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Guidance

Being a company director

The duties of a director, and your responsibilities to Companies House.

Published 29 October 2018

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From:

Companies House (<https://www.gov.uk/government/organisations/companies-house>) and Department for Business, Energy & Industrial Strategy (<https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>)

Contents

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Your responsibilities to Companies House

As a director, you're legally responsible for running the company and making sure information is sent to us on time.

This includes:

- the confirmation statement
- the annual accounts
- any change in your company's officers (<https://www.gov.uk/running-a-limited-company/company-changes-you-must-report>) or their personal details
- a change to your company's registered office
- allotment of shares
- registration of charges (mortgage)
- any change in your company's people with significant control (<https://www.gov.uk/government/news/people-with-significant-control-psc-who-controls-your-company>) (PSC) details

You can hire other people to manage some of these things day-to-day (for example, an accountant) but you're still legally responsible for your company's records, accounts and performance.

Being a company director



You can watch our 'Being a company director' video with captions (<https://bit.ly/2l3455F>) on YouTube (2m 4s).

General duties

As a director, you must perform a set of 7 duties under the Companies Act 2006 (<http://www.legislation.gov.uk/ukpga/2006/46/part/10/chapter/2>).

These still apply if:

- you're not active in your role as director
- someone else tells you what to do
- you act as a director but have not been formally appointed
- you control a board of directors without being on it

Company's constitution

You must follow the company's constitution and its articles of association. These are written rules about running the company, agreed by the members, directors and the company secretary.

The constitution sets out what powers you're granted as a director, and the purpose of those powers.

Promote the success of the company

You must act in the company's best interests to promote its success. You must consider the:

- consequences of decisions, including the long term
- interests of its employees
- need to support business relationships with suppliers, customers and others
- impact of its operations on the community and environment
- company's reputation for high standards of business conduct
- need to act fairly to all members of the company

If the company becomes insolvent, your responsibilities as director will apply towards the creditors, instead of the company. A creditor is anyone owed money by the company.

Independent judgement

You must not allow other people to control your powers as a director. You can accept advice, but you must use your own independent judgement to make final decisions.

Exercise reasonable care, skill and diligence

You must perform to the best of your ability. The more qualified or experienced you are, the greater the standard expected of you.

You must use any relevant knowledge, skill or experience you have (for example, if you're a qualified accountant).

Avoid conflicts of interest

You must avoid situations where your loyalties might be divided. You should consider the positions and interests of your family, to avoid possible conflicts.

You should tell other directors and members about any possible conflict of interest, and follow any process set out in the company's articles of association.

This duty continues to apply if you're no longer a director. You must not take advantage of any property, information or opportunity you became aware of as a director.

Third party benefits

You must not accept benefits from a third party that are offered to you because you're a director. This could cause a conflict of interest.

The company may allow you to accept benefits like reasonable corporate hospitality, if it's clear there's no conflict of interest.

Interests in a transaction

You must tell the other directors and members if you might personally benefit from a transaction the company makes. For example, if the company plans to enter a contract with a business owned by a member of your family.

Other duties

There are other duties you must perform as a company director. For example, you must:

- not misuse the company's property
- apply confidentiality about the company's affairs

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1. 11 February 2019

Being a company director video added.

2. 29 October 2018

First published.

Related content

- [Terminate an appointment of a director \(TM01\)](https://www.gov.uk/government/publications/terminate-an-appointment-of-a-director-tm01) (https://www.gov.uk/government/publications/terminate-an-appointment-of-a-director-tm01)
- [Model articles of association for limited companies](https://www.gov.uk/guidance/model-articles-of-association-for-limited-companies) (https://www.gov.uk/guidance/model-articles-of-association-for-limited-companies)
- [Strike off a company from the register \(DS01\)](https://www.gov.uk/government/publications/strike-off-a-company-from-the-register-ds01) (https://www.gov.uk/government/publications/strike-off-a-company-from-the-register-ds01)
- [Change the details of a director \(CH01\)](https://www.gov.uk/government/publications/change-the-details-of-a-director-ch01) (https://www.gov.uk/government/publications/change-the-details-of-a-director-ch01)
- [Change director details on your limited company](https://www.gov.uk/government/collections/change-director-details-on-your-limited-company) (https://www.gov.uk/government/collections/change-director-details-on-your-limited-company)

Collection

- [Companies House: guidance for limited companies, partnerships and other company types](https://www.gov.uk/government/collections/companies-house-guidance-for-limited-companies-partnerships-and-other-company-types) (https://www.gov.uk/government/collections/companies-house-guidance-for-limited-companies-partnerships-and-other-company-types)

Explore the topic

- [Limited companies and partnerships](https://www.gov.uk/business-and-industry/limited-companies-and-partnerships) (https://www.gov.uk/business-and-industry/limited-companies-and-partnerships)