

# Stanley Davis

**An update from Stanley Davis Group Limited**

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## **Business Rates Deferral**

**The Chancellor of the Exchequer has confirmed that the business rates increase originally scheduled for this year will be staggered.**

The annual increase, which had been set at 5 per cent for the 2009/10 financial year, has been reduced to 2 per cent, with the remaining 3 per cent to be paid over the following two years.

The move is intended to 'smooth the effects of the spike in inflation of 5 percent in September', which would have had an impact on cash flow this year. It reckons that the delay will help business ratepayers will be able to defer around £600 million across 1.6 million properties.

## **Unfair prejudice of shareholders under the Companies Act 2006**

In a recent case, the petitioner was a venture capital fund that had invested in a private company that had originally been founded by an entrepreneur. When relations between the two broke down, the entrepreneur sought to take control of the company. The venture capital fund brought a petition under s.994 of the Companies Act 2006, alleging unfair prejudice on the part of the entrepreneur. The court categorised the relationship between the two as a "quasi partnership," and stated that where such a partnership breaks down due to one side's conduct, this could indeed amount to unfair prejudice.

Usually, in the event of a successful petition of this type, the court orders the wrongdoer to purchase the petitioner's shareholding. In this case, however, the court ordered that the entrepreneur had to sell his holding to the petitioner.

This case highlights the need for careful drafting of articles of association and shareholders' agreements. Suitable provision in this case would have saved a very costly litigation.

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