

Roles and responsibilities of a UKCPA Director

The UKCPA is a Company Limited by Guarantee. This means that it requires Directors who are registered as such with Companies House.

The Directors of UKCPA are responsible for the day to day running and decision making of the company.

A director's powers are dictated by what is in the [Articles of Association](#). These powers are conferred on the directors collectively, when they are sitting as a board and passing resolutions for the management of the company. They may, of course, set up sub-committees and delegate powers to them, and may give individual directors special responsibilities, such as finance.

Duties of a Director are based on common law rules, and a simple summary is given below.

- **Duty to act within powers:** A director of a company must act in accordance with the company's constitution, and only exercise powers for the purposes for which they are conferred.
- **Duty to act for the benefit of the company:** A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.
- **Duty to exercise independent judgment:** A director of a company must exercise independent judgment.
- **Duty to exercise reasonable care, skill and diligence:** This means the care, skill and diligence that would be exercised by a reasonably diligent person with the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company, and the general knowledge, skill and experience that the director has.
- **Duty not to accept benefits from third parties:** A director of a company must not accept a benefit from a third party conferred by reason of his being a director, or his doing (or not doing) anything as director.
- **Duty to declare interest in a transaction or arrangement:** If a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors.

- The Companies Act 2006, the Insolvency Act 1986 and related legislation lay down a regulatory framework for the management and conduct of companies. Many sections of these Acts require companies to send information to Companies House, hold certain meetings, or to do or refrain from certain actions in particular circumstances. Much of this legislation imposes potential liabilities for non-compliance on the company and, usually, 'on every officer in default'.

Directors, along with the company secretary, are the officers who are potentially liable for any such default. Prosecution for regulatory offences (not filing information at Companies House, etc.) is rare, though not unknown.

Potentially more serious are the liabilities which may be incurred on a director personally when a company has become insolvent and it appears that there has been fraudulent or wrongful trading:

- **Fraudulent trading:** where any business of the company has been carried on with intent to defraud creditors or for any fraudulent purpose.
- **Wrongful trading:** This is where a company has gone into insolvent liquidation and it appears to the court that any person who has been a director of the company knew or ought to have known that this would occur and failed to take all reasonable steps to minimise the loss to the creditors.
- **Directors are responsible for seeing that the company is run lawfully**, i.e. in accordance with the general law.
- **Directors are bound by the terms of the company's articles** (which may impose specific duties on them) and by any lawful decisions of the company, whether made by the members collectively or by resolutions of the board.