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Oxford Cambridge and RSA

Wednesday 17 June 2015 – Afternoon**A2 GCE APPLIED BUSINESS****F256/01 Business Law**

Candidates answer on the Question Paper.

OCR supplied materials:

None

Other materials required:

None

Duration: 2 hours

Candidate forename		Candidate surname	
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Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **100**.
- Your quality of written communication will be assessed in the question marked with an asterisk (*).
- This document consists of **20** pages. Any blank pages are indicated.

Answer **all** questions.

Text 1

At the end of 2012 Tavas and Shimon decided to set up their own business selling computers and related accessories. The brothers, then aged 21 and 23 respectively, had been unable to find employment since leaving school at 16. Money was tight and their self-esteem low.

Tavas and Shimon hoped, one day, to be able to open a computer shop in the centre of Leeds, their home town. However, to begin with they would have to work from home. They planned to sell the computers and accessories at outdoor markets in their local area.

Although neither of the brothers had ever run their own business, or even dealt with customers, they believed that with their computer knowledge the business would be successful. The brothers would need to buy computers, printers and a range of other accessories to sell on the market stall. They would also need a van to transport the stock.

1 Refer to Text 1.

(a) Tavas thinks they should set up their business as a partnership.

Explain **three** implications for Tavas and Shimon of setting up their business as a partnership without creating a Deed of Partnership.

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[6]

(b) Shimon, however, thought that they should set up their business as a private limited company.

Outline **two** legal documents required by the Companies Acts if Tavas and Shimon were to set up their business as a private limited company.

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(c) Explain **one** reason why Tavas and Shimon might be concerned about their ability to raise finance.

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(d) Recommend which form of business ownership Tavas and Shimon should choose for their new business. Justify your view. [14]

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Text 2

Tavas and Shimon persuaded their uncle to go into business with them. The business was set up as a limited partnership governed by the Limited Partnership Act. Their uncle, a silent (sleeping) partner, invested £6000 in the business. Tavas and Shimon, both general partners, invested £300 each.

The partners decided to call their business *TS World*. Using a picture of the Earth's globe they created a logo for their new business. Tavas was particularly pleased with the logo because it looked modern, professional and very similar in design and colour to a major computer retailing chain.

Shimon rented stalls at seven markets in the local area, one for each day of the week. *TS World* began trading on Friday 1 March 2013 on a market stall in Bradford. The brothers offered credit to any customer wanting to purchase goods with a retail value of over £100.

The trade at all seven markets increased steadily over the next few weeks. Whilst most customers were more than happy with their purchases, some were not. It appeared that as the stalls got busier the number of dissatisfied customers increased.

2 Refer to Text 2.

(a) What is the legal meaning of the term 'limited partnership'?

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(b) Explain **one** benefit to Tavas and Shimon of being general partners in *TS World* rather than silent (sleeping) partners.

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(c) Explain why *TS World* might be in breach of intellectual property rights legislation.

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(d) Explain **three** actions *TS World* needs to take in order to comply with the requirements of the Consumer Credit Act when selling goods on credit.

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(e) Explain **three** issues related to the Sale and Supply of Goods Act which *TS World* must consider when selling computers.

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Turn over

(f) Outline **one** difference between the express and implied terms of a contract.

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(g) Explain **two** actions a customer could take if they feel that they have been treated unfairly by *TS World*.

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Question 3 begins on page 10

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Text 3

In September 2013, having seriously underestimated the workload involved in selling at seven markets a week, the brothers employed Mia as a sales assistant. Mia was expected to work at five of *TS World's* market stalls each week. She was given a contract of employment confirming her job role as a Sales Assistant and her working hours as 8am until the market closes on five days a week. Employing Mia allowed Tavas and Shimon more time to do other important business tasks such as sourcing stock and dealing with paperwork. They were still left, however, with the tedious and time consuming task of loading and unloading the computers and accessories into and out of the van each day.

When the market closed on 8 October 2013 Tavas and Shimon loaded the unsold computers and accessories into the van and returned home. Shimon parked the van in its usual place in the back yard of their house. Exhausted from a busy day of trading, they could not be bothered to unload the van. Worried that someone might get into the back yard and steal the stock, they locked the gate with a padlock and sprinkled some broken glass on top of the surrounding walls. For good measure they left their dog in the back yard to guard the van overnight. Knowing that the dog could be dangerous, especially to strangers, Tavas tied a large warning sign high up on the spiked railings at the top of the gate. The sign read 'Beware of the dog'.

That night Darren, a local man, tried to climb over the gate to enter the back yard. Thankfully, for Tavas and Shimon, he did not succeed. Instead, whilst Darren was trying to climb over the top of the gate, the dog ran towards him barking loudly. Startled, Darren fell backwards off the gate. He landed on the pavement, breaking his right arm and smashing his mp3 player.

3 Refer to Text 3.

(a) Explain **one** benefit to Mia of having a contract of employment.

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(b) Explain **one** possible impact of the Minimum Wage Act on *TS World*.

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(c) Explain **two** principles of the Working Time Regulations with which *TS World* must comply.

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(d) The Working Time Regulations are an example of European Union law.

Describe the role the European Parliament plays in the creation of European Union law.

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(e) What is the legal meaning of the term 'trespasser'?

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(f)* Evaluate *TS World*'s position with regard to occupiers' liability legislation.

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Text 4

Despite not being given any training, Mia proved to be an excellent sales assistant with good customer service skills. Sales in 2014 were almost double those of the previous year and the level of customer complaints fell to almost zero. All went well until Tuesday 17 March 2015.

Tuesdays were especially long days for Mia as it took her almost an hour to travel to and from Halifax market on the bus. Despite this Mia turned up for work at 8am as she always did. Mia was surprised to see that Shimon had not yet carried any of the stock to the stall; Shimon had arrived late that morning and was still attaching the *TS World* banner to the stall. Wanting to get to his 9am appointment at the bank, Shimon asked Mia to carry some of the computer equipment from the van to the stall. This was a task which Mia had never been asked to do in the 18 months she had been working for *TS World*.

At first Mia refused to carry any of the stock from the van to the stall because she was wearing high heeled boots and it was icy under foot. But Shimon insisted that she did. Within minutes Mia slipped on a patch of ice, twisting her ankle, ripping her trousers and smashing the three laptops she was carrying.

"I knew I should not have employed a woman", Shimon shouted. Getting to her feet Mia apologised for any damage she had caused and asked for money to go and buy a new pair of trousers.

"Money?" yelled Shimon. "After all the damage you have caused, you ask me for money? Just go home and do not come back. You are sacked!"

4 Refer to Text 4.

- (a) State **two** actions *TS World* must take in order to meet the requirements of the Health and Safety at Work Act.

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[2]

(b) The law relating to dismissal is governed by the Employment Rights Act and Employment Relations Act.

Identify and explain **three** statutory reasons for fair dismissal.

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(c) Evaluate whether Mia’s dismissal was unfair.

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