S.171-S.177 of the Companies Act 2006 provide statutory basis for the duties of directors, which must be taken into account in this case with respect to Leena (L), Mohsin (M), and Naomi (N) (CA 2006). By virtue of their position as StarSkool's directors, they owe the company a fiduciary duty, as established by the court's decision in Percival v. Wright. This means that each director's infractions and duties can be assessed on their own merits.

Leena's potential risk L appears to be working on behalf of a competitor. This may appear to be in violation of Section175 due to a conflict of interest. (7). Chitty J ruled in London and Mashonaland Exploration Co. that a director's dual roles with competing businesses did not amount to a breach of fiduciary duty. In Bell v. Lever Bros. Plus Group Ltd v., Lord Blanesburgh offered his obiter approval, yet the result nonetheless came as a shock. Pyke argues that so long as there is no "real conflict" between a director's duties at one company and those at another, Section 175 does not prohibit the director from serving as an employee of a competitor. However, the aforementioned rulings are no longer legally binding precedent because they were issued before to CA 2006. Thus, the use of s.175(7) would exclude any duty conflict arising from L's dual employment unless the board of StarSkool had authorised it in accordance with s.175(7) (4).

In addition, after the events with Aberdeen Rly, no director will be permitted to accept a position in which his or her own interests are likely to compete with those of the people he or she is sworn to defend. Self-dealing, as mentioned in S.175, is not addressed in S.175 (3). Directors are required to disclose the "nature and extent" of any interest they hold in any transaction or arrangement to which the company is or may be a party under section177 of the Companies Act of 2006.

S.182 strengthens the provisions of S.177 by requiring a director to disclose the nature and extent of his investment in any actual (as opposed to potential) transaction in which the company is engaged.

The argument may be made that L informed N about her position at ClipClop. Since N was probably at the gym working out and not listening to L's statements, this argument has little chance of succeeding.

liableness of M

It's possible that C broke Rule 172. Under Section 172, a director must act in a way that he believes, in good faith, will promote the development of the company for the benefit of its members as a whole, while also taking into account the interests of the firm's stakeholders. To act in the firm's best interests, one must seek to increase the value of the company. This did not imply prioritising the interests of shareholders over those of workers, suppliers, creditors, customers, governments, or the environment (People's Department Stores v. Wise), but rather of all stakeholders. If it can be shown that the relevant exercise of power could not be in the best interests of the firm, then a breach has occurred, as stated by Warren J in Re Southern Counties Fresh Food Ltd.

In Regent Crest plc v. Cohen, Jonathan Parker J said that the test is subjective so long as the director honestly believed his activities were in the best interests of the business; no claims for breach will lie even if the director's behaviour injured the firm. However, an objective test was added in Charterbridge Corp. Ltd. v. Lloyds Bank Ltd., which stated that the appropriate test must be whether an intelligent and honest man in the position of the company's director in enquiry could have reasonably believed, under the entirety of the prevailing circumstances, that the exchange was for the benefit of the company. The Act's language, however, makes it clear that S.172 relied on a subjective standard.

It's possible that M's statement that "transgender people should simply shut up and accept the sex they were born with" was not in the company's best interests and that he could be held accountable under s.172.