

Working in Practice Retention of Records

The keeping of records and data is, primarily, an issue of space and time. Space is the physical volume of paper etc. to be stored, and time, being the need for adequate filing systems to relocate the desired records.

Records can also be stored on electronic, or magnetic, systems and, the period of retentions would be the same as hard copy records. However, some records cannot be stored by these means and only the original documents would be accepted as "The Records".

Some records have legal periods of retention, while for other records it is prudent to keep them beyond a period when they may be needed to be produced.

The retention period for Self Assessment records has changed. It is now the fifth anniversary of the 31 January next following the year of assessment, where the return is for a tax year. For example, the records for the year ending 5 April 2009 must be kept at least until 31 January 2015. A hefty fine can be levied if records are destroyed prior to this period. To be sure, it would be prudent to keep them for a minimum of 6 years after the end of the Fiscal Tax Year to which the records apply.

The details below are recommended periods of retention, but if space permits then longer periods would be desirable: -

- Limited Company Records

Certificates of incorporation)	
All minutes of meetings)	
Reports and Annual Accounts)	Originals to be kept permanently
Register of shares)	
Memorandum and Articles of Association)	

- Banking Records

Bank Statements)	
Cheque book)	at least 6 years
Correspondence)	

- Employee Records

Wages and Salary agreements	Permanently
Annual Wages and Tax Returns	Permanently
Payroll preparation records)
Medical records) 12-15 years
Accident books)
Staff personal records	from 7 years after employment ends
Job Applications	2 years
Clock cards and time sheets etc	2 years

- Insurance

All major policies	Originals to be kept permanently
Other policies	3-4 years after lapsing or settlement
Correspondence	3-4 years after lapsing or settlement

- Accounting Records

Invoices and general accounting records	at least 6 years
Customer and Supplier correspondence	at least 6 years
Taxation returns and records	Permanently

- Property Documents

Deeds of Title	Permanently or passed to Purchaser
Leases etc	at least 12 years after all settlements

- Pension Records

All Official records of Pension Funds	Permanently
General correspondence etc	12 years after subject matter ceases

- Customs & Excise VAT
 - Financial Records for VAT Returns at least 6 years
 - General correspondence 3 years after subject matter ceases

- Customs & Excise Shipping & Freight
 - Shipping and freight documents 6 years after shipment completed
 - Other documents & Returns 5 years

- Transport Records
 - Drivers log books & Tachometers 5 years after completion

- Patent and Trade Mark Records
 - All Official records Permanently
 - Other records and correspondence at least 10 years

- Contracts and Agreements
 - Major Contracts and Agreements Permanently
 - Contracts with customers and suppliers 6 years after contract expires
 - Rental & Hire Purchase agreements 6 years after contract expires
 - Minor Contracts and Agreements 6 years after contract expires

The new Companies Act 2006 (sec 386/388) requires records to be kept for 3 years (private companies) and 6 years for PLCs

The VAT Act 1994 (sec 11 para 6) specifies a 6 year retention period.

More information and details can be found at

<http://www.hmrc.gov.uk/manuals/chmanual/ch10000.htm>

