

## **BUSINESS WARRANT OF FITNESS CHECKLIST**

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The following is a checklist for your business, which may help us to assess whether or not your business is in good health.

### **WHAT IS YOUR BUSINESS STRUCTURE?**

- Sole trader
- Partnership
- Company
- Special partnership
- Joint venture
- Trading trust

It is important that your business is set up correctly and that you are aware of the advantages and disadvantages of each structure.

### **DO YOU HAVE A WRITTEN AGREEMENT WITH THE OTHER OWNERS OF YOUR BUSINESS AS TO THEIR RESPECTIVE RIGHTS AND OBLIGATIONS?**

If you are a company do you have a shareholders agreement or a company constitution? If you are a partnership do you have a written partnership agreement?

A written agreement may seem like "too much trouble", but if you do have a source document for your business arrangements it is a good thing to refer to when things go wrong.

Memory tends to favour the person remembering.

### **DO YOU OWN YOUR OWN PREMISES?**

- Is this as an owner-occupier or as some other entity? There can be significant financial advantages in ensuring that there are proper arrangements between different structures that you are involved with.
- Do you occupy premises owned by another person?
- Do you have a written lease between the entity that owns the property and your business structure? (see above)
- If you do have a current lease in respect of your premises, is it up-to-date, properly renewed and confirmed? (see above)
- Does the occupation of your premises comply with the relevant town plan? Are there any other town planning issues in relation to your business?

This is important because councils have significant powers to curtail your business activities if they do not comply with the Town Plan.

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### DO YOU OWN YOUR OWN EQUIPMENT, COMPUTERS, ETC?

- Are they on hire purchase?
- Are they on lease to buy?
- Are they on a straight lease?

### EMPLOYMENT

- Do you employ people?
- Do you have written employment contracts?
- Do you have a standard grievance procedure?
- Do you have workplace policies for equal opportunities, occupational safety and health, smoking, etc?

It is very important that these apparently "minor matters" are attended to properly. This saves any "misunderstanding" when the employment relationship ends.

### TRADING

- Do you have standard terms of trade?
- Are these always notified to your customers?
- Do you have a retention of title clause in your terms of trade?
- Do you register financing statements under the Personal Property Securities Act when you give credit for sales?

It is far easier to recover a properly documented and secured debt than one that is done by the "shake of a hand", or a simple credit arrangement.

### FINANCE

- Do you owe money to the bank or finance company?
- How are your borrowings secured? Are they secured by, debenture, third party guarantee, joint and several guarantees or third party mortgages?
- Do you have a written agreement between the parties to your business as to the repayment of your liabilities?

Again, it is vital that you financial arrangements be properly and clearly documented.

Do you have a succession plan for the future of your business? What will happen if you die or are ill for a long period? Do you have Power of Attorney? Do you have a will?

These are as important in your business life as they are in your personal life.

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### **PERSONAL**

- Are your personal assets protected from the risks of your business?
- Do you have a will?
- Are you insured? If so, by whom and what for?

Do you have any other issues with regard to the current state of your business with which we can assist?

We are always here to help you in the management of your business and personal affairs.