects Payment Stages

Edit Current Estimates Create Variation Order Edit Budget Create Cash Flow Plan Method Of Calculation: Calculation of Revenues Based on Costs

Revenue and Costs Overhead (1)

Revenue (47)

Estimates: By Item By Task By Income Item By Business Activity By Department Price Type: Wholesale price

Project Task	Item	Quantity	UOM	Price	VAT, %	Amount Excl. ...	Unit Cost	Cost	Overhead	Total Cost	Mark
GF - Majlis	Supply and installation of wallpaper	4.000	Roll	1,471.15	5%	5,604.38	1,077.77	3,880.00	431.06	4,311.06	
GF - Majlis	Supply, customize and delivery of ...	6.000	Nos	10,487.63	5%	59,929.30	7,683.24	41,490.00	4,609.46	46,099.46	
GF - Majlis	Supply, customize and delivery of ...	2.000	Nos	18,048.13	5%	34,377.38	13,222.07	23,800.00	2,644.14	26,444.14	
GF - Majlis	Supply and delivery of cushions in...	2.000	Nos	910.00	5%	1,733.32	666.66	1,200.00	133.32	1,333.32	
GF - Majlis	Supply and delivery of center table	1.000	Nos	8,675.23	5%	8,262.12	6,355.48	5,720.00	635.48	6,355.48	

b) From the document list

Go to **Project Costing** **Project Costing Documents** **Project Estimates** Click **Create** to start a new estimation document.

Conversations Documents

Quick menu

CRM

Sales

Purchasing

Warehouse

Production

Money

Project Costing

HR & Payroll

Asset Management

Accounting

Taxes

Analysis

My Project To Do list

Project Graphs

Project Tasks Pipeline

Projects Pipeline

Reports of Project Costing

Revenue Recognition

Project Costing Documents

Project Estimates

Project Costs Allocations

Phased Revenue Recognitions

Project Budgets

Project Cash Flow Plan

Project Statements of Account

Reports

Overview of Projects

Financial Analysis of Projects

Project Costs Analysis

Project Revenue Analysis

Cash Flow by Projects

Project Analysis (Monthly)

Project P&L

Cash Flow by Projects (Monthly)

Overview of Projects (Contracting)

Payment Stages (Plan/Actual)

Planned Project P&L (by Budget)

Planned Project P&L (by Estimates)

Project Budget Analysis

Project Cost Analysis (with Budget)

Project Cost Control

Creating a Project Estimate document. The Main tab

On this tab, you can enter general information about the project's estimate: the project, customer, project type, entity, and the employee who is responsible for the project. Also, you can specify whether you need to split estimates by planning period.

Depending on the selected method of estimate calculation, the form has different tabs:

- If the *Independent Calculation of Revenues and Costs* method is selected, there are the following tabs: **Main**, **Costs**, and **Revenues**.
- If the *Calculation of Revenues Based on Costs* method is selected, there are the following tabs: **Main**, **Revenues and Costs**, and **Overheads**

Project Estimates MEPE23-0000014 dated 05/10/2023 2:57:02 PM *

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Generate - Settings More actions - ?

Main Revenue and Costs Overhead

Project: PLC Test Project Number: MEPE23-0000014 From: 05/10/2023 2:57:02 PM

Area Sq.m: 0.000 Sq.ft: 0.000 Type: Initial

Estimate by Period Entity: MRB Engineering and Contracting

Company: PLC Contracting Basis:

Contract: Main Contract Responsible:

Version: 1 ?

[AED • Wholesale price • Default \(AED\) • VAT Applied • Prices Include VAT](#)

Comment

If for any method, the **Estimates by Period** check box is selected, one more tab, **Estimates by Period**, appears.

Project Estimates MEPE25-0000001 dated 5/4/2025 8:05:15 PM *

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Generate - Settings Fill by Templates Change Cost Set Markup -

Main Revenue and Costs (4) Overhead (1) **Estimate by Period**

Project: Interior of the Villa Number: MEPE25-0000001 From: 5/ 4/2025 8:05:15 PM

Area Sq.m: 0.000 Sq.ft: 0.000 Type: Initial

Company: Yakub Trading L.L.C Entity: MRB Engineering and Contracting

Contract: Main Contract Responsible: Yusuf

Estimate by Period [AED • VAT Applied • Prices Do Not Include VAT](#)

Comment

- **Number:** Shows <Auto>, meaning the document number is assigned automatically when you save.
- **From:** Filled automatically with today's business date. You can change it if needed.
- **Type:** Shows whether the estimate is an initial version, revision, or variation. This is set by the system automatically.
- **Entity:** Choose the legal entity (company) for which the document is being prepared.
- **Project:** Select the project for which the estimate is being created.
- **Company:** Choose the company associated with the selected project.
- **Contract:** Filled automatically with the default contract linked to the company. You can select a different contract if required.
- **Estimates by Period:** If you want to create estimates for each planning period, check this box. This will show the *Estimates by Period* tab.
- **Responsible:** Select the employee responsible for the project.
- **Version:** This field is auto-filled with the current version of the project budget.
- **VAT Applied / Prices Include VAT:** Click this to open the **Prices and Currency** dialog. Here, you can change pricing and VAT settings for the estimate. For more info, see *the Prices and Currency dialog box* section.
- **Comment:** Add any notes or additional information related to the project budget.

Creating a Project Estimate document. The Revenue and Costs tab

This tab is used to build the **project budget** using the **Calculation of Revenue Based on Costs** method. It includes two main sections:

1. Revenues (upper pane)
2. Costs (lower pane)

Both panes work together to calculate the total project cost and the resulting markup and revenue.

Project Estimates MEPE25-0000001 dated 5/4/2025 8:05:15 PM *

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Generate - Settings Fill by Templates Change Cost Set Markup - More actions - ?

Main Revenue and Costs (4) Overhead (1) Estimate by Period

Estimation Project Structure

Revenue (4)

Add Allocate Overhead Costs Import BOQ From File Freeze Revenue Amounts Search (Ctrl+F) More actions -

	Quantity	UOM	Unit Cost	Cost	Overhead	Total Cost	Mark...	Markup ...	Discount, %	Discount	Amount Ex...	VAT, %	VAT Amount	Price	Total Amount
	1.000	Roll	1,131.10	970.00	161.10	1,131.10	30.000	339.33			1,470.43	5%	73.52	1,470.43	1,543.95
	2.000	Nos	6,670.01	11,440.00	1,900.02	13,340.02	30.000	4,002.01			17,342.03	5%	867.10	8,671.02	18,209.13
re:	1.000	Pcs	27,986.05	24,000.00	3,986.05	27,986.05	30.000	8,395.82			36,381.87	5%	1,819.09	36,381.87	38,200.96
	2.000	Nos	13,876.42	23,800.00	3,952.83	27,752.83	30.000	8,325.85			36,078.68	5%	1,803.93	18,039.34	37,882.61

Costs (3)

Add Pick - Fill by Revenue Refill Cost Prices Purchasing Prices Search (Ctrl+F) More actions -

#	Parent	Project Task	Expense Item	Cost Element	Resource	Quantity per Unit	Quantity	UOM	Price	Price	
1		GF - Majlis	Cost of Materials	ORBIT DEE...	Not Applicable	1.000	1.000	Roll		350.00	<input type="checkbox"/>
2		GF - Majlis	Labor Costs		Not Applicable	1.000	1.000			500.00	<input type="checkbox"/>
3		GF - Majlis	Cost of Materials	Wallpaper ...	Not Applicable	1.000	1.000	Nos		120.00	<input type="checkbox"/>

Revenues Pane (Upper Pane)

This pane is used to define revenue items (BOQ lines) for the project. Each revenue line can be linked to one or more cost lines in the **Costs** pane.

- **Project Task:** Select the task the revenue is related to.
- **Item:** Choose the revenue item or service.
- **Content:** A description field; auto-filled from the item but can be edited.
- **Quantity:** Enter the number of units for the item.
- **UOM:** Unit of Measure, filled based on the selected item.
- **Amount:** You can enter the estimated revenue amount directly if not using items or markups.
- **Overhead:** Shows other costs related to this item, usually filled from the *Overheads* tab.
- **Total Cost:** Displays the total cost (including overhead) for the quantity entered.
- **Markup, %:** Enter a percentage to apply a profit margin on the cost.
- **Markup Amount:** Shows the markup value based on the percentage or can be entered manually.
- **Amount:** Shows the calculated revenue amount.
- **VAT, %:** Auto-filled VAT rate based on the item.
- **VAT Amount:** Displays the calculated VAT amount.
- **Price:** Price per unit of the revenue item after applying the markup.
- **Total Amount:** Final revenue amount, including VAT if applicable.

Costs Pane (Lower Pane)

This section is used to add and manage the costs associated with the selected revenue item.

To add a new cost, click **Add** with the relevant revenue line selected.

- **Project Task:** Auto-filled from the linked revenue line.
- **Expense Item:** Select the cost type (e.g., materials, labor).
- **Cost Elements:** Choose a cost item from Items, Employees, Positions, or Fixed Assets.
- **Qty per unit:** Enter the quantity needed for one revenue unit; cost quantities will adjust when revenue quantity changes.
- **Quantity:** Auto-filled from *Qty per unit*, or enter manually.
- **UOM:** Auto-filled based on the item, but can be changed.
- **Price:** Enter the unit cost of the expense item.
- **Amount:** Total cost, including VAT if applicable.
- **Markup, %:** Optionally enter a markup percentage for profit calculation.
- **Markup Amount:** Auto-calculated based on the percentage or can be entered manually.
- **Amount Incl. Markup:** Final cost including the markup.

Creating a Project Estimate document. The Overheads tab

This tab is used to enter the estimates of overhead costs for the project. This tab is available if the estimation method is *Independent Calculation of Costs and Revenues*.

To allocate the overhead costs, use the **Allocate Overhead Costs** button on the toolbar of the **Revenues and Costs** tab.

#	Project Task	Expense Item	Cost Element	Quantity	UOM	Price	Price Includes VAT	VAT, %	Amount Excl. VAT
1		Overheads		1.000		10,000.00	<input type="checkbox"/>	Not Applica...	10,000.00

Click **Add** to include a new overhead cost for the project, or you can input overhead costs by project tasks.

Choose an **Expense Item** to classify the overhead cost (e.g., Overheads).

Select the **Cost Element**, **Quantity**, and **UOM** (optional fields).

Enter the **Price** of the overhead cost.

The **VAT, %** column automatically displays the VAT percentage for the overhead cost, but you can adjust it if necessary.

The **Amount Excl. VAT** column shows the total cost of the overhead excluding VAT, and this amount will be included in the project estimates.