



Wednesday 18 June 2014 – Morning

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	
-----------------------	--	----------------------	--

Centre number						Candidate number				
---------------	--	--	--	--	--	------------------	--	--	--	--

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.

Text 1

In 2010 *Jak Ltd*, a chain of coffee shops located in the West Midlands, opened its sixth coffee shop. Its two directors and four shareholders, all members of the Jakobsen family, were proud of how the company had grown in its first three years of trading.

Jak Ltd specialises in the sale of Danish-style coffee – a lightly roasted, high caffeine drink which is served piping hot with added syrups, spices and nuts. Its coffee is always served in high quality clear glass mugs branded with the company logo. The company also sells an exclusive range of freshly baked Danish pastries. These pastries are made for *Jak Ltd* by Josef Kotka, a sole trader, who has a contract to supply the pastries to all of *Jak Ltd*'s coffee shops on a daily basis.

All *Jak Ltd*'s coffee shops have identical colour schemes and similar layouts. The trays of Danish pastries, carefully labelled with their product details, are displayed in refrigerated cabinets. Prices for the coffee (regular, large and extra large), additional ingredients and Danish pastries are displayed above the coffee machines. *Jak Ltd* allows its employees to drink as much coffee as they wish and encourages them to develop new combinations of ingredients which may be of interest to customers. Chalkboards are used to advertise special offers and to encourage customers to try new flavours.

The company takes consumer protection legislation very seriously. In its first three years of trading only one potentially serious consumer protection issue occurred. It happened when Debbie, a customer, sitting at a table, picked up the extra large mug of coffee which she had just purchased. As she lifted the glass mug to her lips, the handle cracked, pouring hot coffee over her designer jeans and scalding her thighs.

1 Refer to Text 1.

- (a) Outline **four** elements needed to make the contract between *Jak Ltd* and Josef Kotka legally enforceable.

1

.....

.....

.....

.....

2

.....

.....

.....

.....

3

3

.....

.....

.....

4

.....

.....

.....

[8]

(b) Explain **one** impact of the Trade Descriptions Act on *Jak Ltd*'s operations.

.....

.....

.....

..... [2]

(c) Explain **three** issues covered by the Supply of Goods and Services Act with which *Jak Ltd* must comply.

1

.....

.....

.....

2

.....

.....

.....

3

.....

.....

.....

[6]

Turn over

- 1
-
-
-
-

2

.....

.....

.....

..... [6]

[6]

5

BLANK PAGE

Question 2 begins on page 6

PLEASE DO NOT WRITE ON THIS PAGE

Text 2

In 2013 Castille Coffee Ltd (CCL), a chain of 12 coffee shops in the East Midlands, got into financial difficulty. CCL, which specialised in the sale of Spanish-style coffee, was placed into administration. *Jak Ltd* bought the Spanish-style coffee shop chain in December of that year for just £1. All 12 of the newly acquired coffee shops were rebranded to sell *Jak Ltd*'s Danish-style coffee and pastries.

The number of employees at the newly acquired shops had to be reduced to make these shops profitable. The directors of *Jak Ltd* selected the staff they wished to keep. Firstly, they chose staff whose physical features the directors believed emphasised the Danish image of their company. Secondly, they offered jobs to young members of staff who would be less expensive to employ; dyeing their hair blonde, where necessary, was a condition of their employment. New contracts of employment were issued detailing longer working hours, shorter breaks and lower rates of pay than staff had enjoyed when working for CCL. All of the other employees who had previously been employed by CCL were made redundant and dismissed immediately without notice or compensation.

Employee grievances escalated and not only amongst the former CCL employees. Staff from *Jak Ltd*'s original six shops were sent to manage the 12 new shops. The new store managers received no training and were forced to commute to the East Midlands or face losing their jobs.

2 Refer to Text 2.

- (a) Name the Act which controls company dissolution procedures.

..... [1]

- (b) Explain why a company might be placed into administration rather than liquidation.

.....

 [2]

(c) Outline **two** steps involved in putting Castille Coffee Ltd into administration.

1

.....

.....

.....

2

.....

.....

.....

[4]

(d) What is the maximum length of time the law gives an employer to issue a contract of employment to a new employee?

..... [1]

(e) Explain **three** actions which *Jak Ltd* employees could take to resolve grievances.

1

.....

.....

.....

2

.....

.....

.....

3

.....

.....

.....

[6]

(f) Evaluate to what extent *Jak Ltd* is in breach of employment protection legislation.

[14]

This image shows a full page of primary-ruled paper. It features multiple sets of horizontal dashed lines, each set consisting of three lines (top, middle, bottom) to guide letter height and placement. The lines are evenly spaced across the entire page, providing a template for handwriting practice. There is no text or other markings on the page.

[illegible]

Text 3

The directors of *Jak Ltd* seriously underestimated the importance of the workforce. Some four weeks after opening the 12 rebranded coffee shops, the directors were still trying to deal with a large number of employee grievances when the following incident occurred.

Lee, aged 19, was recently promoted from Sales Assistant in one of *Jak Ltd*'s West Midlands coffee shops to Store Manager of the rebranded Leicester coffee shop. He found an extremely large spider in the sink. He threw the spider at Razia, the Deputy Store Manager, who is frightened of spiders. Razia screamed and turned to get away. As she turned, she tripped on a broken floor tile, colliding with Josef Kotka who was carrying in a delivery of Danish pastries. Josef was rushing to deliver the pastries because his usual delivery van driver was off work sick. Staggering forward Razia and Josef slipped in a puddle made by one of the coffee machines which had been leaking for days, knocking over the 'wet floor' warning sign as they fell. Razia hit her head on the refrigerator as she landed and was off work for three days. Josef Kotka broke his hip in the fall, putting at risk his livelihood as a sole trader.

3 Refer to Text 3.

- (a) (i) Describe how common law is created.

.....

.....

.....

..... [2]

- (ii) Identify **two** common law duties *Jak Ltd* has as an employer.

1

.....

2

.....

[2]

- (iii) Identify **two** common law duties Lee has as an employee.

1

.....

2

.....

[2]

(b)* Evaluate *Jak Ltd's* legal position with regard to the incident at the Leicester coffee shop. [14]

This image shows a full page of a document template designed for handwriting practice or general note-taking. It consists of approximately 28 evenly spaced horizontal dotted lines across the entire width of the page. There are no margins, headers, footers, or other markings present.

[illegible]

13

BLANK PAGE

Question 4 begins on page 14

PLEASE DO NOT WRITE ON THIS PAGE

Text 4

On 21 February 2014, Eva, the Deputy Store Manager of the Coventry coffee shop approached the directors. Still dealing with a range of employee grievances, the directors expected the worst. What they heard, however, amazed and excited them. Eva told them that while trying to develop new flavours of coffee for customers to try, she had come across a combination of ingredients which seemed to help her lose weight. Although keeping the combination of ingredients a secret, she had tested the recipe on other employees at the shop and members of her own family. The recipe appeared to have calorie burning properties.

The directors wasted no time in calling an extraordinary shareholders' meeting. At the meeting the Jakobsen family voted in favour of patenting the calorie burning coffee recipe and putting the recipe through product testing.

Tests would be needed to prove whether the coffee really had calorie burning properties and whether the product was safe. The tests would take many months, possibly years, to complete. If successful, the production and marketing of the product would require substantial investment. Despite having sizeable financial reserves, company funds alone would not be enough to finance such a major venture.

Eager to take the family business to a whole new level, the directors decided to change the legal status of the business to a public limited company while they waited for the results of the product testing.

4 Refer to Text 4.

(a) Explain **three** benefits to *Jak Ltd* of patenting the calorie burning coffee recipe.

- 1
-
-
-
- 2
-
-
-
- 3
-
-
-

[6]

15

(b) Explain **two** negative impacts on *Jak Ltd* of patenting the calorie burning coffee recipe.

- 1
-
-
-
- 2
-
-
-
- [4]

(c) State **two** duties of a Company Secretary.

- 1
-
- 2
-
- [2]

- (d)** Evaluate the directors' decision to change the legal status of *Jak* from a private limited company to a public limited company. [14]

[illegible]

[illegible]

END OF QUESTION PAPER

18

BLANK PAGE

PLEASE DO NOT WRITE ON THIS PAGE

BLANK PAGE

PLEASE DO NOT WRITE ON THIS PAGE

PLEASE DO NOT WRITE ON THIS PAGE



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.