

A director and shareholder with no written contract was an employee

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Where a director and shareholder worked part-time for a company, in the absence of an employment contract, a right to

remuneration was implied.

Mr Stack was one of three shareholders and directors to create Ajar-Tec Ltd in 2005. Mr Stack was the major investor and also worked for the company on a part time basis. No written employment contract was entered into.

Mr Stack's directorship was terminated in 2009, following which Mr Stack brought claims for unfair dismissal and unauthorised deductions from wages against Ajar-Tec.

The Court of Appeal held that there had been an express agreement that Mr Stack would contribute to the Company, and an implied agreement that Mr Stack would receive consideration in exchange for his work. Therefore, there was a contract of employment, despite remuneration not having been expressly discussed. The Court noted that it made no sense for Mr Stack to undertake work and only be remunerated by dividends, whilst another director, who worked for the Company under an employment contract, was receiving a salary for his work.

Stack v Ajar-Tec Ltd [2015] EWCA Civ 46

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