

Use of the Minor Works Unspent for the Purchase of Capital Equipment

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1. Introduction

Under the Minor Works grant, there is scope to spend monies on items of equipment that may be capital in expenditure. This expenditure is to be reflected as fixed assets in the balance sheet of a board's accounts and the grant is to be transferred to Capital & Reserves.

2. Accounting Treatment

The nominal codes to be used to account for the monies received, the expenditure and any unspent balance are set out below.

2.1 When the grant income is received

Action	DR/CR	Nominal Code	Description
Minor Works Grant Monies Received	DR	1800	Current Account 1 Current Asset
	CR	2166	Minor Works Grant Unspent Current Liability

2.2 Where the grant was used for capital expenditure

Action	DR/CR	Nominal Code	Description
Record Capital Equipment Expenditure	DR	1421	Capital: Fixtures, Fittings and Equipment Additions Fixed Asset*
	CR	1800	Current Account 1 Current Asset

***Note 1:** Where the grant is used to purchase ICT equipment DR 1461 Capital: ICT Additions

Action	DR/CR	Nominal Code	Description
Transfer Minor Works Grant to Capital & Reserves	DR	2166	Minor Works Grant Unspent Current Liability
	CR	3920	DE Fixtures, Fittings & Equipment Grant Income Capital & Reserves*

***Note 2:** Where the grant is used to purchase ICT equipment CR 3921 DE ICT Grant Capital Income

2.3 Amortisation of Grants

Amortisation is an accounting technique used to periodically lower the book value of a grant over a set period of time.

The Minor Works grant classified as a capital grant above should be recognised in the Income and Expenditure Report on a systematic basis. It is recommended that the grant should be amortised as follows:

- Purchase of ICT amortise over 3 years
- Purchase of FF&E amortise over 5 years

The amortisation of the grants would be done at the year-end by the school's external accountant/auditor.

Action	DR/CR	Nominal Code	Description
Amortisation of Minor Works Income	DR	3925	Accumulated Amortisation of Capital Equipment Income Capital & Reserves*
	CR	3225	Amortisation of DE Equipment Grants Income*

***Note 3:** Where the grant is used to purchase ICT equipment DR 3926 Accumulated Amortisation of ICT Grant Capital Income and CR 3226 Amortisation of DE ICT Grants

2.4 Depreciation of the Capital Equipment Expenditure

Deprecation is an accounting technique used to periodically lower the book value of a capital expense over a set period of time.

Where the Minor Works grant is used to purchase capital items, it is recommended that the depreciation of the expenditure should be as follows:

- Purchase of ICT depreciate over 3 years
- Purchase of FF&E depreciate over 5 years

The depreciation of the capital expenditure would be done at the year-end by the school's external accountant/auditor.

Action	DR/CR	Nominal Code	Description
Depreciation of Fixtures, Fittings and Equipment Current Year	DR	8020	Annual Depreciation: Fixtures, Fittings and Equipment Expenditure*
	CR	1431	Depreciation: Fixtures, Fittings and Equipment Fixed Asset*

***Note 4:** Where the grant is used to purchase ICT equipment DR 8060 Annual Depreciation: ICT and CR 1471 Depreciation: ICT Current Year

2.5 Unspent

The Minor Works grant is a ring-fenced grant and the balance unspent at the year-end must be reconciled and accounted for in nominal code 2166 Minor Works Grant Unspent.