Exploring the Role of Accounting Practices and Financial Analysis: A Case Study in Perfect Zone Buraidah

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ABSTRACT
This compelling case study delves into the critical role of accounting techniques and financial analysis in business management. The study explores the obstacles faced and the approaches used to overcome them by drawing on the firsthand experiences of an accountant at a startup business. Through the exploratory qualitative analyses, the study emphasizes the importance of precise inventory management, budgeting and forecasting, financial monitoring, and sales performance analysis in attaining long-term growth and profitability. The findings emphasize the significance of combining accounting theories and practices in order to make informed decisions and achieve financial success. The study continues by underlining the importance of continuous financial planning and adaption in order to support long-term corporate growth.

Kata kunci: Accounting; Inventory management; Budgeting and forecasting; Financial monitoring; Sales performance analysis

INTRODUCTION
Accounting techniques and financial analysis are critical to the performance and sustainability of firms across a wide range of industries. These practices provide important insights into a company's financial health, aid in decision-making, and contribute to long-term growth and profitability (Ameer & Othman, 2012; Collier, 2015). This article gives a complete case study that investigates the experiences of an accountant who has been working at a new business for one year. The study's goal is to look at the issues that accountants face, as well as the accounting theories and techniques that are used to overcome them. The study intends to provide significant insights into the significance of accounting methods in financial management by investigating these factors.

Perfect Zone is a new enterprise in Buraydah that specializes in the sale of fresh flowers, but it represents a small and relatively unknown SME in need of attention. Despite its potential to boost the local economy and sustain a shift in the flower sales industry, which has grown in importance as Al Qassim people adopt new cultural norms such as sending congratulations messages and more. Accountants play a critical role in this initiative beyond simply being accountable; they also manage and control operations within this fledgling corporation, reporting directly to the CEO.

While the background introduces Perfect Zone as a new player in Buraydah's flower industry, there is a noticeable lack of urgency over the chosen issue. Delving deeper into the phenomenon of blooming
SMEs such as Perfect Zone, as well as the hurdles they face in establishing themselves within the startup environment, will help to strengthen the story. The necessity of good accounting methods in overcoming common startup challenges, such as limited resources, tough competition, and navigating regulatory frameworks, is highlighted. Furthermore, giving case studies or real-life examples of how these obstacles directly affect accounting operations within companies will provide significant insights into the importance of addressing these issues early on.

Meanwhile, as accountants must gain a thorough understanding of a company's organizational efficiency and financial position. This knowledge serves as the foundation for owners' and stakeholders' decision-making (Elliott & Elliott, 2015). Accountants can discover opportunities for development, make educated decisions, and promote financial stability by reviewing the entire performance of the organization. Accurate inventory management is critical to guaranteeing corporate cost sustainability. Companies can control expenses, reduce wasteful inventories, and optimize resource allocation by employing effective tracking systems (Richards, 2017; Warren et al., 2020). Inefficient inventory management can result in increased expenses and financial inefficiencies, emphasizing the importance of accountants establishing strong inventory management processes.

Budgeting and forecasting are critical components of financial planning and decision-making. Businesses can manage resources more efficiently and anticipate financial demands by developing comprehensive budgets that account for future purchases and expenses (Weygandt et al., 2018). Accountants can use this approach to establish a clear financial roadmap, ensuring that the business runs within its limits and meets its financial objectives. Similarly, firms face considerable hurdles in tracking spending and accurately estimating income. Financial analysis and decision-making processes can be hampered by inaccurate financial data and the absence of effective expense monitoring tools. Accountants must address these issues by developing effective financial monitoring techniques, assuring accurate financial reporting, and delivering reliable data for decision-making (Kimmel et al., 2018).

Financial analysis is critical in assessing sales performance and overall business success. Accountants obtain significant insights into the effectiveness of sales strategies, revenue production, and opportunities for development by evaluating sales numbers. This research enables firms to make data-driven decisions, improve sales performance, and meet profit targets (Horngren, 1978). The relevance of competent accounting processes and financial analysis in corporate management is highlighted in this case study. Accountants may greatly help to a company's financial success by recognizing organizational efficiency, adopting precise inventory management, conducting budgeting and forecasting, monitoring spending, and reviewing sales performance. Accounting theories and practices are important in allowing informed decision-making, guaranteeing cost sustainability, and achieving profitability, according to the findings. Businesses can handle problems and seek for long-term growth and success by
constantly analyzing and revising financial strategy.

**METHOD**

To provide a nuanced qualitative analysis of inventory management and sales performance at Perfect Zone, a prominent flower shop in Buraidah, Saudi Arabia. This case study employs a rigorous methodology that integrates firsthand experience observation, a comprehensive practice report, and an extensive literature review. The author obtained firsthand insight into the issues faced and watched the implementation of several techniques through direct involvement in the shop's operations. A full practice report was created, describing the precise approaches used, how they were implemented, and the results obtained. The study also used scholarly literature to contextualize the findings and compare them to existing ideas and best practices. This methodology provides a compelling and thorough assessment of Perfect Zone's inventory management and sales performance by smoothly merging these parts, offering useful insights to both academic study and practical implementations.

**RESULT AND DISCUSSION**

An accountant's position in any business establishment is crucial in knowing the organization's financial health and providing a framework for decision-making by owners and stakeholders (Elliott & Elliott, 2015). This article gives a case study of an accountant who has been working for a year in a new business, highlighting the issues encountered as well as the accounting theories and techniques used to address them. The emphasis is on inventory management, cost sustainability, budgeting, and forecasting for future purchases and expenses.

**Challenges and Initial Assessment**

Several obstacles may develop while beginning a new career as an accountant, necessitating an awareness of the entire functioning of the organization. Key considerations to consider include: how well-organized is the business? Is there any outstanding debt, and if so, is it being paid? What was the company's profitability in the previous year? These questions are important markers for assessing the company's performance and financial standing (Horngren, 1978). The accountant found issues that needed repair shortly after starting work. Asset depreciation was not accurately reported, subscriptions were only partially accounted for, and inventory items were not included in the financial statements. To ensure accurate financial reporting and decision-making, these difficulties had to be resolved (Akrem & Maspul, 2024; Kimmel et al., 2018).

To address these issues and enhance accounting methods, the accountant applied a number of financial and management theories. The notion of Generally Accepted Accounting Principles (GAAP) is one such theory, which provides a framework for uniform and transparent financial reporting (Elliott & Elliott, 2015). The accountant ensured that the financial statements appropriately reflected the business's financial status and performance by complying to GAAP. The Matching Principle, which stipulates that expenses should be recognized in the same period as revenues, is another relevant idea (Weygandt et al., 2018). The accountant used the Matching Principle by appropriately recording depreciation.
To solve inventory-related concerns, the accountant additionally applied Inventory Management theory. This theory highlights the significance of effectively managing and valuing inventory in order to achieve optimal resource allocation and cost control (Warren et al., 2020). The accountant improved the accuracy of the financial statements and promoted informed decision-making by establishing excellent inventory management techniques such as regular physical counts and using appropriate costing methodologies.

Financial analysis theories were also useful in addressing the accountant's problems. Ratio analysis, for example, aided in assessing the company's liquidity, profitability, and solvency by examining important financial ratios (Horngren, 1978). This research gave insight into the company's financial health and revealed areas that needed to be addressed, such as enhancing liquidity or reducing debt. To address the demand for reliable financial planning, the accountant applied Budgeting and Forecasting theory. The accountant forecasted future expenses, revenues, and cash flows by developing comprehensive budgets and financial forecasts, allowing for optimal resource allocation and informed decision-making (Horngren, 2009; Weygandt et al., 2018).

**Inventory Management and Expense Control**

To address the inventory management problem, the accountant prioritized the implementation of an effective inventory tracking system. Employees purchased additional products from outside stores due to a lack of efficient inventory tracking, resulting in increased inventory and excessive expenses. The accountant was able to streamline the purchasing process and cut expenses by developing a strong system (Warren et al., 2020). The use of numerous financial and management theories is required for effective inventory management. The Economic Order Quantity (EOQ) model is one such theory that helps calculate the ideal order quantity that minimizes inventory carrying costs and ordering expenses (Horngren, 1978). The accountant optimized inventory levels and decreased the risk of stockouts or overstocking by calculating the EOQ and determining suitable reorder points.

The accountant also used the Just-in-Time (JIT) inventory management principle. JIT prioritizes inventory reduction by obtaining goods from suppliers just in time for production or customer demand (Elliott & Elliott, 2015). The accountant reduced inventory holding costs and improved cash flow by employing JIT methods such as keeping good connections with suppliers and utilizing efficient delivery systems. Another critical area handled by the accountant was expense control. The accountant developed a detailed budget for the following three months, including all necessary payments, by meticulously noting all subscriptions. This enabled better financial planning and resource allocation (Weygandt et al., 2018).

In this context, the concept of Zero-Based Budgeting (ZBB) is relevant. Rather depending on historical spending trends, ZBB requires a rationale for every expense,
starting with zero (Kimmel et al., 2018). Using ZBB, the accountant scrutinized each subscription and its cost, verifying that spending were in line with the company's goals and priorities. A crucial component of management accounting, variance analysis, was also used to monitor and control spending. The accountant noticed any substantial variances and analyzed the underlying causes by comparing actual expenses to projected levels (Horngren, 1978). This analysis enabled early remedial steps to be made, ensuring that costs were kept under control.

**Financial Analysis and Sales Performance**

During the purchase record review, the accountant discovered inflated bills that went unreported by store staff. The company was able to reduce costs and boost profitability by resolving this issue (Elliott & Elliott, 2015). Financial analysis is critical in assessing a company's performance and determining areas for development. Ratio analysis is a common tool in financial analysis. Ratio analysis is the process of computing and analyzing numerous financial ratios in order to evaluate a company's liquidity, profitability, and solvency (Horngren, 1978). Through ratio analysis, the accountant was able to detect inflated bills, which had a detrimental impact on the company's profitability.

Aside from ratio analysis, the concept of cost control is critical for increasing profitability. Cost control is the management and reduction of expenses in order to improve a company's financial performance. The accountant efficiently adopted cost control methods by detecting and correcting the overcharged bills, resulting in lower costs and increased profitability (Elliott & Elliott, 2015). The corporation struggled to keep track of its expenses and appropriately calculate its income. To address this, a monthly budget was established beginning in September 2023. Budgeting is a method of financial management that entails forecasting and planning for future income and expenses. By developing a budget, the organization can set revenue and spending targets, giving a baseline for analyzing actual performance (Weygandt et al., 2018).

Despite meeting its purchasing and spending targets, the company fell short of its sales projections. To solve this issue, the corporation created a strategy based on the preceding three months' average revenues and expenses. This strategy targeted to reduce expenses and income in order to align them with current sales performance (Horngren, 1978). To enhance sales performance even further, the firm chose to focus on actual sales numbers and set a sales rise target of 20% for the next month of December 2023. This method highlights the necessity of defining clear sales goals and working hard to achieve them (Horngren, 2009; Maspul, 2024).

In summary, financial analysis and management techniques play vital roles in addressing sales performance challenges. Through the analysis of purchase records, ratio analysis, and cost control measures, the accountant identified overpriced bills and implemented cost reduction strategies. Budgeting provided a framework for monitoring expenses and assessing income. The company then adjusted its strategy based on actual sales figures and set specific sales targets to improve performance.
Enhancing SME Sustainability: Principal Theories and Innovative Solutions

Inventory Management: The Economic Order Quantity (EOQ) model is a fundamental theory that can be applied to inventory management. By balancing inventory holding costs and ordering expenses, EOQ assists in determining the ideal order quantity. SMEs can reduce inventory carrying costs and the risk of stockouts or overstocking by calculating the EOQ (Harris, 1990). Furthermore, Just-in-Time (JIT) procedures can be used to optimize inventory levels. JIT focuses on keeping inventory levels low by relying on effective supplier relationships, streamlined production processes, and on-time delivery systems (Maspul, 2024; Ohno, 2019). This method lowers inventory holding costs while increasing cash flow.

Expense Control: Zero-Based Budgeting (ZBB) is a fundamental principle that can be used to control expenses. Starting from zero, ZBB demands a thorough examination of each expense item to verify that it matches with the business's goals and priorities (Wildavsky, 1986). SMEs can detect superfluous or redundant expenses and manage resources more effectively by utilizing ZBB. Another tool for controlling expenses is variance analysis. It entails comparing actual spending to projected amounts and assessing notable variances. This study aids in the identification of cost-cutting opportunities and the implementation of timely remedial actions (Horngren, 2009; Maspul, 2024).

Financial Analysis: A key theory in financial analysis is ratio analysis. It entails computing and evaluating several statistics in order to evaluate a company's liquidity, profitability, and solvency. Liquidity ratios (e.g., current ratio, quick ratio), profitability ratios (e.g., gross profit margin, net profit margin), and solvency ratios (e.g., debt-to-equity ratio, interest coverage ratio) are examples of common ratios (Gibson, 2012). SMEs can acquire insights into their financial health, identify strengths and weaknesses, and make informed decisions to improve performance by doing ratio analysis. Furthermore, financial analysis solutions that enable real-time access to financial data, automated report generation, and advanced analytics capabilities can improve financial analysis.

Customer Relationship Management (CRM) is a fundamental notion that can be used to improve sales effectiveness. CRM systems help small and medium-sized businesses (SMEs) to manage customer interactions, track sales activities, and analyze customer data in order to increase customer satisfaction and drive sales growth (Maspul, 2023; Payne & Frow, 2005). AI-powered sales analytics may improve sales performance even further by analyzing customer data, sales patterns, and market dynamics with machine learning algorithms. This analysis aids in the identification of possible leads, the optimization of pricing approaches, and the provision of individualized sales advice (Davenport et al., 2010). Integrating CRM systems with sales automation technologies and predictive analytics can also help to automate repetitive sales operations and increase sales forecasting accuracy.

Moreover, implementing fundamental ideas and completing analyses in inventory management, expense control, financial analysis, and sales performance
can assist SMEs in optimizing their operations and making informed decisions. Inventory management can benefit from the Economic Order Quantity (EOQ) model and Just-in-Time (JIT) methods, while spending control can benefit from Zero-Based Budgeting (ZBB) and variance analysis. For financial analysis, ratio analysis is useful, and Customer Relationship Management (CRM) paired with AI-powered sales analytics can improve sales performance.

CONCLUSION

The Perfect Zone case study highlights the importance of sound accounting methods and financial analysis in corporate management. The accountant played a critical part in improving the company's financial health and decision-making processes by meticulously managing inventory, capturing financial data, strategic planning, and assessing sales success. These findings highlight the importance of continuous financial planning, monitoring, and adaptation in promoting long-term growth and profitability. Companies that integrate accounting theory with practical applications can improve their financial performance and traverse the intricacies of the flower business more successfully.

Moving forward, firms must prioritize continual investment in accounting skills and technology infrastructure in order to stay nimble and responsive to changing market conditions. Future research might look deeper into the specific challenges and opportunities that SMEs like Perfect Zone encounter when implementing and optimizing accounting processes, as well as investigate novel techniques for overcoming common obstacles and attaining long-term growth. Furthermore, study on the impact of emerging technologies such as artificial intelligence and blockchain on accounting processes could provide useful insights into the future trajectory of financial management practices. Companies that embrace continual learning and adaptation can position themselves for success in today's more competitive and dynamic business climate.

REFERENCES


