

SHAREHOLDER & PARTNERSHIP HOUSEKEEPING DURING COVID-19

During these unprecedented times, it is best to stay proactive and forward thinking. Over the last couple of months, we have noticed an influx of companies aiming to do exactly that.

There are many ways to help make your company become future-proof; making these steps could prove vital for the future of your company.

The first important question to ask is, ‘does your company have a shareholders’ agreement?’

If not, and there are things that you would like to have in writing and agreed by the shareholders of your company, then why not use this time to get one drawn up? With business being quiet for most companies, there has never been a better opportunity to make this happen. Shareholders’ agreements can cover anything you want them to and are advantageous, as they do not have to be filed at Companies House. This means that anything agreed between the shareholders can be kept confidential whilst remaining legally binding.

Secondly, ‘are you wanting to prepare for the future and protect you company?’

If so, then have you considered having a cross option agreement drafted? This would help to ensure the smooth running of your company in the event of the death of a shareholder.

A cross option agreement is drawn up alongside individual life insurance policies, which combine to protect the interests in the shares on the death of the shareholder. For the option holders drafted into the agreement, they will be provided with ‘put and call options’. This means that the seller (the deceased shareholder) will be given a ‘put option’ to sell the shares held for a set price, on death, to the remaining option holders. Then, these remaining option holders will be given the right to buy, for the set price, through a ‘call option’.

Having such a cross option agreement in place can be vital when it comes to succession planning. We recommend that you consider entering into such an agreement in order to protect your interests and the long term success of your company.



DISPUTE RESOLUTION SOLICITOR KATIE BAKER JOINS LANYON BOWDLER

Katie is based at the office in Conwy bringing a wealth of experience to her new role. The appointment will help the firm meet the increasing demand for its services in the area.

Katie said: “I am delighted to be a part of the Lanyon Bowdler team, I’m enjoying working with clients across the area, ensuring they receive the best possible service at all times.

“These are difficult times for many and while we have been working from home during lockdown, it’s important for people to know that we have remained available to provide legal services to businesses and individuals.

“I’m a fluent Welsh speaker and understand the importance of providing clients with a professional service in their native language. I believe this, coupled with an excellent working knowledge of the area, puts me in the ideal position to help and support our clients.”

Katie’s legal career started in personal injury litigation 10 years ago as a paralegal and she has been a qualified solicitor for six years, gaining a wealth of experience in litigation.

She also acquired the Higher Rights of Audience upon qualification so she can offer clients advocacy as well as sound legal advice.

Our offices are now open for pre-arranged appointments and to drop off documents, we continue to offer meetings via telephone and video.

Here to Help

CORPORATE INSOLVENCY AND GOVERNANCE BILL

In an attempt to provide for businesses in need, following the COVID-19 crisis, the Corporate Insolvency and Governance Bill is set to assist these businesses to ensure their future security and to allow for any necessary restructuring to increase their chances of survival.

What needs to be recognised by business owners, and solicitors alike is that, due to the speed at which the Bill has been drafted (in an attempt to provide solutions as soon as possible) amendments, alterations and additions should be expected. As well as this, there are temporary and permanent measures, meaning that the legislation needs to be followed carefully to ensure that as a business, you are able to benefit as much as possible.

There are three main aims of the Bill:

- To introduce new corporate restructuring tools.
- To temporarily suspend parts of insolvency law to support directors to work through the COVID-19 crisis without fearing personal liability.
- To amend company law and other legislation to provide businesses with temporary easements on company procedure.

Overall, the Bill aims to provide businesses, who were trading successfully before COVID-19, with the breathing space and necessary tools to maximise their chances of survival.

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Finally, 'are you working within a partnership with no formal partnership agreement?'

If this sounds like you, then a formal partnership agreement can be beneficial for many reasons. The key reason being that partnerships governed by statute alone are constantly at risk of ceasing to exist. This is because, by law, if any partner to a partnership dies or becomes bankrupt, the partnership is automatically dissolved. Having a partnership agreement in place can deal with these possible scenarios, as well as others, in order to protect the interests of the partnership.

All three of the above agreements can help put you in a more secure position as a shareholder or partner, as well as providing certainty for the future of your company. If you have any questions or would like help preparing for the future, please get in touch with the corporate and commercial department for more information.

By Abi Croft.



There are certain protections that have been put in place to prevent a company from going into liquidation. Firstly, a company moratorium is available to be obtained by the directors of the company when, and if, they make a statement to an appointed monitor, that the company is, or is likely to become, unlikely to pay its debts. This moratorium allows the company a protection period of 20 working days' to restructure and rescue the company. During this time, no creditors can bring legal action against the company.

Secondly, a restructuring plan has been proposed which is similar to the existing Scheme of Arrangement. This plan allows a company in difficulty, its creditors or its members/shareholders to propose a restructuring plan. Court approval is required to approve the plan and the aim is to enable a company to restructure in an attempt to save itself from liquidation.

Thirdly, on a more temporary basis, and very importantly for a lot of businesses, Companies House formalities have been eased. This decision is down to practical and logistical challenges being faced by businesses.

There are a number of other changes that are to be brought into force through this Bill, covering wrongful trading and winding up provisions. These provisions aim to prevent directors from personal liability when they act to try and rescue the company, when in normal circumstances, their actions would be condemned.

The Corporate Insolvency and Governance Bill received Royal Assent on 25 June 2020 and may be able to provide assistance for your Company. For more information or for any advice on your company needs, please contact our Corporate and Commercial department.

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PEOPLE COULD MISS PLANNING APPLICATIONS DUE TO NEW LEGISLATION WARNS LAWYER

Planning authorities need to be careful that people do not miss the chance to have their say on planning applications affecting them or their homes.

Regulations which came into force on May 14 temporarily amended councils' obligations to publicise planning applications during the coronavirus outbreak. The regulations are designed to address the difficulties, in current times, with the usual ways of publicising applications which include sending letters to adjoining owners or occupiers, placing site notices, advertising in newspapers and allowing people to inspect planning application documents at council offices.

But Tracy Lovejoy, planning lawyer at our Telford office, has said the legislation could mean people are not informed about nearby planning applications. She said: *"The new rules come into play where it is not reasonably practical for a council to comply with the normal publicity procedures. In those cases, the council would only be obliged to comply with the normal publicity requirements 'so far as is reasonably practical'.*

"They can then publish the application documents and carry out their public consultation online, as long as they take reasonable steps, which can include announcements on social media and other electronic means, to inform people who are likely to have an interest in the application of the fact that they are doing so.

"There have been obvious difficulties, caused by restrictions on movement, in the physical aspects of publicising applications. Staff have been encouraged to work at home and some councils have been closed to staff and the public for all intents and purposes. Things may change from 1 August as the government has announced its intentions to give employers more discretion to decide whether employees should continue to work at home or whether more employees can work safely from the office .

"This might mean that there are more Council officers around to send out letters or put up site notices and will have an impact on whether or not it is 'reasonably practical' to carry out these steps

"There are limited periods within which people can respond to an application. Some councils would rather accept a late representation than be accused of missing a material fact while others adhere more strictly to the time limit.

"Even within the normal rules, people occasionally find out about nearby planning applications when it is too late, or almost too late, to make representations. If, under these rules, councils decide to forego notification letters and site notices, there is a risk that a significant number of people will simply not know about applications which may affect them.

"Notices on site or in public places are particularly useful at the moment as more people are choosing to travel and exercise by walking around. The provisions about taking reasonable steps to ensure that residents are aware of the application are also important, and it may be counter-productive to members of the public who do not have access to fast reliable internet services for the council to rely solely on social media to announce that planning applications are being publicised online.

"The coronavirus outbreak has made it extremely difficult for everyone, including those involved in the planning system, but it's important that councils consider carefully what they can do to reduce the risk of people missing out on their right to respond to planning applications which could affect them and continue to update their procedures as lockdown is gradually lifted."

For more advice, contact Tracy on 01952 291222 or email tracy.lovejoy@lblaw.co.uk.

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Katie has a young son and they have been spending time during lockdown playing with the family sheepdog and chickens.

"I'm a keen cyclist and have completed a number of sportives," she added. "I often use my cycling to help me raise money for Bowel Cancer UK, a charity which my family has been successful in raising over £100,000 for over the past 10 years.

"I am also a volunteer board member at Crest Co-Operative, a local not-for-profit organisation. I was asked to join the board some 18 months ago and am proud to be connected with an organisation that is so active in supporting its local community through reuse initiatives as well as retraining and employment opportunities."

Edward Nutting, head of the Conwy office, said: *"We are delighted to welcome Katie, she is becoming a valuable asset to the team in North Wales - an arm of the business which has grown significantly since we opened our office in Conwy.*

"The team offers the full range of legal services and Katie's experience and ability to converse in English and Welsh with clients is of great benefit to the firm.

"We have seen a particularly high demand for commercial property and agricultural-related disputes, and Katie is already assisting a variety of clients with these issues."

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Here to Help

VIDEO CALLS MORE EFFECTIVE THAN PHONE CONFERENCING SAYS LAWYER

The explosion in popularity for video calls has brought an unexpected side effect to business meetings - more humour and personality.

That's the view of the head of our corporate team, who says assisting clients with major business transactions during video meetings has proved to be much more effective than traditional phone conferences.

Grainne Walters said she had numerous experiences of friendlier, more positive meetings since video calls had become the norm.

"The sudden lockdown and move to a different way of working has been very testing for everyone, but we have noticed some unexpected benefits," she said.

"I have found video meetings far more effective than telephone calls when dealing with multiple parties - especially when they are based in different countries.

"For instance, I had a recent call with a Spanish corporate lawyer regarding the incorporation of a Spanish subsidiary company for a UK based client. What would have been a rather dull conversation



about the variances in company law in each country was made much more meaningful by the face-to-face discussion - it was as if he was sitting opposite me over a coffee. I feel it will bring the world's professionals closer together.

"Another example involved quite a complex transaction involving clients from different nationalities, and I think it's fair to say that the ability to see each other's faces, their reactions and subtle expressions, made the whole meeting so much easier.

"When you are negotiating a business deal, being able to look into someone's eyes and read their facial expressions is really important.

"I have certainly found that meetings over video conferencing apps, such as Zoom or Microsoft Teams, have been more amicable and more productive than dial-in phone meetings have ever been.

"It will be interesting to see how things develop as restrictions ease, but I am sure that many people will continue to use video conferencing on a regular basis - it's very much the new normal."

Our People, Your Team

Contact **Lanyon Bowdler** to find out about the full range of legal services we offer

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