

Guidance note on directors' duties

As a matter of law, directors have duties to the company for which they act.

This guidance note is intended to provide general advice to directors on:

- Duties owed by directors.
- Tests to establish whether a company may be insolvent.
- The duty that a director will owe to a company in circumstances where there is a question-mark over its solvency (i.e. the paramount duty to creditors).
- Potential areas where directors might become personally liable if a company goes into liquidation or administration.
- The specific types of transactions which can be undone if a company goes into formal insolvency procedures.
- Matters to which directors should have regard in relation to their management of the company.
- A checklist of actions that can be taken in order to try to (a) minimise risk, and (b) ensure that the financial viability of the company is continually monitored.

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