

Your duties as a director

As a director of your company, you have a range of legal duties. Being a good director helps your company run well, stay afloat, and keep a good reputation. It also helps you avoid any possible problems. Even if you aren't officially a director, doing these things is good practice for all company owners.

Follow your constitution

- A constitution sets out the rights, powers and duties of your company, your directors, and your shareholders.
- You don't have to have a constitution, but if you do you need to follow it.



Understand all laws that affect your company

- The Companies Act 1993 sets out the details of running a company.
- Other laws set out other details, like how to keep staff safe, pay the right tax, or make sure your products are fit for purpose.



Use company information appropriately

- When receiving info from other people, use your judgement when deciding whether to rely on it.
- Be careful how you use information about the company and who you give it to.



Act in good faith

- Always do what you think is best for the company.
- What's best for the company is up to your judgement.



Have a duty of care

- Your duty of care involves putting effort into your work for the company.
- You can't rely on other directors to do the work for you.



Use your powers for good

- Use your powers as a director in a positive way.
- Don't go beyond the powers you've been given.



Be able to meet your commitments

- Only commit your company to things you believe it can do.



Trade sensibly

- Always make sure you can pay your debts.
- Stop your company doing anything that will cause serious loss to anyone it owes money to.

