

Responsibilities of Company Directors

The powers and duties of directors of a company are outlined in the Articles of Association - the rules under which the company operates. The directors are given the power to run the company, however legislation provides that general meetings of shareholders must be held at regular intervals, and for certain decisions a General Meeting is necessary. Directors need to be aware that the law imposes obligations to act for the benefit of the company.

At times these duties may restrict the freedom the company would have had if the business had been run as a partnership or otherwise. For instance, if a Director has a personal interest in a transaction in which the company is involved, that personal interest must be disclosed to fellow directors on the board.

Directors must also certify that proper accounting records have been kept by the company and for this reason it would ordinarily be desirable to employ an accountant. Recent changes include changes to reporting procedures. They now line up with the 'birthday' of the company and along with the fee to be paid, the directors must pass a solvency resolution i.e the directors have to confirm that the company is not trading insolvent.

Making the Choice.

Many people will quickly say "Oh get a company – that's the only way to go". This is not true. There are many considerations to work through so that you may make the most appropriate choice of structure for your business.