

Company Directors Duties, Liabilities, and Remedies



Company Directors: Duties, Liabilities, and Remedies

by Eva Regan

★★★★★ 5 out of 5

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As a company director, you have a number of important duties and responsibilities. You are responsible for managing the company's affairs in the best interests of the shareholders, and you must act in accordance with the law.

If you breach your duties as a director, you may be held personally liable for any losses that the company suffers. You may also be subject to other legal remedies, such as being removed from your position as a director or being disqualified from acting as a director in the future.

Duties of Company Directors

The duties of company directors are set out in the Companies Act 2006. These duties include:

- **The duty to act in the best interests of the company:** This duty requires directors to act in a way that they believe is in the best interests of the company as a whole, taking into account the interests of all stakeholders, including shareholders, employees, creditors, and the community.
- **The duty to exercise reasonable care, skill, and diligence:** This duty requires directors to exercise the care, skill, and diligence that a reasonable person in their position would exercise in carrying out their duties.
- **The duty to avoid conflicts of interest:** This duty requires directors to avoid situations where their personal interests conflict with the interests of the company.
- **The duty to declare interests:** This duty requires directors to disclose any interests that they have in any transaction that the company is considering.
- **The duty to keep proper accounting records:** This duty requires directors to ensure that the company keeps proper accounting records that accurately reflect the company's financial position.

Liabilities of Company Directors

If you breach your duties as a director, you may be held personally liable for any losses that the company suffers. This liability can be civil liability, which means that you can be sued by the company or by shareholders, or criminal liability, which means that you can be prosecuted by the government.

The following are some examples of breaches of duty that may give rise to liability:

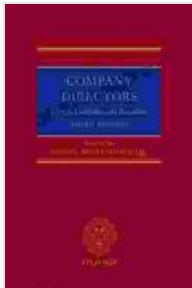
- Authorizing the company to enter into a contract that is not in the best interests of the company
- Negligently failing to supervise the company's employees
- Failing to disclose a conflict of interest
- Failing to keep proper accounting records

Remedies for Company Directors

If you are a director who has breached your duties, there are a number of remedies that may be available to you. These remedies include:

- **Rescission:** This remedy allows you to have the contract or transaction that you entered into on behalf of the company set aside.
- **Damages:** This remedy allows you to recover damages from the company for any losses that you have suffered as a result of the breach of duty.
- **Injunction:** This remedy allows you to prevent the company from taking a particular action that would be a breach of duty.
- **Removal from office:** This remedy allows the company to remove you from your position as a director.
- **Disqualification:** This remedy prevents you from acting as a director of any company for a specified period of time.

As a company director, you have a number of important duties and responsibilities. You must act in the best interests of the company, exercise reasonable care, skill, and diligence, and avoid conflicts of interest. If you breach your duties, you may be held personally liable for any losses that the company suffers. There are a number of remedies that may be available to you if you are a director who has breached your duties.

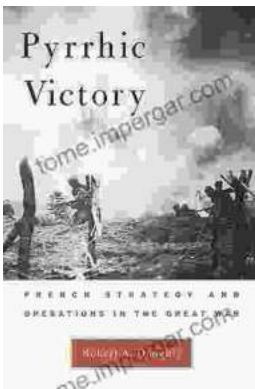


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