

ACCOUNTING TREATMENT FOR OTHER STATE FUNDING FOR A BUILDING PROJECT

Funds received/used regardless of source, for land and buildings are not reflected as fixed assets in the balance sheet of a school as set out in Section 15(3) Education Act – “For the avoidance of doubt, nothing in this Act shall confer or be deemed to confer on the board any right over or interest in the land and buildings of the school for which that board is responsible.”

Note: In the case of fee charging schools, it is advised to obtain advice from your trustees and auditor before removing land and buildings from the balance sheet. The accounting treatment advised by the boards and trustees’ auditor(s) will prevail.

The accounting treatment is as follows:

Action	DR/CR	Nominal Code	Description
Income from other state funding	DR	1800	Current Account 1 Current Asset
	CR	3904	Other State Capital Projects Income Capital & Reserves

Action	DR/CR	Nominal Code	Description
Spend of other state funding for Capital Building Expense	DR	3991	Other State Capital Building Expense Capital & Reserves
	CR	1800	Current Account 1 Current Asset

The year after the capital building project is complete the income and expenditure should be transferred to the building fund account.

Action	DR/CR	Nominal Code	Description
Transfer the contributions to the cost of the capital project to Building Fund	DR	3904	Other State Capital Projects Income Current Asset
	CR	3995	Building Fund Account Capital & Reserves

Action	DR/CR	Nominal Code	Description
Transfer the cost of the capital building project to the Building Fund	DR	3995	Building Fund Account Capital & Reserves
	CR	3991	Other State Capital Building Expense Current Asset