

**ADVANCED GCE  
APPLIED BUSINESS**

Unit 17: Business Law

**F256**

Candidates answer on the question paper

**OCR Supplied Materials:**  
None

**Other Materials Required:**  
None

**Friday 12 June 2009  
Morning**

**Duration: 2 hours**



Candidate Forename		Candidate Surname	
--------------------	--	-------------------	--

Centre Number						Candidate Number				
---------------	--	--	--	--	--	------------------	--	--	--	--

**INSTRUCTIONS TO CANDIDATES**

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided.

**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**.
- The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (\*).
- This document consists of **16** pages. Any blank pages are indicated.

Examiner's Use Only:			
1			
2			
3			
4			
<b>Total</b>			

**Text 1**

Bradley Clarke trained as a hairdresser at a London salon, quickly developing into a creative and skilled stylist. He soon built up a reputation for devising fashionable and flattering hairstyles for both men and women. In 2004, after managing to secure a modest bank loan, he set up Headlines. Operating as a sole trader, Bradley became a mobile hairdresser visiting his clients in their home, offering a high quality personal service. He rapidly developed a large client base and, as a consequence, a very profitable business. Bradley had an excellent relationship with his supplier of hair products, business graduate Jagdeep Bhogal. Jagdeep was a salesperson for the area which covered the small but affluent city where Bradley based his operation. They decided to form a partnership which enabled them to combine Jagdeep's connections and business skills with Bradley's creative talent. Bradley's desire to run his own salon was very strong as he wanted to make a name for himself in the industry. He became very excited when his bank manager agreed to provide enough finance to partly fund the purchase of suitable high street premises.

The rest of the finance was raised from Bradley and Jagdeep's own investments of £15,000 each which enabled them to furnish the salon with modern and stylish fixtures and fittings. Jagdeep left her job in order to help manage the business side of the salon. They started trading just before Christmas 2005 under the name The Headlines Partnership and quickly built up a loyal client base. Jagdeep had known at the start of the partnership that it was important to be careful with financial borrowing as the partnership would have unlimited liability, and she had explained carefully to Bradley the importance of having a Deed of Partnership.

The partnership was a great success and, at the start of 2008, after two successful years of trading, Bradley and Jagdeep decided to expand their business and set up another salon. They agreed to change the legal status of the business to a private limited company and the name of the business became *Headlines Ltd (HL Ltd)*.

**Refer to Text 1.**

**1 (a)** State **four** legal provisions of the Partnership Act 1890.

- 1: .....
- .....
- 2: .....
- .....
- 3: .....
- .....
- 4: .....
- ..... [4]

(b) (i) Explain why Bradley and Jagdeep created a Deed of Partnership.

.....

.....

.....

.....

.....

.....

..... [3]

(ii) Explain **four** legal statements which it would be appropriate to include in The Headlines Partnership's Deed of Partnership.

1: .....

.....

.....

.....

.....

.....

2: .....

.....

.....

.....

.....

.....

3: .....

.....

.....

.....

.....

.....

4: .....

.....

.....

.....

.....

..... [8]





**Text 2**

Bradley and Jagdeep’s decision to expand appeared to be the correct one as profits continued to increase. They promoted a loyal employee, Mike Winslade, to manage the existing salon, and spent their time making sure their new salon, which traded under the same name, *HL Ltd*, operated efficiently. However, after six months certain problems became apparent. Mike was obviously not prepared for his promotion, as he found it a struggle to run the whole salon, in terms of both the business side and the styling. He often argued with Bradley and Jagdeep and they became really unhappy about his progress. Mike tried hard, but a job previously performed by two people was now done by one.

The situation worsened when Mike was so busy one-day he failed to wash bleach off a client’s hair at the correct time and this caused hair and skin damage. With agreement from Bradley and Jagdeep, Mike also employed three new trainees, but after three months they were complaining of unfair treatment as they had not received a contract of employment, were being asked to work very long hours without a break, and seemed to be receiving different rates of pay. If these problems were not bad enough, Bradley and Jagdeep believed they had no option but to dismiss Mike after he turned up late to work for the third time in three days. Important clients ended up waiting for the salon to open, only to be told that they needed to rearrange appointments at less convenient times. Bradley was very concerned that *HL Ltd’s* excellent reputation might be tarnished if Mike continued in his post and, therefore, asked him to leave.

**Refer to Text 2.**

**2 (a)** What is meant by the term ‘common law’?

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

**(b)** Explain how the concept of vicarious liability may apply to *HL Ltd*.

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













..... [15]

**[Total: 25]**  
**Turn over**



3: .....  
.....  
.....  
.....  
.....  
.....  
.....

4: .....  
.....  
.....  
.....  
.....  
.....  
..... [8]

[Total: 12]

**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, is given to all schools that receive assessment material and is freely available to download from our public website ([www.ocr.org.uk](http://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 1PB.

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.