

AN ACCOUNTANT'S INSIGHT INTO GETTING AN ABN

JANNALI, NSW, AUSTRALIA, March 3, 2022 /EINPresswire.com/ -- An ABN enables ATO to keep track of registered businesses, this unique 11-digit number is a business's identity number. However, being an entrepreneur isn't as easy as it may sound. Many people are attracted to an entrepreneurial lifestyle because they value flexibility and hope to smash through glass ceilings when it comes to earning a salary. However, not all hopeful and optimistic



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businesses make it. By putting in place a test procedure, budding entrepreneurs can ascertain whether or not they are ready to start a business. A test can help an individual to identify the areas they're lacking in so that they can expand their knowledge and understanding in order to make a success of the business. Here are 5 reasons a pre-ABN test would be beneficial;

1. Possess a basic knowledge about business

While you hear stories of successful businesses that started from nowhere, you need a basic understanding of business before you start one. Learning while you go comes with the territory but you must go into this understanding the principles of business. A large portion of this knowledge requires you to understand business structures (including your duties as a company director), your tax obligations and responsibilities when you take on employees or engage contractors.

2. Know how to avoid cash flow distress

I am sure you have heard the saying "cash is king." Cash flow is the lifeblood of every business. Understanding cash flow management and finances is essential for every new business owner. This involves knowing how to manage the money that comes into the business because business is about more than just getting work and seeing money coming in. Knowing how to manage your cash collection process, taxes, essential expenses like salaries, and non-essential expenses is the

key to avoiding cash flow distress.

3. Know how to fund the business

Another arm of financial literacy is knowing how you will fund your business. Avoiding tax and not paying your employees are not viable options. For many entrepreneurs, business loans are not an option and finding investors can be difficult. However, you need to go into a new business with a strategic plan that includes financial projections indicating your potential to grow, thrive, or fail. You need fail-safe measures in place, including ways to pay super, award wages, obligations, and you need to be insured.

4. A test of character and psychological profiling

While this may sound harsh, a character test and psychological profile can help to ensure that new entrepreneurs are not a liability when they open their doors and affect people's lives with the work they do. Failing to meet your financial obligations as a business owner can have a devastating impact on the families of your employees and suppliers that you choose to do business with. A business owner needs to understand the social responsibility they are taking on when they open their doors for the first time.

5. Entrepreneurs require basic knowledge about numbers and marketing

Marketing and money work hand in hand. You need to understand how to perform AB testing on your marketing practices. Marketing requires money, you need to quantify the time you put into it into a financial figure. AB testing enables you to gauge which marketing strategies are giving you results so that you can put more budget or time into the ones that are working for you.

business ownership is rewarding but comes with responsibility and it's not to be entered into lightly. You wouldn't invest in building your home on unstable ground, so why would you gamble your life savings and the livelihoods of your suppliers and employees by creating a business that doesn't have a solid foundation? Take the time to set up structures and

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