



**Tutorial Pack:  
Company and  
Commercial**

## Introduction

The activities contained within this document are designed to be worked on both independently and as part of tutorials.

All articles and cases referred to in this pack may be found towards the end of the pack or by following the links provided.

## Week 1

### Activity 1

David is a sole practitioner offering recruitment consultancy services to a number of local companies. His main competitor is Kristina, who offers similar services. Kristina and David decide that they wish to work together, but are unsure as to which business structure would be most appropriate. They wish to avoid significant levels of formality and regulation and want to have flexibility in establishing the procedures by which the business is to be run. They wish to run their affairs in private and to avoid personal liability for the debts and liabilities of the business. They do not have significant reserves so the process of creating the business should be relatively cheap and quick especially because they do not want to invest significant amounts of their own capital in setting up the business and will probably wish to raise capital from outside sources.

Write a summary discussing to what extent a Limited liability partnership fulfils all, or some, of the above aims and advise David and Kristina.

### Activity 2

Using the scenario from the last question, write a summary discussing to what extent a company fulfils all, or some, of the above aims and advise David and Kristina.

### Activity 3

Marketoni Limited ("the Company") is a family-run tool manufacturer that specialises in making garden tools. The Company has an issued share capital of £15,000 divided into 15,000 ordinary shares of £1 each, all of which are fully paid. The Company has adopted, without amendment, the Model Articles for Private Companies Limited by Shares.

Advise the company what governs their decision making.

### Activity 4

Following on from the previous task, at Marketoni Limited the shares are held as follows:

1. Harley Marketoni (Managing Director and Chairman) holds 5,000 ordinary shares.
2. Jemmima Marketoni (Sales Director) and Suzie Mitchell (Finance Director) hold 3,500 ordinary shares each.
3. Pamjit Gheent (Human Resources Director) holds 3,000 ordinary shares.

A venture capital firm is willing to subscribe in cash for 3,500 ordinary shares at £20 per share and to invest a further £1 million by subscribing in cash for 1 million 4% cumulative preference shares of £1 each.

Advise how the governance of the Company may protect shareholders.

## Week 2

### Activity 1

Milo Ltd was incorporated in November 2010 and has issued 5,000 shares, all with a nominal value of £1 each. The company's two directors, Ceri and Ross, each own 1,000 shares. Theo, a local businessman, owns 2,000 shares and the remaining 1,000 shares are owned by a number of local investors. For the past six years, Harry has been attending board meetings, although he has never been formally appointed a director. Harry wants to know what this means for him and whether or not he is classed as a director of the company.

Advise on how the general duties of directors, contained in the Companies Act 2006, seek to protect the interests of shareholders.

Advise on Harry's position on the board.

### Activity 2

10 months ago Harry was approached by Douglas of Tarty Ltd. Douglas was keen for Milo Ltd to start manufacturing and selling one of his products, so he asked Harry if Milo Ltd would be interested in purchasing the right to manufacture his invention. Harry told Douglas that the Milo Ltd would not be interested, but that he, personally, would like to purchase his invention. Harry then called a board meeting of the Company, attended by himself and Ross. Ceri has not attended any board meetings for over 12 months. At the meeting Harry told Ross about his conversation with Douglas and asked Ross to authorise him to buy the invention. Ross agreed and Harry proceeded with the purchase.

Advise on the legal position regarding Harry's purchase

### Activity 3

You will recall from last week that Marketoni Limited ("the Company") is a family-run tool manufacturer that specialises in making garden tools. The Company has an issued share capital of £15,000 divided into 15,000 ordinary shares of £1 each, all of which are fully paid. The shares are held as follows:

1. Harley Marketoni (Managing Director and Chairman) holds 5,000 ordinary shares.
2. Jemmima Marketoni (Sales Director) and Suzie Mitchell (Finance Director) hold 3,500 ordinary shares each.
3. Pamjit Gheent (Human Resources Director) holds 3,000 ordinary shares.

You will recall that a venture capital firm was willing to subscribe in cash for 3,500 ordinary shares at £20 per share and to invest a further £1 million by subscribing in cash for 1 million 4% cumulative preference shares of £1 each. You will also recall that the Company has adopted, without amendment, the Model Articles for Private Companies Limited by Shares.

- a. In light of the reading from this week in relation to resolutions and meetings, consider any additions you would make to the advice previously offered to the company regarding the governance of their decision making.

- b. Advise the company of the shareholders' resolutions required in order to implement the subscription by the venture capital firm

## Week 3

### Activity 1

Define the following terms:

- a. agency
- b. principal
- c. del credere agent

### Activity 2

- a. How does brand franchising enable an organisation like McDonald's to grow?
- b. How does brand franchising reduce the risk for the franchisee?
- c. Why are franchisees prepared to pay McDonald's 4.5% of their sales revenue towards national marketing costs?
- d. McDonald's operates in over 119 countries. How does McDonald's ensure standardisation of the McDonald's experience throughout the world?
- e. Why are McDonald's franchises likely to be successful?



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