

OXFORD CAMBRIDGE AND RSA EXAMINATIONS
Advanced Subsidiary GCE

BUSINESS STUDIES

Businesses, Their Objectives and Environment
CASE STUDY

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May be opened and given to candidates upon receipt.

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INSTRUCTIONS TO CANDIDATES

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The business described in this case study is entirely fictitious.

This case study consists of 3 printed pages and 1 blank page.

Regent and Begum (R&B)

Mary Regent and Rajinder Begum became friends from the day both of them joined Carter and Partners solicitors in 1998 at the age of 22 as trainee solicitors. Both of them successfully completed their training over the next two years. Mary, whose interest was in criminal law, started defending Carters' clients in the local magistrates' court. Rajinder, who had concentrated on company law, was employed in the department at Carters that dealt with commercial contracts. 5

At first they both enjoyed their work; dealing directly with clients for the first time was new and exciting. However, over the next three years it became increasingly dull. Rajinder often felt that she was still being treated as a trainee. It seemed to her that she was still given only routine work. Mary felt that she was being given all of the 'hopeless cases' that no one else wanted to defend. In addition, they could not help noticing that there were few women in senior positions at Carters. 10

One day, over a coffee, Rajinder jokingly suggested to Mary that they would have more fun and make more money working for themselves. Mary agreed. This idea resurfaced every so often throughout 2003 and by the end of the year, after much debate, they decided to make Rajinder's idea become reality in the spring of 2004. 15

Under the restraint of trade clause in their contracts with Carters, they could not 'take clients with them'. Mary knew from experience however, that offering to act as the duty solicitor in court could bring in a lot of repeat business from defendants who had no existing legal representation. It did not always pay well but at least it provided a steady income. Her fortunes in court had also changed in the latter part of 2003; even when she didn't win she was gaining a reputation (as one of her defendants put it) "as someone who went for the jugular and always went down fighting". She wasn't sure if this was a compliment or not but she was certainly becoming a popular advocate. 20 25

Rajinder meanwhile had finally been allowed to deal with some of Carters' more senior clients. She had developed a reputation for being meticulous and for the clarity with which she could explain complicated legal issues to clients in senior positions without sounding patronising. In early January 2004 an accounting director (Stephen Fox) at a firm for which she had drawn up a contract, commented to her that "at last all the legal jargon makes sense!" He was so pleased that he made a point of saying that even if his firm didn't use Rajinder again he would certainly be recommending her to his business colleagues. 30

It was decided that Regent and Begum (R&B) was going to formally open for business on March 1st 2004. They decided that their new business was to be a partnership. As they were lawyers it was easy to draw up a Deed of Partnership governing all the relevant aspects of the legal relationship. They both felt that they could capitalise on their strengths and so they decided that Mary would be doing most of the criminal defence work and Rajinder would be concentrating on commercial work. They quickly found an office to rent and hired a secretary for the day to day administration. They knew they were taking a risk but they also thought of the rewards. 35 40

In early February 2004 they sat down to discuss some important issues.

"What will we be aiming to do?" asked Mary.

"I thought you were the one with the Business Studies A level. We aim to make lots of money!" said Rajinder. 45

“We can’t hope to make a million overnight!” replied Mary. “We need to think about exactly what we want to achieve. We’ll just try to survive in our first year. A plan will help us do that and I thought”

“A plan?” interrupted Rajinder. “What for? People are always committing crimes. At least we’ll have a steady stream of income from defending them! No, what we’ve got to sort out is the IT we need.” 50

Mary groaned. She had always regarded herself as ‘hopeless with technology’ – especially with computers – and tended to give anything connected with IT a wide berth. Nevertheless she forced herself to listen to what Rajinder was saying. Thank goodness their secretary would be doing most of the IT work she thought. 55

In March the firm opened. After two months, Rajinder was contacted by Stephen Fox whom she had so impressed earlier in the year. He had seen R&B’s advertisements in the local press. He asked if she would be interested in doing the legal work for an entrepreneur friend of his, Neil Oldfield, who was selling the rights to one of his inventions to a large multinational company. Stephen said that Neil wanted someone he could trust completely as this would be a complicated contract. Stephen hinted that whoever did the job could charge accordingly for their services and asked Rajinder if he could recommend her. Rajinder felt a bit nervous but agreed. She discovered that Neil had developed a new type of cooling system for domestic refrigerators that was both economical to run and very environmentally friendly. The invention was a technological breakthrough and he was set to become very wealthy indeed. 60 65

Later that day Rajinder outlined to Mary what she was going to be working on.

“Some people are talking about this invention becoming ‘the Dyson of the fridge world’,” she said. “Have you any idea who’s buying the rights to it?” 70

“No,” replied Mary.

“It’s Pecard-Le Grand – better known as ‘PLG’.”

“Never heard of them,” said Mary.

“I’m not surprised,” said Rajinder, “It’s a French company, not very big over here but quite well known elsewhere in the European Union (EU). *And* it is a big player in the emerging Eastern European consumer durable markets. I’m no financial expert but this is going to be huge. PLG must think so to be buying the patent for so much money. Look at how much they are paying Neil Oldfield.” 75

She waved some papers at Mary who could see that the sum involved was considerable. “Anyone buying PLG shares could make a fortune,” Rajinder continued. 80

Mary shrugged her shoulders. “Shares are too risky an investment for me and I’ve got absolutely no idea how to go about buying them in a company that’s in another country. Anyway, I’ve got other things to think about; I’ve got a big day in court tomorrow defending one of our regulars on an assault charge.” 85

“What, the nasty ABH at the night-club that was in all the local papers?” asked Rajinder.

“Yep,” replied Mary. “If I win it’ll do wonders for our reputation. Wish me luck.”

