

## How to Record Mixed-Use Vehicle Costs in Your Books

### 1. Record ALL motor expenses in full

Put every car-related cost into your bookkeeping system at the gross amount:

- Fuel
- Insurance
- Repairs & servicing
- MOT
- Road tax
- Lease payments (if applicable)
- Parking & tolls
- Breakdown cover

You can code these to something like **“Motor Expenses – Unrestricted”** or simply **“Motor Expenses”**.

This keeps the audit trail clean and avoids messy partial entries.

### 2. Apply the business-use adjustment

At month-end or year-end (your choice), you post a single journal to disallow the personal portion.

#### Example

If total motor expenses for the period are **£5,000**, and personal use is **10%**, then:

- **Business allowable:** £4,500
- **Personal disallowed:** £500

#### Journal entry

Dr Drawings / Owner's Personal Use	£500
Cr Motor Expenses	£500

This reduces the allowable expense and moves the personal portion to drawings (or director's loan if it's a company).

### 3. Mileage log (optional but recommended)

Even though you're using actual costs, keep a simple mileage log to justify the 90/10 split. HMRC loves evidence.

A simple spreadsheet with:

- Date
- Start/finish mileage
- Business purpose
- Business miles...is more than enough.

### 4. If you're using QuickBooks

You can:

- Record all motor expenses normally
- Create a recurring journal for the 10% disallowance
- Or use a month-end adjusting journal when you reconcile accounts

Your regimental mindset will love the consistency.

### 5. If you ever switch to mileage method

You **cannot** claim actual costs at the same time. But since you're already tracking the 90/10 split, you're clearly on the actual-cost method.

## QuickBooks Categories for Mixed-Use Vehicle Costs

Here's the tidy, professional setup that keeps reporting clean and makes year-end adjustments painless.

### Expense Categories

Use these standard accounts (or create them if you prefer your own naming convention):

Category Name	Type	Purpose
Motor Expenses	Expense	Fuel, repairs, servicing, MOT, tyres, parking, tolls
Motor Insurance	Expense	Insurance premiums
Vehicle Lease Payments	Expense	Lease or hire costs
Road Tax	Expense	Vehicle excise duty
Breakdown Cover	Expense	AA/RAC etc.

You can group them under a parent account called **Motor Costs** if you like a tidy chart of accounts.

### Equity / Balance Sheet Category

You need one place to push the personal-use disallowance.

Category Name	Type	Purpose
Drawings – Personal Use of Vehicle	Equity	To record the 10% personal element

If you're doing this for a limited company, swap this for:

- **Director's Loan Account – Personal Use of Vehicle**

### Recurring Journal Template (10% Personal Use)

Here's the exact wording and structure you can paste into QuickBooks as a recurring journal.

#### Journal Name:

Motor Expenses – 10% Personal Use Adjustment

#### Schedule:

Monthly (or yearly — your choice)

#### Journal Entry Template:

Dr Drawings – Personal Use of Vehicle	£X
Cr Motor Expenses	£X

#### Memo:

"Adjustment for 10% personal use of vehicle based on mixed-use ratio (90% business / 10% personal)."