



Oxford Cambridge and RSA

Wednesday 22 June 2016 – Afternoon

A2 GCE APPLIED BUSINESS

F256/01 Business Law



Candidates answer on the Question Paper.

OCR supplied materials:

None

Duration: 2 hours

Other materials required:

None



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. If additional space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- 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 August 2000 Alistair Charleton, a chartered accountant, was diagnosed with high blood pressure. Alistair, then aged 52, knew that he needed to adopt a healthier lifestyle. He tried his best to eat healthily but found workday lunches a particular problem. While the local shops and cafés sold many varieties of soup, all of them contained far too much salt.

In 2003 eager to exploit the gap in the market, Alistair and his two sons, Brandon and Marcus, decided to leave their jobs and set up their own business, *Charleton Catering*. They purchased a factory unit with the aid of a 40-year commercial mortgage. Catering equipment and delivery vehicles were funded by a bank loan. Trading as a partnership, Alistair owned 60% of the business and his two sons, 20% each. The business supplied tasty, fresh, low-salt soup to shops and cafés in the Canterbury area.

Brandon and Marcus both worked on the factory floor, supervising the production of the soup. Alistair spent most of his time in the office preparing financial forecasts, completing legal paperwork and organising resources. In business meetings, Brandon and Marcus regularly tried to persuade their father to speed up the growth of the business by seeking out new markets. Alistair always resisted, pointing out the practical problems and the risks of too rapid expansion. He constantly reminded his sons that he was the senior partner.

With Alistair's careful financial management, the business operated successfully for over a decade. Brandon and Marcus were both able to purchase luxury homes with the income the business provided. Sadly, in June 2015, Alistair died and *Charleton Catering* had to be dissolved.

Once the formalities were over, Brandon and Marcus, wishing to re-establish themselves in business as quickly as possible, considered their options. A family friend offered to become a limited (silent) partner in the new business. The brothers, however, rejected this offer. Instead, they decided to trade as a private limited company.

1 Refer to Text 1.

(a) Name the Act of Parliament which governs partnership dissolution procedures.

..... [1]

(b) Explain why *Charleton Catering* had to be dissolved.

.....

 [3]

(c) One of the procedures involved in dissolving a partnership is the liquidation of assets.

What is meant by the term 'liquidation of assets'?

..... [1]

(d) Outline **two** ways a limited partnership differs from an ordinary (general) partnership.

1

.....

.....

2

.....

.....

[4]

(e) Following the death of their father, Brandon and Marcus decided to register their new business as a private limited company.

Evaluate the brothers' decision to trade as a private limited company rather than as a partnership. [14]

.....

.....

.....

.....

.....

.....

.....

.....

.....

Text 2

Brandon and Marcus had big plans for their new business, *Charleton Catering Ltd (CC Ltd)*. As well as continuing to supply the tasty, fresh, low-salt soup to local shops and cafés, *CC Ltd* would expand into new markets. The brothers were confident that by emphasising the nutritional quality of the soups, they could secure contracts to supply hundreds of nursing homes and day care centres in the area.

The brothers planned to employ all of the staff who had worked with them when their father was alive. In addition, an extra 30 employees, mainly production operatives and delivery drivers, would be needed to cover the extra demands of the proposed expansion into new markets. A 24-hour continuous production system would be introduced and, therefore, all employees would be expected to work shifts.

Brandon took on responsibility for finding new contracts, whilst Marcus took on responsibility for human resources. Marcus found his role somewhat of a struggle; his father had always taken care of recruitment and selection procedures. Marcus painstakingly prepared job descriptions, designed an application form, advertised for staff in the local press and carried out selection interviews. Having appointed all of the staff which *CC Ltd* required, he turned his attention to sorting out the staffing rota. He found this particularly difficult due to the complex nature of shift work patterns. All staff were issued with contracts of employment within two weeks of being appointed.

2 Refer to Text 2.

(a) Explain **three** measures Marcus needs to take to ensure that *CC Ltd*'s recruitment and selection procedures comply with the Equality Act.

1

.....

.....

.....

2

.....

.....

.....

3

.....

.....

.....

[6]

(b) Explain **two** benefits to *CC Ltd* of issuing contracts of employment to all staff within two weeks of appointment.

1

.....

.....

2

.....

.....

.....

[4]

(c) Explain **one** common law duty *CC Ltd* has as an employer.

.....

.....

.....

.....

[2]

(d) Explain **two** benefits to *CC Ltd* of its staff being members of a trade union.

1

.....

.....

.....

2

.....

.....

.....

[4]

(e) Explain **three** ways working time regulations impact on the shift work patterns of *CC Ltd*'s production operatives.

1

.....

.....

2

.....

.....

3

.....

.....

.....

[6]

(f) The Working Time Directive is an example of European Union (EU) law.

Describe the role of the Council of Ministers in the creation of EU law.

.....

.....

.....

.....

[2]

BLANK PAGE

Question 3 begins on page 10

PLEASE DO NOT WRITE ON THIS PAGE

Text 3

Within three months Brandon had managed to secure contracts to supply *CC Ltd*'s range of nutritious, low-salt soups to 85 nursing homes and 16 day care centres. One of these contracts was to supply Catkin Nursing Home, located on the outskirts of Canterbury, with 120 portions of fresh soup on a daily basis. Two different flavours of soup were required each day, one of which had to be suitable for vegetarians. The soup had to be delivered to the kitchen, at the rear entrance of the nursing home, every afternoon before 3pm. The initial duration of the contract was one year. All went well until the following incident occurred.

On 4 February 2016, a power cut affecting central Canterbury delayed the overnight production of soup. The mushroom soup, required to complete Catkin Nursing Home's order was not ready for delivery until 2.30 pm. By then all of *CC Ltd*'s drivers were out making other deliveries. Knowing that the order needed to be delivered by 3 pm, Brandon contacted his friend, Georgia. He begged Georgia to use her own car to collect the soup from the factory and deliver it to Catkin Nursing Home before the deadline. As a favour, Georgia agreed.

When Georgia arrived at the nursing home, all of the parking bays at the rear of the building were full. Ignoring the sign which said that all deliveries should be made to the rear entrance, Georgia drove at speed to the front of the building, narrowly missing an elderly resident in a wheelchair. Leaving the car radio on full volume, she stopped her car in the middle of the drive, picked up the soup and hurried to the main entrance. The gardener shouted to warn her to mind the hose pipe which he had been using, but Georgia did not hear. Tripping over the hose pipe she, unknowingly, spilled a small quantity of soup in the entrance hall. The gardener, seeing that the soup continued to drip from one of the containers as Georgia made her way down the corridor, ran in to the building to alert Georgia to the spillage. The inevitable happened. The gardener slipped on the spilt soup and broke his arm; as a result he was off work for two months.

3 Refer to Text 3.

(a) Explain **three** elements needed to make the contract between *CC Ltd* and Catkin Nursing Home legally binding. [9]

1

.....

.....

.....

.....

2

.....

.....

.....

.....

3

.....
.....
.....
.....
.....

(b) State **one** implied term which the Consumer Protection Act would impose on the contract between *CC Ltd* and Catkin Nursing Home.

..... [1]

(c) The contract between *CC Ltd* and Catkin Nursing Home could be brought to an end by mutual agreement or frustration.

Explain, using an example, what is meant by:

mutual agreement.

.....
.....
..... [2]

frustration.

.....
.....
..... [2]

(d)* Evaluate *CC Ltd*'s legal position with regard to the incident at Catkin Nursing Home. [14]

.....
.....
.....
.....
.....

Text 4

As if the incident at Catkin Nursing Home was not enough, in late April, *CC Ltd* had to deal with another potentially serious issue. There was a rise in the number of customer complaints about the taste of the soups. After further investigation it was found that several of the soups contained far too much salt.

Marcus suspected Carmen, one of the production operatives, of misconduct. In full view of her colleagues, Marcus accused Carmen of deliberately over-salting the soup. "Despite joining the company only two months ago, you have already received one verbal warning for poor time keeping, and now this", he bellowed. "Low salt is one of our main selling points", he continued. "You have put at risk several of our contracts, not to mention the health of our loyal consumers. You are fired." Marcus gave Carmen no opportunity to reply. He ordered her to leave immediately, without pay or notice.

Furious at the way she had been treated, Carmen stormed out of the factory, intent on pursuing a claim for wrongful dismissal.

4 Refer to Text 4.

(a) What is meant by the term 'civil law'?

.....
.....
.....
..... [2]

(b) In the context of employment law, what is meant by 'misconduct'?

.....
..... [1]

15

(c) Describe **two** services offered by ACAS (LRA in Northern Ireland) which could assist an employee after dismissal.

1

.....

.....

2

.....

.....

.....

[4]

(d) Explain **two** advantages to an employee, such as Carmen, of pursuing a claim for wrongful dismissal through ACAS (LRA in Northern Ireland) rather than through an employment tribunal.

1

.....

.....

.....

2

.....

.....

.....

[4]

(e) Evaluate Carmen's claim for wrongful dismissal.

[14]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).



Oxford Cambridge and RSA

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 1GF.

For queries or further information please contact the Copyright Team, First Floor, 3 Hills Road, Cambridge CB2 2EL.

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.