

## ACCOUNTING TREATMENT OF DEPARTMENT OF EDUCATION (DE) BOOK GRANT

### MONIES RECEIVED/SPENT RELATING TO THE FOLLOWING SCHOOL YEAR

There are occasions towards the end of a school year that Department of Education (DE) monies will be received that relate to the following year. Also, there may be some costs incurred that relate to the coming year.

If an income or an expense incurred at the end of the current year relates to the next school year, they should be deferred until the following school year. As long as it is possible to attribute income or expenditure to the relevant year, income/expenses should be entered in the income and expense account of that year.

#### Example

For instance, if a school receives monies from the DE for the book grant for the coming school year in June and pays for books in August, as this relates to the following school year, this should be deferred until the following year. It is necessary to classify the monies received in advance as "Book Grant Received in Advance" and the costs incurred prior to the start of the new school year as a "Prepayment".

#### Year 1: Prior to the start of the next school year

Action	DR/CR	Nominal Code	Description
DE Book Grant Received	DR	1800	Current Account 1 Current Asset
	CR	2151	Book Grant Received in Advance Current Liability

Action	DR/CR	Nominal Code	Description
Payment for Books that will not be used until the next school year	DR	1720	Prepayments Current Asset
	CR	1800	Current Account 1 Current Asset

**Year 2: Next School Year**

Action	DR/CR	Nominal Code	Description
Transfer from DE Book Grant Received in Advance to Book Grant Unspent	DR	2151	Book Grant Received in Advance Current Liability
	CR	2160	Book Grant Unspent Current Liability

Action	DR/CR	Nominal Code	Description
Reversal of Prepayment	DR	4730	Book Grant Expense Expense
	CR	1720	Prepayments Current Asset

Action	DR/CR	Nominal Code	Description
Journal to recognise book grant income in line with recorded expenditure	DR	2160	Book Grant Unspent Current Liability
	CR	3150	Book Grant Income Current Asset

Throughout the school year, any additional DE Book Grant expense incurred relating to that year will be treated in the following manner:

Action	DR/CR	Nominal Code	Description
Purchase of school books during Year	DR	4730	Book Grant Expense Expense
	CR	1800	Current Account 1 Current Asset
Action	DR/CR	Nominal Code	Description
Matching Purchase of school books during Year with Income	DR	2160	Book Grant Unspent Current Liability
	CR	3150	Book Grant Income Current Asset