

MNP

Get Your Farm Books in Order:

How to Speed Up the Year-End with your Accountant

January 2026



Wherever business takes you

[MNP.ca](https://www.mnp.ca)

PRAXITY[™]
Empowering Business Globally

Context and Purpose

Background and Objectives of the Presentation

Purpose - Help farmers and ranchers:

- Better prepare themselves for year-end tax and financial reporting
- Better understand what their accountants need (critical info)
- Better understand how to organize financial records

Key Objectives:

- Reduce inefficiencies
- Avoid costly delays
- Ensure timely financial statement and tax return completion.
- Improve the relationship with the accountant

Insights and Recommendations

- Based on experiences of several accounting professionals from across Canada, focusing on bookkeeping, organization of records, communication, and technology use.



Recurring Issues and Recommendations

Bookkeeping Quality and Detail

Vague transaction details, incomplete records and missing data cause delays and increase review costs during year-end processing.



Beneficial Practices

- Reconcile the bank
- Clearly identify prepaid expenses
- Post prior year adjustments from accountant
- Clearly identify personal items (non-business)
- Lock down books while records at accountant
- Document any “horse-trading” activity (trading of goods with no cash)
- Provide detailed transaction descriptions for all transactions
- Include quantities and prices for sales and purchases of commodities / livestock / feed, etc.
- Summarize arm’s length vs non-arms length transactions separately (use different accounts)



Recommendations for Accuracy

- Seek bookkeeping training if needed
- Hiring professionals or outsourcing data entry ensures complete and accurate bookkeeping for efficient processing.



Benefits of Improved Bookkeeping

- Better bookkeeping reduces verification time, lowers errors, and allows accountants to focus on strategic advice.

Timeliness and Communication

Impact of Delayed Submissions

- Late submission of records causes pressure and increases the risk of errors during year-end processes.
- Submitting records within 30 - 45 days post year-end allows sufficient time for review and adjustments. (There is no need to wait for that last month bank statement either)

Proactive Engagement and Clear Communication

- Timely and regular communication throughout the year and during the year end process prevents surprises and reduces rework and compliance risks and improves turnaround time.
- Take some time to go over your records with your accountant when you drop them off, to explain any unusual items, significant changes, etc.
- Respond quickly to questions and requests for additional information
- Avoid last minute changes, when possible, but notify accountant of any missed items or mistakes as soon as you become aware
- Be aware of and clearly communicate your own expectations, commitments and deadlines to have financial information complete and available (bank covenants, tax filing deadlines, etc.)

Organization of Records

Disorganized records and missing documents cause delays and repeated follow-ups in year-end financial engagements.

Follow Customized Checklists

- Clients should diligently use customized checklists, often provided by the accountant, to ensure complete and accurate submissions of required documents.

Watch for Government Statements / Tax Slips

- Including full details of farm payments including any and all tax related slips (AGR-1 government payments, T4A Patronage Slips, AgrilInvest Summaries, etc)

Provide online access

- Providing online account access to bank statements, loan statements, tax and other government accounts, etc. streamlines verification and reduces inefficiencies.

Involving Accountants in Software Setup

- Engaging accountants during software transitions ensures proper data capture and smooth adaptation to new systems.



Inventory and Accruals

Importance of Inventory

Tracking and reporting of inventory is critical

- Accurate year-end inventory counts are vital for financial reporting, lender requirements, AgriStability, etc.
 - Do these at year end (not weeks / months later)
- Engage in flow discussion with accountant

Accounts receivable / deferred sales

- Summarized and provide copies of any sales that remained uncollected at year end (including deferred grain tickets)

Accounts payable

- Summarize and provide a list of all invoices that remained unpaid as of the year end date



Loan Details



Loan Repayment Documentation

- Timely sharing of loan agreements and repayment schedules helps maintain complete financial records.
- Complex lending agreements such as interest rate swaps should be provided in advance.
- Operating leases and other off balance sheet financing mechanisms need to be shared and explained

Benefits of Proper Management

- Proper loan management improves financial accuracy and strengthens lender relationships.

Technology and Process Improvements

Online Accounting Software

- Using online accounting software allows direct attachment of documents to transactions, reducing physical paperwork.

Streamlined Document Management

- Attaching loan files and marking prepaids improves accuracy and creates a centralized data repository for farmers.

Efficiency and Accuracy

- Adopting technology and structured processes speeds up year-end preparation and enhances financial insight delivery.
 - Scale system on grain cart / wagon is a good example



Handling Major Transactions

Timely Communication Importance

Early notification of major transactions prevents complications and enables proper planning and documentation.

Impact of Late Notification

Delaying communication causes rework and risks tax or legal issues that could have been avoided.

Proactive Information Sharing

Sharing transaction details early helps optimize tax strategies and ensures smooth year-end processes.



Sole Proprietors – Personal Tax Return Only

Key pointers:

- Follow the checklist provided by your accountant
- Take the time to summarize the income and expenses in a ledger, software, or even just a one-page summary
- Try to use the same income and expense categories as you find on the tax return schedules T1163/T1264/T1273/T2042
- Provide a separate summary for rental properties and other non-farming activity (do not lump in with farming activity)
- Provide invoices for all asset purchases and sales, and any other transactions you are unsure about
- Don't forget to add up the interest paid on loans and lines of credit (but not the principal portion!)
- Estimate inventory on hand at year end (for Mandatory/Optional Inventory Adjustment purposes) and provide summary of any prepaid expenses
- Clarify what % of patronage accounts are business related
- Include all AGR-1, AgriInvest, AgriStability, Crop Insurance and other government slips / statements for the year
- Provide copy of the prior year Notice of Assessment (NOA) from CRA
- Provide copies of all rebate statements
- Ask your investment advisor for a "tax summary" which should include any fees paid to the advisor
- Summarize medical expenses and provide receipts, provide all donation slips
- Provide birthdates for any new children, and also dates for marriage, separation, death, etc.

Additional Notes and Conclusion

Key Takeaways and Collaborative Approach



Proactive Communication

- Open and timely communication between farmers and accountants reduces delays and improves process efficiency.

Organized Record-Keeping

- Maintaining detailed and organized financial records ensures accuracy and compliance during year-end accounting.

Technology Adoption

- Using online accounting tools enhances transparency, streamlines processes, and supports strategic financial insights.

Collaborative Effort

- A collaborative approach built on trust and shared information fosters stronger relationships and long-term success.

Key Takeaways

Financial Statement and Tax Return Preparation Costs

Following the recommendations provided in this presentation will have a positive impact on the amount of money you spend to get your tax returns and financial statements prepared.





FARM MANAGEMENT CANADA
GESTION AGRICOLE DU CANADA



Stuart Person, CPA, CA

National Leader, Crop Services
MNP LLP

Stuart.Person@mnp.ca