

Areas of Law Currently Applying to Directors

Directors face a broad spectrum of laws and duties either as individuals or collectively. Directors are subject not only to statute law but also –

- (i) Common law e.g. directors owe a company a duty to act with reasonable care, skill and diligence and;
- (ii) Fiduciary i.e. Company Memorandums and Articles of Association, which include characteristics and principles such as –
 - act in good faith and interests of the company and;
 - exercise their powers for the purpose for which these powers have been conferred.

These duties are owed to the company, present and future shareholders, creditors and employees.

Statutory duties that apply to directors will depend in part on the legal structure of the organisation i.e. a company, partnership, public sector body etc. The range of laws applicable to directors will also depend in some instances on the business sector in which the organisation operates.

Examples of the statutes that impose duties on directors are-

1. Company Law e.g. Companies Act 1985, (the House of Lords is currently discussing a new Company Bill), Companies Act 1989
2. Insider dealing - Criminal Justice Act 1993
3. Provision of financial services - Financial Services and Markets Act 2000
4. Insolvency - Insolvency Act 1986
5. Cartel offences - Enterprise Act 2002
6. Employment Law – many Acts including the Employment Rights Act 1996
7. Environment Law e.g. Environment Act 1993, Water Act 1989
8. Landlord and Tenant Act 1985
9. Discrimination legislation – various Acts and statutory instruments prohibit discrimination on grounds of race, sex, disability, sexual orientation, religion or belief.