

ACCOUNTING TREATMENT FOR PATRON/TRUSTEE CONTRIBUTION 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 Patron/Trustee for capital projects | DR | 1800 | Current Account 1 Current Asset |
| | CR | 3903 | Patron/Trustee Contribution to Capital Projects Income Capital & Reserves |

| Action | DR/ CR | Nominal Code | Description |
|---|-----------|--------------|---|
| Spend of Patron/Trustee’s contributions to capital buildings expenses | DR | 3990 | Patron/Trustee Contribution to 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 account.

| Action | DR/CR | Nominal Code | Description |
|--|-------|--------------|---|
| Transfer the contributions to the cost of the capital project to Building Fund | DR | 3903 | Patron/Trustee Contribution to 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 | 3990 | Patron/Trustee Contribution to Capital Building Expense Current Asset |