

Patron/Trustee Contribution for a Capital Building Project

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1. Introduction

Schools may be in receipt of a patron/trustee contribution for a building project.

2. Accounting Treatment

Funds received/used for such projects 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.

The nominal codes to be used to account for the income received, the expenditure and transfer of the income and expenditure to the building fund are set out below.

2.1. Income received

Action	DR/CR	Nominal Code	Description
Income from Patron/Trustee for capital projects	DR	1800	Current Account 1 Current Asset
	CR	2172	Other Ringfenced Income Unspent Current Liability

2.2. Expenditure

Action	DR/CR	Nominal Code	Description
Spend of Patron/Trustee contributions to capital building expense	DR	3990	Patron/Trustee Contribution to Capital Building Expense Capital & Reserves
	CR	1800	Current Account 1 Current Asset
Action	DR/CR	Nominal Code	Description
Transfer of Patron/Trustee contributions spent to Capital Reserves	DR	2172	Other Ringfenced Income Unspent Current Liability
	CR	3903	Patron/Trustee Contribution to Capital Projects Income Capital & Reserves

2.3. Balances transfer to the Land/Building Fund Account

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

Action	DR/CR	Nominal Code	Description
Transfer the contributions to the cost of the capital project to Land/Building Fund	DR	3903	Patron/Trustee Contribution to Capital Projects Income Capital & Reserves
	CR	3995	Land/Building Fund Account Capital & Reserves

Action	DR/CR	Nominal Code	Description
Transfer the cost of the capital building project to the Land/Building Fund	DR	3995	Land/Building Fund Account Capital & Reserves
	CR	3990	Patron/Trustee Contribution to Capital 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.

2.4 Account for the unspent patron/trustee contributions for capital projects

Patron/trustee contributions 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.