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(Review Article)

The entrepreneur's scope: A guide to business success

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Abstract

Starting a business may be challenging, especially for ambitious business owners who lack industry knowledge and experience. This paper aims to simplify the process of starting a business by providing a guide that covers subjects like types of entrepreneurs, starting a new business vs. an established one, financing, pricing, costing, budgeting, hiring and recruiting, marketing, proper accounting practice, internal controls and accountability, and tax considerations. By understanding these important topics, entrepreneurs will be better equipped to manage the challenges of starting a business and increase their chances of success.

Keywords: Entrepreneurs; Small Business; Strategies; Accounting

1. Introduction

It may be challenging yet rewarding to launch a business. It takes thorough preparation, diligent labor, and some originality. Thus, anybody can start and operate a profitable business when equipped with an appropriate strategy and a strong business plan. To find a lucrative market niche, market research should be done first. This may be accomplished by investigating current market trends, determining the needs and preferences of the target market, and reviewing the competition. Entrepreneurs may then write a business plan that includes their objectives, strategy, and projected financials.

The next phase is to find sources of funding. This may be accomplished in a variety of ways, including borrowing money, recruiting investors, and using personal savings. It's critical to comprehend the financial requirements and to prepare a budget that includes all the anticipated costs.

The moment has come to start building a team now that the company strategy is envisioned, and money is in place. This entails networking with other business owners and industry experts, as well as hiring competent workers, contractors, and suppliers.

Marketing should be the focus after the team has been put together. An innovative brand should be created along with the business website, and different social media channels and other marketing tools should be used to connect with potential consumers.

It's necessary to implement proper accounting practices and maintain thorough records of all financial transactions. This helps in keeping tabs on the development of the business and paving the road toward future growth and expansion.

Starting a business might be challenging, but with the appropriate strategy, it is possible to be successful. Entrepreneurs must conduct thorough market analysis and create a unique brand, product, or service. Moreover, they should create a solid business plan and strategy, secure capital, recruit talented workers, enforce proper accounting practices,

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concentrate on marketing, maintain adequate internal controls and enforce accountability, and be familiar with tax requirements and issues. Anyone can launch and manage a small business with ample effort, commitment, and a little imagination.

2. Types of Entrepreneurs

According to Tyler Parker, a preferred banking office manager at First Republic Bank, successful entrepreneurs share several fundamental traits. They are innovative, independent, resilient, energetic, and visionary. The following types of entrepreneurs strive to establish distinctive brands that appeal to customers:

- Social Entrepreneurs: they are motivated by a desire to positively influence society. They concentrate on developing innovative solutions to social, cultural, or environmental problems, frequently addressing unmet needs or disadvantaged communities. Social entrepreneurs seek both financial and social gains by aligning their commercial objectives with their social missions. They are committed to driving long-term change and are known to cooperate with stakeholders such as organizations, governments, and communities.
- Scalable Entrepreneurs: they are motivated by rapid growth and business scaling. They seek to establish companies with the potential for exponential growth, frequently employing technology and innovation to disrupt various industries or create new markets. Scalable entrepreneurs look for investment possibilities and frequently receive venture capital or private finance to help them develop. They are concerned with scalability, market supremacy, and gaining a big market share.
- Small Business Entrepreneurs: such as mom-and-pop store owners and consultants, want to start and run their own companies, sometimes with the help of family members. Instead of focusing on quick expansion, their main objective is to maintain their way of life and family through lucrative company operations. They can choose to use business loans as a source of capital rather than look for investors. Through quick corporate development, acquisition by a bigger company, or when a family member takes over with expansion plans, small business entrepreneurship can evolve into larger-scale entrepreneurship.
- Large Business Entrepreneurship: to continue development, large company entrepreneurship focuses on progressively expanding a firm based on an existing model. In contrast to creative entrepreneurship, it focuses on growing the current company rather than bringing fresh concepts. Large firm entrepreneurs could buy cutting-edge service providers when their clientele shifts to adapt to new needs and capitalize on unexplored markets.
- Innovation Entrepreneurship: Entrepreneurs that excel in developing and launching novel goods, services, or procedures are known as innovators. They have a strong sense of creativity and ingenuity and are always looking for ways to disrupt markets or satisfy unmet client requirements. Technological innovations are frequently led by innovators, who may take advantage of new trends like biotechnology, blockchain, or artificial intelligence. They put great emphasis on R&D and push the limits of innovation.

Starting a new business or organization, regardless of the type of entrepreneurship, includes considerable risks. Securing funding is a vital aspect of company setup and development, whether it's for founding a charitable organization or presenting a fresh idea to the market. It's crucial to be aware of all financing choices to establish and expand a business with confidence. Seeking advice from a financial specialist will help explore the different funding choices and bring the business concept to reality [1].

3. Starting a Business vs. Buying an Existing One

Entrepreneurs must choose between starting a new business and buying an existing one. Building a business from the ground up allows entrepreneurs to tailor their vision and adhere to their principles and goals, as well as the flexibility to build a distinct brand identity, product or service offering, and organizational culture. Entrepreneurs must also consider the challenges that come with starting a new business, it takes an enormous amount of energy, resources, and time to do market research and build an innovative brand, create a business strategy, secure financing, set up shop, and start fresh with clients. Additionally, because there are no preexisting assets or client ties to rely on, the risks are higher, and a commitment to a mission and a vision is required.

The purchase of an existing business, however, has certain immediate benefits. Entrepreneurs build up a strong brand, clientele, and operational foundation, which might provide them with an advantage when it comes to generating revenue. They could also gain from already established supplier ties and skilled personnel. However, purchasing a business has its own set of challenges. To evaluate the company's financial health, possible risks and obligations, and development prospects, a robust due diligence procedure is needed. Entrepreneurs must carefully assess if the firm corresponds with their long-term goals and whether they have the requisite skills and resources to run and develop it effectively.

4. Getting started

4.1. Funding

Making an appealing yet practical business idea is the first step. Entrepreneurs must find a market need or opportunity, perform market research, and improve their ideas to guarantee they have a distinct value offer. Entrepreneurs must then think about financing choices. Several types of funding include personal savings, grants, loans, angel investors, venture capital, and crowdsourcing funding:

- Personal savings: these are sums of money set aside by an individual from assets or income to support personal endeavors or projects.
- Grants: these are funds that are not required to be paid back. They are given out by institutions, governments, or foundations to fund projects that meet certain criteria.
- Loans: these are funds borrowed from financial institutions that must be repaid over time, together with the principal and interest accrued.
- Angel investors: these are investors who believe in and assist early-stage start-up ventures and enterprises in exchange for stock.
- Venture capital is money supplied by financial or investment firms looking to invest in emerging enterprises.
- Crowdsourcing funding: this type of funding is given by a large number of supporters who are asked to make small investments (equity-based). Other types of funding include donation-based and reward-based (non-monetary benefits, win-win situation).

4.2. Costing and Pricing

For the firm to operate effectively and make a profit, understanding the organization's cost structure and optimal pricing is crucial. Setting prices requires accurate forecasting of product costs for items such as material, labor, and overhead, as well as period costs such as general, administrative, and marketing expenses. Understanding the cost structure helps entrepreneurs in making lucrative decisions.

Upper management may need to classify costs to simplify the budgeting process, keep costs under control, and make sound decisions. Consequently, there are several ways to classify costs:

4.2.1. Cost behavior

Costs can be classified into fixed cost, variable cost, and mixed cost. Fixed costs do not respond to changes in production volume within the relevant range – the parameters and capacity of the production. Variable costs, on the other hand, react proportionally to changes in volume. Mixed costs consist of both fixed and variable components. The cost formula under this cost classification is:

$$\text{Total cost} = \text{Fixed cost} + \text{Total Variable cost}$$

Let's say a hypothetical restaurant called "Beef Heaven" that offers one signature meal (Roasted Beef and Corn). The restaurant has the following set monthly expenses: $1,500 in rent, $2,000 in fixed supervisor salaries, and $500 in fixed utilities. The food cost for producing 3,000 meals each month is $5,750. The restaurant also employs five full-time hourly employees, each of whom works 150 hours each month at a rate of $10.00 per hour.

The restaurant owner may determine an ideal pricing that is both competitive and profitable by calculating the unit cost. In this scenario, the fixed cost to produce 3,000 meals a month is the cost of monthly rent, the fixed supervisor salaries, and the fixed utilities cost:

$$\text{Fixed costs} = \$1{,}500 + \$\,2{,}000 + \$500 = \$4{,}000$$

The total variable costs include the costs of materials (food cost) and hourly labor:

$$\text{Total Variable costs} = \$5{,}750 + [(5 \times 150) \times \$10] = \$13{,}250$$

Total costs = \$4,000 + \$13,250 = \$17,500

Unit cost = Total Costs / Volume

Unit cost = \$17,250 / 3,000 = \$5.75 per meal

4.2.2. Traceability

The ability to associate expenses with specific cost items, services, or products. Costs may be divided into direct costs that include direct materials and direct labor as well as indirect costs or overhead, which are more difficult to relate to specific cost items and consist of indirect materials, indirect labor, and other production costs. The total cost formula under this cost classification is expressed as follows:

Total costs = Direct costs + Indirect costs

Or:

Total costs = (Direct Materials + Direct Labor) + Manufacturing Overhead

In the same example, direct costs are food cost and hourly labor cost, whereas indirect costs are rent cost, supervisor wages cost, and utilities cost. Assume the restaurant additionally spends \$150 per month on cleaning supplies and \$600 per month on equipment maintenance (both of which are indirect costs). Using the cost formula associated with traceability, we can calculate the unit cost as follow:

Total costs = (Direct Materials + Direct Labor) + Manufacturing Overhead

Total costs = (\$5,750 + [(5 x 150) x \$10]) + [\$1,500 + \$ 2,000 + \$500 +\$150 + \$600]

Total costs = \$5,750 + \$7,500 + \$4,750

Total costs = \$18,000

Unit cost = \$18,000 / 3,000 = \$6.00 per meal

4.2.3. External reporting

To publish the financial reporting to stakeholders, it is vital to organize costs as:

- Product costs: these costs are related to production and are expensed only when sold. They include direct costs (direct materials and direct labor) and indirect costs (manufacturing overhead). These costs are inventoriable costs and are incurred by product units, they start as raw materials, then labor and overhead costs will be added during production (in-process) until the production process is completed and becomes finished goods. Once these goods are sold, the finished goods account will be reduced, and the expense account Cost of Goods Sold (COGS) will be increased.
- Period costs: these expenses, which are spent during the financial period, are not connected to production but rather to sales (selling expenses) and other corporate office costs (general and administrative expenses). They pay for charges like the rent of the corporate office building and the wages of the firm leaders as well as marketing costs like billboard and commercial costs.

4.2.4. Decision-making

Entrepreneurs must comprehend the significance of specific cost concepts that might enhance planning and decision-making. Sunk costs, for instance, relate to the initial cost of purchasing long-term assets like equipment that might be utilized for years; as a result, the original cost of this equipment is amortized over the estimated life of this asset. The opportunity cost, on the other hand, refers to the potential gain foregone from other choices when one alternative is chosen. In the restaurant example, for instance, the management may choose to close the restaurant on Sundays; in this case, the opportunity cost is the revenue that could have been earned that day.

Entrepreneurs benefit from understanding cost classifications and structure. They also make better decisions regarding product pricing. Pricing strategies can help managers calculate the optimal price that is competitive, covers expenses, and yields a profit. Different pricing strategies can be used in different business models. The most common strategies are:

- The cost-plus pricing strategy: the price is set to cover the product cost plus a markup percentage such as 50% of the variable cost.
- The value-based pricing strategy: the price is based on what the customer is willing to pay for the product. A study of customer behavior and understanding of customer profile and loyalty can aid managers in determining how much customers value the offered products or services.
- The premium pricing strategy: this strategy is appropriate for luxury and brand-name products. This can be seen in fashion, technology, and entertainment products and services.
- The competitive pricing strategy: this strategy is appropriate for products and services that are widely sold. Prices for these goods are based on market competitive prices – e.g., the cost of beverages at restaurants.

4.3. Budgeting

Budgets are projections and plans for a future period. Forecasts often include production requirements as well as sales targets that must be met. Additionally, budgets provide all employees with a path to achieving top management's financial objectives. Entrepreneurs' financial stability and money management are significantly impacted by the way they manage their budgets. Creating a well-crafted budget helps with setting financial goals, monitoring costs, and making informed decisions about investments and spending. Budget monitoring and review must be done often. Entrepreneurs should routinely assess their financial performance and contrast their findings with their budgeted amounts. This makes it possible to spot any deviations from the budget early on and gives the managers the chance to act quickly to fix them.

Entrepreneurs should start the budgeting process by reviewing the financial data from the preceding period, including both the budgeted and actual data. It is critical to examine the differences between the flexible budget (which compares actual performance with standard performance at the actual activity level) and communicate with team leaders to explain any controllable discrepancies. The following stage is to determine the standard cost for each unit, which includes both variable and fixed costs, as well as the standard pricing. During this phase, factors such as the inflation rate and changes in supply and demand should be considered. Once the budget has been developed and approved, it should be communicated clearly to all stakeholders within the company.

Assigning the standard to production costs (direct materials, direct labor, and manufacturing overhead) helps control costs and measure performance. The standard cost formula can be expressed as follow:

Standard Cost (per unit) = Standard Direct Material Cost + Standard Direct Labor Cost + Standard Manufacturing Cost, where:

Standard Direct Materials Cost = Standard Materials Quantity x Standard Market Price

Standard Direct Labor Cost = Standard Total Hours Worked X Standard Hourly Rate

Standard Manufacturing Cost = [Budgeted Fixed Manufacturing Overhead / Budgeted Total Number of Units] + Standard Variable Manufacturing Overhead

We will use "Beef Heaven Restaurant" as an example. To determine the standard price for its signature dish (roast beef and corn), it is necessary to examine historical cost data, conduct a market study, and negotiate pricing terms with suppliers. The following factors need to be considered when determining the standard cost:

- Determine the food ingredients needed for each meal, the amount needed, and the cost of the components based on the predicted supplier pricing. Then Calculate the direct material cost. The quality of the ingredients should be determined ahead of time and conveyed to the supplier.
- Calculate the direct labor cost to create this meal, using the time and projected average compensation.
- Calculate the indirect cost of making this meal, such as supervisor pay, rent, utilities, equipment depreciation, and so on.

We may compute the standard cost of "Beef Heaven" using the budgeted cost information provided:

Monthly costs for the restaurant include $1,500 in rent, $2,000 in fixed supervisor pay, $500 in fixed utilities, $150 for cleaning materials, and $600 for equipment maintenance. For each month's 3,000 dinners, $5,000 will be spent on food. Additionally, the restaurant employs five full-time hourly employees, each of whom works 150 hours each month at a rate of $10.00 per hour.

Here, it is assumed that these costs have been determined to be typical. The cost items can be grouped as follows:

Table 1 Beef Heaven Standard Cost (per meal)

Cost Item	Budgeted monthly expenses	Standard cost item per meal
Direct Material	$5,000	Standard direct material cost = 5,000 / 3,000 = $1.67 per meal
Direct Labor	[(5 x 150) x $10] = $7,500	Standard direct Labor cost = 7,500 / 3,000 = $2.5 per meal
Overhead	[$1,500 + $2,000 + $500 + $150 + $600] = $4,750	standard manufacturing cost = 4,750 / 3,000 = $1.58 per meal

Standard Cost = Standard Direct Materials Cost + Standard Direct Labor Cost + Standard Manufacturing Cost

Standard cost per meal = $1.67 + $2.5 + $1.58 = $5.75

After determining the standard cost for each unit (meal), we must calculate the standard price using one of the pricing techniques previously covered (cost-plus pricing, value-based pricing, premium pricing, or competitive pricing). The standard unit cost and price are both critical in developing the master budget.

Entrepreneurs may enhance their planning, cost management, and decision-making by using the master budget to analyze the financial activities of their company. The master budget follows a logical sequence and begins with the sales budget.

4.3.1. The Sales Budget

The sales budget predicts the revenue using a standard price, which is based on previous financial data, market research, and a study of the competition. Given that the standard price is four times the typical cost of the signature dish, the following is an example of a sales budget for "Beef Heaven Restaurant":

Given: Standard price = standard cost per meal x 400%

Standard price = 5.75 x 400% = $23.00

Table 2 Beef Heaven Sales Budget

	Sales Budget				
	Beef Heaven Restaurant				
	Year Ending December 31, 2024				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Budgeted Units Sold (a)	7,700	10,200	9,900	8,200	36,000
Standard Price per meal ($23) (b)	$23	$23	$23	$23	
Total Budgeted Sales Revenue (a x b)	$177,100	$234,600	$227,700	$188,600	$828,000

4.3.2. The Material Purchases Budget

The second budget is the Material Purchases Budget, which is used to estimate the quantity of inventory (raw materials) that must be purchased to support the planned sales and cover the intended ending inventory. The quantity of materials to be purchased during the budgeted time is determined using the following formula:

Required Material Purchases = Budgeted Cost of Goods Sold (COGS) + Desired Ending Material Inventory - Beginning Material Inventory

An illustration of the Material Purchases Budget is as follows: Given that the standard cost per meal at Beef Heaven Restaurant is $5.75 and the intended ending inventory is 15% of the same quarter's sales, and the ending material inventory for the fourth quarter of 2023 is $5770.25:

Table 3 Beef Heaven Material Purchases Budget

	Material Purchases Budget				
	Beef Heaven Restaurant				
	For the Year Ended December 31, 2024				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Budgeted Units Sold (a)	7,700	10,200	9,900	8,200	36,000
Standard Cost per meal ($5.75) (b)	$5.75	$5.75	$5.75	$5.75	
Budgeted Cost of Goods Sold (a x b)	$44,275.00	$58,650.00	$56,925.00	$47,150.00	$207,000.00
+ Intended Ending Inventory	$6,641.25	$8,797.50	$8,538.75	$7,072.50	$7,072.50
= Materials Needed	$50,916.25	$67,447.50	$65,463.75	$54,222.50	$238,050.00
- Beginning Materials Inventory	$5,770.25	$6,641.25	$8,797.50	$8,538.75	$5,770.25
Required Material Purchase	$45,146.00	$60,806.25	$56,666.25	$45,683.75	$208,302.25

4.3.3. The Direct Labor Budget

Entrepreneurs can use the direct budget to calculate the number of hours needed to support the budgeted sales. Consequently, determining how many workers need to be employed, trained, and ready to create and sell the final product. The average work time for one meal at Beef Heaven Restaurant was calculated to be 0.25 hours, and the hourly wage provided was $10.00 per hour. The budget for direct labor in 2024 would be as follows

Table 4 Beef Heaven Direct Labor Budget

	Direct Labor Budget				
	Beef Heaven Restaurant				
	For the Year Ended December 31, 2024				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Budgeted Units Sold (a)	7,700	10,200	9,900	8,200	36,000
Standard Direct Labor Time (b)	0.25	0.25	0.25	0.25	
Total Required Labor Hours (a x b)	1925.00	2550.00	2475.00	2050.00	9,000
Standard Labor Cost per Hour	$10	$10	$10	$10	
Total Direct Labor Cost	$19,250	$25,500	$24,750	$20,500	$90,000

4.3.4. The Overhead Budget

Except for direct materials and direct labor, the overhead budget includes all other product costs. Entrepreneurs would be able to budget for business overhead, which, when paired with direct material and direct labor costs, can help estimate the business's profitability. Beef Heaven Restaurant predicted the previously indicated overhead costs. The overhead budget for 2024 would be expressed as follows:

Table 5 Beef Heaven Overhead Budget

	Overhead Budget				
	Beef Heaven Restaurant				
	For the Year Ended December 31, 2024				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Rent	$4,500	$4,500	$4,500	$4,500	$18,000
Supervisor Salary	$6,000	$6,000	$6,000	$6,000	$24,000
Utilities	$1,500	$1,500	$1,500	$1,500	$6,000
Cleaning Supplies	$450	$450	$450	$450	$1,800
Maintenance	$1,800	$1,800	$1,800	$1,800	$7,200
Total Budgeted Overhead	$14,250	$14,250	$14,250	$14,250	$57,000

4.4. Recruiting and Hiring

The secret to business success and profitability is hiring qualified workers who appreciate their job and are loyal. Dealing with high turnover can cause operations to be disrupted, damage production and service quality, and increase business costs. Entrepreneurs must first create an appealing work environment that workers value, one that offers competitive salary packages, growth, and development possibilities, and supports work-life balance.

The first stage for entrepreneurs is to analyze the business labor needs and establish the number of employees needed to support operations and run the company successfully. The next stage is to create a job description for each position that attracts the right candidates and clearly outlines the duties, the working environment, and the salary range. Offering fair and competitive salaries is critical to ensuring employee happiness and loyalty. Moreover, employee perks such as discounts, flexible hours, and wellness programs should be communicated in the job description. These perks add value for workers and support keeping their enthusiasm for the company alive.

Finally, business owners should clearly express their company's culture of diversity, equity, and inclusion, as well as their commitment to supporting the local community. All these tactics assist in luring candidates who appreciate the company and are devoted to its development.

Marketing

When it comes to small business marketing, entrepreneurs must use a calculated and planned marketing strategy to assure the venture's successful launch and long-term growth. Raising awareness and attracting customers are essential components of small business marketing. Developing a product that appeals to consumers is an essential first step. Entrepreneurs must first identify their desired market base and then design a product or service that appeals to them.

Establishing a competitive and profitable pricing strategy is critical for entrepreneurs to successfully position themselves. To choose a price structure that not only covers costs but also draws consumers and makes money, they must consider variables including manufacturing costs, competitive pricing, and the perceived value. Careful price choices may provide entrepreneurs with a competitive advantage and persuade potential clients to purchase their products.

Entrepreneurs must distinguish themselves from the competition by successfully expressing the benefits and unique selling points of their product or service. This may be accomplished by strong branding, a clear message, and engaging communication methods. Entrepreneurs need to create persuasive marketing messages that appeal to their target audience and communicate the benefits customers may expect from their products.

Marketing operations such as advertising, sales, and product distribution are critical in raising awareness and drawing customers. Entrepreneurs should use a variety of channels, both digital and traditional, to efficiently reach their target market. Digital marketing strategies like social media advertising, search engine optimization, and content marketing can be used in addition to more conventional strategies like print ads, direct mail, and involvement in neighborhood activities.

Entrepreneurs can concentrate on developing strong relationships with customers in addition to marketing their goods or services. Entrepreneurs may create a loyal client base and profit from favorable word-of-mouth referrals by offering excellent customer service, soliciting feedback, and adopting customer loyalty programs.

Accounting Procedures

Maintaining proper accounting is essential for entrepreneurs for several reasons, including the ability to track the operational and financial performance of the company, monitor and manage the cash flow, which is essential for maintaining liquidity and meeting the company's current obligations, ensure compliance with regulatory and legal requirements like tax filing requirements, and the capacity to fairly exhibit the company's operations to obtain external financing and for business valuation purposes.

Entrepreneur accounting techniques are comparable to those used by large corporations. Proper accounting processes follow the accounting cycle, which consists of the following steps:

- Record transactions: all sales, payments, and expenses must be recorded, and all supporting documents, including receipts, copies of cash register receipts, and invoices, must be preserved as proof to verify the transaction's integrity and for tax filing purposes.
- Posting transactions to their respective accounts. Accounts such as Sales, Cash, Accounts Payable, and Utilities expense reflect increases and decreases as a result of transaction occurrences and resource consumptions. This procedure aids in reporting the balance of each account at any point in time.
- Keeping track of cash flow leads to effective cash flow management and control. This stage enables entrepreneurs to track cash movement and establish a cash reserve fund.
- Prepare quarterly financial statements: most small businesses use cash-based accounting, which shows income when cash is received as well as expenses when cash is paid. As a result, in most cases, account balances should be valid and require no adjustments, except when accrual is warranted to reflect the receipt or payment of cash in a subsequent period. In the case of deferred revenue and prepaid costs, adjustments at the end of the accounting period are required, such as adjustments for depreciation and amortization of property, plant, and equipment, and adjusting for bad debts.

Entrepreneurs should create quarterly financial statements that include:

- The income statement displays the company's revenue, expenses, and net income or loss.
- The balance sheet displays the assets, liabilities, and equity of the company.
- The statement of cash flow shows the business's cash inflows and outflows from ongoing operations, investments, and financing, as well as its net cash flow.

Accounting programs like Intuit QuickBooks, QuickBooks Online, Xero, and QuickBooks Self-Employed make it simple to accomplish these tasks. These packages can assist entrepreneurs in tracking their income and expenses, reporting the balances of their assets, liabilities, and equity, reporting cash flow movements and cash balance, understanding the business’s profitability, and preparing for tax filing. An illustration of the main financial statements for the restaurant Beef Heaven is shown below:

Table 6 Beef Heaven Income Statement

Beef Heaven Restaurant		
Income Statement		
For the Year Ended December 31, 2024		
Revenue:		
	Food Sales	$874,500
	Beverage Sales	$57,000
	Catering Revenue	$34,000
	Other Income	$2,400
	Delivery Charges	$3,400

	Total Revenue	$971,300
Expenses:		
	Food Cost	$214,600
	Beverage Cost	$9,500
	Packaging Supplies	$2,300
	Rent	$18,000
	Payroll	$116,000
	Utilities	$6,200
	Cleaning Supplies	$1,650
	Maintenance	$7,450
	Marketing and Promotion	$1,700
	Total Expenses	$377,400
Net Income before Income tax		$593,900
	Income Tax (30%)	$178,170
Net Income		$415,730

Table 7 Beef Heaven Balance Sheet

Beef Heaven Restaurant					
Balance Sheet					
As of December 31, 2024					
Assets			**Liabilities and Owner's Equity**		
	Current Assets			*Current Liabilities*	
	Petty Cash	$1,240		Accounts Payable	$1,350
	Bank	$525,000		Payroll	$1,250
	Inventory	$4,750		Rent	$1,500
	Cleaning Supplies	$445		Utilities	$500
				Sales tax	$67,990
	Total Current Assets	$531,435		*Total Current Liabilities*	$72,590
	Long-term Assets			*Long-term Liabilities*	
	Kitchen Equipment	$23,500		Deferred Income Tax	$16,200
	Office Equipment	$2,740			
	Total Fixed Assets	$26,240		*Total Long-term Liabilities*	$16,200
			Total Liabilities		$88,790
				Owner's Equity	$468,885
			Total Owner's Equity		$468,885
Total Assets		$557,675	Total Liabilities and Owner's Equity		$557,675

Table 8 Beef Heaven Statement of Cash Flows

Beef Heaven Restaurant	
Statement of Cash Flows	
For the Year Ended December 31, 2024	
Net Income	$415,730
Plus Equipment Depreciation	($2,624)
Less Increase in Food Purchases	($3,500)
Plus Increase in Accounts Payable	$1,350
Plus Increase in Rent Payable	$1,500
Plus Increase in Utilities Payable	$500
Plus Increase in Sales Tax Payable	$67,990
Net Cash Flow from Operating Activities	$480,946
Receipts for Sale of Equipment	$2,800
Plus Purchase of New Equipment	$1,350
Net Cash Flow from Investing Activities	$4,150
Deferred Income Tax	$16,200
Net Cash Flow from Financing Activities	$16,200
Cash Provided by (Used In) Operating, Investing, and Financing Activities	$501,296
Plus Beginning Cash Balance	$24,944
Ending Cash Balance	$526,240

4.5. Internal Controls and Accountability

Proper implementation of internal controls and accountability may provide entrepreneurs with confidence that their assets are secure, their financial reporting is accurate, and their staff follows industry regulations and laws as well as corporate policies and procedures. Fostering accountability also helps prevent fraudulent acts that might harm the company's brand and ultimately lead to its demise.

Entrepreneurs should implement stringent controls, such as the following:

- Cash controls: To minimize theft and guarantee accurate cash reporting, entrepreneurs should adopt measures to secure cash. Using a reliable cash register that prints verifiable receipts, installing security cameras to watch over cash registers, and setting cash handling protocols that restrict access to cash are all examples of good cash control procedures.
- Establish effective record-keeping for authenticating sales and expense transactions.
- Conduct continual monitoring of all financial transactions, as well as frequent inventory counts and bank reconciliation.

Employees are required to carry out their work responsibilities and take ownership of their conduct. This is referred to as accountability. Entrepreneurs may create an environment where accountability is valued by clearly outlining to employees the performance expectations for each position, fostering open and honest communication, holding regular performance reviews, and enforcing consequences for violations of the company's code of conduct.

4.6. Tax Considerations

For entrepreneurs to navigate the complexity of business taxation, they must hire a tax professional. These experts are a great resource for keeping track of expenses and making sure that tax laws are followed. Their knowledge of small business taxation, such as payroll, income tax, and sales taxes, guarantees proper financial record-keeping and makes submitting tax returns simple. They may also assist entrepreneurs in maximizing their tax savings by utilizing tax credits, deductions, and other methods to lower their tax responsibilities.

5. Conclusion

This paper provides detailed guidance for entrepreneurs on how to start and maintain a profitable business. The subjects discussed include highlighting the necessity of developing a distinctive idea or product that people value and desire to buy, as well as exploring the many funding sources for the firm. Emphasis is placed on following ethical and sound accounting principles and keeping accurate documentation to back up all financial activities. Other subjects covered include the necessity to maintain proper internal controls to avoid fraud and theft, as well as advice to contact a tax specialist to negotiate complex corporate tax difficulties. This information may assist entrepreneurs in planning, making informed decisions, and navigating the hurdles of beginning a business and finding a road to success.

References

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Authors short biography

Dr. Mohamed Abualhaija is an accomplished and motivated professor who specializes in financial and management accounting. As an Associate Professor of Financial and Managerial Accounting at Park University in Parkville, Missouri, he has committed his professional life to creating an immersive and dynamic learning environment. Dr. Abualhaija holds a Doctor of Business Administration (DBA) in Accounting from Argosy University and a Master of Business Administration (MBA) in Accounting from the University of Phoenix.

Dr. Abualhaija's continuous commitment to teaching quality is reflected in his numerous successes and awards. He has presented his research findings and academic work at prestigious conferences such as Park's Research and Creative Arts Symposium and the International Conference on Humanities, Social, and Education Sciences (iHSES). In addition, he has contributed to the academic community by writing peer-reviewed articles on intriguing issues such as the integration of technology and corporate social responsibility and the evaluation of healthcare providers' care costs.

Dr. Abualhaija has considerable industrial expertise in financial management and accounting in addition to his academic credentials. Previously, he worked at Sullivan University in Kentucky and Adventist University of Health Sciences, and the AdventHealth Hospitals in Florida, where he gained practical experience using accounting concepts in real-world circumstances. He is a tremendous contributor to the academic sector due to his wide knowledge base, strong dedication to student achievement, and persistent love for continual learning.