



**CILEX Level 6 Single Subject Certificate/CILEX Level 6 Professional Higher Diploma in Law and Practice/CILEX Level 6 Graduate Fast-Track Diploma**

**Unit 16 – The Practice of Company and Partnership Law**

**Case study materials**

**June 2023**

**Information for candidates**

- You should familiarise yourself with these case study materials before the examination, taking time to consider the themes raised in the materials.
- You should consider the way in which your knowledge and understanding relate to these materials.
- In the examination, you will be presented with a set of questions which will relate to these materials.
- You may discuss these materials with your tutor(s).

**Instructions and information to candidates during the examination**

- You are allowed to take your own clean/unannotated copy of this document into the examination. Alternatively, you can access the electronic version of this document in the examination.
- You can use your own unmarked copy of the following designated statute book – **Blackstone’s Statutes on Company Law 26th edition, Derek French, Oxford University Press, 2022.**
- You must comply with the CILEX Exam Regulations – Online Exams at Accredited Centres/CILEX Exam Regulations – Online Exams with Remote Invigilation.

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**CASE STUDY MATERIALS**  
**ADVANCE INSTRUCTIONS TO CANDIDATES**

You are a trainee lawyer working in the Corporate Department of Kempstons LLP, Solicitors, The Manor House, Bedford, MK42 7AB. You arrive at work to find the following memorandum from your supervising partner, Jasprit Kaur, awaiting your attention.

**KEMPSTONS LLP**  
**INTERNAL MEMORANDUM**

**To:** Trainee Lawyer

**From:** Jasprit Kaur

**Date:** [Today's date]

**Matters: Various**

I have four matters I would like you to assist me with. I set out some background information below.

**1. Anna and Carla Bharrett trading as Smoothie Does It**

I received a call from Anna Bharrett yesterday, a new client of the firm. I have attached an Attendance Note recording the contents of our call at **Document 1**. I would like to meet with Anna in a few weeks. Please review **Document 1** in preparation for that meeting.

**2. Maximum Limited**

Maximum Limited ('Maximum') has been a client of ours for a while now. Arun, the MD and Chair of Maximum, has contacted me on behalf of the board to assist Maximum with several matters.

Dipesh, Henry and Arun met at art college in 2012, where Dipesh and Henry studied art, and Arun studied photography.

After completing their studies, they each worked for several years before deciding to set up their own art and photography business in 2018, which they called Maximum Limited.

Initially they bought and refurbished second-hand digital cameras for resale, which provided a reasonable profit and enabled them to grow and set up a studio. They now run interactive art workshops and carry out photoshoots from a small workshop, which they lease.

There is an email from Arun at **Document 2**, with more information about the company, and I have attached the results of a company search at **Document 3**.

## **CASE STUDY MATERIALS**

### **3. Tiwa Soyinka**

Tiwa Soyinka is a new client of ours; she and Rosa Esposito run a small business together called Priceless Pooch, providing dog walking and dog-sitting facilities, which they started in January 2022.

Tiwa has become increasingly unhappy with Rosa's contribution to the business. Rosa told Tiwa that she can only work 1.5 days per week now and that she thinks their business should be expanded. Tiwa suspects that Rosa has been walking other dogs and dog sitting (outside of the partnership business) using the equipment owned by the partnership and using the name Priceless Pooch.

I asked Tiwa if they have a partnership agreement and she said that they do not but there is an email sent from Rosa to Tiwa which sets out some of the terms that they agreed initially. A copy of the email is at **Document 4**.

### **4. Opus Limited**

Yasmine Angevine emailed me earlier this week. She would like a meeting with me as soon as possible and I would like you to join us. She is a director of our client Opus Limited ('Opus'), which is a renewable energy company incorporated in 2015, operating in Biggleswade, near Bedford.

Opus has two core areas of business within the company. Its solar division (Opus Solar) specialises in designing, installing and maintaining solar panel systems on the roofs of commercial premises. Opus' wind power division (Opus Wind) operates six onshore wind farms in North Wales.

Opus has three other directors. All the directors are also shareholders. They each own an equal number of Ordinary Shares.

Please read Yasmine's email, **Document 5**, from which you will see that, among other things, they are having issues with a customer called Extreme Limited (Extreme) so I asked Gabriella in the company secretarial team to complete a company search of Extreme. This can be found at **Document 6**.

Please familiarise yourself with these documents in preparation for our meeting with Yasmine.

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## **CASE STUDY MATERIALS**

**You will find the following documents attached to this memorandum.**

**DOCUMENT 1:** Attendance Note, relating to telephone call from Anna Bharrett  
(File: Anna and Carla Bharrett trading as Smoothie Does It)

**DOCUMENT 2:** Email from Arun Dattani (File: Maximum Limited)

**DOCUMENT 3:** Company Search Report – Maximum Limited (File: Maximum Limited)

**DOCUMENT 4:** Email from Rosa Esposito to Tiwa Soyinka (File: Tiwa Soyinka)

**DOCUMENT 5:** Email from Yasmine Angevine (File: Opus Limited)

**DOCUMENT 6:** Company Search Report – Extreme Limited (File: Opus Limited)

**ATTENDANCE NOTE**

**Date:** [Yesterday's date]

**Client:** Anna and Carla trading as Smoothie Does It

**File No:** KLPP/0885765

**Matter:** New Matter

**Telephone conversation with Anna Bharrett**

Anna Bharrett and her wife Carla are new clients of the firm, they have developed a business in which they manufacture and supply natural fruit juices, smoothies and non-carbonated drinks using organic ingredients.

They founded the business about five years ago, when they saw the potential for high-quality fruit-based drinks that tap into the healthy lifestyle market. They currently sell their products to two local spas and one national health club but have recently been awarded a contract to supply local children's nurseries.

The health food sector has been growing because of the Covid-19 pandemic. However, because of the current recession, people are spending less on leisure activities such as spa breaks and spa days as they have less disposable income. Profit margins are currently lower than previously but sales of their products at health clubs are high. Anna and Carla hope the new contract to supply local nurseries will boost profits.

To date, they have been operating from their extensive outbuilding at their home in Newton, but they are outgrowing it and have been looking for other business premises. Anna and Carla currently have no employees. However, they will need more help to fulfil the new contract. Carla has a friend from university who has a degree in children's health and nutrition, and she has shown an interest in working for, or potentially investing in, the business.

Anna and Carla have also discussed the possibility of obtaining a bank loan and think this might be an alternative to someone else investing in the business but are not sure.

They have no documents setting out the terms of their business or their business relationship.

**Turn over**

**EMAIL**

**To:** Jasprit.Kaur@KLLP.com

**From:** Arun.Dattani@maximum.co.uk

**Date:** [One week ago]

**Subject:** Potential Growth

Dear Jasprit

I hope all is well with you.

As you know, Maximum has grown quickly over the past couple of years and we now have lots of customers for both the art workshop and the photography studio. However, we are struggling to meet the needs of our customers with only one workspace and one photographer. We have decided to find additional premises, which will be used solely as a photography studio and to employ another photographer.

Emma Chow is a relation of Henry's. She also studied photography and has some good connections within the industry. We recently met at a fashion exhibition and discussed her future. She is looking to leave her current job and go into business for herself but is a little reluctant to set up a business on her own.

Also, Dipesh has identified an excellent building close to us that would be perfect as a photography studio. The landlord is looking for a new tenant to take over the lease from the beginning of August, which would be perfect timing for us, providing we can raise sufficient finance in time.

Emma would like to meet with us to discuss the options available if she decided that she would like to join us but we would like to meet with you first to discuss our plans.

Kind regards

Arun

## COMPANY SEARCH

Name of Company	<b>Maximum Limited</b>		
Company Number	1125745		
Company Type	Private company limited by shares		
Date of Incorporation	7 May 2018		
Previous Names	None		
Registered Office	15 Jenna Way, Brinklow, Milton Keynes, MK10 1AD		
Accounting Reference Date	30 September		
Accounts	Last filed	Next due for period to	Overdue
	N/A	30 September 2022	N/A
Current Directors and Secretary	Directors		Secretary
	Dipesh Kumar Henry Eaton Arun Dattani		Arun Dattani
Share Capital	Issued	Class	Amount paid up
	£60,000	Ordinary £1	£1 per share
Shareholders	Name	Class	No. of shares
	Dipesh Kumar	Ordinary £1	20,000
	Henry Eaton	Ordinary £1	20,000
	Arun Dattani	Ordinary £1	20,000
Undischarged Mortgages or Charges			
Chargee	Date of Charge	Amount Secured	Description of Charge (including assets secured and whether there is a negative pledge)
None			None
Memorandum of Association			
Standard, unamended			
Articles of Association			
Model Articles for private companies limited by shares.			
Unusual documents		Yes/No	(Include copies)
Appointment of receiver/administrator/winding-up order		NO	
Report completed by:		CoSec	Date: [Today's date]

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**CASE STUDY MATERIALS**

**DOCUMENT 4**

**EMAIL**

**To:** Tiwa.soyinka@yahoo.co.uk

**From:** RosaE89@gamil.com

**Date:** 1 January 2022

**Subject:** Our new business!!!!!!

Dear Tiwa

I am so excited about our new adventure!!

I thought it would be a good idea to put down in writing what we agreed and as far as I remember it is just this:

- we will each contribute £500 by way of initial capital to start the business and buy supplies
- we will market the business utilising free social media sites
- we will both work three days per week in the business
- all profits and losses will be shared equally
- all purchases in excess of £250 must be agreed in advance by both of us.

Let me know if you remember anything else or if there is anything else you think we should record.

Best wishes

Rosa



**EMAIL**

**To:** Jasprit.Kaur@KLLP.com

**From:** yasmine@opus.co.uk

**Date:** [One week ago]

**Subject:** Concerns about Opus

Dear Jasprit

I am quite concerned about a few things to do with Opus and would really appreciate a meeting with you as soon as possible to discuss the issues.

Opus was very profitable until the past two years. Opus Wind has continued to perform well but Opus Solar has struggled to remain profitable. The board believe this is primarily due to a change in government policy, which has reduced subsidies available for solar projects.

I am concerned about the financial position of Opus and whether I need to take action to reduce costs and increase profits.

As you know, I am a chartered accountant and I have worked for 15 years in the renewable energy sector, so I do have considerable experience in this sector. I have suggested to the board that we should close Opus Solar or reduce its size but no steps have been taken to action this. I am particularly concerned as Opus is due to pay its main creditor, Thread Bank plc, the next instalment of its loan repayment in three months' time.

It looks like Opus will not be able to make this repayment to the bank unless profits significantly increase over the next three months. However, Opus is currently pitching for a lucrative contract to install solar panels on the roofs of a national chain of hotels. Winning the contract would significantly improve Opus' financial position.

Also, one of our major customers, Extreme, has not paid Opus the final instalment for a major installation of solar panels, completed in May 2023, even though I have sent invoices and chased several times for payment.

I have heard that Extreme is in severe financial difficulties and was unable to pay last month's wages to its employees.

Kind regards

Yasmine

**Turn over**

DOCUMENT 6

Company Search

Name of Company		Extreme Limited	
Company Number		1456786	
Company Type		Private company limited by shares	
Date of Incorporation		8 July 2012	
Previous Names		None	
Registered Office		14 Willow Drive, Semester Park, Biggleswade, SG18 7YT	
Accounting Reference Date		30 June	
Accounts	Last filed	Next due for period to	Overdue
	N/A	30 June 2022	N/A
Current Directors and Secretary	Directors		Secretary
	Lilian Kofi Terrence Alters		Lilian Kofi
Share Capital	Issued	Class	Amount paid up
	£20,000	Ordinary £1	£1 per share
Shareholders	Name	Class	No. of shares
	Lilian Kofi Terrence Alters	Ordinary £1 Ordinary £1	10,000 10,000
Undischarged Mortgages or Charges			
Chargee	Date of Charge	Amount Secured	Description of Charge (including assets secured and whether there is a negative pledge)
Wootton Bank plc	15 August 2021	£250,000	Fixed and floating charge over all assets, including premises in favour of Wootton Bank plc
Memorandum of Association			
Standard, unamended			
Articles of Association			
Model Articles for private companies limited by shares, unamended			
Unusual documents		Yes/No	(Include copies)
Appointment of receiver/administrator/winding-up order		No	
Report completed by:		CoSec	Date: Today's date

End of the case study materials