

Retention of Accounting Records and other Corporate Records

One of the most frequent questions we get asked by clients is "How long should we retain our accounting records?" This is clearly an important issue because the longer they have to be kept the more expensive it is for the organisation.

The actual period records are kept will depend on a number of factors including:

- Legal and related requirements;
- Costs;
- The organisation's own need to access the document; and
- Historical value.

Each type of document needs to be assessed separately. In the case of many types of document, it will be sufficient to keep them only for the period required by statute; others will be essential reference material in future years and the organisation might, therefore, decide to keep them longer than the period required by law.

In the tables that follow, we set out the suggested retention period for the

documents most commonly held by charities and give a brief explanation of the retention period given.

Keeping the records after the company is dissolved

If the company was dissolved via voluntary striking off procedure (under section 1003 of the Companies Act 2006), the company's directors have the responsibility to keep its business documents for seven years after the company is struck off the register. This is necessary because struck off companies may be restored to the register within six years from the date of dissolution. It is recommended that the share register be kept for 20 years from the date of dissolution.

If the company employed people, copies of the company's employers' liability insurance policy and schedule must be kept for 40 years from the date the company was dissolved.

If a company is dissolved via formal liquidation, the liquidator will confirm how long the records should be kept. If the

company is liquidated due to insolvency, the liquidator has the power to destroy, sell or otherwise dispose of the insolvent company's books, papers and records whilst acting as liquidator or trustee but this power is subject to the limitations imposed by the Value Added Tax Act 1994. A trader registered for VAT is obliged to retain certain records, as described in the HM Revenue and Customs public notice number 700, for a period of six years from their creation. Destruction of these documents without express approval from the HMRC constitutes a breach of regulatory requirements and would result in a civil penalty. These provisions continue to apply even if the trader concerned has been de-registered for VAT purposes. Special arrangement may be reached with HMRC in relation to early disposal of these records.

It should be noted that, were an obligation exists to keep the company's records for a period of time, the obligation also exists to keep those records at the registered office or a SAIL address for the same period of time.

Purchase invoices and supplier documentation

Document	Retention period	Reason for retention period
Payments cash book or record of payments made	Six years from the end of the financial year in which the transaction was made	Companies Act/Charities Act ¹
Purchase ledger		Companies Act/Charities Act
Invoice - revenue		Companies Act/Charities Act
Petty cash records		Companies Act/Charities Act and HMRC
Invoice - capital item	10 years	Companies Act/Charities Act and HMRC
Successful quotations for capital expenditure	Permanently	Commercial considerations

¹ Although the Companies Act states three years for private companies and six years for public limited companies, the Charities Act states six years from the end of the financial year in which the transaction was made.

Income/Monies received		
Document	Retention period	Reason for retention period
Bank paying in counterfoils	Six years from the end of the financial year in which the transaction was made	Companies Act/Charities Act
Bank statements		Companies Act/Charities Act
Remittance advices		Companies Act/Charities Act
Correspondence re donations		Companies Act/Charities Act
Bank reconciliations		Companies Act/Charities Act
Receipts cash book		Companies Act/Charities Act and HMRC
Sales ledger		Companies Act/Charities Act and HMRC
Deeds of covenant/Gift Aid declarations	Six years after the last payment made. 12 years if payments outstanding or dispute regarding the deed	Data Protection Act
Legacies	Six years after the estate has been wound up	Data Protection Act

Tax records		
Document	Retention period	Reason for retention period
Transfer pricing documents and other records supporting the company's tax return	Six years after the end of the accounting period the tax return relates to / the date on which the enquiry period for the tax return closes	Finance Act
Records of all delivery of goods or services and of imports and exports for VAT purposes	Six years from the date the records were created	VAT Act 1994
Stamp duty land tax documents	Six years from the effective date of the transaction / the date on which tax enquiry into a return is completed or end of the period during which HMRC have power to make an enquiry into the return	Finance Act

Payroll documentation		
Document	Retention period	Reason for retention period
Income tax records re employees leaving i.e P45	Six years plus current year	Taxes Management Act
Notice to employer of tax code (P6)	Six years plus current year	Taxes Management Act

Payroll documentation (continued)

Document	Retention period	Reason for retention period
Annual return of employees and directors expenses and benefits (P11D)	Six years plus current year	Taxes Management Act
Certificate of pay and tax deducted (P60)	Six years plus current year	Taxes Management Act
Notice of tax code change	Six years plus current year	Taxes Management Act
Annual return of taxable pay and tax deducted	Six years plus current year	Taxes Management Act
Records of pension deductions (including superannuation)	Six years plus current year	Pensions Act
Clock cards	Two years after audit	Audit
Payroll and payroll control account	Six years plus current year	Companies Act/Charities Act and Taxes Management Act

Employee/personnel records

Document	Retention period	Reason for retention period
Medical records and details of biological tests under the control of Lead at Work Regulations	40 years from the date of the last entry	The Control of Lead at Work Regulations
Accident books, accident records/reports	Three years after last entry or end of investigation if later	The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995
Details of medical schemes	Permanently	Commercial
Organisation charts	Permanently	Commercial
Personnel files and training records	Maximum six years after the employment ceased ²	Limitations Act 1980 and Data Protection Act 1998
Wages and salary records	Six years plus the current year	Taxes Management Act
Expense accounts/records		Taxes Management Act
Overtime records/authorisation		Taxes Management Act
Redundancy details, calculations of payments, refunds, notifications to the Secretary of State	Six years after employment has ceased	Data Protection Act
Life Assurance expression of wish forms	Six years after employment ceases or death	Data Protection Act
Records relating to working time	Two years from date on which they were made	The Working Time Regulations

Employee/personnel records (continued)		
Document	Retention period	Reason for retention period
Applications forms and interview notes (for unsuccessful candidates)	Six months to a year	Disability Discrimination Act 1995 and Race Relations Act 1976 recommend six months. One year limitation for defamation actions under Limitations Act
Statutory Maternity Pay records, calculations, certificates or other medical evidence	Three years after the end of the tax year in which maternity period ends	The Statutory Maternity Pay Regulations
Statutory Sick Pay records, calculations, certificates, self-certificates	Three years after the end of each tax year for Statutory Sick Pay purposes	Statutory Sick Pay (General) Regulations
National minimum wage records	Three years after the end of the pay reference period following the one that the records cover	National Minimum Wage Act

² Records for key senior executives should be kept permanently for historical purposes

Resident/Care Records		
Document	Retention period	Reason for retention period
Short break residents	Three years after last visit	Best practice
Long term resident contracts and correspondence relating to contracts	Six years after death or discharge ³	Data Protection Act
Resident care documents	Three years after date of last entry ³	Data Protection Act
Records of complaint and investigations	Six years after death or discharge or resident, or completion of investigation if later	Best practice
Resident meeting minutes	One year	Best practice
Clinical staff unit meetings	One year	Data Protection Act
Clinical audit forms	One year	Best practice
Unit communication books and diaries	One year	Best practice
GP visit records sheets and INR fax sheets	One month	Best practice
Bath and shower temperature logs	One year	Best practice
Controlled drug register	Two years	Best practice

³ The Director of Care is responsible for identifying exceptional/complex cases where documents should be restrained from longer periods. These documents should be retained separately.

Buildings, plant and engineering

Document	Retention period	Reason for retention period
Deeds of title	Permanently or until property is disposed of ⁴	Limitations Act 1980
Leases	12 years after the lease and liabilities under the lease have terminated	Limitations Act 1980
Final plans, designs and drawings of the building, planning consents, building certifications, collateral warranties, records of historical interest and final health and safety file.	Permanently or until six years after property is disposed of	Limitations Act 1980
Asbestos Register and Asbestos Disposal Certificate	Permanently. Property holders required to examine the premises for asbestos or possible asbestos materials, record the location or those materials and assess the risk. These assessments are to be recorded and provided to anyone who may disturb the asbestos.	Control of Asbestos at work Regulations
Hazardous substances: disposal of heavy metals and radioactive sources	Permanently	Limitations Act 1980
Plant and Machinery	Until one year after the plant and machinery is removed from the building	Limitations Act 1980
Records of major refurbishments, warranties, planning consents, design documents, final health and safety files	13 years for actions against contractors etc	Limitations Act 1980

⁴ Copy of title deeds should be kept for six years after disposal.

Pension records

Document	Retention period	Reason for retention period
Details re.current pensioners	10 years after benefit ceases	Commercial
Pensions scheme - next of kin/expression of wish forms	Six years after date of death	Data Protection Act
All trust deeds and rules	Permanently	Companies Act, Commercial, Pensions Act
Trustees' minute book	Permanently	Companies Act, Commercial, Pensions Act
Annual accounts	Permanently	Companies Act, Commercial, Pensions Act
Pension scheme investment policies	12 years from the ending of any benefit payable	Companies Act, Commercial, Pensions Act
Actuarial reports	Permanently	Companies Act, Commercial, Pensions Act
Contribution records	Permanently	Companies Act, Commercial, Pensions Act

Insurance documents		
Document	Retention period	Reason for retention period
Policies	Three years after lapse	Data Protection Act
Claims correspondence	Three years after settlement	Data Protection Act
Employer's Liability insurance certificate	40 years	Employers' Liability (Compulsory Insurance) Regulations 1998
Accident reports and relevant correspondence	Three years after settlement	Data Protection Act

Other documents		
Document	Retention period	Reason for retention period
Trustee/director/governor minutes of meetings and decisions made as resolutions in writing	Minimum 10 years from the date of the meeting or from the date of passing a resolution in writing	Data Protection Act, Companies Act, Charities Act
Minutes of general meetings and members' resolutions passed other than at a general meeting	Minimum 10 years after the date of the meeting/resolution/decision	Companies Act, Charities Act
Contracts relating to a purchase by the company of its own shares	Minimum 10 years either from the date of completion or the date on which the contract otherwise determines	Companies Act
Directors' service contracts	Minimum one year from the date of termination of the contract	Companies Act
Annual accounts and annual review	Permanently	Data Protection Act
Major agreements of historical significance	Permanently	Data Protection Act
Investment certificates	Permanently	Companies Act, Charities Act, commercial
Health and safety records	Three years for general records. Permanently for records relating to hazardous substances.	Personal injury actions must generally be commenced within three years of injury. However industrial injuries not capable of detection within that period (e.g. Asbestos) the time period may be substantially extended.
Investment ledger	Permanently	Companies Act, Charities Act, commercial
Fixed assets register	Permanently	Companies Act, Charities Act, commercial
Contract with customers, suppliers or agents, licensing agreements, rental/hire purchase agreements, indemnities and guarantees and other agreements or contracts	Six years after expiry or termination of the contract. If the contract is executed as a deed, the limitation period is twelve years	Limitations Act 1980 ⁵

⁵ Six years is generally the time limit within which proceedings founded on contract may be brought. Actions for latent damages may be brought up to 15 years after the damage occurs.