

# Startup Costs

In this assignment, you will create your startup expenses and include a text explanation of what those costs will be.

## Startup Expenses

**Expenses** (def): An item or service paid for: expenses are deductible against taxable income, assets are not.

Startup expenses happen before the beginning of the plan, before the first month. For example, many new companies incur expenses for legal work, logo design, site selection and improvements, and other expenses. The only thing which separates a startup expense from an ongoing expense is this timing.

## Startup Assets

**Assets** (def.): Property that a business owns. Assets are any possessions that have value in an exchange.

The Startup assets would be for any asset you purchase before the beginning of the plan, before the first month:

- **Other Current Assets** (current assets that aren't cash, liquid investments, accounts receivable, or inventory). For example, prepaid expenses such as rent deposits or legal retainers.
- **Long-term Assets** (assets such as plant and equipment that are depreciated over time).
- Companies that deal with inventory also include **Starting Inventory**.

## Including Startup Costs in your Expense Budget

Because timing is the only difference between a startup cost and an ongoing cost, you will enter your startup costs in your **Expense Budget** table, then describe those early costs using the **Startup Costs** section.

Before you begin, check to be sure the Startup Costs section is included in your Budget outline:

**Section Setup**

Section Title:

Please verify that these are the items you want to include here. The contents of your plan are up to you. Feel free to add, remove, and rename items as you wish.

**Currently included in this section**

- 
- 
- 

**Other available items to add**

- 


[Add custom text item](#) [Add chart](#)

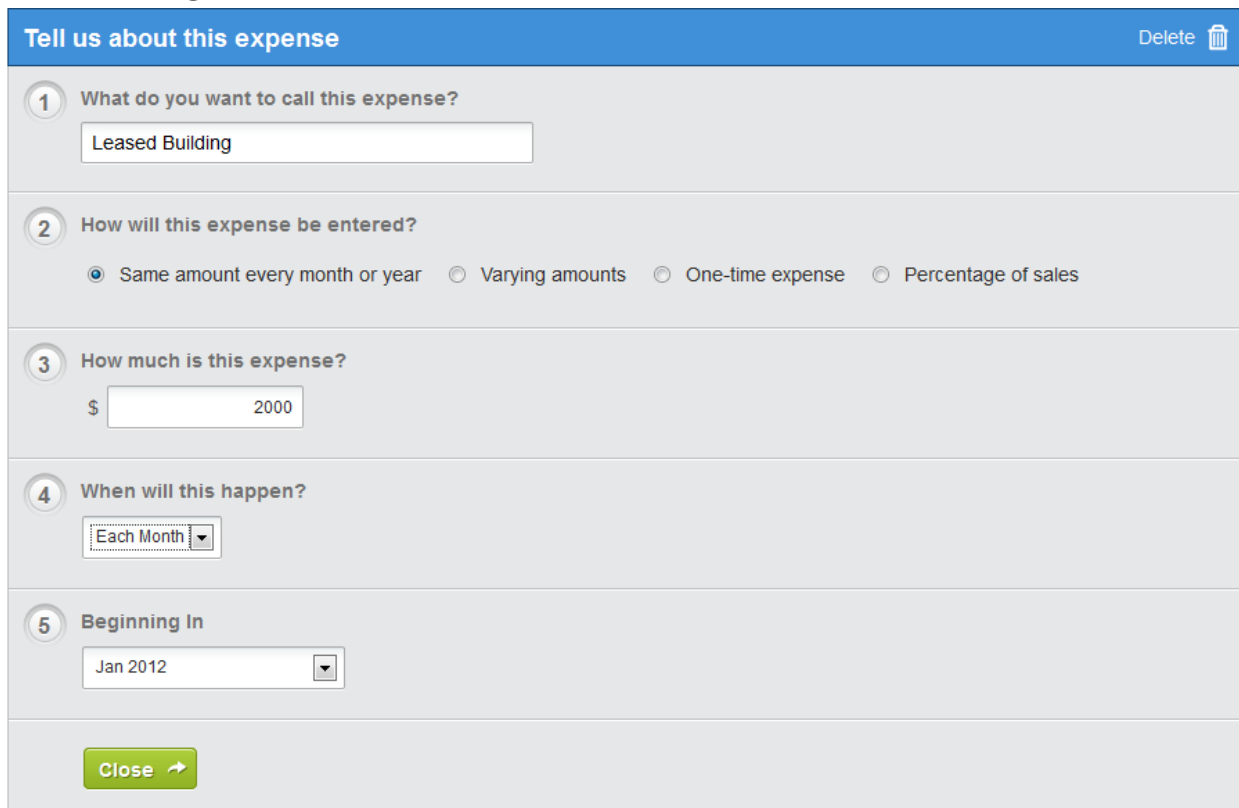
[I'm Done](#)


## Startup Expenses and Startup Assets

The key difference in entering your startup expenses and asset purchases is the date they occurred. They should be entered in the early months of your Expense Budget, then described in detail under the Startup Costs section.

### Startup Expenses:

- Click to launch the Budget Table step-by-step builder
- Click the  button to create a new startup expense
- Give the expense a title and enter in the amount and starting date



**Tell us about this expense** Delete 


1 What do you want to call this expense?


2 How will this expense be entered?  
 Same amount every month or year  Varying amounts  One-time expense  Percentage of sales

3 How much is this expense?  
\$

4 When will this happen?

5 Beginning In

**Close** 


- Click the  button to save
- Repeat these steps for all remaining startup expenses

## Startup Assets

If you purchased assets prior to starting your business, use the **2 Major Purchases** tab within the Expense Budget table to track these startup purchases.


From the Major Purchases tab:


- Click the **Add a Major Purchase** button
- Fill in the information about the purchase


Tell us about this major purchase Delete 

1 What do you want to call this major purchase?

2 What's the price of this purchase?  
\$

3 When will you make this purchase?  
 

**Close** 

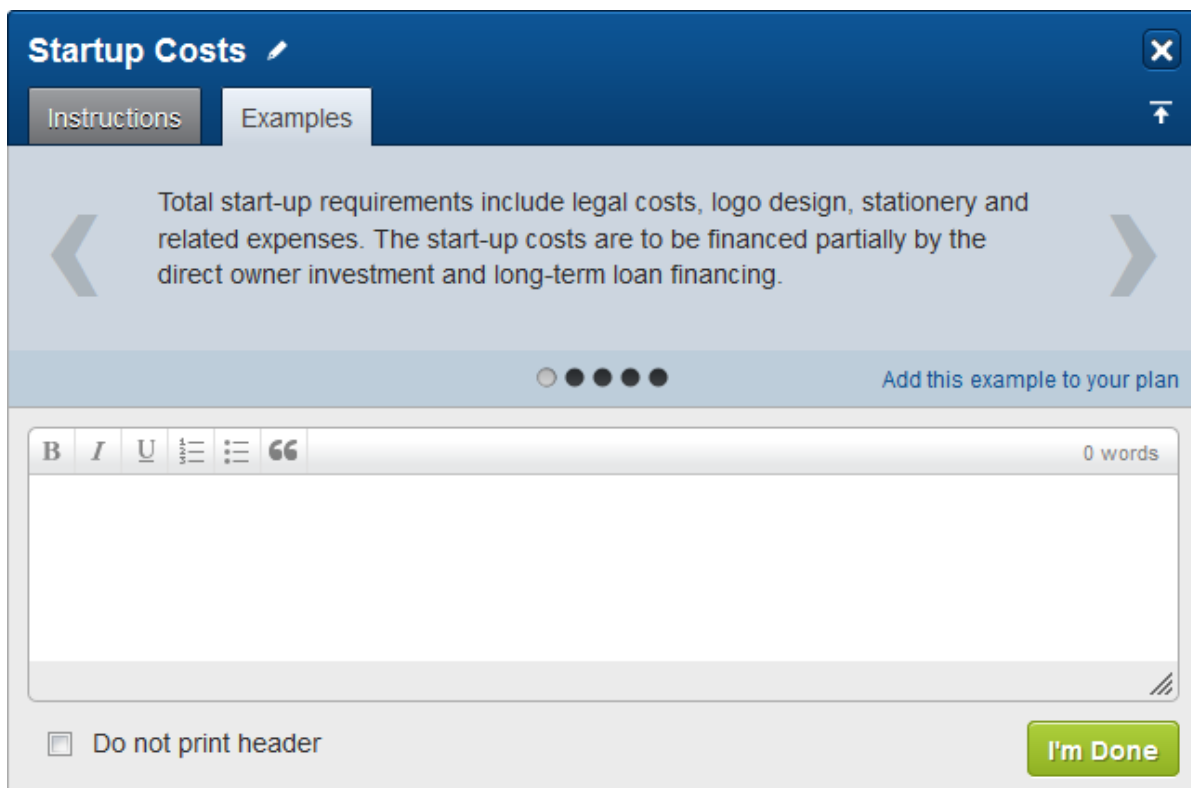
- Click the **Close**  button to save
- Repeat these steps for all remaining startup assets
- Click the **I'm Done** button to return to the Budget chapter view.

## Startup Costs Text

Once you have entered your starting costs (and, if applicable, any starting assets purchased) in the Expense Budget table, you should include a text explanation:

- What items do you need to buy before your business begins? Why?
- Are they one-time purchases, or will they become an ongoing expense for your business (such as rent, utilities, etc.)

Use the Startup Costs text section within the Expense Budget chapter to explain these costs:



The screenshot shows a software interface for editing text. At the top, there is a dark blue header with the title "Startup Costs" and a pencil icon. Below the header are two tabs: "Instructions" (selected) and "Examples". The main content area is light blue and contains the text: "Total start-up requirements include legal costs, logo design, stationery and related expenses. The start-up costs are to be financed partially by the direct owner investment and long-term loan financing." There are left and right arrow icons on either side of this text. Below the text is a row of four small circles, with the first one being white and the others black. To the right of this row is a link that says "Add this example to your plan". Below this is a text editor with a toolbar containing icons for Bold (B), Italic (I), Underline (U), Bulleted List, Numbered List, and Quote. The text editor is currently empty and shows "0 words" in the top right corner. At the bottom left, there is a checkbox labeled "Do not print header". At the bottom right, there is a green button labeled "I'm Done".