GOV.UK https://www.gov.uk/guidance/being-a-company-director

**The duties of a director, and your responsibilities to Companies House.**

As a director, you're legally responsible to Companies House for running the company and making sure information is sent to us on time.

This includes:

- the confirmation statement
- the annual accounts
- any change in your company's officers or their personal details
- a change to your company's registered office
- allotment of shares
- registration of charges (mortgage)
- any change in your company's people with significant control (PSC) details

You can hire an accountant to manage some of these things day-to-day but you're still legally responsible for your company's records, accounts and performance.

## General duties

As a director, you must perform a set of 7 duties under the Companies Act 2006 even if:

- you're not active in your role as director
- someone else tells you what to do
- you act as a director but have not been formally appointed
- you control a board of directors without being on it

## Company's constitution

You must follow the company's constitution and its articles of association. These are written rules about running the company, agreed by the members, directors and the company secretary. The constitution sets out what powers you're granted as a director, and the purpose of those powers.

## Promote the success of the company

You must act in the company's best interests to promote its success. You must consider the:

- consequences of decisions, including the long term
- interests of its employees
- need to support business relationships with suppliers, customers and others
- impact of its operations on the community and environment
- company's reputation for high standards of business conduct
- need to act fairly to all members of the company

**If the company becomes insolvent**, your responsibilities as director will apply towards the creditors, instead of the company. A creditor is anyone owed money by the company.

### Independent judgement

You must not allow other people to control your powers as a director. You can accept advice, but you must use your own independent judgement to make final decisions.

### Exercise reasonable care, skill and diligence

You must perform to the best of your ability. The more qualified or experienced you are, the greater the standard expected of you.

You must use any relevant knowledge, skill or experience you have (for example, if you're a qualified accountant).

### Avoid conflicts of interest

You must avoid situations where your loyalties might be divided. You should consider the positions and interests of your family, to avoid possible conflicts.

You should tell other directors and members about any possible conflict of interest, and follow any process set out in the company's articles of association.

This duty continues to apply if you're no longer a director. You must not take advantage of any property, information or opportunity you became aware of as a director.

### Third party benefits

You must not accept benefits from a third party that are offered to you because you're a director. This could cause a conflict of interest.

The company may allow you to accept benefits like reasonable corporate hospitality, if it's clear there's no conflict of interest.

### Interests in a transaction

You must tell the other directors and members if you might personally benefit from a transaction the company makes. For example, if the company plans to enter a contract with a business owned by a member of your family.

### Other duties

There are other duties you must perform as a company director. For example, you must:

- not misuse the company's property
- apply confidentiality about the company's affairs

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**Directors' responsibilities**

As a director of a limited company, you must:

- follow the company's rules, shown in its articles of association
- keep company records and report changes
- file your accounts and your Company Tax Return
- tell other shareholders if you might personally benefit from a transaction the company makes
- pay Corporation Tax

You can hire other people to manage some of these things day-to-day (for example, an accountant) but you're still legally responsible for your company's records, accounts and performance.

**You may be fined, prosecuted or disqualified if you do not meet your responsibilities as a director.**

**Taking money out of a limited company**

How you take money out of the company depends on what it's for and how much you take out.

**Salary, expenses and benefits**

If you want the company to pay you or anyone else a salary, expenses or benefits, you must register the company as an employer.

The company must take Income Tax and National Insurance contributions from your salary payments and pay these to HM Revenue and Customs (HMRC), along with employers' National Insurance contributions.

If you or one of your employees make personal use of something that belongs to the business, you must report it as a benefit and pay any tax due.

**Dividends**

A dividend is a payment a company can make to shareholders if it has made a profit.

You cannot count dividends as business costs when you work out your Corporation Tax.

Your company must not pay out more in dividends than its available profits from current and previous financial years.

You must usually pay dividends to all shareholders.

To pay a dividend, you must:

- hold a directors' meeting to 'declare' the dividend
- keep minutes of the meeting, even if you're the only director

### Dividend paperwork

For each dividend payment the company makes, you must write up a dividend voucher showing the:

- date
- company name
- names of the shareholders being paid a dividend
- amount of the dividend

You must give a copy of the voucher to recipients of the dividend and keep a copy for your company's records.

### Tax on dividends

Your company does not need to pay tax on dividend payments. But shareholders may have to pay Income Tax if they're over £2,000.

### Directors' loans

If you take more money out of a company than you've put in - and it's not salary or dividend - it's called a 'directors' loan'.

If your company makes directors' loans, you must keep records of them. There are also some detailed tax rules about how directors' loans are handled.

### Changes you must report

You must tell HMRC if:

- your business' contact details change - for example, your name, gender, business name or your personal or trading address
- you appoint an accountant or tax adviser

**You must tell Companies House within 14 days if you make changes to:**

- the address where you keep your records, and which records you keep there
- directors or their personal details, like their address
- 'people with significant control' (PSC), or their personal details like a new address
- company secretaries (appointing a new one or ending an existing one's appointment)

**You must tell Companies House within a month**

if you issue more shares in your company.

### How to report changes to Companies House

**You can:**

- use the Companies House online service
- fill in and send paper forms

## Changes that shareholders must approve

You may need to get shareholders to vote on the decision if you want to:

- change the company name
- remove a director
- change the company's articles of association

This is called 'passing a resolution'. Most resolutions will need a majority to agree (called an 'ordinary resolution'). Some might require a 75% majority (called a 'special resolution').

Companies House has more details about the types of changes and resolutions you must report

## Company and accounting records

You must keep:

- records about the company itself
- financial and accounting records

You can hire a professional accountant to help with your tax.

HM Revenue and Customs (HMRC) may check your records to make sure you're paying the right amount of tax.

## Records about the company

You must keep details of:

- directors, shareholders and company secretaries
- the results of any shareholder votes and resolutions
- promises for the company to repay loans at a specific date in the future ('debentures') and who they must be paid back to
- promises the company makes for payments if something goes wrong and it's the company's fault ('indemnities')
- transactions when someone buys shares in the company
- loans or mortgages secured against the company's assets

You must tell Companies House if you keep the records somewhere other than the company's registered office address.

## Register of 'people with significant control'

You must also keep a register of 'people with significant control' (PSC). Your PSC register must include details of anyone who:

- has more than 25% shares or voting rights in your company
- can appoint or remove a majority of directors
- can influence or control your company or trust

You still need to keep a record if there are no people with significant control.

### Accounting records

You must keep accounting records that include:

- all money received and spent by the company
- details of assets owned by the company
- debts the company owes or is owed
- stock the company owns at the end of the financial year
- the stocktakings you used to work out the stock figure
- all goods bought and sold
- who you bought and sold them to and from (unless you run a retail business)

**You must also keep any other financial records, information and calculations you need to prepare and file your annual accounts and Company Tax Return. This includes records of:**

- all money spent by the company, for example receipts, petty cash books, orders and delivery notes
- all money received by the company, for example invoices, contracts, sales books and till rolls
- any other relevant documents, for example bank statements and correspondence

You can be fined £3,000 by HMRC or disqualified as a company director if you do not keep accounting records.

### How long to keep records

You must keep records for 6 years from the end of the last company financial year they relate to, or longer if:

- they show a transaction that covers more than one of the company's accounting periods
- the company has bought something that it expects to last more than 6 years, like equipment or machinery
- you sent your Company Tax Return late
- HMRC has started a compliance check into your Company Tax Return

### If your records are lost, stolen or destroyed

If you cannot replace your records after they were lost, stolen or destroyed you must:

- do your best to recreate them
- tell your Corporation Tax office straight away
- include this information in your Company Tax Return

## Confirmation statement (annual return)

You need to check that the information Companies House has about your company is correct every year. This is called a confirmation statement (previously an annual return).

### Check your company's details

### You need to check the following:

- the details of your registered office, directors, secretary and the address where you keep your records
- your statement of capital and shareholder information if your company has shares
- your SIC code (the number that identifies what your company does)
- your register of 'people with significant control' (PSC)

Check the Companies House register.

### Send your confirmation statement

Send your confirmation statement online or by post. It costs £13 to file your confirmation statement online, and £40 by post.

### If you need to report changes

You can report changes to your statement of capital, shareholder information and SIC codes at the same time.

You cannot use the confirmation statement to report changes to:

- your company's officers
- the registered office address
- the address where you keep your records
- people with significant control

You must file those changes separately with Companies House.

### When it's due

You'll get an email alert or a reminder letter to your company's registered office when your confirmation statement is due.

The due date is usually a year after either:

- the date your company incorporated
- the date you filed your last annual return or confirmation statement

You can file your confirmation statement up to 14 days after the due date.

You can be fined up to £5,000 and your company may be struck off if you do not send your confirmation statement.

### Signs, stationery and promotional material

### Signs

You must display a sign showing your company name at your registered company address and wherever your business operates. If you're running your business from home, you do not need to display a sign there. **Example** If you're running 3 shops and an office that's not at your home, you must display a sign at each of them. The sign must be easy to read and to see at any time, not just when you're open.

### Stationery and promotional material

You must include your company's name on all company documents, publicity and letters.

On business letters, order forms and websites, you must show:

- the company's registered number
- its registered office address
- where the company is registered (England and Wales, Scotland or Northern Ireland)
- the fact that it's a limited company (usually by spelling out the company's full name including 'Limited' or 'Ltd')

If you want to include directors' names, you must list all of them.

If you want to show your company's share capital (how much the shares were worth when you issued them), you must say how much is 'paid up' (owned by shareholders).

Companies House

# Filing your accounts with us

All private and public limited companies and limited liability partnerships (LLPs) **must** deliver accounts to Companies House even if the company or LLP isn't trading.

As a director or designated member you could get a **criminal record, a fine and disqualification** if you don't deliver accounts on time.

Your company or LLP could also be removed from the register and this can impact your credit rating.

## Accounts

**First accounts**
You must file your first accounts within:

- 21 months of incorporation for a private company or LLP
- 18 months of incorporation for a public company

**Subsequent accounts**
Later accounts must be filed within:

- 9 months after the accounting reference date for a private company or LLP
- 6 months after the accounting reference date for a public company

## File your accounts online

Submit your accounts online.* It's faster and more reliable than paper.

- Inbuilt checks for less chance of rejection
- Be certain your accounts have reached us with automatic email acknowledgement
- File via HMRC and submit to Companies House at the same time

## Have you received an authentication code?

You need an authentication code to file online. Sign up and allow 5 working days for it to arrive by post.

## Late filing penalties

You'll get a late filing penalty if you file your accounts late. This increases the later you file.

| **Length of delay** (measured from the date the accounts are due) | **Private company & LLP** | **Public company & SE** |
|---|---|---|
| Not more than 1 month | £150 | £750 |
| More than 1 month but not more than 3 months | £375 | £1,500 |
| More than 3 months but not more than 6 months | £750 | £3,000 |
| More than 6 months | £1,500 | £7,500 |

*The penalty will be doubled if accounts are filed late in 2 successive years.*

**How to avoid a late filing penalty**

1. File early to allow plenty of time in case your accounts are rejected.
2. You will get a late filing penalty if you resubmit rejected accounts after the deadline. This applies even if you originally submitted them on time.
3. It's your responsibility as directors or members to ensure accounts are filed on time.
4. File online for guaranteed delivery and email acknowledgement.
5. You may be able to apply for more time in exceptional circumstances. Tell us if you have a problem before your deadline as we may be able to help you.

## Sign up to receive email reminders

The email reminder service is the FREE, convenient and effective way to remind you when your company accounts and confirmation statement are due to be filed.

Register for email reminders using our WebFiling service.

## Keep your registered office address up to date

You must **notify** us if you change your registered office address. You can do this online.

We must have a complete and correct address where we can contact your company or LLP. If mail is returned to us unopened, we may strike your company or LLP off the register.

## Strike-off

If we think your company or LLP isn't carrying on business or operating, we may put a notice in The Gazette. The Gazette is the UK's official public record. Your company or LLP could be struck off the register after 2 months from publication of this notice.

As soon as you know you can't meet a deadline, tell us immediately to avoid your company being removed from the register.

## Filing documents with Companies House

Documents are 'delivered' when we receive them in an acceptable electronic or paper format.

File early to allow plenty of time in case your accounts are rejected.

You will get a late filing penalty if your accounts are filed late.

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