



Companies Act 2006

2006 CHAPTER 46

PART 10

A COMPANY'S DIRECTORS

CHAPTER 2

GENERAL DUTIES OF DIRECTORS

Introductory

170 Scope and nature of general duties

- (1) The general duties specified in sections 171 to 177 are owed by a director of a company to the company.
- (2) A person who ceases to be a director continues to be subject—
 - (a) to the duty in section 175 (duty to avoid conflicts of interest) as regards the exploitation of any property, information or opportunity of which he became aware at a time when he was a director, and
 - (b) to the duty in section 176 (duty not to accept benefits from third parties) as regards things done or omitted by him before he ceased to be a director.

To that extent those duties apply to a former director as to a director, subject to any necessary adaptations.

- (3) The general duties are based on certain common law rules and equitable principles as they apply in relation to directors and have effect in place of those rules and principles as regards the duties owed to a company by a director.
- (4) The general duties shall be interpreted and applied in the same way as common law rules or equitable principles, and regard shall be had to the corresponding common law rules and equitable principles in interpreting and applying the general duties.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

[^{F1}(5) The general duties apply to a shadow director of a company where and to the extent that they are capable of so applying.]

Textual Amendments

- F1** S. 170(5) substituted (26.5.2015) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), ss. 89\(1\), 164\(3\)\(g\)\(iii\)](#)

Modifications etc. (not altering text)

- C1** Ss. 170-177 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(e\)](#)
- C2** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(e\)](#)
- C3** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(e\)](#)
- C4** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), arts. 1(2), 7, [Sch. para. 2\(e\)](#)
- C5** Ss. 170-177 modified (1.3.2016) by The NRAM plc (formerly Northern Rock plc) [Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(e\)](#)
- C6** S. 170 applied (8.12.2017) by The Risk Transformation Regulations 2017 (S.I. 2017/1212), regs. 1(2), [83\(1\)](#) (with [reg. 189](#))

Commencement Information

- I1** S. 170 wholly in force at 1.10.2007; s. 170 not in force at Royal Assent see s. 1300; s. 170 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

The general duties

171 Duty to act within powers

A director of a company must—

- (a) act in accordance with the company's constitution, and
- (b) only exercise powers for the purposes for which they are conferred.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by The NRAM plc (formerly Northern Rock plc) [Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(e\)](#)
- C7** Ss. 170-177 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(e\)](#)
- C8** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(e\)](#)
- C9** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(e\)](#)
- C10** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), arts. 1(2), 7, [Sch. para. 2\(e\)](#)

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- C11** S. 171 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), **83(1)** (with reg. 189)

Commencement Information

- I2** S. 171 wholly in force at 1.10.2007; s. 171 not in force at Royal Assent see s. 1300; s. 171 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

172 Duty to promote the success of the company

- (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—
- (a) the likely consequences of any decision in the long term,
 - (b) the interests of the company's employees,
 - (c) the need to foster the company's business relationships with suppliers, customers and others,
 - (d) the impact of the company's operations on the community and the environment,
 - (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
 - (f) the need to act fairly as between members of the company.
- (2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
- (3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(e)**
- C12** Ss. 170-177 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(e)**
- C13** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(e)**
- C14** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(e)**
- C15** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(e)**
- C16** S. 172 applied (with modifications) (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), **83(1)** (with reg. 189)

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Commencement Information

- I3** S. 172 wholly in force at 1.10.2007; s. 172 not in force at Royal Assent see s. 1300; s. 172 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

173 Duty to exercise independent judgment

- (1) A director of a company must exercise independent judgment.
- (2) This duty is not infringed by his acting—
 - (a) in accordance with an agreement duly entered into by the company that restricts the future exercise of discretion by its directors, or
 - (b) in a way authorised by the company's constitution.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(e\)](#)
- C17** Ss. 170-177 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(e\)](#)
- C18** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(e\)](#)
- C19** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(e\)](#)
- C20** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, [Sch. para. 2\(e\)](#)
- C21** Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), [83\(1\)](#) (with [reg. 189](#))

Commencement Information

- I4** S. 173 wholly in force at 1.10.2007; s. 173 not in force at Royal Assent see s. 1300; s. 173 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

174 Duty to exercise reasonable care, skill and diligence

- (1) A director of a company must exercise reasonable care, skill and diligence.
- (2) This means the care, skill and diligence that would be exercised by a reasonably diligent person with—
 - (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company, and
 - (b) the general knowledge, skill and experience that the director has.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(e\)](#)

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- C21** Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017](#) (S.I. 2017/1212), regs. 1(2), **83(1)** (with [reg. 189](#))
- C22** Ss. 170-177 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008](#) (S.I. 2008/432), art. 17(1), **Sch. para. 2(e)**
- C23** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008](#) (S.I. 2008/2546), art. 13(1)(3), **Sch. 1 para. 2(e)**
- C24** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008](#) (S.I. 2008/2644), art. 26, **Sch. 2 para. 2(e)**
- C25** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to [Law \(Resolution of Dunfermline Building Society\) Order 2009](#) (S.I. 2009/814), arts. 1(2), 7, **Sch. para. 2(e)**
- C26** [S. 174\(2\)](#) applied (8.12.2017) by [The Risk Transformation Regulations 2017](#) (S.I. 2017/1212), regs. 1(2), **83(4)** (with [reg. 189](#))

Commencement Information

- I5** S. 174 wholly in force at 1.10.2007; s. 174 not in force at Royal Assent see s. 1300; s. 174 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

175 Duty to avoid conflicts of interest

- (1) A director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.
- (2) This applies in particular to the exploitation of any property, information or opportunity (and it is immaterial whether the company could take advantage of the property, information or opportunity).
- (3) This duty does not apply to a conflict of interest arising in relation to a transaction or arrangement with the company.
- (4) This duty is not infringed—
 - (a) if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (b) if the matter has been authorised by the directors.
- (5) Authorisation may be given by the directors—
 - (a) where the company is a private company and nothing in the company's constitution invalidates such authorisation, by the matter being proposed to and authorised by the directors; or
 - (b) where the company is a public company and its constitution includes provision enabling the directors to authorise the matter, by the matter being proposed to and authorised by them in accordance with the constitution.
- (6) The authorisation is effective only if—
 - (a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director, and
 - (b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

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- (7) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(e)**
- C21** Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), **83(1)** (with [reg. 189](#))
- C27** Ss. 170-177 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(e)**
- C28** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(e)**
- C29** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(e)**
- C30** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(e)**

176 Duty not to accept benefits from third parties

- (1) A director of a company must not accept a benefit from a third party conferred by reason of—
- his being a director, or
 - his doing (or not doing) anything as director.
- (2) A “third party” means a person other than the company, an associated body corporate or a person acting on behalf of the company or an associated body corporate.
- (3) Benefits received by a director from a person by whom his services (as a director or otherwise) are provided to the company are not regarded as conferred by a third party.
- (4) This duty is not infringed if the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.
- (5) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(e)**
- C21** Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), **83(1)** (with [reg. 189](#))
- C31** Ss. 170-177 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(e)**
- C32** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(e)**
- C33** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(e)**

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- C34** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to [Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(e)**

177 Duty to declare interest in proposed transaction or arrangement

- (1) If a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors.
- (2) The declaration may (but need not) be made—
 - (a) at a meeting of the directors, or
 - (b) by notice to the directors in accordance with—
 - (i) section 184 (notice in writing), or
 - (ii) section 185 (general notice).
- (3) If a declaration of interest under this section proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.
- (4) Any declaration required by this section must be made before the company enters into the transaction or arrangement.
- (5) This section does not require a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question.

For this purpose a director is treated as being aware of matters of which he ought reasonably to be aware.
- (6) A director need not declare an interest—
 - (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
 - (b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware); or
 - (c) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered—
 - (i) by a meeting of the directors, or
 - (ii) by a committee of the directors appointed for the purpose under the company's constitution.

Modifications etc. (not altering text)

- C5** Ss. 170-177 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(e)**
- C21** Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), **83(1)** (with reg. 189)
- C35** Ss. 170-177 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(e)**
- C36** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(e)**
- C37** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(e)**

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C38 Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to [Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, [Sch. para. 2\(e\)](#)

Supplementary provisions

178 Civil consequences of breach of general duties

- (1) The consequences of breach (or threatened breach) of sections 171 to 177 are the same as would apply if the corresponding common law rule or equitable principle applied.
- (2) The duties in those sections (with the exception of section 174 (duty to exercise reasonable care, skill and diligence)) are, accordingly, enforceable in the same way as any other fiduciary duty owed to a company by its directors.

Modifications etc. (not altering text)

C21 Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), [83\(1\)](#) (with [reg. 189](#))

Commencement Information

I6 S. 178 wholly in force at 1.10.2007; s. 178 not in force at Royal Assent see s. 1300; s. 178 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

179 Cases within more than one of the general duties

Except as otherwise provided, more than one of the general duties may apply in any given case.

Modifications etc. (not altering text)

C21 Ss. 173-179 applied (8.12.2017) by [The Risk Transformation Regulations 2017 \(S.I. 2017/1212\)](#), regs. 1(2), [83\(1\)](#) (with [reg. 189](#))

Commencement Information

I7 S. 179 wholly in force at 1.10.2007; s. 179 not in force at Royal Assent see s. 1300; s. 179 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

180 Consent, approval or authorisation by members

- (1) In a case where—
 - (a) section 175 (duty to avoid conflicts of interest) is complied with by authorisation by the directors, or
 - (b) section 177 (duty to declare interest in proposed transaction or arrangement) is complied with,

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the transaction or arrangement is not liable to be set aside by virtue of any common law rule or equitable principle requiring the consent or approval of the members of the company.

This is without prejudice to any enactment, or provision of the company's constitution, requiring such consent or approval.

- (2) The application of the general duties is not affected by the fact that the case also falls within Chapter 4 (transactions requiring approval of members)^[F2] or 4A], except that where ^[F3] either of those Chapters] applies and—
 - (a) approval is given under ^[F4] the Chapter concerned], or
 - (b) the matter is one as to which it is provided that approval is not needed,it is not necessary also to comply with section 175 (duty to avoid conflicts of interest) or section 176 (duty not to accept benefits from third parties).
- (3) Compliance with the general duties does not remove the need for approval under any applicable provision of Chapter 4 (transactions requiring approval of members)^[F5] or 4A].
- (4) The general duties—
 - (a) have effect subject to any rule of law enabling the company to give authority, specifically or generally, for anything to be done (or omitted) by the directors, or any of them, that would otherwise be a breach of duty, and
 - (b) where the company's articles contain provisions for dealing with conflicts of interest, are not infringed by anything done (or omitted) by the directors, or any of them, in accordance with those provisions.
- (5) Otherwise, the general duties have effect (except as otherwise provided or the context otherwise requires) notwithstanding any enactment or rule of law.

Textual Amendments

- F2** Words in s. 180(2) substituted (1.10.2013) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\), ss. 81\(2\)\(a\)\(i\), 103\(3\); S.I. 2013/2227, art. 2\(h\)](#)
- F3** Words in s. 180(2) substituted (1.10.2013) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\), ss. 81\(2\)\(a\)\(ii\), 103\(3\); S.I. 2013/2227, art. 2\(h\)](#)
- F4** Words in s. 180(2)(a) substituted (1.10.2013) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\), ss. 81\(2\)\(b\), 103\(3\); S.I. 2013/2227, art. 2\(h\)](#)
- F5** Words in s. 180(3) inserted (1.10.2013) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\), ss. 81\(2\)\(c\), 103\(3\); S.I. 2013/2227, art. 2\(h\)](#)

Modifications etc. (not altering text)

- C39** S. 180(2) modified (1.10.2008) by [The Companies Act 2006 \(Commencement No. 5, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/3495\), art. 9, Sch. 4 para. 49](#) (with savings in arts. 7, 12)

181 Modification of provisions in relation to charitable companies

- (1) In their application to a company that is a charity, the provisions of this Chapter have effect subject to this section.
- (2) Section 175 (duty to avoid conflicts of interest) has effect as if—

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- (a) for subsection (3) (which disapplies the duty to avoid conflicts of interest in the case of a transaction or arrangement with the company) there were substituted—
 - “(3) This duty does not apply to a conflict of interest arising in relation to a transaction or arrangement with the company if or to the extent that the company's articles allow that duty to be so disapplied, which they may do only in relation to descriptions of transaction or arrangement specified in the company's articles.”;
 - (b) for subsection (5) (which specifies how directors of a company may give authority under that section for a transaction or arrangement) there were substituted—
 - “(5) Authorisation may be given by the directors where the company's constitution includes provision enabling them to authorise the matter, by the matter being proposed to and authorised by them in accordance with the constitution.”.
- (3) Section 180(2)(b) (which disapplies certain duties under this Chapter in relation to cases excepted from requirement to obtain approval by members under Chapter 4) applies only if or to the extent that the company's articles allow those duties to be so disapplied, which they may do only in relation to descriptions of transaction or arrangement specified in the company's articles.
- (4) ^{F6}
- (5) This section does not extend to Scotland.

Textual Amendments

F6 S. 181(4) repealed (14.3.2012) by [Charities Act 2011 \(c. 25\)](#), ss. 354, 355, **Sch. 10** (with s. 20(2), [Sch. 8](#))

Commencement Information

I8 S. 181 wholly in force at 1.10.2007; s. 181 not in force at Royal Assent see s. 1300; s. 181 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#))

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 1989/638, Sch. 4 by [S.I. 2024/410 Sch. 2 para. 1](#)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34 by [S.R. 2024/78 reg. 31\(4\)](#)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34A by [S.R. 2024/78 reg. 31\(5\)](#)
- s. 1087A-1807C applied by S.I. 2009/2436, Sch. 1 para. 20(1)(ca) (as substituted) by [S.I. 2024/410 Sch. 2 para. 5\(d\)\(ii\)](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))