

Lesson 2 – Setting up Bank Accounts

Learning Outcomes - At the end of this you will understand:

How to set up a Bank Account

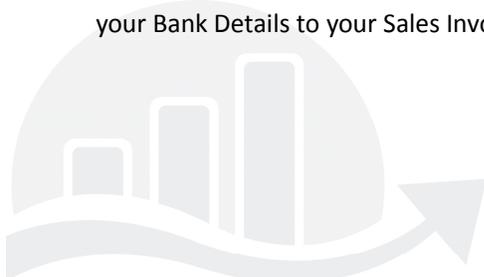
What the different types mean

Duration: 15 minutes

1. Click on the **Accounts Tab** and click on **Bank**
2. Click on **Add**
3. First we're going to add your Current Account. In **Name** type in something meaningful to you and everyone else that will be reading your accounts eg. your accountant and maybe your bookkeeper. A useful name is Current or even your Bank's Initials + Current eg. UB Current or BOI Current. For type select **Bank**. Do not enter anything yet for Opening Balance, that will come in a later lesson. Click on **OK** to complete.

Name	Type	Name on Account	Current Balance
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:*	Type:*	Currency:	Opening Balance:
Ulster Current	Bank	Euro	
	Cash		
	Credit Card		
	Contra Account		
	Loan		5,925.46
	Short Term Loan		31,425.00
	Till		0.00
	TCA		
PSWithholding Tax	Loan		-20,000.00
Cash counter #1	Short Term Loan		-18,260.00
PlayPal	Till		
Director Smithers	Loan		-1,396.42
Term Loan	Loan		
Credit Card	Credit Card		

4. Click on the Bank Account that you've just created to enter the details. You only need to do this for your Current Account because you are going to use these details later when it comes to adding your Bank Details to your Sales Invoice to help you get paid quicker by your Customers.



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Quick Edit	Transfer	Transactions	Past Cheques	Delete
Name: *	BOI Current		Name on Account:	Sample
Type: *	Bank		Account Number:	12345678
Currency:	Euro		BIC:	
Bank Address:	St Stephen's Green Dublin 2		IBAN:	IE71 BOFI 90270999999
Sort Code:	90-80-12		Opening Balance:	0.00
			Base Equivalent:	0

- With SEPA from February 2014 the important detail to have is the IBAN replacing the Sort Code and Account Number that we currently use. You should find these details on your Bank Statement or when you log-in to your online banking. Click on **OK** when you've completed entering the details. If you don't have them to hand right now you can come back to this screen at any time to add them.
- So what other Accounts do you use in your business? Do you have another Current or Deposit Account? Maybe an Account your transfer the VAT to, if yes then go ahead and click on **Add** again add in this other Account. It will need to have a different name from the first one so something like Deposit or Current2. Again the type is going to be **Bank**.
- PayPal – if you have a business PayPal account then you should set this up and again it would have type **Bank** so follow the same steps you used for setting up the Current Account.
- Credit Card** – if you are using a Credit Card for the business then **Add** this with a type of **Credit Card**. If there is more than one Credit Card in the business then set up each Credit Card user with type **Credit Card**.
- Loan and Short Term Loan** – only use Short Term Loan if the loan has to be repaid within one year. Most loans are long-term eg. type **Loan**. Short Term might be where you get a loan for stock that has to be repaid within a year. You need to add in all of your business loans. Click on **Add** and for the name use either Term Loan or if you have more than 1 loan then maybe the Account Number would be the most useful name. Make sure you select **Loan** for **Type**.



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10. Sole Trader or Partnership? Then set up a **Drawings** Account – in a future lesson you'll get more information on how and when to use this Account. For now click on **Add** and type in the Sole Trader's Name plus Drawings and for **Type** select **Drawings**. For a Partnership set up a Drawings Account for each Partner.
11. Limited Company? Then set up a Director Loan Account for each active Director in the business – in a future lesson you'll get more information on how and when to use this Account. For now click on **Add** and type in the person's name + Director and for **Type** select **Director**. Set up a Director Loan for each Director.
12. Professional Services Withholding Tax – if you sometimes do contracts with the government you may find that they don't pay you in full. You get partial payment along with a certificate detailing how much tax they are withholding from you. If you are in this situation then you need to add in an Account to track it. Click on **Add** and for name type in something meaningful to you like 'Withholding' and for **Type** select **TCA*** and click on **OK**.
13. RCT – Do you work in the Construction Industry? Do you have to withhold money from your sub-contractors or do you have money withheld from you? If you are the withholder then click on **Add** and for the name type in RCT and for the **Type** select **TCL****. If you are one that has money withheld from you then click on **Add** and for the name type in RCT and for the **Type** select **TCA**. If you have both situations eg. sometimes you have to withhold from your sub-contractors and sometimes money is withheld from you by your customer then choose **TCA** as the **Type**.

Click here to do our short quiz to check how well you've understood the lesson.

If you have any questions please click here and ask. We'd love to help and you will be helping us improve our course https://sortmybooks.zendesk.com/anonymous_requests/new

*TCA – This is short for Tax Control Asset. What that means is this account will be in the Current Assets section of your Balance Sheet. That will tell you how much the government owes you back for the tax it withheld.

**TCL – This is short for Tax Control Liability. What that means is this account will be in the Current Liabilities section of your Balance Sheet. That will tell you how much you owe to the government for the money you've had to withhold from your sub-contractors.

Types – why does it matter what type of Account I choose, can't they all be Bank? Your business's balance sheet is divided into 3 sections, Assets, Liabilities and Capital. The type that you choose determines where on the Balance Sheet that it will go so that you don't have to worry about things being in the wrong place. If you want to know more about your Balance Sheet and what it means for your business then click here for our explanation.

