



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

Unit 1 – Company and Partnership Law

Question paper

June 2026

Time allowed: 3 hours and 15 minutes (includes 15 minutes reading time)

Instructions and information

- It is recommended that you take **fifteen** minutes to read through this question paper before you start answering the questions. However, if you wish to, you may start answering the questions immediately.
- There are **two** sections in this question paper — Section A and Section B. Each section has four questions.
- You must answer **four** of the eight questions — at least **one** question must be from **Section A** and at least **one** question must be from **Section B**.
- This question paper is out of 100 marks.
- The marks for each question are shown — use this as a guide as to how much time to spend on each question.
- Write in full sentences — a yes or no answer will earn no marks.
- Full reasoning must be shown in your answers.
- Statutory authorities, decided cases and examples should be used where appropriate.
- You are allowed to make notes on your scrap paper during the examination.
- A basic calculator is provided should you require the use of one.
- You can use your own unmarked copy of the following designated statute book — **Blackstone's Statutes on Company Law, 28th edition, Derek French, Oxford University Press, 2024.**
- You must comply with the CILEX Exam Regulations – Online Exams at Accredited Centres/CILEX Exam Regulations – Online Exams with Remote Invigilation.

SECTION A

Answer at least one question from this section.

- 1 (a) Critically evaluate the courts' restrictive approach as to when the corporate veil can be pierced.

(17 marks)

- (b) Explain the steps that should be taken in order to change the registered name of a private limited company.

(8 marks)

(Total: 25 marks)

2. Critically assess the rights and protections available to shareholders of ordinary shares and to minority shareholders in particular.

(25 marks)

3. Critically analyse how the Companies Act 2006 and the Model Articles for Private Companies Limited by Shares impose restrictions in relation to a company entering into each of the following:

- a transaction with one of its directors;
- a transaction with someone connected with a director;
- a transaction in which a director has an interest.

(25 marks)

4. Explain:

- (a) how, and by whom, a company may be put into administration; and

(9 marks)

- (b) the role and powers of an administrator, including those related to the avoidance of transactions entered into by the company in administration.

(16 marks)

(Total: 25 marks)

SECTION B

Answer at least one question from this section.

Question 1

The Stage and Screen Partnership (SSP) currently has four partners, who together run a theatre and television costume and set design business, with clients across the UK. The partnership was set up 15 years ago and has ten employees. It sources its materials for set design and the printed fabrics for its costumes from British suppliers.

There is a partnership agreement that includes the following provisions:

- profits and losses are shared equally between the partners;
- the partnership will continue after the departure of any partner for any reason; and
- all partners must consent to the incurring of any debt over £5,000 on behalf of the partnership.

The partnership business suffered somewhat during the pandemic, but has seen a significant revival with good growth since early 2022. The current partners are now looking to take on another partner. They have been in discussions with Shanti Wakeham, a well-known costume designer. She has indicated that she would be happy to join SSP as a partner in early September. The partners are, however, keen to put Shanti's name on their website and other marketing material as soon as possible.

Until now, Shanti has run her own business as a sole trader and is uncertain of the implications of joining a partnership.

In the last week, an invoice for £7,000, addressed to the partnership, was received at SSP's main premises for a state-of-the art machine for lifting heavy materials. Two of the current partners discovered that the order for the machine had been made by Dale, one of the other partners. The supplier was Flowers' Machinery Ltd, a new company based in Belgium, with which SSP has had no previous dealings.

- (a) With reference to the current partnership of four partners only, advise on both the general nature of partners' liability and who could be liable to pay for the machine ordered by Dale.

(17 marks)

- (b) Explain to Shanti whether she could face liability for any debts of the partnership incurred before she joins the partnership and how she could seek protection from any such liability.

(8 marks)

(Total: 25 marks)

Question 2

Yahya is an existing client who has asked you for advice on a possible investment in a scaffolding business currently run as a sole tradership by his friend, Carmen. The business is currently worth about £350,000.

Yahya tells you that, due the business having been very profitable over the last three years, Carmen has decided to incorporate it and seek external funding to assist with expansion plans. She approached Yahya, who is experienced in investing in small businesses, as a potential investor.

Carmen intends to be both a director and shareholder of the new company, to which she will transfer the existing business. Yahya informs you that Carmen plans to expand the workforce, update scaffolding stock and embark on a marketing campaign to expand the geographical reach of the business.

Yahya is considering investing about £200,000, but has yet to decide whether to make this investment through a secured loan to the new company or through a cash investment in return for shares in the company. Yahya would expect an interest rate on the loan of about 4% per annum. If he took shares in the company, he would expect a shareholding of at least 20%.

Carmen has also asked him if he would consider being appointed a director on incorporation of the company.

Advise Yahya on:

- the steps that should be taken to incorporate the business;
- the implications for Yahya of the two different investment options he has proposed to Carmen.

(25 marks)

Question 3

Sharessa is an existing client. Sharessa seeks your advice in relation to an investment she is making in a private limited company called Bev's Beverages Distribution Ltd (BBD). Sharessa is to be issued with up to 200 ordinary £1 shares in BBD in return for a cash injection of £160,000.

BBD currently has two shareholders, Ben and Amaya. They were its founders, each holding 200 ordinary £1 shares in BBD, and are also its current directors. BBD has unamended Model Articles for Private Companies. You have made a search of BBD at Companies House and noted that there are no current shareholder resolutions on BBD's records.

Sharessa is keen to know how she will become a shareholder, but she would also like some clarification on how she could transfer her shares in the future. She told you that Ben and Amaya mentioned to her that they are considering amending the Articles to include a provision to impose restrictions on someone proposing to sell their shares in BBD.

Advise Sharessa on the legal and procedural issues in relation to the following:

- the proposed allotment to Sharessa of up to 200 ordinary £1 shares in BBD;
- how she can transfer her shares;
- how the Articles can be amended and the nature of the transfer restrictions Ben and Amaya may impose.

(25 marks)

Question 4

You are advising a new client, Rhonda, in relation to her joining a private limited company called Trentham Plant Hire Limited (TPH). Its business is to lease plant and machinery to both building development firms and private homeowners undertaking house refurbishment. TPH was incorporated in 2016 with unamended Model Articles for Private Companies. Most of TPH's business is in the Midlands, around Birmingham and Nottingham.

Rhonda is to join TPH as a director. She will be awarded a service contract terminable on three months' notice by either party. Rhonda has ten years' experience in a similar business, Southern Machines. It has been agreed that Rhonda will work three days a week for TPH as she wishes to continue involvement with Southern Machines, owned by her father and located in the Southampton area in the south of England. Rhonda tells you that occasionally TPH has passed business to Southern Machines.

Advise Rhonda:

- (a) on the steps to be taken to formally appoint her as a director and the duties to which she will be subject as a director of TPH.

(15 marks)

- (b) how directors make their decisions and whether any restrictions are or can be imposed on such decision making in TPH's articles.

(10 marks)

(Total: 25 marks)

End of the examination