

**Friday 20 January 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**

In the autumn of 2004 *Snibson & Whalley plc (S&W plc)*, a national coach tour operator located in the West Midlands, was in difficulty. The company, which had once enjoyed high profits and an excellent reputation, was on the verge of collapse. Complaints from customers were numerous, the press hostile, and its share price was falling.

The company had changed a lot in the 15 years Nigel Lambert had been working for it, and not for the better. Nigel had seen a steady decline in the management’s attitude towards the staff. Staff morale was now at an all time low.

Having recently become a wheelchair user Nigel had asked his line manager for a ramp to be installed, which would enable him to access the building, and a specially adapted desk on which to work. “Not a hope”, exclaimed the line manager. “None of our other disabled employees have the luxury of a ramp, why should you? You will have to text a colleague when you arrive each morning and ask them to help you up the steps if you cannot manage yourself. As for the desk, those desks are more expensive than the ordinary ones, it may be possible next year but not now. Why ask when you know the company is struggling to survive? It’s not the company’s fault that you need a wheelchair, if you don’t like it, leave”.

Nigel, enraged at the way he was being treated, was thankful that he only had six more years before he could retire. While he still enjoyed the demands of the job itself, redesigning websites, creating databases and devising efficient data handling systems, it was the culture of the company he detested.

**1 Refer to Text 1.**

(a) Explain **one legal** difference between a public limited company and a private limited company.

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..... [2]

(b) Outline **three** documents which would have been required to set up *S&W* as a public limited company.

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(c) Explain **two** ways in which *S&W plc* appears to be in breach of the disability discrimination legislation.

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2: .....

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..... [4]

(d) Name **one** Act of Parliament which makes gender discrimination in the workplace illegal.

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..... [1]



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..... [14]

[Total: 27]

**Text 2**

Months passed and the specially adapted desk showed no signs of arriving. The daily routine of having to ask for help to enter and exit the building left Nigel close to despair. He found it increasingly difficult to meet his common law duties as an employee. Nigel contacted his trade union. In the summer of 2005 Nigel resigned from his job and claimed for constructive dismissal. The employment tribunal upheld his claim and ordered *S&W plc* to pay him £66 000.

Shortly after Nigel had received his compensation, he heard that *S&W plc* had entered voluntary liquidation. Although he felt sympathy for some of the employees who had lost their jobs, he was not sorry to see the company go into liquidation. He secretly hoped that the way in which it had treated its staff had contributed to its downfall.

**2 Refer to Text 2.**

**(a)** Explain **two** ways in which civil law differs from criminal law.

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..... [4]

**(b)** Identify **two** common law duties Nigel has as an employee.

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2: .....

..... [2]

(c) Nigel had contacted his trade union about his grievances at work.

Explain **two** benefits to Nigel of consulting a trade union.

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2: .....

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(d) Explain why the employment tribunal upheld Nigel's claim for constructive dismissal.

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(e) S&W plc has entered voluntary liquidation.

(i) What is meant by the term 'voluntary liquidation'?

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(ii) Explain **three** provisions of the Insolvency Act with which *S&W plc* must comply in order to complete the process of voluntary liquidation.

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[6]

[Total: 22]

**Text 3**

Having spent a small amount of his compensation on a family holiday with his grandchildren, Nigel wished to save the rest of the money for when he and his wife eventually retired.

Unable to find a suitable job, Nigel set up his own website design business, *Net-Works*, operating as a sole trader. By the end of 2006 *Net-Works* had several contracts, some large, some small. Nigel kept the details of each contract on a database which he had created specifically for the purpose. He could use it to log contact details, user requirements, deadlines, progress and payment details for each website he was designing. He could also use the database to prepare personalised mail shots about *Net-Works'* services in response to enquiries he received.

All of the clients were happy with the service that Nigel provided, with the exception of the Teen Theatre. The newly formed Teen Theatre had commissioned Nigel to design a website to advertise the shows which it was putting on. Unfortunately, Nigel missed the deadline for the launch of this website, breaching the contract. Teen Theatre claimed that the poor attendance at the opening night's performance was due, at least in part, to the show being poorly publicised as a result of the non-availability of the website.

*Net-Works'* largest contract was with Klassi Kitchens, a restaurant with a forward thinking culture. This contract involved not only the initial creation and weekly updating of the website with menu changes, but also the running of an electronic booking system.

**3 Refer to Text 3.**

- (a) Intellectual property rights legislation protects material published on the Internet.

Explain **two** disadvantages to Nigel of copyright legislation which protects websites.

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(b) Explain **two** ways in which Nigel could resolve the breach of contract between *Net-Works* and Teen Theatre.

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2: .....

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(c) Other than by breaching the contract, explain **three** ways in which *Net-Works'* contract with Klassi Kitchens could be terminated.

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..... [14]

**[Total: 34]**

**Text 4**

*Net-Works* continued trading until June 2010 when Nigel and his wife retired.

It was not long, however, before Nigel began to miss the creative and intellectual challenges of website design. When his granddaughter insisted on her grandpa designing a more modern website for the Brownie pack she attended, he jumped at the chance.

Nigel set himself up as a voluntary organisation, contributing his time and energies free of charge for the benefit of the community, which made him feel good. Nigel began taking on small projects to design informational websites for other voluntary organisations in his spare time. He liked the idea of giving something back to society and wondered if the arrangement could be made more formal. He could establish his voluntary organisation as a charity, a charity which would help other not-for-profit organisations by providing website design services. He could then register the charity as a company limited by guarantee which would involve the appointment of trustees.

**4 Refer to Text 4.**

(a) What is the meaning of the term 'limited by guarantee'?

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..... [2]

(b) What is the role of a trustee in a charitable organisation?

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..... [1]

(c) Evaluate whether Nigel should establish his voluntary organisation as a charity.

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