



"COUNCILS PARTNERING FOR VALUE AND SERVICE"

BOPLASS LTD

Bay of Plenty Local Authority Shared Services

Summary of Director Responsibilities

Under the Companies Act 1993

The Companies Act 1993 is one of the primary Acts of Parliament which regulates the operation of limited liability companies in New Zealand, including the responsibilities of company directors. These directors' responsibilities include, but are not limited to;

- Acting in good faith and in the best interests of the company (section 131)
- Not agreeing, causing or allowing the business of the company to carry on in a manner likely to create a substantial risk of serious loss to the company's creditors (section 135)
- Not allowing the company to incur any obligation unless the director believes at the time on reasonable grounds that the company will be able to perform the obligation when it is required to do so (section 136)
- Exercise reasonable care, diligence and skill taking into account, but without limitation;
 - The nature of the company; and
 - The nature of the decision; and
 - The director's position and the nature of the responsibilities undertaken by the director (section 137)
- Ensure that the company's constitution, minutes and other relevant registers are kept at the company's registered office (section 189)
- Ensure proper accounting records are kept (section 194)

Section 138 of the Act allows directors, in exercising their powers, to rely on reports, statements, financial data and other information or advice from;

- Reliable and competent employees
- Professional advisors or experts who are believed on reasonable grounds to be within the person's professional or expert competence
- Any other director in relation to matters within that other director's designated authority

Please note that the information set out above is a summary of some of the sections of the Companies Act only and is by no means exhaustive. Should a director be uncertain regarding the application of the above sections or the additional responsibilities in relation to the position of director, we recommend that they seek professional advice on this.

It is noted that several directors have been sponsored by their councils on courses run by the Institute of Directors and that this has been beneficial.