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Business News Scotland

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

The importance of a shareholders agreement

For limited companies, when it comes to making decisions, Company Law states shareholders who own more than 50% can pass a motion at a company meeting regardless of the views of other shareholders and if a shareholder(s) owns 75% or more of the shares they, control the company outright and can veto the decisions of all other shareholders.



This may not suit all business situations, especially where you have two or more founders holding equal share capital or a group of owners with varying amounts of capital, some of whom are directors and some who are not, but who are all working together for the company's success.

A shareholders' agreement is entered into between all or some of the shareholders in a company. It regulates the relationship between the shareholders, the management of the company, ownership of the shares and the protection of the shareholders. They also govern the way in which the company is run.

The agreement can help define how a business makes decisions to the benefit of all owners and is recommended where:

- A small number of owners want to reach collective and fair decisions for the benefit of all;
- Some owners may want to be able to influence decisions that are particularly relevant to them;
- Some shareholders may not be directors and cannot influence operations on a day-to-day basis;

Typically, it is seeking to deal with the three “D’s” of death, disability and disagreement. It may also cover a variety of other significant areas for example, retirement and buy back of shares.

Key areas for any shareholder agreement

This is not a comprehensive list, as each situation is different, but it may help you collect the thoughts of all shareholders before you draw up an agreement.

1. Company details including structure, directors, and officers
2. Purpose and aims of the company
3. Equity split of shareholders
4. Parties to the agreement
5. Shareholders rights, obligations and commitments
6. Decision making processes on major issues, required voting majorities and day to day operating decisions
7. Restrictions on the sale of shares
8. Rights of first refusal and pre-emptive rights to acquire shares on leaving, retirement, death, or disability
9. Death, disability, and other retirement compensation payments
10. Management contracts, director approval, and remuneration amounts
11. Insurance and other protective requirements
12. Professional advisers and change of professional advisers
13. Dispute resolution
14. Changes to and termination of the agreement
15. Buy out provisions for leaving shareholders
16. Valuation of shares on changes and valuations of the business

Our view is that a shareholders agreement is an essential document for any limited company and an equitably drafted agreement should provide comfort to all involved parties.

Please talk to us if you need help in planning for an agreement, especially where there are several shareholders, a new company is being formed, a shareholder wants to sell their shares or pass them to their children, someone is nearing retirement, or the company has borrowed money from a shareholder. We can help with share and company valuations and putting the shareholders wishes into an agreement with a local solicitor.

Do you want to grow your business?

Then ask us for a copy of our guide called “57 Ways to Grow Your Business”! Our publication is packed full of bright Ideas for the Serious Entrepreneur and starts with the four basics of growth. All the ideas in this guide ultimately revolve around four basic insights about growing a business. You can:

1. Increase the number of customers;
2. Increase the number of times each one does business with you;
3. Increase the average value of each transaction; and
4. Increase your own effectiveness and efficiency.

Here are some other business principles that we explore in the guide:

- What you can measure, you can manage;
- Build in unique core differentiators and focus on them constantly;
- it's more important to be different than it is to be better;
- Cutting the price is always an option but there is usually a better way – increasing value;
- Break compromises and lower the barriers to people doing business with you;
- Systemise every aspect of your business;
- Empower your team to make it right for every customer; and
- Create a clear and detailed action plan.

Ask us for a copy – you never know there may be a gem or two in there for you to help you grow faster!

Managing drug and alcohol misuse in the workplace

Employers have a legal duty to protect employees' health, safety, and welfare and understanding the signs of drug and alcohol misuse (or abuse) will help you manage health and safety risk in your workplace.

The HSE website has step-by-step guidance to help you manage drug and alcohol misuse at work.

This includes advice on how to develop a drugs and alcohol policy and what you can do to support your employees.

See: [Managing drug and alcohol misuse at work - Overview - HSE](#)

Employers should prepare for a warmer future

The Health and Safety Executive (HSE) is advising businesses to think how they need to adapt to warmer working conditions for their staff.

After this year's record-breaking temperatures and with more hot weather this month, HSE is asking employers to ensure extreme heat becomes part of their long-term planning.

Adapting to climate change is something all businesses will need to consider as warmer weather becomes more frequent.

Employers have a legal obligation under the Management of Health and Safety at Work Regulations to assess risks to the health and safety of workers. They must review the risk controls they have in place and update them if needed. This includes risks from more frequent extreme weather such as heatwaves.

While there is no maximum temperature for workplaces, all workers are entitled to an environment where risks to their health and safety are properly controlled. Heat is classed as a hazard and comes with legal obligations like any other hazard. The Workplace (Health, Safety and Welfare) Regulations require employers to provide a reasonable temperature in the workplace.

See: [Temperature at work](#)

Young people at work

The Health and Safety Executive have a dedicated webpage for employers reminding them of the need to be extra cautious with the safety of young people.

When you employ young people under the age of 18, you have the same responsibilities for their health, safety and welfare as you do for other workers. This applies whether they are:

- a worker,
- on work experience, or

- an apprentice.

Young people are likely to be new to the workplace and so are at more risk of injury in the first six months of a job, as they may be less aware of risks. They will often be vulnerable, as they may:

- lack experience or maturity;
- not have reached physical maturity and lack strength;
- be eager to impress or please people they work with; or
- be unaware of how to raise concerns.

Young people need clear and sufficient instruction, training, and supervision so they understand the importance of health and safety and can work without putting themselves and other people at risk. They may need more supervision than adults.

Work experience and work-based learning will be the first time most young people experience the work environment.

Good preparation and organisation of placements is essential if these opportunities are to be helpful and safe introductions to work.

If your workplace has health and safety representatives, they can play a valuable role early on by:

- introducing the young person to the workplace;
- helping with their ongoing training; and
- giving employers feedback about particular concerns.

See: [Young people at work - Overview - HSE](#)

Latest HMRC Employer tax webinars

Listed below are a number of live HMRC webinars that will help employers with payroll matters. The webinars are free and last around an hour.

[Statutory Maternity and Paternity Pay](#)

Thu 21 Sep at 9:45am

[Expenses and benefits for your employees - if your employees have more than one workplace](#)

Tue 5 Sep at 11:45am

[Expenses and benefits for your employees - trivial benefits](#)

Wed 6 Sep at 1:45pm

[Expenses and benefits for your employees - social functions and parties](#)

Thu 7 Sep at 9:45am

[Expenses and benefits for your employees – phones, internet, and homeworking](#)

Mon 11 Sep at 1:45pm

[Expenses and benefits for your employees - travel](#)

Tue 12 Sep at 11:45am

[Expenses and benefits for your employees - company cars, vans, and fuel](#)

Wed 13 Sep at 1:45pm

[Getting payroll information right](#)

Thu 14 Sep at 9:45am

[Statutory Sick Pay](#)

Fri 22 Sep at 11:45am

What is Working Capital Finance?

Working capital finance solutions offer businesses the opportunity to improve cash flow. The world of commercial finance and asset-based lending (ABL) is complex and expansive with products, terminology and contractual interpretation varying from lender-to-lender.

The Benefits of arranging Working Capital are:

- Up to 90% of outstanding invoice value can be advanced within 24 hours;
- Flexible lending - funding increases in line with your growth (UK and Export);
- Confidentiality - lenders can offer a completely confidential service – your customers need not know you have a facility in place;
- Lenders allow you to manage your funding at all times;
- Sector-specific finance is often available;
- Structured ABL - funding for management buy-outs/management buy-ins; and
- Trade Finance & Supply Chain Finance Solutions.

Specialists in this area can advise on:

- **Invoice Finance** - an effective way of quickly accessing a proportion of the value (up to 90%) of your invoices. Effectively, a business 'sells' its invoices to the lender in return for accessing cash at the point products and services are sold. Specific sector-based offerings are available, as is the ability to arrange finance for selected invoices only.
- **Structured ABL** - generate a higher level of funding by unlocking the maximum value tied up in the combined assets within your business, including Debtors, Inventory, Plant & Machinery and Property. Additional forms of funding can be structured in addition to this, such as top up loans in order to drive growth.

- **Trade Finance** - supply chain finance with various options, enabling the purchasing of goods from overseas where you are otherwise unable to obtain credit from suppliers.

Typically, you will need to ensure your management accounts are up to date, you make available current detailed lists of debtors and creditors, and you might need up to date projections before an expert will consider your application.

The Ideas Marketplace

The Ideas Marketplace is an online collaboration platform offering opportunities for innovative defence and security organisations to network and collaborate with UK government stakeholders, end-users, innovators, industry, and academia. The platform can be used to forge new relationships and foster collaboration between dynamic organisations of all shapes and sizes.

The platform has been designed to enable collaboration with other innovators across the UK and to help organisations gain expertise and specialist support to develop their technologies to make them successful.

See: [Home | Ideas Marketplace \(mod.uk\)](https://www.mod.uk/ideas-marketplace)

Rural Enterprise Directory Scotland

The Rural Enterprise Directory Scotland (REDS) promotes businesses, social enterprises and the self-employed in Scotland's rural and island economies. REDS aims to make every small rural and island business visible and to stimulate community, collaboration and trade with the huge variety of Scottish rural micro-enterprises.

REDS promotes the values and diversity of Scotland's rural economy and will support the long-term prosperity of these businesses.

Participating businesses are included in the online directory and map.

This service is available to businesses, enterprises and the self-employed in all sectors in Scotland's rural and island areas.

It's free to join the directory if your business:

- is actively trading;
- has 10 or fewer employees;
- has an annual turnover of less than £500,000; and
- is based in rural Scotland.

Larger rural businesses can also be listed for a monthly fee.

This service is available to businesses, enterprises, and the self-employed in all sectors in Scotland's rural and island areas.

See: [Join REDS — REDS](#)

SME Loan Scheme with cashback while funds last

The SME Loan Scheme offers small and medium-sized enterprises based in Scotland unsecured, interest-free loans of up to £100,000 for renewable or energy efficiency projects. You may be able to get up to £30,000 as cashback. This is on a first come basis. The loan funding is provided by the Scottish Government.

The funding is available to help you pay for energy and carbon-saving upgrades in your business.

This could include:

- heating, ventilation, and air conditioning upgrades;
- renewable technologies such as replacing a boiler to one with an air source heat pump;
- improving insulation, draught-proofing, double or secondary glazing; or
- installing LED lighting.

Cashback - while funds last:

Through the scheme, SMEs installing eligible equipment could receive a 75% cashback grant up to £10,000 for renewable heat measures and a 75% cashback grant for energy efficiency measures up to £20,000.

The service is open to businesses and organisations across all sectors which are:

- small to medium-sized enterprises (less than 250 employees/turnover less than €50 million); or
- non-profit organisations (charity or social enterprises).

See: [SME Loan Scheme · Business Energy Scotland](#)

Financial advice where people need it

People struggling to manage their household finances can now benefit from increased support in a range of community settings thanks to a new accessible advice fund.

Almost £1 million has been distributed to partnerships between advice agencies and other local services such as schools, charities, hospitals, and mental health services.

The fund will build on the success of the Welfare Advice and Health Partnerships initiative that put dedicated advisers into 180 GP practices in some of Scotland's most deprived and rural areas – helping to reach those most in need.

There will be a particular emphasis on providing advice to those who are traditionally hardest to help or who have not sought advice before.

Grants are being distributed on behalf of the Scottish Government by Advice UK, the largest support network for independent advice organisations in the UK.

Projects with a focus on families, including disabled or single parents, those caring for a disabled person, and parents from minority ethnic communities are among those who have been successful in securing funding.

The scheme is funded in part through the Scottish allocation from the Debt Advice Levy, which is raised by the UK Financial Conduct Authority by applying a levy to UK Clearing banks and consumer credit businesses.

See: [Financial advice where people need it - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/petitions/2022/financial-advice-where-people-need-it/)

COVID-19 testing guidance update

Routine COVID-19 testing in hospitals, care homes, and prisons is to be substantially reduced following clinical and scientific advice.

Due to the success of the vaccination programme and improved treatments, Public Health Scotland and Antimicrobial Resistance & Healthcare Associated Infection Scotland have recommended a return to pre-pandemic testing.

This means testing will be based on person-centred clinical decisions, rather than a routine policy for all individuals. Routine testing will continue for patients moving from hospitals to care homes and will be reviewed based on future advice and outbreaks. Tests will also continue to be available for those eligible for antiviral treatment.

The new guidance will come into effect by 30 August 2023.

See: [COVID-19 testing guidance update - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/petitions/2022/covid-19-testing-guidance-update/)