

# CLARITY ACCOUNTING

## DIRECTOR'S RESPONSIBILITIES

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# INTRODUCTION

As a new company director you will need to know the rules and responsibilities that you must follow. We have put together this handy guide that highlights the main responsibilities.

For further information visit [HMRC](#).

# WHAT IS A DIRECTOR?

A company director is appointed to a limited company to manage the day to day business activities and finances. They can hire someone to complete these tasks (such as an accountant) but they are still legally responsible for the company's records, accounts and performance.

Almost anyone can be a director as long as they are over the age of 16, there are some restrictions though;

- the person must not have been disqualified by a court from acting as a company director
- the person must not have a history of bankruptcy

You do not need to be a UK resident to be a director of a UK limited company.

# WHAT ARE A DIRECTOR'S RESPONSIBILITIES?

As a company director you are ultimately responsible for managing the company and making sure it remains legal and solvent. The following are legally enforced rules that you must follow;

- When the company was registered you may have used the model articles of association or tailored your own version, it is very important that you follow the rules and guidelines included within these. If you exceed your powers you may have to compensate the company for any resulting financial losses.
- As a director you must always promote the success of the company, all business decisions should benefit the company and not yourself.
- Directors should always exercise independent judgement and form their own view on the companies activities.
- As a director you have a duty to exercise reasonable care, skill and diligence.
- Directors should avoid or manage conflicts of interest that may affect their objectivity.
- You have a legal duty to keep records of all business activities for at least six years from the company's year end date, any changes need to be reported to Companies House and HMRC.
- Register and file a self-assessment tax return annually.

# FILING OF ACCOUNTS AND TAX RETURNS

Every company director has a personal responsibility to ensure that statutory documents are filed as and when required by the Companies Act.

The following are a list of returns and registrations that a company director is responsible for;

- Registering for Corporation Tax with HMRC.
- Setting up a PAYE scheme with HMRC.
- Registering for VAT (if applicable, please see our VAT guide for further information).
- Filing of the annual confirmation statement.
- Filing your company's annual financial statements with Companies House.
- Filing your company's Corporation Tax return (CT600).
- Making payments for and tax due.

Many of these tasks can be completed by the company secretary, however it is still your responsibility to ensure that they happen on time.

If accounts or annual returns are not filed on time the directors of the company could be prosecuted. Failure to deliver documents on time is a criminal offence. A director could end up with a fine of up to £5,000 for each offence.

For late filing of your returns you will incur substantial penalties.

# KEY DATES

Accounting deadlines unique to your company	
Details	Deadline
File first year accounts with Companies House	21 months after your company's incorporation date
File annual accounts with Companies House	9 months after your company's financial year ends
Pay Corporation Tax (or tell HMRC that you don't owe any)	9 months and 1 day after your accounting period for Corporation Tax ends
File a Company Tax Return	12 months after your accounting period for Corporation Tax ends
Submit VAT return	1 month and 7 days from the end of your VAT quarter
Make VAT payments	1 month and 7 days from the end of your VAT quarter

