

## Retention of Accounting Records

One of the most frequent questions we get asked by clients is "How long we should retain our accounting records?" This is clearly an important issue because, regardless of whether they are in paper form, electronic form or some other form, 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.

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 <sup>1</sup>
Purchase ledger		Companies Act/Charities Act
Invoice - revenue		Companies Act/Charities Act
Petty cash records		Companies Act/Charities Act and HMRC
Invoice - capital item	Ten years	Companies Act/Charities Act and HMRC
Successful quotations for capital expenditure	Permanently	Commercial considerations

<sup>1</sup> Although the Companies Act states 3 years for private companies and 6 years for public limited companies, the Charities Act states 6 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	Ten years	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. Twelve 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

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
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 1995
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	Forty years from the date of the last entry	The Control of Lead at Work Regulations
Accident 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
Staff personnel charts	Six years after employment ceases <sup>2</sup>	Limitation Act 1980
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
Applications for jobs- where the candidate is unsuccessful	Six months after notifying the unsuccessful candidate	Discrimination Acts 1975 and 1986 and Race Relations Act 1976 recommend six months. One year limitation for defamation actions under Limitations Act
Statutory Maternity Pay records, calculations or other medical evidence	Three years after the end of the tax year in which maternity period ends	The Statutory Maternity Pay Regulations
Sickness records	Three years after the end of each tax year for Statutory Sick Pay purposes	Statutory Sick Pay (General) Regulations

<sup>2</sup> Records for key executives may be kept longer for historical purposes

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

<sup>3</sup> 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 <sup>4</sup>	Data Protection Act
Leases	Fifteen years after expiry	Limitations Act 1960
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	Data Protection Act

<sup>4</sup> Copy of title deeds should be kept for six years after disposal.

Buildings, plant and engineering (continued)		
Document	Retention period	Reason for retention period
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	Data Protection Act
Plant and Machinery	Until one year after the plant and machinery is removed from the building	Data Protection Act
Records of major refurbishments, warranties, planning consents, design documents, final health and safety files	Thirteen years for actions against contractors etc	Data Protection Act

Pension records		
Document	Retention period	Reason for retention period
Details re current pensioners	Ten 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 1995
Trustees' minute book	Permanently	Companies Act, Commercial, Pensions Act 1995
Annual accounts	Permanently	Companies Act, Commercial, Pensions Act 1995
Investment and insurance policy records	Permanently	Companies Act, Commercial, Pensions Act 1995
Actuarial reports	Permanently	Companies Act, Commercial, Pensions Act 1995
Contribution	Permanently	Companies Act, Commercial, Pensions Act 1995

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	Forty 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 or meetings and decisions	Permanently	Data Protection 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 <sup>5</sup>

<sup>5</sup> 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 fifteen years after the damage occurs.

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