

DIRECTORS LOAN ACCOUNT – HELP SHEET

How to work out what the director(s) loan account position is.

If you keep detailed accounting records this will include the director(s) loan account(s).

If you use Sage or Xero, or some other accounting software, it will just be a case of printing off a report of the director(s) loan account, checking that there isn't anything else than needs to be added (such as a recent mileage claim) and seeing what the balance is.

However, some director(s) will not have this facility and will, therefore, need to work out what the position is, as follows.

1. Start with the amount that is on the last filed accounts.

It will be in the notes to the balance sheet, and may look like this:-

	As at	Amounts	Amounts	Amounts	As at
	date	advanced	repaid	written off	date
	£	£	£	£	£
Director(s) name (here)	X	X	X	X	X

If you have not yet filed any accounts, you will be starting from £0 from when you started trading.

2. Go through the Company bank statements and make a list of all the payments that have been paid to you. It might look something like this:-

Date	Total amount £
02/02/2020	7,000.00
05/03/2020	250.00
08/03/2020	2,500.00
18/08/2020	350.00
25/09/2020	200.00
TOTAL	10,300.00

3. The next step would be to work out which payments were for the company's benefit. I.e. those that are legitimate payments to you from the company (not a loan to you). I find that if you add columns that explain the payments, and the payments that are not for the company put in a separate column. I've headed this one NON-COMPANY

Date	Total amount £	Wages £	Mileage £	Expenses £	Purchases on behalf of the Company £	NON- COMPANY £
02/02/2020	7,000.00	7,000.00				
05/03/2020	250.00		250.00			
08/03/2020	2,500.00				2,500.00	
18/08/2020	350.00					350.00
25/09/2020	200.00					200.00
TOTAL	10,300.00	7,000.00	250.00	0.00	2,500.00	550.00

4. Check that there is information backing up any payments made for Company expenses. Such as PAYE payroll records, mileage records, receipts and invoices.
5. If you have put money into the Company (loaned the Company money which may have been used for wages, for example, put these on as a negative i.e. -£200 in the NON-COMPANY column. You should be able to see this on the bank statements.

Date	Total amount £	Wages £	Mileage £	Expenses £	Purchases on behalf of the Company £	NON-COMPANY £
02/02/2020	7,000.00	7,000.00				
05/03/2020	250.00		250.00			
08/03/2020	2,500.00				2,500.00	
18/08/2020	350.00					350.00
25/09/2020	200.00			200.00		
27/09/2020	-200.00					-200.00
05/07/2020	-89.99					-89.99
TOTAL	10,010.01	7,000.00	250.00	200.00	2,500.00	60.01

6. Go through your own bank statements, credit card statements and pocketful of papers and receipts and work out whether there are any payments that you have made that you have not claimed back from the Company. If there are, gather the evidence together (such as mileage claims sheets), list them and add them up. This will be deducted from the total amount above. This will reduce a positive number (i.e. the amount that you owe the Company or make the negative number lower, i.e. increase the amount that the Company owes you).
7. If the director's loan account is a positive number, these are moneys that you owe the Company. If it is a negative number, these are monies the Company owes you.