



Companies Act 2006

2006 CHAPTER 46

PART 15

ACCOUNTS AND REPORTS

CHAPTER 2

ACCOUNTING RECORDS

Modifications etc. (not altering text)

- C1** Pt. 15 Ch. 2 applied (with modifications) (31.7.2015) by [The European Grouping of Territorial Cooperation Regulations 2015 \(S.I. 2015/1493\)](#), regs. 1(2), 7(1) (with reg. 11)

386 Duty to keep accounting records

- (1) Every company must keep adequate accounting records.
- (2) Adequate accounting records means records that are sufficient—
 - (a) to show and explain the company's transactions,
 - (b) to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and
 - (c) to enable the directors to ensure that any accounts required to be prepared comply with the requirements of this Act ^{F1}....
- (3) Accounting records must, 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.

Status: Point in time view as at 04/03/2024.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 2. (See end of Document for details)

- (4) If the company's business involves dealing in goods, the accounting records must contain—
- (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 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.
- (5) A parent company that has a subsidiary undertaking in relation to which the above requirements do not apply must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the directors of the parent company to ensure that any accounts required to be prepared under this Part comply with the requirements of this Act ^{F2}....

Textual Amendments

- F1** Words in s. 386(2)(c) omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2)(3), [Sch. 1 para. 3](#) (with reg. 1(4)-(8), Sch. 1 para. 64) (as amended by S.I. 2020/335, regs. 1, 3, 4 and S.I. 2020/523, regs. 1(2), 22, 25(b)); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in s. 386(5) omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2)(3), [Sch. 1 para. 3](#) (with reg. 1(4)-(8), Sch. 1 para. 64) (as amended by S.I. 2020/335, regs. 1, 3, 4 and S.I. 2020/523, regs. 1(2), 22, 25(b)); 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C2** Ss. 386-389 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), [reg. 6](#) (as amended (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009 \(S.I. 2009/1804\)](#), regs. 2, 85, [Sch. 3 para. 16](#))
- C3** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, [Sch. 1 para. 10](#) (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C4** Ss. 380-414 applied (with modifications) (1.10.2009) by [S.I. 2009/2436](#), regs. 3-5, [Sch 1 para. 10](#) (with [reg. 7](#), [Sch. 2](#)) (and the said Sch. 1 para. 10 is amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), regs. 1(2), [2\(2\)\(a\)](#))

387 Duty to keep accounting records: offence

- (1) If a company fails to comply with any provision of section 386 (duty to keep accounting records), an offence is committed by every officer of the company who is in default.
- (2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.

Status: Point in time view as at 04/03/2024.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 2. (See end of Document for details)

- (3) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—
 - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
 - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

Modifications etc. (not altering text)

- C4** Ss. 380-414 applied (with modifications) (1.10.2009) by [S.I. 2009/2436](#), regs. 3-5, **Sch 1 para. 10** (with [reg. 7](#), **Sch. 2**) (and the said Sch. 1 para. 10 is amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013](#) (S.I. 2013/1972), regs. 1(2), **2(2)(a)**)
- C5** Ss. 386-389 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008](#) (S.I. 2008/1911), **reg. 6** (as amended (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), regs. 2, 85, **Sch. 3 para. 16**)
- C6** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in [regs. 7, 9](#), **Sch. 2**)

388 Where and for how long records to be kept

- (1) A company's accounting records—
- (a) must be kept at its registered office or such other place as the directors think fit, and
 - (b) must at all times be open to inspection by the company's officers.
- (2) If accounting records are kept at a place outside the United Kingdom, accounts and returns with respect to the business dealt with in the accounting records so kept must be sent to, and kept at, a place in the United Kingdom, and must at all times be open to such inspection.
- (3) The accounts and returns to be sent to the United Kingdom must be such as to—
- (a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than six months, and
 - (b) enable the directors to ensure that the accounts required to be prepared under this Part comply with the requirements of this Act^{F3}....
- (4) Accounting records that a company is required by section 386 to keep must be preserved by it—
- (a) in the case of a private company, for three years from the date on which they are made;
 - (b) in the case of a public company, for six years from the date on which they are made.

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- (5) Subsection (4) is subject to any provision contained in rules made under section 411 of the Insolvency Act 1986 (c. 45) (company insolvency rules) or Article 359 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

Textual Amendments

- F3** Words in s. 388(3)(b) omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/685), reg. 1(2)(3), **Sch. 1 para. 4** (with reg. 1(4)-(8), Sch. 1 para. 64) (as amended by S.I. 2020/335, regs. 1, 3, 4 and S.I. 2020/523, regs. 1(2), 22, 25(b)); 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C4** Ss. 380-414 applied (with modifications) (1.10.2009) by [S.I. 2009/2436](#), regs. 3-5, **Sch 1 para. 10** (with reg. 7, Sch. 2) (and the said Sch. 1 para. 10 is amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013](#) (S.I. 2013/1972), regs. 1(2), **2(2)(a)**)
- C7** Ss. 386-389 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008](#) (S.I. 2008/1911), **reg. 6** (as amended (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), regs. 2, 85, **Sch. 3 para. 16**)
- C8** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C9** S. 388 modified (6.4.2016) by [The Companies \(Address of Registered Office\) Regulations 2016](#) (S.I. 2016/423), regs. 1(1), **11(a)(vii)**
- C10** S. 388 restricted (temp.) (4.3.2024) by [The Registered Office Address \(Rectification of Register\) Regulations 2024](#) (S.I. 2024/233), regs. 1(2), **16**; S.I. 2024/269, reg. 2(z42)

389 Where and for how long records to be kept: offences

- (1) If a company fails to comply with any provision of subsections (1) to (3) of section 388 (requirements as to keeping of accounting records), an offence is committed by every officer of the company who is in default.
- (2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (3) An officer of a company commits an offence if he—
- fails to take all reasonable steps for securing compliance by the company with subsection (4) of that section (period for which records to be preserved), or
 - intentionally causes any default by the company under that subsection.
- (4) A person guilty of an offence under this section is liable—
- on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - on summary conviction—
 - in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);

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- (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

Modifications etc. (not altering text)

- C4** Ss. 380-414 applied (with modifications) (1.10.2009) by [S.I. 2009/2436](#), [regs. 3-5](#), [Sch 1 para. 10](#) (with [reg. 7](#), [Sch. 2](#)) (and the said Sch. 1 para. 10 is amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013](#) (S.I. 2013/1972), [regs. 1\(2\)](#), [2\(2\)\(a\)](#))
- C11** Ss. 386-389 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008](#) (S.I. 2008/1911), [reg. 6](#) (as amended (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), [regs. 2](#), 85, [Sch. 3 para. 16](#))
- C12** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), [regs. 3-5](#), [Sch. 1 para. 10](#) (with transitional provisions and savings in [regs. 7, 9](#), [Sch. 2](#))

Status:

Point in time view as at 04/03/2024.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Chapter 2.