

BERNICE'S SERIOUS CHECKLIST

SAPIENCE FINANCIAL

CAMPAIGN ASSET • THE HOUSE
OF RISK

EPISODE 10: DIRECTOR'S LOAN ACCOUNTS & DIVISION 7A AUDIT

The Structural Reality Check: Mixing private household lifestyle expenses with active trading entity ledgers triggers immediate Division 7A asset exposure. An overdrawn Director's Loan Account is classified as a legally enforceable company asset by insolvency practitioners. If the business defaults, court-appointed liquidators will file a personal lawsuit to claw back the full debt balance, exposing your primary home title deed.

1. BALANCE SHEET DIAGNOSTICS & LOAN BALANCES

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1.1 Exact Director Loan Verification

Have you explicitly verified the exact current balance of your internal Director's Loan Account on the business ledger to confirm it is not in an overdrawn state?

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1.2 Separation of Lifestyle Transactions

Are personal domestic accounts, holiday bookings, transport leases, or luxury lifestyle expenses completely isolated away from your primary business credit lines?

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1.3 Liquidator Recovery Awareness

Are you aware that an overdrawn balance register represents a hard personal debt that individual directors must settle directly with a court-appointed liquidator if the company fails?

2. DIVISION 7A COMPLIANCE & REPAYMENT RULES

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2.1 Formal Executed Loan Agreements

Do you have a legally binding, written Division 7A Loan Agreement executed before the company's formal tax lodgement date for all personal drawings?

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2.2 Mandatory Benchmark Interest Tracking

Does your internal accounting pipeline systematically enforce the mandatory statutory principal and interest repayment schedules required under ATO frameworks?

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2.3 Unfranked Dividend Prevention Matrix

Have you ensured that un-reconciled drawings are fully cleared within the financial year to prevent them from being automatically reclassified as high-rate unfranked personal dividends?



2.4 Multi-Year Secured Loan Timeline Audits

Are all long-term property or asset acquisitions funded via the business structured cleanly under the corresponding 7-year or 25-year secured commercial loan timelines?

3. REMUNERATION RESTRUCTURING & ASSET ISOLATION



3.1 Strategic Franked Dividend Clearing

Does your advisory desk implement a structured remuneration programme utilising a combination of clear PAYG salary and fully franked dividends to systematically clear your DLA holes?



3.2 Primary Home Title Decoupling

Is your family residence title held entirely outside the name of any director who maintains an active overdrawn balance register, removing it from automated liquidator claws?



3.3 Quarterly Balance Sheet Realignment

Does an accredited external specialist perform a quarterly forensic sweep of your drawings account to ensure formal entity boundaries match asset protection realities?

IS YOUR PRIVATE LIFESTYLE CREATING A TICKING BALANCE SHEET VOID?

If you checked fewer than 10 boxes today, your home asset matrix and private savings are directly exposed to retroactive Division 7A taxation claws and personal liquidator clawbacks. Do not wait for an unexpected insolvency event to isolate your accounts.



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