Hypotheses, Methodology, and Results

Hypotheses

1. ***Hypothesis 1: The number of successful derivative claims under the statutory procedure is higher and statistically different from the number of successful claims under the equitable procedure***

2. ***Hypothesis 2: The number of derivative claims that established a prima facie case under the statutory procedure is higher and statistically different from the number of claims that established a prima facie case under the equitable procedure***

3. ***Hypothesis 3: Claims under the statutory procedure will spend less time in court than the equitable procedure***

4. ***Hypothesis 4: The number of frivolous derivative claims brought under the statutory procedure is higher and statistically different from the number of frivolous claims under the equitable procedure***

5. ***Hypothesis 5: The number of meritorious claims that are successful under the statutory procedure is higher and statistically different from the number of meritorious claims that are successful under the equitable procedure***

6. ***Hypothesis 6: Where a discretionary factor is considered by the court under the statutory procedure it will significantly relate to permission***

7. ***Hypothesis 7: The number of derivative claims brought for a fiduciary breach is more likely to be successful under the statutory procedure than the equitable procedure***

8. ***Hypothesis 7.1: The number of derivative claims brought for other types of conduct than fiduciary breach is higher under the statutory procedure and statistically different from the number of claims under the equitable procedure***

9. ***Hypothesis 8: The number of derivative claims brought by equal shareholders is higher under the statutory procedure and statistically different from the number of claims under the equitable procedure***

10. ***Hypothesis 8.1: The number of derivative claims brought by equal shareholders is more likely to be successful under the statutory procedure than the equitable procedure***

Results

The dataset was created using a sample of claims brought under the equitable procedure in exception to the rule in *Foss v Harbottle*[1] and all England and Wales claims heard under the statutory procedure.[2] We were looking for those claims regarding whether permission should be given to a shareholder to enforce the company's rights. Claims under the equitable procedure were identified using several methods to procure a sample. This included searching by keywords in Westlaw. We considered those with the topic as 'companies' with 'company law' or 'civil procedure' as the subject. We first searched for 'derivative claims'. We then searched for 'shareholders', 'minority shareholders', 'directors' and 'locus standi'. For these we used the "search within results" function by using keywords, 'derivative' or 'Foss', to reduce the number of cases. We also looked at a company law textbook written before the 2006 Act.[3] Finally, we looked at cases citing three main cases under the equitable procedure.[4] From this process we identified 44 cases from the equitable procedure. We limited the number of claims under the equitable procedure to 30 to avoid a large disparity of claims between the two procedures. These were selected at random. However, 3 of the claims selected were actions in the shareholder's own name, which standing restrictions did not apply, and were dismissed.[5] This left 48 derivative claims, 21 are statutory claims and 27 are equitable claims.

The key variable was 'procedure'. This variable was coded as binary: 1 represents claims brought under the statutory procedure and 0 represents claims brought under the equitable procedure. By measuring the change in successful claims between the procedures we can infer whether the procedure is more accessible, increasing the incentive to litigate. Successful claims were coded as 1 otherwise they were 0. To support this we look at increases in claims

[1] This means the data includes shareholder litigation on exceptions to the rule in *Foss v Harbottle*, as set out in *Edwards v Halliwell* [1950] 2 All E.R. 1064 *per* Jenkins LJ; including those in reference to the Civil Procedure Rules and those brought post-2006 as double derivative claims
[2] as reported on Westlaw by May 2017
[3] B Hannigan, *Company Law* (1st edn, OUP 2003)
[4] *Wallersteiner v Moir (No 2)* [1975] QB 373; *Edwards v Halliwell* [1950] 2 All E.R. 1064; *Foss v Harbottle* (1843) Hare 461
[5] *Isle of Wight v Tahourdin* (1883) 25 Ch D 320; *Sweny v Smith* (1868-69) LR. 7 Eq. 324; *Hoole v Great Western Railway Co* (1867-68) L.R. 3 Ch. App. 262

establishing a prima facie case and a reduction in time. Coding for time spent in court was determined by the number of hearing dates for each claim. There were 3 missing dates from claims heard under the equitable procedure.

To draw inferences about agency costs we looked at the quality and type of claims any increased accessibility would incentivise shareholders to bring. We coded: whether the claim was frivolous; individual discretionary factors; the strength of the claim; shareholding type; and the conduct complained of. These were all categorical/binary variables.

To draw those inferences we first looked at the change between procedures of the quality of claims i.e. whether they were frivolous or meritorious. Previous studies have drawn conclusions about the derivative claim by relying on descriptive figures of successful claims only.[6] Descriptive figures only show how the incentives are biased between the actors and not whether there are too few or too many claims. For example, a low success rate may not be the result of a lack of access to deter managerial opportunism but the derivative procedure incentivising frivolous claims that impose inefficient costs.[7] Considering and isolating the quality of claims allows more robust conclusions to be drawn about efficiencies.

No taxonomy exists for quality of claims. What is frivolous or meritorious cannot be a term of art because it is claim specific.[8] We, therefore, recognise that categorisation can be subjective. We have taken the following steps in our methodology to ensure the results allow for fair and robust inferences from the quality of claims.

Our first step was to use comparable objective measures across the two procedures to identify frivolous and meritorious claims on the general assumption that those with low probability of success could fairly be considered frivolous. A claim was meritorious if it was not frivolous.[9] Frivolous claims were coded as 1 otherwise they were 0. Given the changes between procedures, it was not possible to use identical criteria for both procedures. For the equitable procedure, claims were frivolous where either the claim was not covered by the conduct complained of or if the court concluded no reasonable board would continue the claim. The latter criterion is a relatively low hurdle, justifying categorisation as frivolous.[10] It required the claimant to demonstrate the claim was not one that

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[6] Such as, A Keay, 'Assessing and rethinking the statutory scheme for derivative actions under the Companies Act 2006' (2015) 16(1) *Journal of Corporate Law Studies* 39

[7] See, J Coffee, 'Understanding the Plaintiff's Attorney: The implications of economic theory for private enforcement of law through class and derivative actions' (1986) 86(4) *Columbia Law Review* 669, 684-98

[8] We are not the first to highlight this issue. See, for example, E Vermeulen and D Zetzche, 'The Use and Abuse of Investor Suits' (2010) 7(1) *European Company and Financial Law Review* 1, 7; and D Schwartz, 'In Praise of Derivative Suits: A Commentary of the Paper of Professors Fischel and Bradley' (1986) 71(2) *Cornell Law Review* 322, 330

[9] Despite 13 claims being frivolous, 44 out of 48 claims were analysed as meritorious. This is because 5 statutory claims hypothetically considered the outcome of the claim if they had been wrong about the mandatory bar assessment, and in *Brannigan v Style* [2016] EWHC 512 (Ch) the court considered the claim frivolous against some directors but not others. Likewise the equity claims also considered a variety of other matters after having been considered frivolous

[10] *Wallesteiner v Moir* (No 2) [1975] Q.B. 373, 404; see also, *Airey v Cordell* [2006] EWHC 2728 (Ch); [2007] BCC 785 at [67]

no reasonable board would continue.[11] For the statutory procedure claims were frivolous if there was no prima facie case, the conduct was not covered by the claim, or it was dismissed for a mandatory bar. All of these are low thresholds for a claimant to overcome. For example, section 263(2)(a) is the same reasonable board test from the equitable procedure.[12] This categorisation does not include the considerations under section 263(3). This is the judicial discretion, where the requirements are higher than the mandatory bar thresholds.[13]

We measured the quality of meritorious claims in two ways. The first way was to exclude frivolous claims from the analysis, measuring only meritorious claims against permission to identify any change between the procedures. Looking at the change in successful meritorious claims only allows us to infer that the statutory procedure may create efficiencies through deterrence or promoting internal resolutions.

The second way was by developing a scale on meritorious claims to test hypothesis 5. Claims with merit may be stronger than others. Those with less merit may incur higher agency costs but are still predicted to be more likely to be successful. This is due to the increased accessibility under the statutory procedure that enables the court to consider all the circumstances, leading to efficiencies described in hypothesis 5. To account for this we coded the strength of meritorious claims as strong, middle, and weak based on the reasons for and against granting permission. Those with no reasons to dismiss the claim were considered 'strong', coded as 2; claims with reasons for and against dismissal were considered 'middle', coded as 1; and 'weak' claims were those with no reasons for permission, coded as 0. We only used 3 categories to reduce the analysis being biased by how many considerations a court considered in any individual claim.

To code the strength of meritorious claims, under the equitable procedure this included whether there was a prima facie case and any equitable principles considered by the court. For the statutory procedure this was based on how many discretionary reasons were cited by the court for and against permission. As the equitable principles are similar to the discretionary factors, the two procedures were comparable. To code these variables we used the list of discretionary factors in section 263(3) and (4) as well as a variable on 'wrongdoer control' and 'other'. If the court cited a reason in favour of permission it was coded as 1, otherwise it was 0. This required a careful reading of each claim to make this determination.

Our inferences from the quality claims may not be well supported if, for example, the coding concludes meritorious claims are those brought for breaches of the duty of care that inefficiently shift risk. Looking at the types of claims that are brought between the two procedures furthers the robustness of our inferences.

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[11] *Airey v Cordell* [2006] EWHC 2728 (Ch); [2007] BCC 785 at [67]; *Mumbray v Lapper* [2005] EWHC 1152 at [5]; *Harley Street Capital Ltd v Tchigirinsky* [2005] EWHC 1897 (Ch) at [143]

[12] *Iesini v Westrip Holdings Ltd* [2009] EWHC 2526 (Ch); [2010] BCC 420 at [86]

[13] See, for example, *Iesini v Westrip Holdings Ltd* [2009] EWHC 2526 at [86]; *Franbar Holdings Ltd v Patel* [2008] EWHC 1534 (Ch); [2008] BCC 885 at [30]

First, the types of statutory discretionary factors were tested individually against permission for hypothesis 6. Disproving the alternative hypothesis will help support the claim that discretion promotes efficiencies by allowing the court to consider all the circumstances on whether to grant permission, as it should lower the demand on shareholders but increase it for directors.

Second, we captured the type of conduct and the type of shareholder. The latter was coded by identifying the share ownership structure between the claimant and defendant. For 'conduct' the grounds were not directly comparable. Fraud on the minority was not always a fiduciary breach of duty.[14] We categorised claims brought for breaches as directors' duties based on the duties coded in the Companies Act 2006. 'Fiduciary breach' for those claims brought under or what would have been brought under section 175-177; 'negligence' for section 174; 'other breaches of duty' under sections 171-173; and also 'multiple breaches of duty'. The equitable procedure also consisted of ultra vires claims as a final category. Finally, to interpret our findings and support our inferences about incentives and efficiencies, they are supported by the judicial dicta.

All hypothesised relationships except hypothesis 3 were examined by Cross-tabulation analysis (or Crosstab). Crosstab is a type of descriptive analysis for examining relationships between two or more categorical variables in tabular form. For example, we can use Crosstab to determine whether the number of successful derivative claims under the statutory procedure is statistically different from the number successful claims under the equitable procedure. We used the Chi-Square ($X^2$) test in Crosstab analysis to determine the extent to which relationships are statistically different. Statistical significance was assessed against three levels of probability (i.e., p-values): 95% confidence level (p-value < .05), 97% confidence level (p-value < .01), and 99% confidence level (p-value < .001). If the Chi-Square p-value falls outside any of these confidence levels, we can infer no statistically significant relationship or difference between variables.

Hypothesis 3, which considers the assumptions that derivative claims brought under the statutory procedure will spend less time in court compared to the equitable procedure, was examined by one-way Analysis of Variance (ANOVA). ANOVA was used because hypothesis 3 contains a continuous variable (i.e., time) and therefore does not meet the precondition for Crosstab analysis. ANOVA is also a type of descriptive analysis. It examines whether the means of two or more continuous variables are significantly different across categories of a grouping variable. Statistical significance for the ANOVA test was assessed by the same three levels of probability as our Crosstab analysis.

Our preference for the above statistical procedures is justified by at least three factors. First, we needed to ensure that any observed differences or relationships between the two legal procedures were statistically significant. We used estimates of statistical significance (i.e., p-values) from our analytical procedures to ensure our results were not simply due to random chance. Secondly, a variety of analytical procedures might be useful for establishing statistical significance; however, they tend to be very sensitive to sample size. Crosstab and ANOVA tests do not have strict requirements for sample size and were therefore considered suitable for our relatively small sample size. Thirdly, Crosstab and ANOVA tests allowed us to analyse our mainly binary and categorical variables.

[14] See, for example, *Daniels v Daniels* [1978] Ch 406, 413-4

Results

H1 – successful claims

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | .022[a] | 1 | .883 | | |
| Continuity Correction[b] | .000 | 1 | 1.000 | | |
| Likelihood Ratio | .022 | 1 | .883 | | |
| Fisher's Exact Test | | | | 1.000 | .558 |
| Linear-by-Linear Association | .021 | 1 | .884 | | |
| N of Valid Cases | 48 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.75.

b. Computed only for a 2x2 table

H1 – successful claims, excluding frivolous claims

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | .486[a] | 1 | .486 | | |

| | | | | | |
|---|---|---|---|---|---|
| Continuity Correction[b] | .122 | 1 | .727 | | |
| Likelihood Ratio | .490 | 1 | .484 | | |
| Fisher's Exact Test | | | | .728 | .365 |
| Linear-by-Linear Association | .472 | 1 | .492 | | |
| N of Valid Cases | 35 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.00.

b. Computed only for a 2x2 table

H2 – prima facie case

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 11.099[a] | 1 | .001 | | |
| Continuity Correction[b] | 8.913 | 1 | .003 | | |
| Likelihood Ratio | 15.175 | 1 | .000 | | |
| Fisher's Exact Test | | | | .001 | .001 |
| Linear-by-Linear Association | 10.868 | 1 | .001 | | |
| N of Valid Cases | 48 | | | | |

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 4.81.

b. Computed only for a 2x2 table

H3 – Time

**ANOVA**

Time in court in days

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 142.155 | 1 | 142.155 | 3.180 | .081 |
| Within Groups | 1967.085 | 44 | 44.706 | | |
| Total | 2109.239 | 45 | | | |

H3 – Time, outliers excluded

**ANOVA**

Time in court in days

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 20.376 | 1 | 20.376 | 7.100 | .011 |
| Within Groups | 120.533 | 42 | 2.870 | | |
| Total | 140.909 | 43 | | | |

H4 – Frivolous claims

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | .738[a] | 1 | .390 | | |
| Continuity Correction[b] | .283 | 1 | .595 | | |
| Likelihood Ratio | .735 | 1 | .391 | | |
| Fisher's Exact Test | | | | .516 | .296 |
| Linear-by-Linear Association | .723 | 1 | .395 | | |
| N of Valid Cases | 48 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.69.

b. Computed only for a 2x2 table

H5 – Meritorious claims

**Chi-Square Tests**

| Strength of Case | | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|---|
| Weak case | Pearson Chi-Square | .[c] | | | | |
| | N of Valid Cases | 15 | | | | |
| Middle case | Pearson Chi-Square | .[c] | | | | |
| | N of Valid Cases | 9 | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Strong case | Pearson Chi-Square | .[c] | | | | |
| | N of Valid Cases | 20 | | | | |
| Total | Pearson Chi-Square | .049[a] | 1 | .824 | | |
| | Continuity Correction[b] | .000 | 1 | 1.000 | | |
| | Likelihood Ratio | .049 | 1 | .824 | | |
| | Fisher's Exact Test | | | | 1.000 | .533 |
| | Linear-by-Linear Association | .048 | 1 | .826 | | |
| | N of Valid Cases | 44 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.64.

b. Computed only for a 2x2 table

c. No statistics are computed because Permission - successful derivative claim is a constant.

H5 – Strong claims

**Strength of Case * Permission - successful derivative claim Crosstabulation**

Count

| | | Permission - successful derivative claim | | |
|---|---|---|---|---|
| | | No | Yes | Total |
| Strength of Case | Weak case | 15 | 0 | 15 |

| | | | | |
|---|---|---|---|---|
| | Middle case | 9 | 0 | 9 |
| | Strong case | 0 | 20 | 20 |
| Total | | 24 | 20 | 44 |

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 44.000[a] | 2 | .000 |
| Likelihood Ratio | 60.633 | 2 | .000 |
| Linear-by-Linear Association | 35.975 | 1 | .000 |
| N of Valid Cases | 44 | | |

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 4.09.

H6 – Discretion

*Good faith*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Pearson Chi-Square | 3.360[a] | 1 | .067 | | |
| Continuity Correction[b] | 1.097 | 1 | .295 | | |
| Likelihood Ratio | 4.083 | 1 | .043 | | |
| Fisher's Exact Test | | | | .152 | .152 |
| Linear-by-Linear Association | 3.080 | 1 | .079 | | |
| N of Valid Cases | 12 | | | | |

a. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .83.

b. Computed only for a 2x2 table

*Section 172*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 17.000[a] | 1 | .000 | | |
| Continuity Correction[b] | 13.223 | 1 | .000 | | |
| Likelihood Ratio | 23.508 | 1 | .000 | | |
| Fisher's Exact Test | | | | .000 | .000 |
| Linear-by-Linear Association | 16.000 | 1 | .000 | | |
| N of Valid Cases | 17 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is 3.76.

b. Computed only for a 2x2 table

*Approved*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 1.556[a] | 1 | .212 | | |
| Continuity Correction[b] | .024 | 1 | .876 | | |
| Likelihood Ratio | 1.923 | 1 | .166 | | |
| Fisher's Exact Test | | | | .429 | .429 |
| Linear-by-Linear Association | 1.333 | 1 | .248 | | |
| N of Valid Cases | 7 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is .43.

b. Computed only for a 2x2 table

*Company decision*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Pearson Chi-Square | 2.000[a] | 1 | .157 | | |
| Continuity Correction[b] | .000 | 1 | 1.000 | | |
| Likelihood Ratio | 2.773 | 1 | .096 | | |
| Fisher's Exact Test | | | | 1.000 | .500 |
| Linear-by-Linear Association | 1.000 | 1 | .317 | | |
| N of Valid Cases | 2 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is .50.

b. Computed only for a 2x2 table

*Alternative Remedy*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 14.000[a] | 1 | .000 | | |
| Continuity Correction[b] | 10.286 | 1 | .001 | | |
| Likelihood Ratio | 19.408 | 1 | .000 | | |
| Fisher's Exact Test | | | | .001 | .000 |
| Linear-by-Linear Association | 13.000 | 1 | .000 | | |
| N of Valid Cases | 14 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is 3.50.

b. Computed only for a 2x2 table

*Independent decision*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 3.000[a] | 1 | .083 | | |
| Continuity Correction[b] | .188 | 1 | .665 | | |
| Likelihood Ratio | 3.819 | 1 | .051 | | |
| Fisher's Exact Test | | | | .333 | .333 |
| Linear-by-Linear Association | 2.000 | 1 | .157 | | |
| N of Valid Cases | 3 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is .33.

b. Computed only for a 2x2 table

*Wrongdoer control*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Pearson Chi-Square | 5.000[a] | 1 | .025 | | |
| Continuity Correction[b] | 1.701 | 1 | .192 | | |
| Likelihood Ratio | 6.730 | 1 | .009 | | |
| Fisher's Exact Test | | | | .100 | .100 |
| Linear-by-Linear Association | 4.000 | 1 | .046 | | |
| N of Valid Cases | 5 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is .80.

b. Computed only for a 2x2 table

*Other*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 8.000[a] | 1 | .005 | | |
| Continuity Correction[b] | 4.302 | 1 | .038 | | |
| Likelihood Ratio | 10.585 | 1 | .001 | | |
| Fisher's Exact Test | | | | .018 | .018 |
| Linear-by-Linear Association | 7.000 | 1 | .008 | | |
| N of Valid Cases | 8 | | | | |

a. 4 cells (100.0%) have expected count less than 5. The minimum expected count is 1.13.

b. Computed only for a 2x2 table

H7 – Conduct

**Chi-Square Tests**

| Fiduciary breach - nature of complaint | | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|---|
| Not Selected | Pearson Chi-Square | .933[c] | 1 | .334 | | |
| | Continuity Correction[b] | .015 | 1 | .904 | | |
| | Likelihood Ratio | 1.475 | 1 | .225 | | |
| | Fisher's Exact Test | | | | 1.000 | .495 |
| | Linear-by-Linear Association | .867 | 1 | .352 | | |
| | N of Valid Cases | 14 | | | | |
| Selected | Pearson Chi-Square | .036[d] | 1 | .849 | | |
| | Continuity Correction[b] | .000 | 1 | 1.000 | | |
| | Likelihood Ratio | .036 | 1 | .849 | | |
| | Fisher's Exact Test | | | | 1.000 | .563 |
| | Linear-by-Linear Association | .035 | 1 | .851 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | N of Valid Cases | 33 | | | | |
| Total | Pearson Chi-Square | .085[a] | 1 | .770 | | |
| | Continuity Correction[b] | .000 | 1 | 1.000 | | |
| | Likelihood Ratio | .085 | 1 | .770 | | |
| | Fisher's Exact Test | | | | 1.000 | .502 |
| | Linear-by-Linear Association | .083 | 1 | .773 | | |
| | N of Valid Cases | 47 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.51.

b. Computed only for a 2x2 table

c. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .57.

d. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.27.

H7 – permission and fiduciary breach

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 6.518[a] | 1 | .011 | | |
| Continuity Correction[b] | 4.975 | 1 | .026 | | |
| Likelihood Ratio | 7.152 | 1 | .007 | | |

| | | | | | |
|---|---|---|---|---|---|
| Fisher's Exact Test | | | | .022 | .011 |
| Linear-by-Linear Association | 6.379 | 1 | .012 | | |
| N of Valid Cases | 47 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.96.

b. Computed only for a 2x2 table

H7.1 – other conduct

*Other conduct*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | .015[a] | 1 | .903 | | |
| Continuity Correction[b] | .000 | 1 | 1.000 | | |
| Likelihood Ratio | .015 | 1 | .903 | | |
| Fisher's Exact Test | | | | 1.000 | .644 |
| Linear-by-Linear Association | .015 | 1 | .904 | | |
| N of Valid Cases | 47 | | | | |

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.13.

b. Computed only for a 2x2 table

*Negligence*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | .047[a] | 1 | .828 | | |
| Continuity Correction[b] | .000 | 1 | 1.000 | | |
| Likelihood Ratio | .047 | 1 | .829 | | |
| Fisher's Exact Test | | | | 1.000 | .675 |
| Linear-by-Linear Association | .046 | 1 | .829 | | |
| N of Valid Cases | 47 | | | | |

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .85.

b. Computed only for a 2x2 table

*Other breach of duty*

**Chi-Square Tests**

| | Value |
|---|---|
| Pearson Chi-Square | .[a] |
| N of Valid Cases | 47 |

a. No statistics are computed because Other duty breach - nature of complaint is a constant.

*Ultra Vires*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 2.374[a] | 1 | .123 | | |
| Continuity Correction[b] | .878 | 1 | .349 | | |
| Likelihood Ratio | 3.477 | 1 | .062 | | |
| Fisher's Exact Test | | | | .251 | .180 |
| Linear-by-Linear Association | 2.323 | 1 | .127 | | |
| N of Valid Cases | 47 | | | | |

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.28.

b. Computed only for a 2x2 table

*Multiple conduct*

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Pearson Chi-Square | .551[a] | 1 | .458 | | |
| Continuity Correction[b] | .046 | 1 | .831 | | |
| Likelihood Ratio | .583 | 1 | .445 | | |
| Fisher's Exact Test | | | | .626 | .426 |
| Linear-by-Linear Association | .539 | 1 | .463 | | |
| N of Valid Cases | 47 | | | | |

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.70.

b. Computed only for a 2x2 table

H8 – Equal shareholder claims

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 4.656[a] | 1 | .031 | | |
| Continuity Correction[b] | 3.400 | 1 | .065 | | |
| Likelihood Ratio | 4.685 | 1 | .030 | | |
| Fisher's Exact Test | | | | .058 | .033 |
| Linear-by-Linear Association | 4.559 | 1 | .033 | | |
| N of Valid Cases | 48 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.56.

b. Computed only for a 2x2 table

H8.1 – Equal claims successful

**Chi-Square Tests**

| Equal - Company Shareholding | | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|---|
| 0 | Pearson Chi-Square | .589[c] | 1 | .443 | | |
| | Continuity Correction[b] | .147 | 1 | .701 | | |
| | Likelihood Ratio | .604 | 1 | .437 | | |
| | Fisher's Exact Test | | | | .703 | .355 |
| | Linear-by-Linear Association | .571 | 1 | .450 | | |
| | N of Valid Cases | 33 | | | | |
| 1 | Pearson Chi-Square | .536[d] | 1 | .464 | | |
| | Continuity Correction[b] | .033 | 1 | .855 | | |
| | Likelihood Ratio | .537 | 1 | .464 | | |
| | Fisher's Exact Test | | | | .608 | .427 |
| | Linear-by-Linear Association | .500 | 1 | .480 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | N of Valid Cases | 15 | | | | |
| Total | Pearson Chi-Square | .022[a] | 1 | .883 | | |
| | Continuity Correction[b] | .000 | 1 | 1.000 | | |
| | Likelihood Ratio | .022 | 1 | .883 | | |
| | Fisher's Exact Test | | | | 1.000 | .558 |
| | Linear-by-Linear Association | .021 | 1 | .884 | | |
| | N of Valid Cases | 48 | | | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.75.

b. Computed only for a 2x2 table

c. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 4.00.

d. 3 cells (75.0%) have expected count less than 5. The minimum expected count is 2.33.