



Record keeping - accounting records

Accounting Records

The general requirements for company accounts is that they must be sufficient to show and explain the company's transactions; they should disclose with reasonable accuracy the company's financial position at any time; and must enable the directors to ensure that any balance sheet and profit and loss accounts prepared comply with the requirements of the Companies Act.

The Companies Act 1985, s 221 sets out particulars which should be contained in the accounting records, namely:

1. entries from day to day of all sums of money received and expended by the company, and the matters in respect of which the receipt and expenditure takes place, and
2. a record of the assets and liabilities of the company.

In addition, if the company's business involves dealing in goods the accounting records must contain:

1. statements of stock held by the company at the end of each financial year of the company,
2. all statements of stocktakings from which any statement of stock as above has been or is to be prepared, and
3. except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods, the buyers and the sellers in sufficient detail to enable all of these to be identified.

Accounting records should be kept at the companies registered office or such other place as the directors think fit and should be kept for three years from the date on which they are made for private companies and six years from the date on which they are made for public companies.