Your Responsibilities as a Company Director

GUIDANCE NOTE

LOCH

Being a Company Director means that you are legally responsible for running the company and the law places duties on you.

In addition to the day-to-day running of the company and your obligations to staff and customers, you shoulder significant legal, financial, and administrative duties.

While you can hire a professional such as an accountant to help you manage what is needed, you still remain responsible.

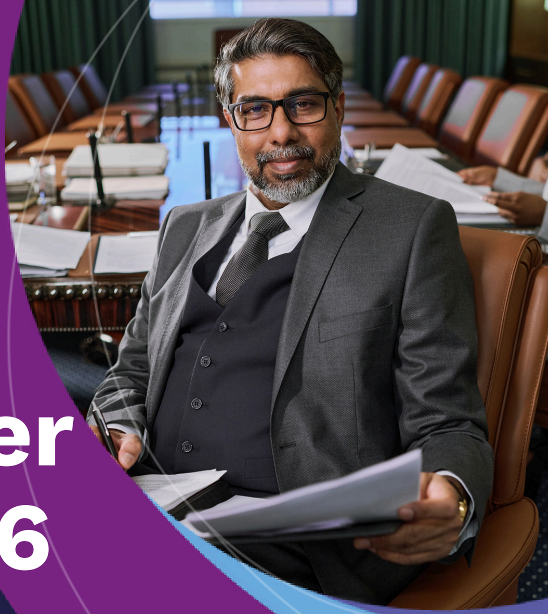
By understanding your statutory obligations, maintaining timely filings and accurate records, and acting in good faith, you not only protect the company from outcomes such as damages awarded or an injunction put in place, but also safeguard yourself from legal consequences.

Loch provides this guide as an overview but recommends you check on www.gov.uk for the most up-to-date information, or ask your accountant or lawyer, to ensure you remain compliant with the current requirements.

Who can be a Director?

- Must be aged 16 or over, not disqualified, and not an undischarged bankrupt.
- You do not need to live in the UK, but companies must have a UK registered office address.

Note: Names of directors, people with significant control and some personal information are publicly available on the Companies House register.



Primary duties under Companies Act 2006

As a director, you're bound by **seven statutory duties:**

1. Act within powers
Follow your company's constitution and articles of association.

2. Promote the success of the company
In good faith, considering stakeholders, the long-term, environment, community, and fairness.

3. Exercise independent judgment
You may accept advice and use your independent judgment to make final decisions but others may not control your powers.

4. Exercise reasonable care, skill and diligence
Judged both objectively and against your own experience.

5. Avoid conflicts of interest
And follow disclosure procedures when potential issues arise.

6. Not accept third-party benefits
Such as gifts or preferential treatment that are for personal gain or which could create conflicts of interest around what is best for the business.

7. Declare interest in transactions
Either direct or indirect, in which you're involved.

Should the company become insolvent, your responsibilities as a director will apply towards the creditors, instead of the company.

Tip!

Being proactive about enquiring whether these duties are being upheld is key, so keep thorough minutes of board meetings to demonstrate due diligence.

These duties remain even 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

Key responsibilities to Companies House:

You're legally required to file the following on time:
- Annual accounts (even for dormant companies)
- Confirmation statement (formerly annual return): updates company details

You are also required to make sure any of the following changes are made as soon as they occur:

- Company officers (director/secretary) or their personal/service-address details
- Registered office address
- Allotment of shares
- Creation/registration of charges (e.g. mortgages)
- Changes to People with Significant Control (PSC)

Maintaining records & registers

You must keep details about the company itself and the financial and accounting records.

Details on the company include information on the people filling key roles ('people with significant control'), results of shareholder votes and resolutions, and finance agreements such as share transactions or loans and mortgages secured against company assets.

You must retain the following records for at least six years (longer in some cases):

- Company & accounting records: finances, assets, liabilities, stock, invoices, bank statements
- Registers of directors, shareholders, PSCs, and company secretaries
- Meeting minutes, resolutions, share transactions, and any indemnities or debentures

Loss protocol: If records are lost/destroyed, recreate them as soon as possible, inform HMRC, and note this in the company tax return.

Legal & administrative obligations

- **Maintain a registered office** within the UK; all official correspondence will be sent there.
- Display your **company name** clearly and permanently at your registered company address (unless you are running it from home) and wherever your business operates. Also, stationery, websites and order forms should include the registered office, company registration number, the fact that it is a limited company, and the jurisdiction (e.g. England & Wales).
- On invoices, if your company is a limited company, you must include the full company name as it appears on the certificate of incorporation.
- If you decide to put names of your directors on your invoices or other company materials, you must include the names of all directors.
- Register for and pay **Corporation Tax on taxable profits, investments and disposal of assets.**

Consequences of non-compliance

Failing to fulfil these duties can lead to:

- Fines, criminal prosecution, and director disqualification under the Company Directors Disqualification Act 1986.
- Personal liability for losses or company debts, especially if insolvent.
- HMRC penalties (e.g. up to £3,000 for poor bookkeeping).

Practical tips and support

- Set up email reminders from Companies House to avoid late filing.
- Use professional advisers (e.g. accountants, corporate lawyers) but remember ultimate legal responsibility lies with directors so keep yourself aware of your responsibilities.
- Access resources like Companies House webinars, the Director Information Hub, Insolvency Service helplines, FSB, IoD, etc.

Key actions for directors

- Review your company's articles of association.
- Set up reminders for filings.
- Audit and organise your record-keeping and registers.
- Seek advice from accountants or solicitors where clarity is needed.

What can Loch do for you?

LOCH | LEGAL

By taking care of your employment, commercial, family and immigration law queries and concerns, Loch will save you significant time and effort, leaving you able to focus on what matters to you in the total confidence that you're in safe hands and that we will find the right solution for you. Our solicitors are as approachable as they are knowledgeable, and will take context into consideration not just a legal standpoint.

LOCH | PEOPLE

People drive performance. Loch's integrated People services connect HR, training and wellbeing with the opportunity to also draw on legal and advisory expertise to protect, grow and future-proof your organisation. We act as an extension of your team, offering proactive, joined-up support across the employee lifecycle to reduce risk, build capability and create lasting business value.

LOCH | ADVISORY

With Loch's business advisory support, ambitious organisations feel supported with strategic, people-focused solutions. Our integrated approach provides commercially focused, pragmatic solutions that help you when you're faced with a decision that will protect, grow, or future-proof. By covering every angle, we give you the confidence to move forward for long-term success.

How can we help?

As an extension of your team, Loch connect the dots between leadership, compliance, people strategy, and business growth when partnering with ambitious organisation leaders to solve complex challenges.

Our integrated approach provides commercially focused, pragmatic solutions that help you when you're faced with a decision that will protect, grow, or secure your future. By covering every angle, we give you the confidence to move forward for long-term success.

Contact Us

Contact us at hello@weareloch.com or 0203 667 5400, and to receive more updates like this, visit our website www.weareloch.com and sign up to our newsletter.

Legal Advice Disclaimer

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