

## **City Fans United**

### **Duties of a Director**

#### **Introduction**

Chester FC is a Community Benefit Society and Directors in such organisations have certain specific duties. The following is intended as a brief guide to the basic duties expected of a Director.

#### **Fiduciary duties**

Fiduciary duty means that a Director has a duty to act in the best interests of the Society and the members as a whole. A Director should not act in his/her own interest, the interests of any section of the society or of any outside organisation. This means that a Director should:

- Not use or misuse Society property for their person gain
- Not use information gained in the execution of their duties for personal gain for example making a secret profit out of their position
- Protect the Society's property and its assets
- Act within the interest of the whole Society and its members, not any section of the Society or any one group of stakeholders
- Keep information gained in confidence and confidential

#### **Duty to disclose interests**

A Director has a duty to disclose an interest s/he has in a contract. This interest may be personal or by a connected person (e.g. spouse, child or business partner.) Being 'interested' means standing to gain financially from a contract. There is no duty to declare a non-financial interest e.g. where a Director may be a member of another organisation but has no financial stake in it. The Society's rules do not specify that a Director who has declared an interest must not take part in any discussion of that matter, although they should not vote.

#### **Duty of care and skill**

In carrying out their duties, Directors must act carefully and responsibly. Directors are expected to show the level of skill, care and competence appropriate to their actual knowledge and experience. Directors need not give the Society continuous attention and need not attend every meeting (though they should attend if they are reasonably able to do so.) Persistent non-attendance would however be viewed as breaching the duty of care and skill. To demonstrate that they have performed their duty of care and skill, Directors should:

- Have received and understood the rules of the Society
- Receive some form of induction training
- Always read and consider any papers that are produced for board meetings and other meetings of the society

In insolvency situations, Directors are expected to demonstrate the level of competence that might reasonably be expected of a person in their position. At the very least Directors should ensure that they receive financial information and have skills to assess whether they are in an insolvency position. Therefore, it would be advisable for all Directors to receive some financial training.

#### **Records and meetings**

Under certain circumstances Directors could be liable to a fine if information is not submitted to the Financial Conduct Authority (FCA.) and this entails the keeping of certain records. Persistent failure to submit

information can lead to disqualification even if its preparation has been delegated to accountants or other parties. This is because Directors are responsible for seeing that accurate records of the Society's activities are kept.

Directors should meet often enough to ensure that they are able to effectively discharge their duties and in practice the CFU board will normally meet on a monthly basis. At board meetings all Directors have one vote and decisions are by a simple majority; minutes are kept and circulated to all Directors.

Directors will be expected to report back on their area of activity at both board and CFU meetings.

### **Duty to submit accounts**

It is the duty of the Board of Directors to submit accounts to the FCA within seven months of the Society's financial year end. Although the auditors must prepare the accounts, it is the Directors' duty to make sure they are ready in time.

### **FA Owners' and Directors' Test 2015-2016**

Full details relating to the FA Owners' and Directors' Test may be found on the FA website. Director candidates should read this to ensure that they have a full understanding of its purpose and general application.

### **Time commitment**

There are a number of specific time commitments which prospective directors need to be aware of:

- Board meetings are normally held on a monthly basis with meetings lasting approximately 3 hours. Additional board meetings may be arranged to deal with urgent business.
- Directors will be expected to represent the board on match days both home and away, as far as possible this will be attendance in the board room at each home match and where possible at away matches.
- Directors will be expected to attend the AGM and CFU meetings, the latter are normally held on a monthly basis during the season.
- Each director will be linked with one of the established volunteer groups and will be expected to attend their meetings and report back to the board.
- Each director will be expected to be responsible for a particular area of work / activity at the club and this will require a regular time commitment in addition to board and other meetings.
- Directors may be required to represent the club at external functions eg National League Meetings, FA meetings or local community events.

### **In Conclusion**

This document summarises some of the key duties of a Director and it is very important that potential Directors are aware of the various requirements of a Director before making a commitment to this role. Also that in very rare circumstances where there is a very serious breach of these duties Directors could be sued or prosecuted.

### **September 2015 /MPN**