AQUITAS LAW

AQUITAS INSIGHT · SHAREHOLDER DISPUTES

Shareholder Relationship *Health Check*

A five-minute check for anyone who owns a business with others.

Most shareholder disputes do not begin with dramatic boardroom confrontations. They begin quietly.

This check helps you notice the early signs, test whether your documents still fit the business, and think through your options before positions harden. Tick what applies. There are no right or wrong answers, and nothing here assumes anyone has done anything wrong.

01 Spot the signs

Over the last six months, have you noticed any of these?

- ☐ **Decisions are made without you.** Significant commercial decisions are taken before you are consulted.
- ☐ **Financial information is harder to obtain.** Management accounts arrive late or incomplete, or explanations about spending are vague.
- ☐ **Remuneration has changed unexpectedly.** Salaries, bonuses or benefits have changed without an open discussion.
- ☐ **Access is disappearing.** Your access to banking information, accounting systems, company records or professional advisers has been restricted.
- ☐ **Key relationships bypass you.** Customers, suppliers or advisers now deal with one shareholder only.
- ☐ **Board meetings have quietly stopped.** Informal conversations have replaced documented decision-making.
- ☐ **Trust has gone.** You no longer trust the people you own the business with.

Any one of these can have an innocent explanation. A pattern is worth taking seriously.

> *Transparency builds confidence. A lack of transparency damages it.*

02 Check your documents

Shareholder agreements are often treated as documents that sit in a drawer and are never revisited. Businesses change. Do yours still fit the business you run today?

DOCUMENT OR ARRANGEMENT	WE HAVE ONE	REVIEWED SINCE THE BUSINESS LAST CHANGED
Shareholders' agreement	☐	☐
Articles of association	☐	☐
How director remuneration is set	☐	☐
What happens if an owner wants to leave	☐	☐
Restrictive covenants	☐	☐
How decisions are made and recorded	☐	☐

An empty first column is worth noting. Many owner-managed businesses run for years without a shareholders' agreement, until they need one.

03 Five questions before you act

Before thinking about legal remedies, step back and identify the real commercial objective. Write a line under each.

1 When did communication first begin to change?

2 Do all shareholders still have access to the same financial information?

3 Are significant decisions being documented and properly authorised?

4 Is the situation beginning to affect customers, staff or suppliers?

5 What commercial outcome would best protect the long-term value of the business?

Then ask: is the relationship capable of being repaired? Would improved governance resolve the problem? Would an orderly separation better protect the value of the business? These are strategic business questions as much as legal ones.

04 What your answers suggest

NO SIGNS TICKED

Documents up to date and good governance working. Keep reviewing your documents as the business grows.

ONE OR TWO SIGNS

Or gaps in your documents. Worth an open, constructive conversation with your co-owners, and a review while relationships are still good.

SEVERAL SIGNS

Sensible to understand your position now. Advice does not mean litigation: it often opens up improved governance, negotiated exits, mediation or restructured ownership.

05 Your notes

The earlier a business problem is recognised, the more options there are to resolve it.

TALK IT THROUGH IN CONFIDENCE
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This is general information, not legal advice. Every situation is different. Speak to us about yours.
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