

**CASE STUDY MATERIALS**

June 2017  
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**



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**ADVANCE INSTRUCTIONS TO CANDIDATES**

You are a trainee lawyer 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:** Andrew Underwood  
**Date:** (Today's date)  
**Matter:** Law Training for Tomorrow Limited (LTT)

Jacob Roberts (JR) has been a client of the firm for some while now. He has a number of business interests and has always instructed the firm. I spoke to JR today regarding a matter that he wanted to come in and discuss with us. A copy of my telephone attendance note is attached (**Document 1**) with a subsequent email from JR (**Document 3**). I requested a copy of the most recent management accounts, so that we can establish LTT's profits and capital. JR sent the attached Management Accounts: Balance Sheet (**Document 4**), which should be sufficient for our purposes.

I have also undertaken a company search (**Document 2**) in preparation for a meeting with JR. I would like you to prepare for the meeting and attend with me. In the meantime, please make sure that you are fully conversant with the attached.

*Andrew*

**Document 1** Telephone Attendance Note (File: Law Training for Tomorrow Limited (LTT))  
**Document 2** Company Search (File: Law Training for Tomorrow Limited (LTT))  
**Document 3** Email (File: Law Training for Tomorrow Limited (LTT))  
**Document 4** Management Accounts: Balance Sheet at 30 April 2017 (File: Law Training for Tomorrow Limited (LTT))

**Turn over**

**Telephone Attendance Note**

Date: [Today's date]

Client: Jacob Roberts

File No: 002067-947.03/JR/AU

**Matter:** Law Training for Tomorrow Limited (LTT)

Attendance with Jacob Roberts (JR).

JR established LTT over six years ago. LTT is a company that provides professional and vocational legal training, particularly focused on continuing professional development training for junior lawyers. Prior to establishing LTT, JR had been a freelance trainer, but found himself in a position where there was more demand than he could meet. As a result, by incorporating his business activities, JR was able to employ a number of trainers who both write and deliver courses for LTT, leaving JR free to focus on business development.

JR was one of the initial shareholders of LTT, both providing capital and transferring his business into the company on incorporation. The other founding members were Tyra Roberts, JR's wife, Annabel Myddelton, JR's sister-in-law and Alex Brown a long-standing friend of JR. Both of them had experience in training, learning and development, and were able to bring their expertise to bear in assisting to develop the business further. About two years ago, JR's father-in-law, Peter Myddelton, also joined the board; he was looking for something to keep himself occupied after having taken early retirement, and has made a valuable contribution in sorting out the finances of LTT. The business has grown substantially, and JR is looking for new premises and to widen LTT's training portfolio further.

In total, JR initially invested £150,000 in exchange for £1 ordinary shares, which were issued to him at par. JR was also appointed a director, and was tasked with both marketing the company's services and raising further investment. JR, working in conjunction with Peter, pitched to, and successfully introduced, a number of new investors, all of whom also contributed to the capital of LTT. The most notable investment was £1,290,000 by Clayton Financial Training Limited (CFT). CFT is also a training company, but focuses on training for the financial and insurance markets. It has considerable experience in computer-based training provision and assessment centres. CFT agreed to inject additional capital, to assist LTT to develop a suite of online courses and to provide technical expertise.

As part of CFT's investment, Sean Bush, a CFT employee, was appointed a director of LTT to provide additional support and guidance as part of this development. Sean also took a small personal stake in LTT. Sean is currently being supported on secondment by Martina Boon, an employee of CFT, as Sean is based in Newcastle and has to travel and stay locally when he is working at LTT. Martina has brought with her considerable experience in online pedagogy and course design, and her involvement is generally regarded as a success.

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JR explained that, as part of CFT's investment, all the members of LTT entered into a shareholders' agreement, under which they all agreed to offer their shares first to existing shareholders.

JR reported that he and Sean had had 'healthy' discussions about certain aspects of JR's business strategy, such that they had not always agreed, but it seems that Sean has persuaded LTT's board of his views.

JR stated that he would be in touch once he was in a position to update further. JR is to provide a copy of the most recent management accounts.

Time in attendance: 15 minutes.

***Turn over***

## DOCUMENT 2

## BEDFORD SEARCH AGENCY LIMITED

## Company Search

Name of Company	Law Training for Tomorrow Limited		
Company Number	887765490		
Company Type	Private company limited by shares		
Date of Incorporation	1 December 2010		
Previous Names	None		
Registered Office	One Middle Cheap, London EC2A 1AX		
Date of Last Annual Return	20 December 2016		
Accounting Reference Date	30 September		
Accounts	Last filed	Next due for period to	Overdue
	N/A	30 Sept 2017	N/A
Current Directors and Secretary	Directors		Secretary
	Annabel Myddelton Tyra Roberts Jacob Roberts Alex Brown Peter Myddelton Sean Bush		Tyra Roberts
Share Capital	Issued	Class	No. of shares
	£2,000,000		
		Ordinary £1	1,000,000
		4.5% Cumulative Convertible Preference £1	1,000,000

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Shareholders		Name	Class	No. of shares
Shareholders		Annabel Myddelton	Ordinary	150,000
		Tyra Roberts	Ordinary	150,000
		Jacob Roberts	Ordinary	150,000
		Alex Brown	Ordinary	150,000
		Peter Myddelton	Ordinary	150,000
		Sean Bush	Ordinary	10,000
		Clayton Financial Training Limited	Ordinary	290,000
		Clayton Financial Training Limited	4.5% Cumulative Convertible Preference	1,000,000
Undischarged Mortgages or Charges				
Chargee	Date of charge	Amount Secured	Description of Charge (including assets secured and whether there is a negative pledge)	
BTD Bank plc	3 July 2015	All monies	Legal mortgage over land and buildings at various sites, fixed charges over all plant and machinery and floating charge over the undertaking with negative pledge	
Memorandum of Association				
Standard, unamended				
Articles of Association				
Model Articles for private companies limited by shares		Special article for pre-emption rights on transfer of existing shares to existing members.  Quorum for directors' meetings: three (3)		
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:		PR	Date: May 2017	

**Turn over**

**Email**

From: [J.Roberts@LTT.co.uk](mailto:J.Roberts@LTT.co.uk)

To: [AU@kempstonsllp.com](mailto:AU@kempstonsllp.com)

Date: (Today's date)

**Subject: Law Training for Tomorrow Limited (LTT)**

Dear Andrew

As requested, I attach the most recent management accounts (balance sheet) for LTT – these were prepared for the month ending 30 April 2017.

If you require any further information, please let me know, but it's worth noting that much of the value is attributed to our intangible assets, namely the intellectual property in our courses, both those that we have had on our books for some time now and new courses we have been developing with CFT's assistance.

By contrast, what is slightly more alarming, in my view, is the considerable number of outstanding unpaid invoices. We have been delivering a lot of courses recently for a number of key clients in the run-up to the end of the tax year. This is something that came up for discussion in a recent board meeting – Sean and Peter were arguing about whose responsibility it was, with Sean blaming Peter.

I confess I am still not happy about why we are carrying such large amounts of unpaid bills. In any event, I am hoping that we will be able to chase payment and see these settled in the next six to eight weeks.

Additionally, LTT is owed £23,000 by Whiskin & Co Limited, a local firm that we have provided quite a lot of training to over the years. A number of partners have recently left the firm and, so I am led to believe, the firm is in financial difficulties and has several creditors pressing the company for payment. I was able to speak to Whiskin's finance director. He was surprisingly honest about the firm's circumstances. From what I can determine, the company does not have sufficient funds to settle these demands. It has over £240,000 non-preferential unsecured creditors and we are likely to receive very little in the event that Whiskin goes into liquidation. In addition, I understand that Whiskin is making a loss and its investment (orders) book continues to drop.

Whiskin has assets valued at £498,000, including the freehold office which is valued at £345,000 – the office is centrally located and would potentially make a good assessment centre for CFT; I have put Sean in touch with Whiskin. Whiskin's liabilities amount to £615,000, including debts of £45,000 owed to HM Revenue & Customs.

Perhaps we can discuss Whiskin as well when we meet next week?

Best,

Jacob



## DOCUMENT 4

**Law Training for Tomorrow Limited**  
Management Accounts: Balance Sheet at 30 April 2017

	<b>£</b>
<b>Employment of Capital</b>	
<b>Fixed Assets</b>	
Tangible assets	898,000
Intangible assets	<u>974,000</u>
	1,872,000
<b>Current Assets</b>	
Debtors	1,125,000
Cash at bank	<u>52,000</u> 1,177,000
<b>Creditors Due Within 1 Year</b>	
Trade creditors	168,000
Other creditors	<u>356,000</u> <u>(524,000)</u>
<b>Net current assets</b>	<u>653,000</u>
<b>Total assets less current liabilities</b>	2,525,000
<b>Creditors due after 1 year</b>	<u>(315,000)</u>
<b>NET ASSETS</b>	<b><u>2,210,000</u></b>
<b>Capital &amp; Reserves</b>	
Called up share capital:	
1,000,000 ord £1 shares	1,000,000
1,000,000 pref £1 shares	1,000,000
Profit & loss account	<u>210,000</u>
	<b><u>2,210,000</u></b>

**End of Case Study Materials**





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