

## Removal of Land and Buildings from the Balance Sheet of the Board

(Document last updated August 2025)

### 1. Introduction

Land and buildings are in most cases the property of the patron/trustee.

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.”

Therefore, boards and patrons/trustees are advised to remove land and buildings from the balance sheet.

Where land and buildings are being removed from the balance sheet, a land/building fund account should be created into which the original cost of the land and buildings is transferred together with contributions towards the cost of these land and buildings.

This is a change in policy and gives rise to a prior year adjustment.

**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.

### 2. Accounting Treatments

**Example: Department of Education funded capital project removed from land and buildings**

Action	DR/CR	Nominal Code	Description
Transfer the cost of Land and Buildings to Land/Building Fund Account	DR	3995	Land/Building Fund Account Capital & Reserves
	CR	1400	Capital: Land and Buildings Cost B/Fwd Fixed Assets

Action	DR/CR	Nominal Code	Description
Write back depreciation to Retained Surplus	DR	1410	Accumulated Depreciation: Land and Buildings B/Fwd <a href="#">Fixed Assets</a>
	CR	2710	Surplus Brought Forward <a href="#">Capital &amp; Reserves</a>

Action	DR/CR	Nominal Code	Description
Transfer the contributions to the cost of Land and Buildings to Land/Building Fund Account	DR	3900	DE Capital Building Grant Income <a href="#">Capital &amp; Reserves</a>
	CR	3995	Land/Building Fund Account <a href="#">Capital &amp; Reserves</a>

Action	DR/CR	Nominal Code	Description
Write back amortisation to Retained Surplus	DR	2710	Surplus Brought Forward <a href="#">Capital &amp; Reserves</a>
	CR	3906	Accumulated Amortisation of Capital Building Income <a href="#">Capital &amp; Reserves</a>

**Negative Building fund:** Where a school has expended more funds on land and building than those received this will result in a negative or debit balance on the building fund. This is in line with the FSSU recommended accounting treatment.