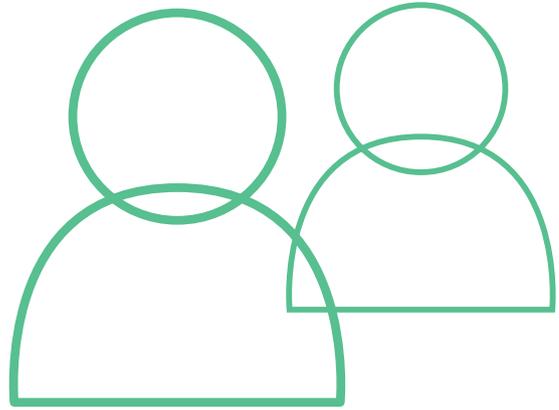


What are your duties as a company director?

When the Companies Act 2006 came into force in the UK, company directors were legally bound to fulfil certain duties or risk facing severe repercussions, including dismissal or disqualification by court order.



Here is an overview of some of the general duties to give you a better understanding of your legal responsibilities as a company director.

1. The duty to act within powers which means Directors must act within their powers conferred upon them by the company's constitution and for "the proper purpose".
2. Duty to promote the success of the company. A director must always act for the benefit of the company, including its business relationships, employees and reputation.
3. Duty to exercise independent judgment. Directors should not allow their views to be determined or heavily influenced by the opinions of others (although professional advice does not fall in this category).
4. Duty to exercise reasonable care, skill and diligence. In addition to having the necessary knowledge, skill and experience for their office, directors must also stay abreast of all company affairs, even if delegating power to other officers or advisers.
5. Duty to avoid conflicts of interest. Any situation which may conflict with the company's interests must be avoided.
6. Duty not to accept benefits from third parties. Unless they are unlikely to conflict with the company's interests or the director's duties, benefits should not be accepted from third parties.

7. Duty to declare interest in a proposed transaction or arrangement. If the director has any direct or indirect interest in a proposed transaction or arrangement with the company, it must be disclosed to the board.

There are additional non-statutory duties which directors must fulfil. For example, directors are bound to their duty of confidentiality and they must not misapply the company's property. Similarly, if a company is in financial difficulty, its directors have a duty to prioritise the interests of the company's creditors.

The role of director is one that brings a high degree of responsibility, and failure to comply with duties can cause you to be personally liable. Whether you're offered a service contract, or if you're nominated for the office of non-executive director, ensure that you know and always fulfil your duties, for your own benefit and that of the company.

For more information on how to dismiss a company director in accordance with English law, or for expert advice on how to handle every stage of the proceedings, contact us on +44 (0)20 3475 6751 or via email at info@carterbond.co.uk

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