

# Things That Every Business Owner Should Know

- 1. Structures** – proprietorship/partnership/corporation
  - a. Advantages of each structure –year end/liab/losses/non active family/IPP/EHSP
  - b. Roles re: each structure – 3 hats – shareholder/director/management
- 2. Financial Statements**
  - a. Types - Notice to reader/Review/Audit
  - b. Parts – Opinion/Balance Sheet/Income Statement/Cash Flow/Notes
- 3. Financial Tracking**
  - a. Historical – evaluation – Ratios –see handout
  - b. Forecasting – Budget/Cash flow –see handout
- 4. Tips for the self-employed**
  - a. Cash flow improvement
    - i. Get invoices out promptly
    - ii. Raise your prices
    - iii. Blame it on your accountant
    - iv. Work on retainer
    - v. Watch cheque clearance times
    - vi. Accept credit cards
    - vii. Shift receivables to a finance company
    - viii. Get some money up-front
    - ix. Check credit ratings before the sale
    - x. Catch credit problems early!! - call
  - b. Tax deductions
    - i. Use accrual properly – credit cards
    - ii. Inventory write offs –out of date/unsalable
    - iii. Capture personally paid business expenses
    - iv. Consider special provisions – SRED,
    - v. Consider RRSPs to smooth year to year
    - vi. All expenses – ‘anything’ incurred in order to earn revenue
  - c. CRA traps – favourite audit items
    - i. Taxable benefits - S. 15.2 shareholder loans
    - ii. Taxable benefits – vehicles
    - iii. Payroll – employee vs. subcontract (implications for owner of corp)
    - iv. Workers’ Compensation