FSSU Sample Accounting Policies

1. Introduction

This document sets out sample accounting policies for the preparation of school accounts. These policies are based on guidance provided by the Financial Support Services Unit (FSSU) and should be adapted by each board of management to reflect the specific circumstances of the school. The policies may need to be customised to ensure consistency with the board's existing policies and procedures, and likewise, other policies and procedures may need to be updated to align with these accounting policies.

2. Accounting Policies

2.1 Basis of preparation

The accounts should be prepared under the historical cost convention, on a going concern basis and in accordance with the accruals concept. They should be prepared in line with the guidelines issued by the Financial Support Services Unit (FSSU).

2.2 Recognition of Tangible Fixed Assets

- It is recommended that items should be capitalised and recorded as fixed asset additions when:
  - The item has an expected useful life of more than 1 year; &
  - the item costs more than €500.

- Items costing less than €500 will normally be expensed to the income and expenditure account, unless they form part of a larger project or asset grouping whose combined value exceeds the threshold.

- Equipment purchased in bulk for a project (e.g., computer accessories for a classroom) should be treated as one grouped asset if the total value exceeds €500.

- Major replacements or upgrades that significantly extend the life or capacity of the asset should be capitalised if they meet the threshold.

- Routine repairs, servicing and maintenance costs should be expensed as incurred.

- A fixed asset register should be maintained.

2.3 Depreciation of Tangible Fixed Assets

Tangible fixed assets should be valued at cost less depreciation using the straight-line method.

Depreciation should be provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, Fittings & Equipment should be depreciated over a five year useful life.
ICT equipment should be depreciated over a three year useful life.
Motor Vehicles should be depreciated over a five year useful life.

The estimated useful lives and residual values of assets should be reviewed annually and adjusted if appropriate.

2.4 Capital Grants Recognition

Grants received for the purchase of furniture, fittings and equipment and ICT should be recorded as contributions to fixed assets on the balance sheet.

2.5 Amortisation of Capital Grants

ICT grants recognised as capital grants should be recognised in the Income and Expenditure Report on a systematic basis, once they are expended. It is recommended that the grants spent should be amortised over 3 years.

Other furniture, fittings and equipment grants recognised as capital grants should be recognised in the Income and Expenditure Report on a systematic basis, once they are expended. It is recommended that the grant spent should be amortised over 5 years.

2.6 Land and Buildings

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

Funds received/used regardless of source, for land and buildings should not be 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 the 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.*

Grants and other monies received for the purchase of land and buildings should be recorded as a contribution towards the cost of fixed assets on the balance sheet.

Land and buildings expenditure should be recognised through the balance sheet contribution towards the cost of fixed assets.

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.

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.

2.7 Special Equipment Grants Received for a Specific Student

Special equipment grants may be received to purchase educational equipment for primary and post-primary pupils who have been diagnosed with serious physical or communicative disabilities. As the equipment is of a specialist and individualised nature and may not be suitable for other students in the school, it is recommended that this equipment is expensed through the Income and Expenditure Account in the year it is purchased.

2.8 Unspent Grants

Specific government grants should be deferred if fulfilment of the conditions is incomplete i.e. it cannot be recognised in the year of receipt if the monies have not been allocated against the reason for the grant being given. Specific government grants should be considered a liability until spent. Only the portion of grants expended should be shown as income, with the unexpended balance shown as a liability.

3. Detailed Accounting Treatments

Detailed accounting treatments for the policies outlined above can be found here.