

Your Responsibilities as a Company Director

*What UK company law actually expects of you, **in plain English.***

Why this matters

Setting up a limited company gives you limited liability, but it doesn't give you a free pass. The moment you become a director (even of a one-person company), the Companies Act 2006 places legal duties on you personally.

Most directors who get into trouble simply didn't know the rules existed. So here's what you've signed up for.

The seven general duties (sections 171 to 177)

Set out in the Companies Act 2006, these are owed to the company itself, not to any one shareholder.

Duty	What it means in practice
Act within your powers (s171)	Follow the company's articles of association and only use your powers for the purposes they were given.
Promote the success of the company (s172)	Make decisions in good faith for the benefit of the members as a whole, thinking about the long term, employees, customers, suppliers, the community and the company's reputation.
Exercise independent judgement (s173)	Make up your own mind. You can take advice, but you can't simply do what someone else tells you.
Exercise reasonable care, skill and diligence (s174)	Measured against what's expected of any director in your role, and against your own knowledge and experience. An accountant-director is held to a higher standard on the numbers.
Avoid conflicts of interest (s175)	Don't put yourself in a position where your personal interests clash with the company's, unless the other directors (or shareholders) have properly authorised it.
Don't accept benefits from third parties (s176)	No gifts, kickbacks or perks offered because you're a director, unless they couldn't reasonably be seen as a conflict.
Declare interests in proposed transactions (s177)	If the company is about to do a deal you have a personal stake in, tell the other directors before it goes ahead.

Your filing and admin responsibilities

- Keep adequate accounting records and file annual accounts (and your Company Tax Return) on time
- File a confirmation statement at least every 12 months, checking the company's details are correct
- Tell Companies House about changes (directors, registered office, who controls the company), usually within 14 days
- Keep the statutory registers up to date, including people with significant control (PSCs)
- Maintain an appropriate registered office address and a registered email address, both now required by law
- Verify your identity with Companies House and keep your personal code to hand for future filings

A NOTE FROM HERMIT

Identity verification is the one catching people out right now. It became compulsory from 18 November 2025, existing directors have to verify by their first confirmation statement after that date, and the transition window closes in November 2026. Acting as a director without verifying is a criminal offence. If you haven't done yours yet, don't leave it until the week your confirmation statement is due.

When money gets tight

This is where your duties shift, and where most personal liability comes from. Once the company is insolvent, or heading that way, you must put the interests of creditors first, ahead of shareholders (yourself included).

Trading on when you knew, or should have known, that insolvent liquidation couldn't reasonably be avoided is wrongful trading under the Insolvency Act 1986, and a court can make you contribute personally. Deliberately defrauding creditors is fraudulent trading, which is also a crime.

What happens if you get it wrong

- Automatic late filing penalties for the company, from £150 up to £1,500 for a private company's accounts (doubled if late two years running)
- Fines and, for the more serious offences, criminal prosecution of you personally
- Personal liability for company debts after wrongful or fraudulent trading, or under personal guarantees
- HMRC can make directors personally liable for certain unpaid taxes, such as PAYE in some circumstances
- Disqualification from acting as a director for up to 15 years

KEY TAKEAWAY

Being a director isn't about knowing every section of the Companies Act. It's about acting honestly, keeping proper records, filing on time and asking for help early when things look shaky. Do those four things and you're already ahead of most.

What to do next

- Check the Companies House register for your identity verification status and deadline
- Diary your accounts, tax return and confirmation statement deadlines, and minute board decisions
- Book a chat with us for a hand with any of it, or a quick health check on where your company stands