



Companies Act 2006

2006 CHAPTER 46

PART 10

A COMPANY'S DIRECTORS

CHAPTER 2

GENERAL DUTIES OF DIRECTORS

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)

- C1** 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)
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Commencement Information

- II** 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](#))

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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)

C1 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

I2 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,
- 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)^[F1] or 4A], except that where ^[F2]either of those Chapters] applies and—
- (a) approval is given under ^[F3]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)^[F4] 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.

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Textual Amendments

- F1** 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)
- F2** 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)
- F3** 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)
- F4** 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)

- C2** 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—
- (a) for subsection (3) (which disappplies 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 disappplied, 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 disappplies 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 disappplied, which they may do only in relation to descriptions of transaction or arrangement specified in the company's articles.
- (4) ^{F5}.....
- (5) This section does not extend to Scotland.

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Textual Amendments

- F5** S. 181(4) repealed (14.3.2012) by [Charities Act 2011 \(c. 25\)](#), ss. 354, 355, **Sch. 10** (with s. 20(2), [Sch. 8](#))
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Commencement Information

- I3** 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:

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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. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- s. 156B(5) omitted by [2023 c. 56 Sch. 2 para. 26](#)
- s. 156C(2) words substituted by [2023 c. 56 s. 41\(2\)\(a\)](#)
- s. 156C(2A) inserted by [2023 c. 56 s. 41\(2\)\(b\)](#)
- s. 156C(3) substituted for s. 156C(3)-(5) by [2023 c. 56 Sch. 2 para. 27](#)
- 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. 1047(4)(i)(j) inserted by [2023 c. 56 s. 21\(2\)](#)
- s. 1087(da) substituted by [2023 c. 56 s. 52\(2\)](#)
- 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\(d\)\(ii\)](#)
- s. 1110E-110G applied by S.I. 2009/1804, reg. 60 (as amended) by [S.I. 2024/234 reg. 26](#)
- s. 11989A applied (with modifications) by S.I. 2009/1804, reg. 79A (as inserted) by [S.I. 2024/234 reg. 46](#)
- 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))