



Circular Number: FE 05/26

Date of Issue: 27/02/2026

Subject: FURTHER EDUCATION (FE) COLLEGE ACCOUNTS DIRECTION FOR THE ACCOUNTING PERIOD 1ST AUGUST 2025 TO 31ST MARCH 2026

Target Audience:

- FE College Heads of Finance
- Principals/CEOs of FE Colleges
- Chairs of College Governing Bodies
- Chairs of College Audit Committees
- Northern Ireland Audit Office

Summary of Contents:

This circular sets out the requirements for FE colleges to prepare their 2025/26 Accounting Period Report and Financial Statements for the period 1st August 2025 to 31st March 2026.

Enquiries:

Any enquiries about the contents of this circular should be addressed to:

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Related Documents: NI audit committee handbook ([NI Audit Office Good Practice Guide - Effective Audit & Risk Assurance Committees.pdf](#))

Superseded Documents: All previous accounts directions

Expiry Date: 28/02/2027

1.0 Financial Accounting Framework

1.1 In preparing their accounts, Further Education Colleges must follow the financial accounting framework of: FRS 102 (Financial Reporting Standard 102) and FE and HE SORP (Statement of Recommended Practice: Accounting for Further and Higher Education) 2019:

[FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland](#)

[Statements of Recommended Practice \(SORPs\)](#)

1.2 Colleges should refer to the 2019 FE and HE SORP for the full range of statements and disclosures required.

1.3 The accounts for FE Colleges shall be prepared so as to:

- (a) give a true and fair view of the state of affairs at 31st March 2026 and of the income and expenditure (or, as appropriate, net resource outturn) and cash flows for the financial period for the 8 months then ended; and
- (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the relevant legislature or material transactions that have not conformed to the authorities which govern them.

1.4 Compliance with the requirements of FRS 102 / FE and HE SORP will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of FRS 102 / FE and HE SORP is inconsistent with the requirement to give a true and fair view, the requirements of FRS 102 / FE and HE SORP should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of FRS 102 / FE and HE SORP. Any material departure from FRS 102 / FE and HE SORP should be discussed in the first instance with DfE.

1.5 Where a college or its subsidiary is constituted as a company, the financial statements must also be properly prepared in accordance with the relevant provisions of the Companies Act, including the presentation of a Strategic Report.

1.6 Colleges should continue, and as directed in audit recommendations, to include additional disclosures required by the Government FReM where these go beyond the requirements of FRS 102 / FE and HE SORP.

1.7 Furthermore, please refer to the note included within Appendix 1 for which Colleges should continue to include within their Financial Statements.

2.0 Approval of Accounting Period Reports and Financial Statements

2.1 The Strategic Report, Statement of Corporate Governance and Internal Control and Statement of Financial Position should be signed and dated by the Accounting Officer.

3.0 Copies of Accounting Period Reports and Accounts for laying before the Northern Ireland Assembly

3.1 Colleges, as Non-Departmental Public Bodies, should comply with FD (DoF) 03/25 regarding laying of Accounting Period Report and Accounts in the Northern Ireland Assembly.

[FD \(DoF\) 03/25 - Laying of Annual Reports and Accounts in the Northern Ireland Assembly](#)

3.2 Guideline Accounting Period Report and Accounts return dates are as follows:

- a) draft accounts – by 26th June 2026
- b) final accounts and report – by 6th November 2026

3.3 Once the final Accounting Period Report and Financial Statements have been submitted to the Department and laid at the Assembly, a copy must be placed on the college website, in line with DoF Guidance.

4.0 Useful links for accountability and financial management

[Useful links for accountability and financial management](#)

[Finance Director letters \(FDs\) 2025 | Department of Finance](#)

[Corporate governance in central government departments: code of good practice NI](#)

APPENDIX 1

NOTE XX: ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	Notes	8 Months ended 31 st March 2026	Year ended 31 st July 2025
		£'000	£'000
INCOME			
DfE income (non-grant-in-aid items)	x	0	0
Education contracts		0	0
Tuition fees and charges		0	0
Other grant income		0	0
Other operating income		0	0
Endowment and Investment income		0	0
Total incoming resources		0	0
EXPENDITURE			
Staff costs		0	0
Fundamental restructuring costs		0	0
Other operating expenses		0	0
Depreciation		0	0
Interest and other finance costs		0	0
Total resources expended		0	0
Net surplus/ (deficit) for the period		0	0
Unrealised surplus on revaluation of land and buildings		0	0
Actuarial (loss)/gain in respect of pension scheme		0	0
[Insert any other relevant items]			
Amount transferred to reserves		0	0

FE COLLEGE ACCOUNTS DIRECTION: 1ST AUGUST 2025 TO 31ST MARCH 2026

Analysis of reserves prepared under FReM

	8 Months ended 31 st March 2026	Year ended 31 st July 2025
	£'000	£'000
Balance at 1 st August	0	0
Grant-in-aid received in year	0	0
Net operating cost for year [amount transferred to reserves]	0	0
Balance at 31st March	0	0

[Please note reserves balances here should agree to reserves balances in main accounts]