



# Companies Act 1985

## 1985 CHAPTER 6

### PART VII

#### ACCOUNTS AND AUDIT

#### CHAPTER I

##### PROVISIONS APPLYING TO COMPANIES GENERALLY

##### *Accounting records*

#### **221 Companies to keep accounting records**

- (1) Every company shall cause accounting records to be kept in accordance with this section.
- (2) The accounting records shall be sufficient to show and explain the company's transactions, and shall be such as to—
  - (a) disclose with reasonable accuracy, at any time, the financial position of the company at that time, and
  - (b) enable the directors to ensure that any balance sheet and profit and loss account prepared under this Part comply with the requirements of this Act as to the form and content of company accounts and otherwise.
- (3) The accounting records shall in particular contain—
  - (a) 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
  - (b) a record of the assets and liabilities of the company.
- (4) If the company's business involves dealing in goods, the accounting records shall contain—

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*Status: This is the original version (as it was originally enacted).*

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- (a) statements of stock held by the company at the end of each financial year of the company,
- (b) all statements of stocktakings from which any such statement of stock as is mentioned in paragraph (a) has been or is to be prepared, and
- (c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.

## **222 Where and for how long records to be kept**

- (1) Subject as follows, a company's accounting records shall be kept at its registered office or such other place as the directors think fit, and shall at all times be open to inspection by the company's officers.
- (2) If accounting records are kept at a place outside Great Britain, accounts and returns with respect to the business dealt with in the accounting records so kept shall be sent to, and kept at, a place in Great Britain, and shall at all times be open to such inspection.
- (3) The accounts and returns to be sent to Great Britain in accordance with subsection (2) shall be such as to—
  - (a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than 6 months, and
  - (b) enable the directors to ensure that the company's balance sheet and profit and loss account comply with the requirements of this Act as to the form and content of company accounts and otherwise.
- (4) Accounting records which a company is required by section 221 to keep shall be preserved by it—
  - (a) in the case of a private company, for 3 years from the date on which they are made, and
  - (b) in the case of a public company, for 6 years from that date.

This is subject to any direction with respect to the disposal of records given under winding-up rules under section 663.

## **223 Penalties for non-compliance with ss. 221, 222**

- (1) If a company fails to comply with any provision of section 221 or 222(1) or (2), every officer of the company who is in default is guilty of an offence unless he shows that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (2) An officer of a company is guilty of an offence if he fails to take all reasonable steps for securing compliance by the company with section 222(4), or has intentionally caused any default by the company under it
- (3) A person guilty of an offence under this section is liable to imprisonment or a fine, or both.