

Thursday 21 June 2012 – 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	
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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 questions marked with an asterisk (*).
- This document consists of **20** pages. Any blank pages are indicated.

Text 1

The Candee Cabin (TCC) is a small, but well stocked, sweet shop situated in mid Wales. The business, which trades as a partnership, is owned by two brothers Kelvin and Paul McDee. Kelvin and Paul set up the business, with a Deed of Partnership, in autumn 2009. Both brothers invested an equal amount of capital into the business and were intent on letting their individual personalities influence the way in which it was run.

Kelvin used his artistic ability to design impressive colour co-ordinated displays. The large jars of sweets, stored on shelving round the edge of the shop, swept through the colour spectrum from red to purple. In the central floor area are high quality stands for displaying homemade toffee, exquisite chocolates, liquorice, jelly beans and the like. The more usual types of sweets and chocolate bars could be found at the counter.

Paul decided to live in the flat above the shop to help protect the property. Being a natural organiser, he developed rules for the business to follow. Weather permitting the door of the shop would be left open to make the shop seem more inviting. Special offers would be changed daily and posted on a pavement board outside the shop to alert passersby. The floor would be polished at close of business every evening and the shop would be restocked from the stockroom each morning without fail.

Well placed for passing trade, the shop proved popular from the start. By the end of 2010 the shop had achieved a trading profit. Kelvin and Paul were proud of the high levels of customer service which *TCC* had achieved.

1 Refer to Text 1.

(a) Explain **two** legal principles of the Partnership Act.

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(ii) State **one** implied term that the Trade Descriptions Act would impose on such a contract.

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..... [1]

(b) The Trade Descriptions Act is an example of UK statute law. Name **one** institution involved in the creation of UK statute law.

..... [1]

(c) Explain **two** ways in which *TCC* could use intellectual property rights legislation to its advantage.

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2:

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..... [4]

[Total: 12]

Text 3

Two months passed and Kelvin heard nothing from the local football club. Now supplied in stripey bags matching team colours, the sweets sold well; especially on the days when Paul selected them to be the daily special offer. On one such day, Gina, a regular passerby who had seen the offer on the specials board outside the shop, bought a bag of Candee Kicks as a small gift for her uncle.

A week later an official looking letter was delivered to the shop. The letter was not from the local football club as Kelvin had hoped, instead it was from a solicitor acting for Gina’s uncle. The letter claimed that Candee Kicks had burnt Gina’s uncle’s mouth, causing him great discomfort. Moreover, there was medical evidence to back up the claim and the solicitor kept quoting the phrase ‘strict liability’.

Kelvin felt the matter could be easily sorted out, and the recipe adjusted. Paul did not like the direction the business was taking; he felt he was losing control. It took four months to reach an out-of-court settlement and, during this stressful time, Paul longed for the carefree life he used to have. Still in his twenties, he decided to take a year or so out. He would go backpacking around Australia. Paul would leave the shop at the end of the busy festive season.

Kelvin asked Paul to become a limited (silent) partner in *TCC* rather than resign from the partnership altogether. Paul considered this option but still decided to resign. The partnership would be dissolved. Ever confident in his own abilities, Kelvin decided that when the time came he would manage the business on his own, operating as a sole trader.

3 Refer to Text 3.

(a) What is the legal meaning of the term ‘strict liability’?

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(b) Explain how the Consumer Protection Act would make *TCC* liable for the injury caused to Gina’s uncle.

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Text 4

Paul left for Australia in the new year of 2012. Kelvin recruited three members of staff, Philippa, Kyle and Georgina, to help out in the shop. Kelvin spent most of his working hours in the flat above the shop making Candee Kicks to sell in the store. The local football club still showed no interest in the sweets.

Kelvin emphasised to the new employees the importance of following the *TCC* rules, rules which Paul had devised. Despite this, within six weeks two incidents had occurred. Kelvin thought that staff were more trouble than they were worth.

Incident One

Kyle, noticing that the special offer board on the pavement was continually being blown over by the strong winds, fastened the board to the shop drainpipe by means of a rope. Niran, a passerby, sidestepped the board but tripped over the rope, dropping his laptop. Niran was not hurt but his laptop was damaged beyond repair.

Incident Two

Philippa, having polished the floor at the end of the day, returned the machine to the stockroom. Being unusually full with Valentine’s Day stock she left the polisher in the only space she could find, just inside the stockroom door. The next morning, having arrived with seconds to spare, Philippa rushed to the stockroom to get stock to replenish the shelves. Neglecting to turn on the light, and forgetting that the polisher was not in its normal position, she tripped over the machine gashing her leg and causing an avalanche of tins of toffee to fall on top of her.

4 Refer to Text 4.

(a) Identify **two** common law duties which Kelvin has as an employer.

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..... [2]

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

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(c) Explain **one** issue covered by working time regulations with which *TCC* must comply.

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(d) Explain how the law relating to vicarious liability would make *TCC* liable for the damage caused to Niran's laptop in **Incident One**.

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(e) Explain why the law relating to contributory negligence is likely to affect the amount of compensation paid to Philippa for the injuries she sustained in **Incident Two**.

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