Parents Association Fundraising for Capital Items

(Document last updated February 2025)

1. Introduction

Schools may be in receipt of monies from the parents' association which raised funds for capital items. This money should be transferred to the school bank account as soon as is practicable.

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. The example provided below for the accounting treatment illustrates a situation where the monies raised by the parents' association are used to purchase iPads.

2.1 When the income is received into the school current account

Action	DR/CR	Nominal Code	Description
Income from Parents Association Received	DR	1800	Current Account 1 Current Asset
	CR	2173	Other Capital Ringfenced Grants/Income Unspent Current Liability

2.2 When the item is purchased

Action	DR/CR	Nominal Code	Description
iPads Purchased	DR	1461	Capital: ICT Additions Fixed Asset
	CR	1800	Current Account 1 Current Asset

Action	DR/CR	Nominal Code	Description
Transfer of monies spent to Capital & Reserves	DR	2173	Other Capital Ringfenced Grants/Income Unspent Current Liability
	CR	3902	Parents Contribution to Capital Projects Income Capital & Reserves

2.3 Amortisation of Income

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

Where the parents' association income is used to purchase capital items, it is recommended that the amortisation of the income should be as follows:

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

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

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

Note 1: ICT Amortisation Policy - Grant amortised over 3 years

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 parents' association income 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 ICT	DR	8060	Annual Depreciation: ICT Expenditure
	CR	1471	Depreciation: ICT Current Year Fixed Asset

Note 2: ICT Depreciation Policy - Items depreciated over 3 years

2.5 Account for the unspent ringfenced balance

Monies raised by the parents' association for a specific capital purchase is ringfenced and the balance unspent at the year-end must be reconciled and accounted for in Nominal Code 2173 Other Capital Ringfenced Grants/Income Unspent.