

Donations for Capital Projects

(Document last updated August 2024)

1. Introduction

Schools may receive donations from individuals or charitable organisations towards the cost of a building project or the purchase of land, furniture, fittings or equipment.

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.”

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 Treatment: Donation towards a land/building project

2.1 When the income is received

Action	DR/CR	Nominal Code	Description
Income from donations for Capital land/building projects	DR	1800	Current Account 1 Current Asset
	CR	2172	Other Ringfenced Income Unspent Current Liability

2.2 When donation is used to carry out Capital Land/Building Project

Action	DR/CR	Nominal Code	Description
Expenditure of donations for capital projects	DR	3992	Capital Donations Land/Building Expense Capital & Reserves
Expenditure of donations for capital projects	CR	1800	Current Account 1 Current Asset
Action	DR/CR	Nominal Code	Description
Transfer of donations income spent to Capital Reserves	DR	2172	Other Ringfenced Income Unspent Current Liability
	CR	3907	Capital Donations Income Capital & Reserves

2.3 Transfer to Land/Building Fund Account

The year after the capital land/building project is complete the income and expenditure should be transferred to the land/building account.

Action	DR/CR	Nominal Code	Description
Transfer the contributions to the cost of the capital project to Land/Building Fund	DR	3907	Capital Donations Income Capital & Reserves
	CR	3995	Land/Building Fund Account Capital & Reserves

Action	DR/CR	Nominal Code	Description
Transfer the cost of the capital land/building project to the Land/Building Fund	DR	3995	Land/Building Fund Account Capital & Reserves
	CR	3992	Capital Donations Land/Building Expense Capital & Reserves

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.

3. Accounting Treatment: Donation towards furniture/fittings/equipment

3.1 When capital equipment donation received

Action	DR/CR	Nominal Code	Description
Donation Monies Received	DR	1800	Current Account 1 Current Asset
	CR	2172	Other Ringfenced Income Unspent Current Liability

3.2 When items purchased

Action	DR/CR	Nominal Code	Description
Item Purchased	DR	1421/1461	Capital: Fixtures, Fittings and Equipment Additions/ Capital: ICT Additions Fixed Asset
	CR	1800	Current Account 1 Current Asset
Action	DR/CR	Nominal Code	Description
Transfer of donations spent to Capital Reserves	DR	2172	Other Ringfenced Income Unspent Current Liability
	CR	3907	Capital Donations Income Capital & Reserves

3.3 Amortisation of donation income

Action	DR/CR	Nominal Code	Description
Amortisation of donation income	DR	3925	Accumulated Amortisation of Capital Equipment Income Capital & Reserves
	CR	3840	Amortisation of Non DE Funding Income

3.4 Depreciation of grants

Action	DR/CR	Nominal Code	Description
Depreciation of Equipment	DR	8020/8060	Annual Depreciation: Fixtures, Fittings and Equipment/ Annual Depreciation: ICT Expenditure
	CR	1431/1461	Depreciation: Fixtures, Fittings and Equipment/ Annual Depreciation: ICT Fixed Asset

Note 1: Donation income should be amortised in line with the depreciation

Note 2: Depreciation Policy. Items depreciated over 3/5 years

4. Account for the unspent donations for capital projects

Donations for capital projects are ring-fenced income and the balance unspent at the year-end must be reconciled and accounted for in nominal code 2172 Other Ringfenced Income Unspent.