

# GORDON YARD

## Chartered Accountant

200 - 33395 First Avenue Mission, B.C. V2V 1G9

Bus: (604) 826-3794 Fax: (604) 820-0506

Email: gordon@gordonyard.com

---

### T1 Small Business Startup Checklist and Information

Proprietor \_\_\_\_\_

Partners \_\_\_\_\_ Partner \_\_\_\_\_

Trade Name: \_\_\_\_\_ Register name \_\_\_\_\_

Address \_\_\_\_\_

Tel \_\_\_\_\_ Cell \_\_\_\_\_ Email \_\_\_\_\_

GST Number \_\_\_\_\_ Is a GST Account needed

WCB Number \_\_\_\_\_ Is a WCB Account needed

PST Number \_\_\_\_\_ Is a PST Account Needed

Lawyer - Do you use one \_\_\_\_\_

Banking Institution and Branch \_\_\_\_\_

Account Manager name and tel \_\_\_\_\_

Insurance Agencies - Business policies \_\_\_\_\_

Banking:

*Open new account*

Cheques \_\_\_\_ Deposit book \_\_\_\_ Debit Card \_\_\_\_

Who will be signatory \_\_\_\_ Business Visa or use own for business \_\_\_\_

Billing and Recievables

How will billings be done \_\_\_\_\_

What is billing basis: When work done \_\_\_\_ Progress bills \_\_\_\_ When item sold \_\_\_\_

Product Inventory ? Must ensure it is counted at end of year at least, valued at cost \_\_\_\_

Company Insurance \_\_\_\_\_

Billings and Payments

Bills are paid on which basis ? COD \_\_\_\_ 30 Days

Visa is cleared off monthly \_\_\_\_\_

## Vehicles

Big myth you can run anything through if you own a business

Amount allowed is based on a mileage log you maintain to determine the amount of business use and personal use. If no log, you have to estimate

-Fuel

-Insurance

-Repairs

-Interest on financing

-Depreciation if owned

-Lease cost if leased

The CRA is very tough on this so you must have the supporting data for the costs and at least a sensible estimate if you do not maintain a mileage log

## *Meals & Entertainment*

You can use if receipt indicates who you paid for and overall amounts are reasonable. You cannot simply run your own meals through. CRA is very tough on these if poor documentation

## *Home office*

You can use a portion of home for business based on the amount of space used and the common costs of the home. Refer to Home office schedule to figure this out

## WCB

If a proprietorship, you do not have to have, but can register and sign up for Personal Optional Protection and pay on whatever amount you want to insure for. Any employees must be covered and any unregistered subtrades.

If you use a subtrade, find out if registered and in good standing with WCB

## *Wages to Spouse and Kids*

If you pay wages to spouse and children, you must ensure the payment is actually made directly to them to have proof of the payment such as cancelled cheque.

The amounts must be reasonable for age of kid, work done, hours available etc

For wages to a spouse, you are almost certainly obligated to have to file the payroll records such as a T4 at end of year unless the spouse has a business and the payment is made to that business for the services provided.

## *Equipment owned at start and transferred to business*

When a small business is started, the owner will often have an assortment of tools and equipment and often, vehicle and machinery that will be transferred to the business. The equipment is detailed carefully and a value put on each item that it was worth on the day of transfer and then the beneficial (and most times legal) ownership will be vested to the new business as this equipment will be used wholly for that purpose and

## Bookkeeping Requirements

As a Proprietorship, your business gets reported on a schedule that is part of your regular tax return.

All that is needed is the revenue and the expenses for the year for this schedule

Equipment additions are depreciated separately, home office costs deducted as well

### *Revenue requirements:*

Your revenue for year must be all the billings done for the year

Your deposits to the bank should agree to this or any difference needs to be explained such as owner deposits, loans etc

If CRA audits you, they can use the total bank deposit amount if it is higher unless you can explain it all. Most people get hit hard, for simply not keeping decent trail

Your monthly bookkeeping process may be one where the total deposits in the bank are detailed as to where the funds came from

### *Expense requirements*

The expenses must be categorized and totalled for the year

The categories will depend on your business but in most cases the following are common ones that often are used but each business will have their own listing

- |                      |                |             |
|----------------------|----------------|-------------|
| - Material purchases | - Advertising  | - Wages     |
| - Subcontracts       | - Meals        | - Insurance |
| - Office             | - Tel and Cell | - Supplies  |
| - Accounting         | - Small tools  | - Repairs   |
| - Fuel               | - Rent         | - Travel    |
| - Vehicle costs      | - Interest     | - Licenses  |

The costs must be totalled by the category for the year. This can be either having all the receipts attached and totalled or the data processed that identifies all the individual items and this can be summarized. The CRA if they audit you will want each category to have the supporting receipts in good order and they tie in to what was filed on your tax return. Many people simply do not take care of their records and fail to support their claimed amounts just because of being sloppy. Your records must be nicely summarized, categorized, totalled and carefully retained to ensure you do not have this problem.

The CRA auditors often say, they know the taxpayers use their autos, take customers out for lunch and use their auto and home offices, but fail to provide or keep decent documentation and thus are disallowed. Develop strict habits and you will always be OK. The returns are your responsibility and no accountant can help you out if you do not have proper documentation to support the figures that you file

How to do your bookkeeping

As noted above, the process is fairly

Payroll ? Who will do this \_\_\_\_\_

Is owners attitude to taxes aggressive or moderate per historical filings

\_\_\_\_\_

\_\_\_\_\_

Who will be the major users of the FS or T2125

\_\_\_\_\_ Nature of use

\_\_\_\_\_ Nature of use

Do you understand that minimizing income of the business can restrict your ability to borrow money or do any refinancing \_\_\_\_\_

What will the primary activities of the company be

\_\_\_\_\_

\_\_\_\_\_

Who will be the major customers or general customer base of the company - target market

\_\_\_\_\_

Who are the major suppliers or who the company pays the most to and why

\_\_\_\_\_

\_\_\_\_\_

Where are most revenue located - Fraser Valley or .....

\_\_\_\_\_

Major Equipment of business

\_\_\_\_\_

\_\_\_\_\_

Make an asset listing if business is new and equipment transferred in

Major Liabilities of Company

\_\_\_\_\_

\_\_\_\_\_

Major Revenue Sources

---

---

Major Direct Costs

---

---

Major Expense types - identify categories

---

---

**Personnel Profile**

Any people on payroll ?

Field or line \_\_\_\_\_

Office or Admin \_\_\_\_\_

What is payroll frequency \_\_\_\_\_

Is there cut off and a holdback period or paid to date \_\_\_\_\_

Who does Payroll \_\_\_\_\_ Who does T4's \_\_\_\_\_

Owner draws - will just be a regular fixed draw amount paid to personal account \_\_\_\_\_

Will other personal expenses be paid out of business account \_\_\_\_\_

\*\*Having excess personal items paid out business will confuse things and surely it not well liked by CRA if they audit your business

**Accounting Affairs**

**Cash**

Bank signing authorities

---

---

**Accts Rec**

Billing process - completed contract, percentage of completion

---

---

Who decides the billings and make such decisions

---

---

Any slow or uncollectible debts

---

---

Are the AR pledged under any credit facilities

---

---

**Inventory**

Is inventory (other than WIP) counted and valued routinely or definitely at YE

---

---

**Prepays**

Any prepaid rents or other type of refundable deposits?

Description \_\_\_\_\_

Amount \_\_\_\_\_

Description \_\_\_\_\_

Amount \_\_\_\_\_

Are insurance policies reviewed carefully

---

---

Is a fleet plan in effect for vehicles or individual insurance

---

---

Who decides on coverage for insurance and any other policies

---

**New Equipment**

Is a continuity schedule maintained - updated each year

---

---

Who makes decisions on asset purchases

---

---

**Bank Lines of Credit**

---

Does the business have a credit facility ?

---

How much is the overall facility ?

---

What are rates of interest?

**Payables**

What is normal polciy on payable payouts - fast or slow to pay

---

---

Is there a high level of adherence to CRA filings - Payroll, GST etc

---

---

Is there a careful consideration to GST applicable to billings and expenses

---

---

Is there a careful consideration to PST applicable to billings

---

---

Is there a careful consideration to WCB Filings and coverage

---

---

**Loans**

What is nature of debt of company?

**Banks:**

Loan #1

Loan description \_\_\_\_\_

Original Amount \_\_\_\_\_

Interest Rate \_\_\_\_\_

Payment Amount \_\_\_\_\_

Type - Blended \_\_\_ or Principal Plus interest \_\_\_

Security \_\_\_\_\_

Copy of Loan Documents or Credit Facilities

Loan #2

Loan description \_\_\_\_\_

Original Amount \_\_\_\_\_

Interest Rate \_\_\_\_\_

Payment Amount \_\_\_\_\_

Type - Blended \_\_\_ or Principal Plus interest \_\_\_

Security \_\_\_\_\_

Copy of Loan Documents or Credit Facilities

**Vehicle Loans**

**Loan #1**

Loan description \_\_\_\_\_

Original Amount \_\_\_\_\_ Interest Rate \_\_\_\_\_

Payment Amount \_\_\_\_\_

Type - Blended \_\_\_ or Principal Plus interest \_\_\_

Security \_\_\_\_\_

Copy of Loan Documents or Vehicle Purchase Document

**Loan #2**

Loan description \_\_\_\_\_

Original Amount \_\_\_\_\_ Interest Rate \_\_\_\_\_

Payment Amount \_\_\_\_\_

Type - Blended \_\_\_ or Principal Plus interest \_\_\_

Security \_\_\_\_\_

Copy of Loan Documents or Vehicle Purchase Document



|   |  |  |  |
|---|--|--|--|
| <b>NEW BUSINESS ASSETS TRANSFERRED AT STARTUP</b> |  |  |  |
|   |  |  |  |
|   |  |  |  |
|   |  |  |  |

|                         |   |  |  |
|-------------------------|---|--|--|
| <b>OFFICE EQUIPMENT</b> | List by items, put best est of value at date of start of business |  |  |
|                         |   |  |  |

| <i>Description</i> | <i>Qty</i> | <i>Value</i> | <i>Total</i> |
|--------------------|------------|--------------|--------------|
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |

|                            |   |  |  |
|----------------------------|---|--|--|
| <b>TOOLS AND EQUIPMENT</b> | List by items, put best est of value at date of start of business |  |  |
|----------------------------|---|--|--|

| <i>Description</i> | <i>Qty</i> | <i>Value</i> | <i>Total</i> |
|--------------------|------------|--------------|--------------|
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |

|                             |   |  |  |
|-----------------------------|---|--|--|
| <b>MACHINERY AND BIG EQ</b> | List by items, put best est of value at date of start of business |  |  |
|-----------------------------|---|--|--|

| <i>Description</i> | <i>Qty</i> | <i>Value</i> | <i>Total</i> |
|--------------------|------------|--------------|--------------|
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |

|                         |   |  |  |
|-------------------------|---|--|--|
| <b>TRUCK OR VEHICLE</b> | List by items, put best est of value at date of start of business |  |  |
|-------------------------|---|--|--|

| <i>Description</i> | <i>Qty</i> | <i>Value</i> | <i>Total</i> |
|--------------------|------------|--------------|--------------|
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |

|                 |   |  |  |
|-----------------|---|--|--|
| <b>COMPUTER</b> | List by items, put best est of value at date of start of business |  |  |
|-----------------|---|--|--|

| <i>Description</i> | <i>Qty</i> | <i>Value</i> | <i>Total</i> |
|--------------------|------------|--------------|--------------|
|                    |            |              |              |
|                    |            |              |              |
|                    |            |              |              |