



Harvey Ingram LLP
solicitors

Need 2 Know A Pocket Guide to Directors' Duties



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Directors' Duties

DO...

- understand your Articles of Association
- have the right training / experience / skills for your job
- consider if any of your other interests will clash with the Company's
- declare any interests you have in other companies, customers, suppliers (in writing)
- maintain accurate public and financial records
- regularly consider the financial position of the Company
- put what is best for the Company first, always

DON'T...

- accept benefits personally from customers, supplier or anyone else with an interest in the Company's affairs
- enter into any arrangements with anyone whose interests are likely to clash with the Company's (e.g. competitors, suppliers, customers)
- agree to use your vote consistently with or against anyone else – retain your independence on every decision
- put your own or anyone else's interests ahead of the Company's - ever



The BIG DECISION checklist

Before you make a BIG decision, make sure

- you have the authority (see Articles of Association)
- you have given proper notice to ALL the directors
- you have at least the minimum number of directors required present
- as a board you have the right skills and experience to make the decision
- if anyone will benefit, they have declared their interest and can vote
- it is in the best interest of the Company
- you have considered what it means to:
 - The financial position of the Company
 - Your employees
 - Your customers and suppliers
 - Your community
 - Your reputation
 - The company long term
 - Your shareholders
- you have a management paper considering all of the above
- you get any consents needed (eg Bank or shareholder consent)

Need 2 Do

The responsible director's **To Do** list



- **review and update update your Articles of Association to comply with 2006 Companies Act**
- **take steps to implement the new conflict of interest (directors') rules**
- **get training on the new statutory Directors' Duties**
- **Understand the increased risk of Directors' liability to minority shareholders**
- **review and update your records (e.g. statutory books, Companies House etc).**

For help implementing the above, please contact:

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Disclaimer: please note, this pocket guide only covers some of the more commonly occurring issues and is an outline to good practice only. It is not, nor is it intended to be, a comprehensive review of the legislation, nor does it constitute formal legal advice.

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