**What is Business?**   
Business is an **activity undertaken to produce and sell goods or services** for profit, with the aim of meeting customer needs and improving living standards.

**Key Features:**

* **Activity seeking profit** – Primary goal is to earn more than the cost of operations.
* **Provides goods/services** – Physical goods or non-physical services offered to customers.
* **Improves standard of living** – Supplies products that make life easier, more comfortable, or more productive.
* **Enhances quality of life** – Contributes to well-being through innovation, employment, and accessibility of resources.
* **Nonprofit organizations** – Operate for social, educational, or charitable purposes instead of profit, but still follow business principles for efficiency.

**Mnemonic:** **"A Person Improves Every Nation"**

**Key Business Concepts**

**Revenue:**  
The total amount of money a business earns during a specific period by selling goods and services.

**Profit:**  
The money left after subtracting all expenses from revenue — what the business actually earns.

**Loss:**  
Occurs when a business’s expenses exceed its revenues.

**Standard of living :**   
The amount of goods and services people can buy with the money they have

**Matching Risk with Profit**

* **Risk:**  
  The chance an entrepreneur takes of losing time and money on a business that might not be profitable.
* **Big risk can mean big profits:**  
  Taking larger risks may lead to higher rewards, but also comes with greater chances of loss.

1.Yes — a child’s lemonade stand **is considered a business** in basic business terms.

**Why?**

* **Activity seeking profit** → The child is selling lemonade to earn money.
* **Provides goods/services** → The lemonade is the “good” being sold.
* **Meets needs** → Customers buy it to quench thirst (improves quality of life, even if in a small way).
* **Follows business principles** → Has costs (lemons, sugar, cups) and revenue (sales money).

**Note:**  
It may be **small-scale and informal**, but it still fits the definition of a business — it’s a profit-oriented activity providing goods or services.

**2.** A **garage sale** is usually **not considered a formal business** — it’s more of a **personal activity** to declutter and make some extra money.

**Reason:**

* A business typically involves **ongoing** production or sale of goods/services with the intent of making a profit.
* A garage sale is **occasional**, not continuous, and usually doesn’t have the same organization, licensing, or long-term profit motive as a business.

📌 **Quick tip to remember:**  
If it’s **continuous + organized + profit-focused**, it’s a business.  
If it’s **occasional + personal + one-time**, it’s not.

3. Yes ✅ — **Airbnb hosting** is generally considered a **business**, especially if it’s done regularly and with the intention of making profit.

**Why:**

* **Ongoing activity** → Renting out spaces repeatedly.
* **Profit motive** → Main goal is to earn income from guests.
* **Organized transactions** → Bookings, pricing, customer service, and sometimes licensing/tax obligations.

📌 **Note:**  
If someone rents out a property only once as a one-time event, it may not be a business. But **regular Airbnb hosting = business activity**.

Yes ✅ — **being a social media influencer** is considered a **business** when it’s done **regularly** with the **goal of earning income**.

**Why:**

* **Ongoing activity** → Consistently creating and posting content.
* **Profit motive** → Paid promotions, sponsorships, affiliate links.
* **Organized approach** → Contracts with brands, audience analytics, marketing strategy.

📌 **Note:**  
If someone occasionally posts for fun without payment, it’s a **personal activity**. But once money is involved and it’s planned, it becomes a **business endeavour**.

It **depends** — selling notes can be a **business** if it’s **organized, repeated, and profit-driven**, but often it’s just a **one-time study aid**.

**Analysis:**

* **If occasional / one-time** → Likely not a business (more of an informal exchange or help).
* **If regular & organized** (e.g., making notes for multiple classes, advertising to peers, charging consistently) → **Yes**, it becomes a small business.

📌 **Rule of thumb:**  
**Regular + Organized + Profit motive → Business**  
Otherwise → Just a personal or academic activity.

“Can Rich Cats Manage Their Taxes?”

## **What Type of Business Is Appropriate for You?**

Before starting a business, consider these factors:

1. **Capital Requirements**
   * Amount of money needed to start and sustain operations.
2. **Risk**
   * How much personal property or investment you are willing to lose if the business fails.
3. **Control**
   * The level of authority you want to maintain over decisions and daily operations.
4. **Managerial Abilities**
   * Skills to plan, organize, and control, supervise the business effectively.
5. **Time Requirements**
   * The amount of time you can dedicate to operating the business and supervising employees.
6. **Tax Liability**
   * The taxes that must be paid to government agencies based on business earnings.

## Basic Forms of Business Ownership

1. **Sole Proprietorship**
   * Owned and usually managed by **one person**.
   * Owner has full control and unlimited liability.
2. **Partnership**
   * Owned by **two or more persons**.
   * Partners share management, profits, and liabilities.
3. **Joint Stock Company**
   * A **legal entity** separate from its owners.
   * Can enter contracts, own property, and has limited liability.
   * Owners are shareholders.

### Table 1: General Comparison : Only Lions Roar Mighty Calls, Lifting Large Tall Giants

| **Feature** | **Sole Proprietorship** | **Partnership** | **Corporation (Joint Stock Company)** |
| --- | --- | --- | --- |
| Ownership | One individual | Two or more people | Owned by shareholders |
| Legal Status | Not a separate legal entity | Not a separate legal entity | Separate legal entity (created by law) |
| Registration | Not compulsory | Not compulsory but advisable | Compulsory registration |
| Management | Owner manages and controls | Managed jointly by partners | Managed by Board of Directors and executives |
| Capital Source | Personal wealth or loans | Contributions from partners | Sale of shares to public/private investors |
| Liability | Unlimited liability (personal risk) | Unlimited joint and several liability | Limited liability (owners not personally liable) |
| Life Span | Limited (depends on owner) | Limited (depends on partners) | Perpetual succession |
| Taxation | Owner taxed personally | Partners taxed personally | Subject to corporate tax (double taxation) |

### Table 2: Advantages Comparison : Every Clever Person Finds Many Clever Practical Tips

| **Advantages** | **Sole Proprietorship** | **Partnership** | **Corporation (Joint Stock Company)** |
| --- | --- | --- | --- |
| Ease of Starting | Simple, minimum problems | Easy to start, less formal | Formal and complex process |
| Control | Owner has full control | Shared management and decision-making | Separation of ownership and management |
| Profit Retention | Owner retains all profits | Shared profits among partners | Profits distributed as dividends to shareholders |
| Financial Resources | Limited to owner’s funds | More financial resources through partners | Large capital can be raised via shares |
| Managerial Skills | Uses owner’s expertise | Pooling of partners’ complementary skills | Can attract professional managers |
| Continuity | Can be left as legacy | Longer survival than sole proprietorship | Perpetual life |
| Privacy | Secrecy of business information | Generally private | Public disclosure required |
| Tax Benefits | No separate business tax | No entity-level tax | Tax breaks can be available but faces double taxation |

Table 3: Disadvantages Comparison: **same as before extra MW**

| **Disadvantages** | **Sole Proprietorship** | **Partnership** | **Corporation (Joint Stock Company)** |
| --- | --- | --- | --- |
| Liability | Unlimited personal liability | Unlimited joint and several liability | Complex regulations but limited liability |
| Capital | Limited financial resources | Capital limited to partners’ investments | Expensive to establish, high initial costs |
| Management Burden | Overwhelming time commitment | Potential disagreements among partners | Slow decision-making due to size |
| Business Life | Limited life span | Limited life, depends on partner status | More stable and perpetual |
| Taxation | Income taxed as personal income | Partners pay personal tax on income | Subject to double taxation |
| Registration & Legal Formalities | Minimal legal requirements | Some paperwork for registration advisable | Extensive paperwork, legal compliance |
| Disputes | N/A | Risk of conflicts, disputes between partners | Agency conflicts between owners and managers |
| Withdrawal of Investment | N/A | Difficulties withdrawing investments | Shares can be transferred, easier exit |