Annex C: Glossary

Term	Definition
Accounting Standards	Statements of standard accounting practice issued by such body or bodies as may be prescribed by regulations. The FRC is a prescribed body.
Advisory Vote	A non-binding shareholder vote. This document uses the term in relation to the non-binding vote on the directors' remuneration report at a company's annual general meeting.
AIM	Alternative Investment Market. It is a sub-market of the London Stock Exchange that allows smaller, growing companies to raise capital with a more flexible regulatory system than the main market, through rules set by the London Stock Exchange rather than UK Listing Rules set by the FCA.
AIM Listed Company	A company whose shares are admitted to trading on AIM, subject to AIM rules and regulations.
Annual accounts	A formal record of a company's financial activities, including the balance sheet, income statement, and cash flow statement.
Annual Confirmation Statement	An annual filing to Companies House that confirms a company's details and basic information on the public register is correct and up to date, including directors, shareholders, and registered office.
Aquis	The Aquis Stock Exchange. It has a main market that is regulated by the FCA, as well as a growth market that allows smaller, growing companies to raise capital with a more flexible regulatory system than the official list.
Assurance	An independent review designed to enhance the degree of confidence of the intended users in information disclosed in reports. There are two types of assurance: reasonable assurance and limited assurance.
Audit	An independent examination of information in which an auditor expresses a reasonable assurance opinion on whether the financial statements of an entity are true and fair, or free from material misstatement.
Audit - Statutory	A statutory audit is an audit required by UK law in which an independent auditor examines a company's annual accounts to determine whether they present a true and fair view in accordance with section 495 of the Companies Act 2006, and reports on whether the accounts have been properly prepared and whether the wider annual report is consistent with those accounts.
Audit Exemption	A legal provision allowing certain companies to be exempt from the statutory requirement to have their accounts audited.
Audit Report	A formal opinion issued by an auditor on whether a company's financial statements present a true and fair view.
Baseline Requirements	The proposed minimum set of disclosures or reporting obligations that would apply to companies meeting the appropriate threshold in their strategic report.

Term	Definition
Bribery Act 2010	UK legislation that sets out offences related to bribery and corruption, applying to individuals and companies.
Capital Maintenance Regime	Legal rules governing how companies can distribute profits, intended to provide creditor protection.
Climate-related Financial Disclosures	Information on how climate-related risks and opportunities affect a company's financial position and strategy.
Companies Act 2006 (CA06)	The primary legislation governing company law in the UK, including requirements for corporate reporting.
Companies House	The UK's official registrar of companies, with various responsibilities including publishing company information.
Company Size Definitions	For the purposes of accounts and audit, companies are categorised in the Companies Act 2006 as micro-entities, small, medium-sized, with large being assumed to be defined by virtue of being more than the qualifying criteria for medium-sized companies. Size is determined based on meeting 2 out of 3 of the qualifying criteria thresholds of turnover, balance sheet and employees.
Corporate Governance Code	A set of principles for good corporate governance. The UK Corporate Governance Code set by the FRC is one such example.
Corporate Insolvency and Governance Act 2020 (CIGA)	Emergency legislation introduced during the COVID-19 lockdown, since repealed, to provide temporary measures supporting businesses facing financial distress, including changes to insolvency procedures and corporate governance requirements.
Corporate Reporting	This includes the annual report and accounts, but also other disclosure requirements set on companies by government or regulators. This consultation focuses on those set under the Companies Act 2006.
Digitisation Taskforce	A group established by HM Treasury in 2022 to drive the digitisation of UK shareholding and company reporting. The Taskforce brought together government, regulators, and industry stakeholders to recommend eliminating paper share certificates, improving shareholder communication, and modernising the UK's system for holding and reporting company shares.
Directors' Remuneration Report	A statutory report within the annual report and accounts detailing the pay and benefits of a company's directors.
Directors' Report	A statutory report within the annual report, providing information on the company's activities and compliance. As announced in October 2025, the government is currently progressing legislation to remove the requirement for a directors' report.
Distributable Profits/Reserves	Profits available for distribution to shareholders, most often as dividends, calculated as accumulated realised profits minus losses.
Dormant Company	A company that has had no significant accounting transactions during a financial year, as defined by the Companies Act 2006. Dormant companies must still file annual accounts and a confirmation statement, but may submit simplified dormant accounts and are generally exempt from audit unless otherwise required.

Term	Definition
Economic Crime and Corporate Transparency Act 2023 (ECCTA)	The primary legislation aimed at reducing economic crime and improving corporate transparency in the UK.
Electronic Formatting	The use of digital formats (such as iXBRL) and tagging to prepare, file, and analyse company accounts for machine readability.
Energy Savings Opportunity Scheme (ESOS)	A mandatory UK government scheme requiring large organisations to carry out energy audits every four years. ESOS aims to identify cost-effective energy-saving opportunities, improve energy efficiency, and support national carbon reduction targets.
EU Accounting Directive	An EU law (Directive 2013/34/EU) that sets out the requirements for the preparation, presentation, and publication of annual and consolidated financial statements by companies in EU member states.
EU Corporate Sustainability Due Diligence Directive (CSDDD)	An EU law (Directive 2024/1760) that requires large companies operating in the EU to identify, prevent, and address adverse human rights and environmental impacts in their own operations and across their global value chains. The CSDDD imposes binding due diligence obligations, including the adoption of transition plans, and introduces civil liability for non-compliance.
EU Corporate Sustainability Reporting Directive (CSRD)	An EU law (Directive (EU) 2022/2464) that requires large and listed companies to report on a wide range of sustainability matters. The CSRD sets out which companies must report, what topics must be covered, and introduces requirements for assurance and digital tagging. The directive mandates the use of detailed reporting standards developed by the EU (ESRS).
European Sustainability Reporting Standards (ESRS)	A set of detailed reporting standards adopted by the EU under the CSRD. The ESRS specify the precise environmental, social, and governance (ESG) information that companies must disclose in their sustainability statements.
Extractives Industry Transparency Initiative (EITI)	A global standard that promotes open and accountable management of oil, gas, and mineral resources. The EITI requires participating countries and companies in the extractive sector to disclose information on tax payments, licences, contracts, production, and other key elements, aiming to improve transparency, reduce corruption, and ensure that natural resource wealth benefits all citizens.
FCA Disclosure Guidance and Transparency Rules (DTRs)	A set of rules issued by the FCA that set requirements for traded companies regarding disclosure, transparency, and corporate governance.
Filing	The process of submitting required documents or information to an official body, such as Companies House, to comply with statutory or regulatory obligations.
Filing - Electronic	The submission of statutory documents or reports in digital format to regulatory authorities.
Financial Conduct Authority (FCA)	The UK regulatory body responsible for overseeing financial markets, protecting consumers, and ensuring the integrity of financial services.

Term	Definition
Financial Reporting Council (FRC)	The UK regulator for corporate governance, reporting, and audit, responsible for setting the UK Corporate Governance Code as well as UK-specific accounting, audit and assurance standards.
Financial Reporting Standards (FRS)	UK accounting standards, such as FRS 101, FRS 102 and FRS 105.
Financial Services Firm	A business that provides financial products or services, such as banking, investment, insurance, or asset management.
Freedom of Information Act 2000 (FOIA)	UK legislation granting public access to information held by public authorities, subject to certain exemptions.
FRS101 – Reduced Disclosure Framework	A UK accounting standard that sets out reduced disclosure requirements for qualifying companies otherwise preparing financial statements under IFRS.
FRS102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland	A UK accounting standard providing requirements for the preparation of financial statements by companies not applying full IFRS (or FRS 101 or FRS 105). It includes Section 1A Small Entities that provides simplified disclosure requirements specific to small companies.
FRS105 - The Financial Reporting Standard applicable to the Micro-entities Regime	A UK accounting standard for micro-entities, offering simplified reporting requirements.
GAAP (Generally Accepted Accounting Practice)	A set of accounting standards and principles used to prepare financial statements.
Group	A parent company and its subsidiaries, considered together for reporting and regulatory purposes.
IAS/UK-IAS	International Accounting Standards issued by the International Accounting Standards Board, as adopted in the UK, setting recognition, measurement, and disclosure requirements.
ICAEW	The Institute of Chartered Accountants in England and Wales, a professional membership organisation for accountants.
IFRS Foundation	The organisation responsible for developing and promoting international financial reporting standards, global accounting standards for financial reporting. IFRS standards are developed by two standard-setting boards: the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB).
IFRS Sustainability Disclosure (ISSB) Standards	Global standards for sustainability-related disclosures, developed to ensure consistency and comparability in reporting environmental, social, and governance (ESG) matters.
Ineligible Group	A group of companies excluded from claiming certain reporting or audit exemptions due to specific members within it.

Term	**Definition**
(Inline) eXtensible Business Reporting Language ((i)XBRL)	A digital format for tagging financial data in company reports, helping automated analysis and regulatory compliance. The 'inline' element ensures that these tags are embedded within a normal HTML presentation, allowing the same document to be both viewed easily by humans and processed automatically by systems.
International Sustainability Standards Board (ISSB)	A global body under the IFRS Foundation developing sustainability-related disclosure standards. The two standards made by the ISSB are: • IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* • IFRS S2 *Climate-related Disclosures*
Investors and Creditors	For the purposes of this document, used to describe the primary users of a company's annual reports and accounts.
Large Company	See Company Size Definitions.
Listed Company	A company whose securities are admitted to listing on the Official List maintained by the FCA, meaning equity shares may then be admitted to trading on a UK-regulated market such as the Main Market of the London Stock Exchange.
Material; materiality	Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the shareholders and other primary users take on the basis of the annual report as a whole, which includes the strategic report.
Medium-sized Company	See Company Size Definitions.
Micro-Entity	See Company Size Definitions.
Narrative Reporting	The qualitative, explanatory component of a company's annual report. It includes sections such as the strategic report, directors' report, and governance disclosures, offering insights into a company's strategy, business model, risks, performance, and future outlook. Narrative reporting helps stakeholders understand the story behind the numbers and is a key vehicle for communicating non-financial and environmental, social, and governance (ESG) information in a coherent and accessible format.
Non-Financial Information/ Reporting	These terms are used to distinguish the information in the annual report and accounts other than the financial information in the annual accounts. The use of 'non-financial' should not be taken to imply that this information is not financially-material.
Parent Company	A company that controls one or more subsidiaries, typically through majority ownership of voting shares.
Parent Company Guarantee	A guarantee provided by a parent company to cover the obligations of its subsidiary.
PIE (Public Interest Entity)	A company of significant public interest, such as traded companies, banks, and insurers.

Term	Definition
Portal Reporting	The mechanism of corporate reporting or disclosures by which companies submit information via an online portal provided by regulatory authorities.
Post Implementation Review	An assessment conducted after the implementation of a policy, regulation, or standard to evaluate its effectiveness and impact.
Primary User	The main intended audience for corporate reporting, i.e. existing and potential investors, lenders and other creditors.
Prudential Regulatory Authority (PRA)	The Prudential Regulation Authority (PRA) is part of the Bank of England, responsible for the prudential regulation and supervision of major financial firms in the UK, including banks, insurers, building societies, and investment firms, to ensure they are safe, sound, and can meet their obligations, thereby protecting financial stability and policyholders.
Quoted Company	A company whose share capital is officially listed on the London Stock Exchange, in an EEA State, on the New York Stock Exchange or Nasdaq.
Recognised Supervisory Bodies (RSBs)	Professional accountancy bodies authorised under the Companies Act 2006 to regulate statutory auditors. RSBs are delegated responsibilities by the FRC, including approving and registering audit firms and responsible individuals (excluding those undertaking Public Interest Entity audits), setting competence requirements, and monitoring and enforcing audit standards. The four RSBs are ACCA, ICAEW, CAI and ICAS.
Register of Members	The official record of a company's shareholders, including their contact details and shareholdings.
Reporting Gateway	A government function to oversee and assess new or revised reporting requirements to ensure a more consistent and streamlined impact on business.
Section 172	A statutory duty within the Companies Act 2006 requiring company directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In fulfilling this duty, directors should have regard to a range of factors, including the likely long-term consequences of decisions, the interests of employees, relationships with suppliers and customers, the impact on the community and environment, the company's reputation for high standards of conduct and the need to act fairly between members.
Securities	Financial instruments representing ownership (such as shares) or debt (such as bonds) issued by companies.
Securities - transferable	Securities that can be bought, sold or transferred between parties, such as shares or bonds traded on financial markets.
Share Buy-Back	The process by which a company purchases its own shares from the market, reducing the number of shares outstanding.
Small Company/Companies	See Company Size Definitions.

Term	Definition
SME (Small and Medium-sized Enterprise)	See Company Size Definitions. While ‘SME’ is widely used in business, policy and regulatory contexts, the Companies Act 2006 does not use this term or provide a single statutory definition. Instead, the Companies Act 2006 defines ‘micro-entity’, ‘small company’, and ‘medium-sized company’ separately, each with its own thresholds and requirements. The meaning of SME can vary depending on the context, legislation, or regulatory framework in which it is used, and may encompass different combinations of micro-entities, small and medium-sized companies.
SORP (Statement of Recommended Practice)	Guidance issued by industry bodies to supplement accounting standards. A SORP provides sector-specific guidance on how to apply UK GAAP in preparing financial statements. The Charities SORP is one example.
Statutory Instrument (SI)	The most common type of secondary legislation in the UK, used by government ministers to add details to or change an existing Act of Parliament without passing a whole new Act.
Strategic Report	A section of the annual report providing an overview of the company’s business, principal risks and relevant non-financial information.
Streamlined Energy and Carbon Reporting (SECR)	A UK regulatory requirement for certain companies to disclose energy use and carbon emissions.
Subsidiary	A company controlled by another company (the parent), typically through majority ownership of voting shares.
Sustainability-related Financial Disclosure	Information about sustainability-related matters that is reported because of its actual or potential impact on a company’s financial position, performance, or prospects. This disclosure focuses on sustainability-related matters that are material to investors and creditors.
Tagging, Electronic Tagging	The process of digitally labelling data in corporate reports to facilitate automated analysis and regulatory compliance.
Taskforce on Climate-related Financial Disclosure (TCFD)	An international initiative that developed recommendations for companies to disclose climate-related financial risks and opportunities. Also used as shorthand to describe the reporting against, or aligned with, the recommendations.
The Wates Corporate Governance Principles for Large Private Companies (the Wates Principles)	A set of principles developed to guide corporate governance practices in large private companies in the UK.
Threshold	A specified limit or criterion used to determine the applicability of reporting, audit or regulatory requirements.
Traded Company	As defined by section 474(1) of the Companies Act 2006, a company whose transferable securities are admitted to trading on a UK regulated market.

Term	Definition
True and Fair View	A fundamental accounting principle requiring that financial statements present a complete, free from error and unbiased picture.
UK Listing Rules	A set of rules issued by the FCA that govern the admission of securities to the official list and the ongoing obligations of listed companies in the UK.
UK SRS (UK Sustainability Reporting Standards)	UK-specific sustainability reporting standards aligned with ISSB standards. There are two UK SRS: • UK SRS S1 *General requirements for disclosure of sustainability-related financial information* • UK SRS S2 *Climate-related disclosures*
UK Sustainability Disclosure Technical Advisory Committee (TAC)	A committee established to provide technical advice and endorsement recommendations to the Secretary of State for Business, Innovation, Science and Trade on sustainability disclosure standards and practices in the UK.
Website Reporting	The publication of corporate reports, disclosures, or other information on a company's website to enhance transparency and accessibility.