

- **Position of directors**

Directors as agents:

A company as an artificial person acts through directors who are elected representatives of the shareholders. They are in the eyes of the law and agents of the company. The general principles of the law of principal and agent regulate in most respects the relationship between the company and its directors.

Directors as servants:

They are not servants of the company. A director may however become a servant in a different capacity. For example the creator and controller of an air farming company was also working as its pilot. He died in an accident. His widow was allowed workman's compensation (Lee v Lee's Farming Ltd).

Directors as officers:

A director is an officer of the company. As such they are liable to certain penalties if the provisions of the Companies Act are not strictly complied with.

Director as trustees:

Directors as trustees of the company's money and property in the sense that they must account for all the company's money and property over which they exercise control. Directors are however not trustees in the real sense of the world because they are not vested with the ownership of the company's property. It is only as

regards some of their obligations to the company and certain powers that they are regarded as trustees of the company.

Directors as trustees of the power entrusted to them in the sense that they must exercise their powers honestly and in the interest of the company and the shareholders and not in their own interest.

Trustees of the company-directors are trustees for the company and not for the third party who have made contracts with the company or for the individual shareholders.

Directors as quasi-trustees following:

- (1) They are not vested with ownership of the company's property;
- (2) Their functions are not the same as those of trustees;
- (3) Their duties of care are not as onerous as those of trustees.