



**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 2024**

**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 are allowed to take your own unmarked copy of the following designated statute book into the examination: **Blackstones on Company Law 27<sup>th</sup> edition, Derek French, Oxford University Press, 2023.**
- You must comply with the CILEX Exam Regulations – Online Exams at Accredited Centres/CILEX Exam Regulations – Online Exams with Remote Invigilation.

***Turn over***

## CASE STUDY MATERIALS

### ADVANCE INSTRUCTIONS TO CANDIDATES

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

**To:** Trainee Lawyer

**From:** Desmond Judd

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

**Matters:** Various

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

#### 1. Ajay Shaw and Sangeeta Day

I received a phone call this morning from new clients called Ajay Shaw and Sangeeta Day, who are the partners in a business called 'Ajay's Tree Surgery'. They met when they were studying woodland ecology and conservation at Nottingham Trent University. They both grew up in Lincolnshire.

Ajay explained to me that he and Sangeeta need some legal advice but he had to cut the call short. He has since emailed me with some information and I have attached a copy of the email (**Document 1**). I have not had a chance to read it yet. Please read it and then we can discuss it when we meet.

#### 2. Tinkers Limited

Blessing Osei and Jon Haverty are the only shareholders and directors of Tinkers Limited ('Tinkers'). Today, Blessing contacted me to discuss their current plans for expansion. We assisted Blessing and Jon when they formed Tinkers initially. I have attached a copy of the latest company search report (**Document 2**).

Tinkers owns a factory in Northampton where its employees design and manufacture buckles and fastenings for shoes. These are then sold primarily to retail outfits but they also supply theatres that make costumes and shoes in-house.

Blessing and Jon explained to me that Tinkers' business has grown significantly in the last two years and has recently won several new contracts with theatre-production companies.

In addition, Tinkers has won three other lucrative contracts this year and is struggling to keep up with demand. Blessing and Jon have been considering moving to a bigger factory or leasing a second factory to enable Tinkers to employ more staff and produce more buckles and fastenings.

In addition, Blessing is looking to retire in five years and is looking for a way to exit Tinkers gradually over that period. Neither Blessing nor Jon wants to sell Tinkers and Blessing is willing to retain some of her shares and to gradually reduce the number of hours she works for Tinkers over the next five years.

Tinkers has been in discussions with Riya Solanky, who previously owned a shoe manufacturer business in Northampton. Riya would provide valuable expertise as well as being willing to invest in Tinkers.

## **CASE STUDY MATERIALS**

### **3. Shirley and Frankie Adams**

Shirley Adams and her husband Frankie set up a company called Adams Village Shops Limited ('AVS') in 1972. AVS owns two village shops in Bedfordshire, one in Liddlington and one in Milbrook. We have acted for AVS for many years.

Two years ago, Shirley and Frankie began thinking about retiring from work and how they could exit from AVS.

Last week they came to see me to explain what has happened over the last two years. I attach a copy of my Attendance Note from that meeting (**Document 3**). Please read it and then we can discuss it when we meet.

I have also attached a company search report for AVS (**Document 4**).

### **4. Nikolai Sereda and Lesley Phillips**

Nikolai Sereda and Lesley Phillips are new clients. They plan to set up in partnership together running a childminding business from their joint home. They will each contribute £2,000 of their own money towards the initial start-up costs to purchase new furniture, childproof their house, and to buy garden equipment and toys etc.

Lesley will work in the business Monday to Friday from 7 am to 4.30 pm and Nikolai will work Monday to Wednesday from 7 am to 1 pm. Lesley will be entitled to 60 per cent of the profits and Nikolai will be entitled to 40 per cent of the profits. They intend to share any losses and liabilities in the same proportions. Lesley and Nikolai are private people and do not want to have to disclose information about the business to the public. They plan to call the business 'Little People Play'.

They already have several parents who have indicated that they would like to send their children to them from the start of the next school term so they are planning to buy the equipment and complete their Ofsted registration and relevant insurance by then.

## **CASE STUDY MATERIALS**

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

- **DOCUMENT 1:** Email to Desmond Judd from Ajay Shaw and Sangeeta Day (File: Ajay Shaw and Sangeeta Day)
- **DOCUMENT 2:** Company search report – Tinkers Limited (File: Tinkers Limited)
- **DOCUMENT 3:** Attendance note of meeting with Shirley Adams and Frankie Adams (File: Shirley and Frankie Adams)
- **DOCUMENT 4:** Company search report – Adams Village Shops Limited (File: Shirley and Frankie Adams)

**EMAIL**

**To:** Desmond.Judd@KLLP.com

**From:** info@ajaystreesurgery@gmail.com

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

**Subject:** Legal advice re Ajay's Tree Surgery

Dear Desmond

Thank you for taking my call earlier, I'm sorry I had to go before I could fully explain my business to you.

In 2017, after Sangeeta and I completed our degrees, we both found jobs as trainee tree surgeons in Lincolnshire and then, once we qualified, we set up Ajay's Tree Surgery together.

In 2021, we borrowed £70,000 from East Midlands Bank which was spent on two vans and some machinery to start the business.

We now have lots of domestic clients and five large corporate clients whose main offices are situated in large gardens/woodland areas.

The business has grown quickly and earlier this year we realised that we needed more equipment and more workers to meet the needs of our clients. The work required for one of our clients is equivalent to a full-time job for 1.5 people and so we have decided to recruit another qualified tree surgeon. We also plan to employ an apprentice.

We would like to come in and chat with you about any legal matters we may have in relation to the business.

Kind regards

Ajay and Sangeeta

## COMPANY SEARCH REPORT: TINKERS LIMITED

Name of Company	<b>Tinkers Limited</b>		
Company Number	13526895		
Company Type	Private company limited by shares		
Date of Incorporation	28 April 2012		
Previous Names	None		
Registered Office	28 Bedford Road, Northampton, NN1 7YT		
Accounting Reference Date	30 September		
Current Directors and Secretary	Directors	Secretary	
	Blessing Osei Jon Haverty	None	
Share Capital	Issued	Class	Amount paid up
	£20,000	Ordinary £1	£1 per share
Shareholders	Name	Class	No. of shares
	Blessing Osei	Ordinary £1	10,000
	Jon Haverty	Ordinary £1	10,000
Undischarged Mortgages or Charges			
<b>Chargee</b>	<b>Date of charge</b>	<b>Amount Secured</b>	<b>Description of Charge (including assets secured and whether there is a negative pledge)</b>
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]

**ATTENDANCE NOTE**

**Date:** [Last week]  
**Client:** Shirley and Frankie Adams  
**File No:** KLLP/05626896  
**Matter:** Concerns about Adams Village Shops Limited ('AVS') and George Beckering

In 2022, Shirley and Frankie sold some of their shares in AVS to a new shareholder, George Beckering. George originally wanted to buy the entire issued share capital of AVS but was unable to raise the money at that time.

George was also appointed as a director in 2022 and he entered into a service contract with AVS for a fixed term of three years. At that time all parties agreed that he would always be entitled to participate in the management of AVS, although that does not form part of the service contract. He began working full time in the shop in Milbrook while Shirley and Frankie began working together in the shop in Liddlington.

Over the past few months, local customers have complained to Shirley and Frankie that they often arrive at the shop in Milbrook to find that it is closed.

Shirley has discussed this with George but he either denies it or says he shuts at times only when no one would come to the village shop anyway. Shirley and Frankie have explained to George that the nature of running a village shop is that it needs to be open every day from early in the morning until late in the evening, otherwise it becomes financially unviable.

Shirley and Frankie have called several board meetings with George to discuss this matter but nothing has changed and local customers continue to complain. Shirley and Frankie are worried that customers will start driving to the nearest supermarket, which they know will be open, and that AVS will be ruined.

AVS's latest set of accounts show that profits are down and they are aware that many suppliers have not been paid. It has got to the point where Shirley and Frankie are now very concerned.

## DOCUMENT 4

## COMPANY SEARCH REPORT: ADAMS VILLAGE SHOPS LIMITED

Name of Company	<b>Adams Village Shops Limited</b>		
Company Number	0235689		
Company Type	Private company limited by shares		
Date of Incorporation	20 February 1972		
Previous Names	None		
Registered Office	20 High Street, Liddlington, Bedfordshire, MK43 0TP		
Accounting Reference Date	31 March		
Current Directors and Secretary	<b>Directors</b>	<b>Secretary</b>	
	Shirley Adams Frankie Adams George Beckering	Frankie Adams	
Share Capital	<b>Issued</b>	<b>Class</b>	<b>Amount paid up</b>
	£100,000	Ordinary £1	£1 per share
Shareholders	<b>Name</b>	<b>Class</b>	<b>No. of shares</b>
	Shirley Adams	Ordinary £1	30,000
	Frankie Adams	Ordinary £1	30,000
	George Beckering	Ordinary £1	40,000
<b>Undischarged Mortgages or Charges</b>			
<b>Chargee</b>	<b>Date of charge</b>	<b>Amount Secured</b>	<b>Description of Charge (including assets secured and whether there is a negative pledge)</b>
None			None
<b>Memorandum of Association</b>			
Standard, unamended			
<b>Articles of Association</b>			
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]

**End of the case study materials.**