Annex A: October 2025 legislative changes

The government's policy statement on 21 October 2025[1] set out its vision to streamline corporate reporting so that businesses do not face unnecessary burdens. This included an announcement to deliver legislation which will save companies an estimated £230 million each year. This legislation will:

- provide an exemption for wholly-owned subsidiaries (except Public Interest Entities) from preparing a strategic report where they are covered by the consolidated reporting of a UK parent
- provide an exemption for medium-sized private companies and groups (except those that do not qualify as medium-sized under Companies Act Sections 465-467) from preparing a strategic report in the annual report
- remove the requirement to prepare a directors' report. Some redundant and duplicative provisions will be removed entirely; other elements such as reporting on energy emissions and supplier payments will be relocated elsewhere in the annual report for the time being. Further detail on the policy intentions for specific requirements currently included within the directors' report can be found in the table below

The government is proposing to remove or retain the below requirements from the directors' report, subject to the legislative process, and has provided rationale for the policy intention behind each requirement. Note that these intended amendments are still in an early stage of drafting, and therefore there may be minor changes to final policy positions ahead of the legislative process. Certain requirements currently included within the directors' report are intended to be retained within the annual report and accounts, and these specific requirements are part of this consultation. These are intended to be retained either as floating requirements where companies are provided the flexibility on where to locate this information amongst their non-financial disclosures, or at specific areas within the annual report and accounts. In the process of removing the directors' report, disclosures moved elsewhere in the annual report will remain aligned with our aims to streamline the structure of reporting. We will be as consistent as possible with any future changes to the annual report that may arise because of this consultation. The Department for Business, Innovation, Science and Trade will continue to work with the FCA to improve regulatory alignment, including on any disclosures which arise from their Rules and are currently housed in the directors' report.

Policy Intention	Requirement	Reference	Current Scope	Rationale for change
Remove	Political Donations	The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, paragraphs 3 and 4	Small, Medium and Large Companies	Political donations are not typically of sufficient size to be financially material and are unlikely to be of interest to the majority of investors. In addition, shareholders of public companies vote on the approach to political donations at AGMs, providing opportunities for shareholder

[1] Written statements - Written questions, answers and statements - UK Parliament

Policy Intention	Requirement	Reference	Current Scope	Rationale for change
		The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008, Schedule 5, paragraphs 2 and 3		dialogue with the company on political donations. Qualifying political donations will remain publicly available on the electoral commission register.
	Company Control, Voting Rights and Capital Structure	The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, Part 6	Publicly-traded Companies on UK regulated market	These disclosures arise from the EU Takeovers Directive. Takeovers are generally regulated by the Takeover Panel, as set out in Part 28 of the Companies Act 2006, through the Takeover Code, and information related specifically to takeovers will not be of interest to investors and creditors on a year-on-year basis, and given the Takeover Code only applies in limited circumstances. Furthermore, much of the information included is captured via other mechanisms, e.g. a notification of a significant holding must be made to the FCA, and published by the issuer, per Disclosure Guidance and Transparency Rules (DTR 5.1.2 and 5.9.1), and information on structure of the company's capital is captured through articles of association filed with Companies House.
	Board of Directors Approval	The Companies Act 2006, Section 419(1)	Small, Medium and Large Companies	This requirement will be redundant once the directors' report is removed.
	Small Companies Exemption Statement	The Companies Act 2006, Section 419(2)	Small Companies	This requirement will be redundant once the directors' report is removed.
	Information on companies	The Large and Medium-sized Companies and Groups	Public Companies	Information on own share acquisition is available on Companies House and must

Policy Intention	Requirement	Reference	Current Scope	Rationale for change
	acquiring own shares	(Accounts and Reports) Regulations 2008, Schedule 7, Part 2		be filed there by companies within 28 days of the purchase.
	Recommended dividends	The Companies Act 2006, Section 416(3)	Medium and Large Companies	Actual dividends paid are included within a company's financial statements, and there are related requirements in the International Accounting Standards (IAS 1) for disclosure of dividends proposed or declared before the financial statements were authorised but not recognised in the reporting period.
	Qualifying Indemnity Provision	The Companies Act 2006, Section 236	Small, Medium and Large Companies	The existing qualifying indemnity provision disclosures do not require companies to disclose a significant level of detail other than confirming whether or not this provision is in place, and not providing tangible value to investors and creditors. Additionally, qualifying indemnity provisions are typically already included in articles of association, as per the Model Articles of Association, which must be published on Companies House and updated when amended.
Retain, allowing companies flexibility on where amongst the non-financial disclosures in their annual report and accounts to locate this.	Prompt Payment Disclosures	The Companies (Directors' Report) (Payment Reporting) Regulations 2025	Large Companies	Companies will have the flexibility to choose where to locate this amongst their non-financial reporting, helping companies to put these data-focused requirements where they feel most appropriate in the structure.
	Streamlined Energy and Carbon Reporting (SECR)	The Large and Medium-sized Companies and Groups (Accounts and Reports)	Quoted and previous definition of large (£36	SECR remains an important disclosure for investors and creditors, and so we are proposing allowing companies flexibility on where to disclose this information amongst their non-financial disclosures (including in the strategic

Policy Intention	Requirement	Reference	Current Scope	Rationale for change
		Regulations 2008, Schedule 7, Part 7 and 7A	million turnover)	report, if information is strategically relevant or within TCFD requirements as some companies do).
	Statement of Corporate Governance Arrangements	The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, Part 8	Non-listed companies with 2,000 employees and/or £200 million turnover and £2 billion balance sheet	Stakeholders have noted disclosing Corporate Governance Arrangements remains of value to investors and creditors. Companies will have the flexibility to choose where to locate this amongst their non-financial reporting, including as a separate section if they desire. This will allow companies to locate this disclosure where they feel is most appropriate for investors and creditors.
Retain only names of persons who were directors at the time of the approval and sign-off of the accounts and reports alongside other factual information such as registered company number and address required.	Names of Directors	The Companies Act 2006, Section 416(1)	Small, Medium and Large Companies	Given directors' duties to sign-off the accounts and strategic report, it is important to retain the names of those who carried out these duties for reasons of accountability. Including directors' names alongside other basic information requirements in the accounts will not be lengthy or onerous for companies to produce.
Retain above the directors' signature to the balance sheet.	Directors' statement as to disclosure to auditors	The Companies Act 2006, Section 418	Small, Medium and Large Companies	This requirement is important in focusing the minds of directors to ensure accountability for providing all relevant information to auditors, whilst ensuring peace of mind for investors and creditors that all steps have been taken to declare relevant audit information.