

## INSTITUTE OF LEGAL EXECUTIVES

### UNIT 16 – PRACTICE OF COMPANY & PARTNERSHIP LAW\*

**Time allowed: 3 hours plus 15 minutes reading time**

#### Instructions to Candidates

- You have been provided with a clean copy of the case study materials for you to use in this examination.
- You have **FIFTEEN** minutes to read through this question paper and the case study materials before the start of the examination.
- **It is strongly recommended that you use the reading time to read the question paper fully.** However, you may make notes on the paper or in your answer booklet during this time if you wish.
- **All questions are compulsory. You must answer ALL the questions.**
- Write in full sentences – a yes or no answer will earn no marks.
- **Candidates may use in the examination their own unmarked copy of the designated statute book: Blackstone's Statutes on Company Law 2010-11, 14<sup>th</sup> edition, edited by Derek French, Oxford University Press.**
- Candidates must comply with the ILEX Examination Regulations.
- Full reasoning must be shown in answers. Statutory authorities, decided cases and examples should be used where appropriate.

#### Information for Candidates

- The mark allocation for each question and part question is given and you are advised to take this into account in planning your work.
- Write in blue or black ink or ball point pen.
- Attention should be paid to clear, neat handwriting and tidy alterations.
- Complete all rough work in your answer booklet. Cross through any work you do not want marked.

**Do not turn over this page until instructed by the Invigilator.**

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

## GSA Partnership

### Question 1

Advise Ms Sonali Shah with regard to the following issues, and as appropriate by reference to the partnership deed and applicable statute:

- (a) how and the steps by which the partners (other than Asma Ismailjee) may terminate the partnership with Asma and carry on the business without her;

**(19 marks)**

- (b) the rights the partners (other than Asma Ismailjee) have if Asma refuses to execute an assignment of the patent.

**(6 marks)**

**(Total: 25 marks)**

## GSA Limited

### Question 2

Advise Ms Sonali Shah with regard to:

- (a) the tax implications for:
- (i) her in respect of her salary and any dividends received by her from the new company;
  - (ii) the company in respect of any dividends that the directors might declare;
  - (iii) her if she does give her shares to Bansi, her daughter, within the next few years.

**(15 marks)**

- (b) what documents and formalities will be required to comply with the Companies Act 2006 in respect of the appointment of Sonali as a director of the company and award of her service contract.

**(15 marks)**

**(Total: 30 marks)**

### Question 3

On the assumption that Ms Sonali Shah and her fellow partners have been appointed directors of the shelf company, advise Ms Sonali Shah with regard to:

- (a) the necessary permission required in order to allot the ordinary and preference shares she and the other directors are to receive in exchange for the assets of the GSA Partnership;
- (b) the documents and procedural formalities which will be required to comply with the Companies Act 2006 in respect of such allotment of ordinary and preference shares.

**(10 marks)**

**(15 marks)**

**(Total: 25 marks)**

### Question 4

Advise Ms Sonali Shah with regard to:

- (a) the steps that she should take to secure her loan to the company;
- (b) her potential liability for the debts of the company in the event of the company becoming insolvent.

**(10 marks)**

**(10 marks)**

**(Total: 20 marks)**

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