

## CASE STUDY MATERIALS

January 2020  
Level 6  
THE PRACTICE OF COMPANY AND  
PARTNERSHIP LAW  
Subject Code L6-16



## THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

### UNIT 16 – THE PRACTICE OF COMPANY AND PARTNERSHIP LAW\*

#### CASE STUDY MATERIALS

##### Information for Candidates on Using the Case Study Materials

- This document contains the case study materials for your examination.
- In the examination, you will be presented with a set of questions which will relate to these case study materials. You will be required to answer **all** the questions on the examination paper.
- You should familiarise yourself with these case study materials prior to the examination, taking time to consider the themes raised in the materials.
- You should take the opportunity to discuss these materials with your tutor/s either face-to-face or electronically.
- It is recommended that you consider the way in which your knowledge and understanding relate to these case study materials.

##### Instructions to Candidates Before the Examination

- You will be provided with a clean copy of the case study materials in the examination.
- You are **NOT** permitted to take your own copy of the case study materials or any other materials including notes or textbooks except a Statute Book, where permitted, into the examination.
- In the examination, candidates must comply with the CILEX Examination Regulations.

***Turn over***

\* This unit is a component of the following CILEX qualifications: **LEVEL 6 CERTIFICATE IN LAW, LEVEL 6 PROFESSIONAL HIGHER DIPLOMA IN LAW AND PRACTICE** and the **LEVEL 6 DIPLOMA IN LEGAL PRACTICE**



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

You work in the Corporate Department of Kempstons LLP, Solicitors, The Manor House, Bedford, MK42 7AB. You arrive at work to find the following memo awaiting your attention:

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**KEMPSTONS LLP**

**INTERNAL MEMORANDUM**

**To:** Trainee Lawyer  
**From:** Rebecca Webb  
**Date:** [Today's date]  
**Matter:** Tait's Ice Cream

I have a meeting with Grace Tait in the next few weeks and would like your assistance with the preparation.

Grace has been running her own ice cream business, independently, for the last couple of years. Grace phoned yesterday to ask for a meeting. It appears that she is about to enter into business with a local dairy farmer. See the attached attendance note (**Document 1**).

It is a little unclear exactly what she is intending just yet, but I hope to get this cleared up when we meet her. I have undertaken a search against Myddelton Estates Dairy Limited (**Document 4**) and have reserved one of our shelf companies, should that be required (**Document 5**). The current directors and shareholders are partners at Kempstons. Please brief yourself on the attached documents and prepare accordingly, so that you may assist.

*Rebecca*

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You find the following documents attached to the memo:

- DOCUMENT 1** Attendance note (File of Tait's Ice Cream)
- DOCUMENT 2** Email from Grace Tait (File of Tait's Ice Cream)
- DOCUMENT 3** A copy of the latest accounts for Grace Tait, for the year ending 30 November 2019 (File of Tait's Ice Cream)
- DOCUMENT 4** Company Search Myddelton Estates Dairy Limited (File of Tait's Ice Cream)
- DOCUMENT 5** Company Search Kempston Shelf Co 9836886F Limited (File of Tait's Ice Cream)

**Turn over**

**DOCUMENT 1**

**ATTENDANCE NOTE**

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

**Client:** Grace Tait

**File No.:** 00/RW/289/GT

**Matter:** Tait's Ice Cream

Telephone conversation with Grace Tait (GT); GT was calling to request a meeting for advice on an agreement she is planning to enter into with Myddelton Estates Dairy Limited (MED).

GT explained that her ice cream business initially started slowly but has grown during the last 12 months. During that time, GT has moved the business operation into a small industrial unit on land owned by the Myddelton Estates Farm. The growth of the business has stemmed from a number of articles about her produce that have appeared in several 'food' magazines, and which have resulted in her product being picked up by one of the major supermarket chains. Whilst the business is still small, GT is rethinking her business strategy and is considering how to expand, should the opportunity to supply more widely arise.

GT explained that to help out with the administrative side of the business, her brother-in-law, Ian Bell (IB), has become involved, and GT is paying him a nominal wage and, more recently, 10% of profit. IB, who had recently taken early retirement, had been looking for a project to get involved in, given his previous commercial experience.

Additional assistance with the business has come from GT's niece, Jane Hook (JH). JH has recently returned from travelling, following completion of her MBA, and has been developing the business strategy further and working on future product development. JH is attributed with securing a number of potentially lucrative contracts. This is causing GT and JH to look further at how the business should be structured, such that the focus will be on production and the wholesale activities.

GT went on to explain that the owners of MED are the Rhind family, who own and run the Myddelton Estates Farm. They have been diversifying their business interests, so that they are less reliant on purely farming income. They are renovating derelict buildings on the estate.

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One of the first buildings to be renovated was a seventeenth-century brick and timber dairy (the Dairy). Originally, the Rhind family had been planning to use this as a farm shop and café. GT understands that the Dairy, together with other buildings that have subsequently been converted, were transferred to MED, so that it was kept separate from the farm itself. The Dairy's conversion was financed by a commercial loan secured against the building itself – GT understood that as most of the work was undertaken by Simon and Andrew Rhind, the loan was used to purchase building materials and other items needed for the renovation. The Dairy has a value of about £650,000.

Although the necessary licences have been obtained, the original business intention behind the conversion has not really taken off. MED is now in discussions with GT to capitalise on her business growth, such that they have the possibility of a joint arrangement, whereby she would take over the running of the business that is currently operated out of the Dairy.

I discussed with GT how this arrangement was intended to work. GT appeared a little confused. She was unclear whether the intention was that the Dairy would be transferred to another entity, or whether she was in fact being invited to buy a stake in MED.

GT said that she was due to meet with Andrew Rhind at the weekend and would see what more she could establish. I suggested that we meet after that, but for GT to provide a copy of her current business accounts and I would undertake a search against MED.

Time in attendance: 5 units.  
Rebecca Webb

***Turn over***

DOCUMENT 2

EMAIL

From: [gtait@TaitsIceCream.co.uk](mailto:gtait@TaitsIceCream.co.uk)  
To: [rebecca.webb@kempstonsllp.com](mailto:rebecca.webb@kempstonsllp.com)  
Date: [Yesterday's date]  
**Subject: Myddelton Estates**

Dear Rebecca

Thank you for your time this morning.

As I explained, the intention is for the business to expand and possibly move to, or be incorporated into, the operation currently run out of the Dairy.

Ian also wants to get more involved with the ice cream production. From my brief conversation with you, I am inclined to think that we may want to keep this aspect of the business separate from anything else that we are doing with Myddelton Estates. It is probably time that I looked to formalise the arrangements with Ian in any event. However, I have had a number of issues recently where he has possibly overstepped what I would regard as his area of responsibility, and he is using equipment for other consultancy work that he does. I am still trying to establish what has happened and who he has been in contact with, so I will update you when we speak next.

Anyway, from the brief discussions that I have had with Myddelton Estates, they are keen that the Dairy's activities are self-contained.

As requested, I have included my last set of accounts (**Document 3**); you will see that I have managed to keep quite a lot of the profit within the business, which I was planning to use to expand my activities a little more. It now seems that I have the ideal opportunity to do so.

I'll be in touch once I've spoken to Andrew Rhind to confirm meeting up.

Kindest regards

Grace

Tait's Ice Cream  
Excellence to savour!

**DOCUMENT 3**

**Grace Tait**  
**Trading and Profit & Loss account**  
**for the year ending 30 November 2019**

	£	£
Sales		178,000
<i>less cost of goods sold</i>		
Opening stock	2,000	
<i>add</i> Purchases	<u>28,000</u>	
	30,000	
<i>less</i> Closing stock	<u>(3,000)</u>	<u>(27,000)</u>
<b>Gross Profit</b>		<b>151,000</b>
 <i>less Expenses</i>		
Bad debts & provision	2,500	
Bank interest	300	
Depreciation	1,800	
Insurance	1,800	
Misc expenses	1,900	
Rates	3,500	
Rent	6,900	
Utilities	1,700	
Wages	<u>22,300</u>	<u>(42,700)</u>
<b>Net Profit</b>		<b><u>108,300</u></b>

**Grace Tait**  
**Balance sheet as at 30 November 2019**

	£	£	£	£
<b>Employment of Capital</b>				
<b>Fixed assets</b>		Cost	Dep'n	NBV
Equipment		16,000	2,800	13,200
Vehicles		<u>12,000</u>	<u>800</u>	<u>11,200</u>
		<u>28,000</u>	<u>3,600</u>	24,400
<b>Current Assets</b>				
Stock		3,000		
Trade debtors	15,000			
<i>less</i> provision	<u>(500)</u>	14,500		
Pre-payment		500		
Cash at bank		<u>42,900</u>	60,900	
 <i>less Liabilities</i>				
Bank loan		10,600		
Trade creditors		3,000		
HM Customs & Excise		1,300		
Accrual		<u>1,500</u>	<u>(16,400)</u>	<u>44,500</u>
<b>Net Assets</b>				<b><u>68,900</u></b>
 <b>Capital employed</b>				
Capital				5,600
Retained profit to 30 November 2019				<u>63,300</u>
				<b><u>68,900</u></b>
 <b>Calculation of retained profit to 30 November 2019</b>				
Retained profit at 1 December 2018				1,000
Net profit for the year				<u>108,300</u>
				109,300
Drawings				<u>46,000</u>
Retained profit to 30 November 2019				<u>63,300</u>

## DOCUMENT 4

## MYDDELTON ESTATES DAIRY LIMITED

Company Search

Name of Company	<b>Myddelton Estates Dairy Limited</b>		
Company Number	445699987		
Company Type	Private company limited by shares		
Date of Incorporation	1 May 2018		
Previous Names	None		
Registered Office	Myddelton Estates, Oakley Road, Bedford, MK41 7EX		
Date of Last Annual Return	N/A		
Accounting Reference Date	1 August		
Accounts	Last filed	Next due for period to	Overdue
	N/A	1 August 2019	N/A
Current Directors and Secretary	Directors		Secretary
	Simon Rhind Andrew Rhind Howard Rhind Beth Rhind		Beth Rhind
Share Capital	Issued	Class	Amount paid up
	£100,000	Ordinary £1	£0.25 per share
Shareholders	Name	Class	No. of shares
	Simon Rhind	Ordinary £1	25,000
	Andrew Rhind	Ordinary £1	25,000
	Howard Rhind	Ordinary £1	25,000
	Beth Rhind	Ordinary £1	15,000
	Mark Rhind	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>
Cotton Bank Plc registered on 1 November 2017, £360,000			Fixed and floating charge in favour of Cotton Bank Plc. The fixed charge is over Myddelton Estates Dairy, Oakley Road, Bedford, MK41 7EX

**CASE STUDY MATERIALS**

Memorandum of Association		
Standard, unamended		
Articles of Association		
Model Articles for private companies limited by shares	Amended November 2017 for inclusion of Special Article restricting member transfer of shares to family, trust set up for the benefit of family members, a member's personal representatives provided that by the will or law of intestacy the beneficial interest will devolve to a member of the family of the deceased member, or another member.	
Unusual documents	Yes/No	(Include copies)
Appointment of receiver/administrator/winding-up order	NO	
Authority to allot shares under section 551 CA 2006	NO	
Any other comments	NO	
Report completed by:	JZE	Date: December 2019

**Turn over**

## DOCUMENT 5

## KEMPSTON SHELF CO 9836886F LIMITED

Company Search

Name of Company		Kempston Shelf Co 9836886F Limited		
Company Number		HEQ3900087A		
Company Type		Private company limited by shares		
Date of Incorporation		11 November 2019		
Previous Names		None		
Registered Office		The Manor House, Bedford, MK42 7AB		
Date of Last Annual Return		N/A		
Accounting Reference Date		31 December		
Accounts		Last filed	Next due for period to	Overdue
		N/A	31 December 2020	N/A
Current Directors and Secretary		Directors		Secretary
		Rebecca Webb Susan Morris		Rebecca Webb
Share Capital		Issued	Class	Amount paid up
		£2	Ordinary £2	£1 per share
Shareholders		Name	Class	No. of shares
		Rebecca Webb Susan Morris	Ordinary £1 Ordinary £1	1 1
Undischarged Mortgages or Charges				
Chargee	Date of charge	Amount Secured	Description of Charge (including assets secured and whether there is a negative pledge)	
N/A				
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		

**CASE STUDY MATERIALS**

Authority to allot shares under section 551 CA 2006	NO	
Any other comments	NO	
Report completed by:	JZE	Date: December 2019

**End of Case Study Materials**

