



Companies Act 1976

1976 CHAPTER 69

PART I

ACCOUNTS, ACCOUNTING RECORDS AND AUDITORS

Accounting records

12 Accounting records

- (1) Every company shall cause accounting records to be kept in accordance with the provisions of this section.
- (2) The accounting records shall be sufficient to show and explain the company's transactions.
- (3) The accounting records 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 or profit and loss account prepared by them under section 1 above complies with the requirements of section 149 of the Act of 1948 (balance sheet to give a true and fair view of the company's state of affairs and profit and loss account to give a true and fair view of the company's profit or loss, etc.).
- (4) 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;
 - (b) a record of the assets and liabilities of the company; and
 - (c) where the company's business involves dealing in goods, the statements mentioned in subsection (5) below.
- (5) The statements referred to in subsection (4)(c) above are—

*Status: This is the original version (as it was originally enacted). This
item of legislation is currently only available in its original format.*

- (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 as is mentioned in paragraph (a) above 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 the goods and the buyers and sellers to be identified.
- (6) Subject to subsection (7) below, the accounting records shall be kept at the registered office of the company or at such other place as the directors of the company think fit and shall at all times be open to inspection by the officers of the company.
- (7) 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 inspection by the officers of the company.
- (8) The accounts and returns to be sent to Great Britain in accordance with subsection (7) above shall be such as to—
- (a) disclose with reasonable accuracy the financial position of the business in question at intervals not exceeding six months; and
 - (b) enable the directors to ensure that any balance sheet or profit and loss account prepared by them under section 1 above complies with the requirements of the said section 149 of the Act of 1948.
- (9) Subject to any direction with respect to the disposal of any records kept by a company given under any rules made under section 365(1) of the Act of 1948 (winding up rules), any accounting records which a company is required by this section to keep shall be preserved by it—
- (a) in the case of a private company, for three years from the date on which they are made ; and
 - (b) in any other case, for six years from the date on which they are made.
- (10) If a company fails to comply with any provision of subsections (1) to (7) above, every officer of the company who is in default shall be guilty of an offence unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on the default was excusable; and if any officer of the company fails to take all reasonable steps for securing compliance by the company with subsection (9) above or has intentionally caused any default by the company thereunder he shall be guilty of an offence.
- (11) Any person guilty of an offence under this section shall be liable—
- (a) on conviction on indictment to imprisonment for a term not exceeding two years, or to a fine, or to both; or
 - (b) on summary conviction, to imprisonment for a term not exceeding six months, or to a fine not exceeding £400, or to both.
- (12) Section 147 of the Act of 1948 (which is superseded by this section) and section 331 of that Act (liability where proper books of account not kept in period preceding winding up) shall cease to have effect.