

Grants to Purchase Capital Items E.G. Loose Furniture & Equipment

(Issued August 2024)

1. Introduction

The Department of Education provides funding for furniture, fittings and equipment for schools in various ways, as part of bigger building/additional accommodation projects or in existing schools where no building project is required.

2. Accounting treatment

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

2.1 When the grant income is received

| Action | DR/CR | Nominal Code | Description |
|--|-------|--------------|--|
| Furniture/ Equipment Grant Monies Received | DR | 1800 | Current Account 1 Current Asset |
| | CR | 2171 | Other Ringfenced Grants Unspent Current Liability |

2.2 When furniture/equipment grant is used to purchase capital items:

| Action | DR/CR | Nominal Code | Description |
|--|-------|--------------|--|
| Recording Capital Furniture/ Equipment Expenditure | DR | 1421 | Capital: Fixtures, Fittings and Equipment Additions Fixed Asset |
| | CR | 1800 | Current Account 1 Current Asset |

| Action | DR/CR | Nominal Code | Description |
|---|-------|--------------|---|
| Transfer Furniture/ Equipment Grant to Capital & Reserves | DR | 2171 | Other Ringfenced Grants Unspent Current Liability |
| | CR | 3920 | DE Fixtures, Fittings & Equipment Grant Income Capital & Reserves |

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 furniture/equipment 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 spent should be amortised over 5 years.

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

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

Note 1: Amortisation Policy - Grant amortised over 5 years

2.4 Depreciation of furniture/equipment expenditure

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

The capital expenditure of the furniture/equipment grant shall be recognised in the Income and Expenditure Report on a systematic basis. It is recommended that the grant spent should be depreciated over 5 years.

The depreciation of the furniture/equipment grant 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 Current Year Fixed Asset |

Note 2: Furniture/Equipment Depreciation Policy - Items depreciated over 5 years

2.5 Account for the unspent grant balance

Furniture/equipment grants are ring-fenced grants and the balance unspent at the year-end must be reconciled and accounted for in nominal code 2171 Other Ringfenced Grants Unspent.