

Directors loan Account

Director Loan Accounts are only for Limited Companies and should not be used for Sole Traders. For Sole Traders go to this article on Drawings here.

<https://sortmybooks.zendesk.com/entries/20557337-How-To-use-the-Drawings-Account-for-Sole-Traders>

To set up a Director Loan Account click on **Accounts** and **Bank** and **Add**

Add

Account Add

Adding a new Account: Type in the name of the Bank Account and select the Type it is eg. Bank Account, Loan Account, Credit Card, Till Account, Contra Account (eg. may be used where you've got a Supplier who is also a Customer), TCA - This is a Tax Asset Account eg. Professional Services Withholding Tax or TCL - Tax Liability account where you owe Revenue eg. RCT you've withheld from a Sub-contractor.

Name:* Anne Director Type:* Loan Currency: Euro Opening Balance: -10000 Base Equivalent: -10000.00

OK Cancel

For Name you can type in the Director's Name plus Director or DL to signify it is a Director Loan Account.

In Type make sure to select 'Loan' so that the Loan will show in the Long Term Liabilities section of the Balance Sheet.

Opening Balance – this should be the balance owed to this Director at the beginning of the First Accounting Year you are entering in to SortMyBooks. You should enter this as a negative amount. Note: if you don't know the Opening Balance for the loan then you can come back and enter it at a different time you can still set up the Loan now and go ahead and enter in transactions.

A common question asked is why you would set up a Director Loan Account as if it is a Bank Account. The reason we recommend this is so that you can record Purchase Invoices or Expenses paid out by the Director. For full instructions on How to Record Director's Expenses including Mileage and Subsistence click here <https://sortmybooks.zendesk.com/entries/20674501-How-to-enter-Director-Expenses-for-Mileage-and-Subsistence>

Reimbursing the Director for money that the company owes to him/her should be done through an Account Transfer

If a Director is putting their own money into the business by way of a loan as opposed to an investment in Share Capital that should be recorded as an Account Transfer also.

To transfer money from a Directors loan account to your business account go to **Accounts** and **Bank**.

Select your Directors Loan account

Click on the **Transfer** button

Account Name	Type	Name on Account
<div style="display: flex; justify-content: space-between;"> Quick Edit Transfer Transactions Past Cheques Delete </div>		
Account Name: * <input type="text" value="Directors Loan Account"/>	Account Number: <input type="text"/>	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Account Edit</p> <p>Edit your bank account details here</p> <p>Edit all the details for your bank accounts here. You can differentiate between Bank, Cash, Credit Card, Loan & Till Accounts and import the details onto your Sales Invoices for faster payment.</p> </div>
Type: * <input type="text" value="Loan"/>	BIC: <input type="text"/>	
Bank Address: <input style="width: 100%; height: 30px;" type="text"/>	IBAN: <input type="text"/>	
Sort Code: <input type="text"/>	Opening Balance: <input type="text" value="0.00"/>	
Name on Account: <input type="text"/>		

In the Amount box put in the Amount of money you are transferring to your business account

In the Account box click on the dropdown menu and select your business account

Quick Edit	Transfer	Transactions	Past Cheques	Delete	
Amount: * <input type="text" value="10000"/>	Actual Transfer Amount: <input type="text" value="10000.00"/>	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Account Transfer</p> <p>Transfers between bank accounts can mainly be done by Cheque (you will have to specify cheque/slip number), Electronic Fund Transfer (EFT) or Cash.</p> <p>There's a handy How-To on inputting Account Transfers here.</p> </div>			
Account: * <input type="text" value="AIB Current"/> +	Payment Type: * <input type="text" value="Bank transfer"/>				
Reference: <input type="text"/>	Cheque No: <input type="text"/>				
Date: <input type="text" value="21/06/2013"/>	Slip No: <input type="text"/>				
					<input type="button" value="OK"/> <input type="button" value="Cancel"/>

Select the date and the type of payment and then click ok.