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Government plans on company reporting appear somewhat contradictory. Some regulations are set to tighten from April 2027, but latest announcements suggest a move in the opposite direction.

The current intention is that from 1 April 2027:

- Both micro-entities and small companies will have to file a profit and loss account.
- Small companies will have to file a director's report.
- Companies will no longer be able to prepare and file abridged accounts.

However, the Chancellor, Rachel Reeves, has recently announced that red tape is to be cut for small- and medium-sized businesses.

Loosened up

The Chancellor has said that the requirement to submit a director's report to Companies House will be removed for all companies. However, some aspects of the report will be reallocated elsewhere in a company's financial statements.

In addition, medium-sized private companies will no longer need to produce a strategic report as part of their annual reporting.

While any reduction to the administrative burden is welcome, there are concerns that the latest plans do not go far enough.

Thresholds

The size thresholds for corporate reporting were increased by approximately 50% as recently as April this year, but the Chancellor has also announced further increases.

For a company to be classed as either a micro-entity or small company, it should be below two of three thresholds for turnover, balance sheet total and average number of employees. The thresholds for accounting periods commencing on or after 6 April 2025 are currently as follows:

	Micro-entity	Small company	Medium-sized company
Turnover	£1 million	£15 million	£54 million
Balance sheet	£500,000	£7.5 million	£27 million
Employees	10	50	50

Micro-entities benefit from reduced reporting requirements and small companies may qualify for audit exemption. Companies House accounts guidance can be found [here](#).

We Can Help

If you feel this alert could help a business colleague or family member, please feel free to share it with them. Call us on **01753 888 211** or email info@nhllp.com, we are here to help.