

**Applied Business**

Advanced GCE

Unit **F256**: Business Law

**Mark Scheme for June 2011**

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Question	Expected Answers	AO	Mark	Additional Guidance
1 (a)	<p>Explain <b>two</b> legal provisions of the Companies Acts.</p> <p><i>One mark for each correct identification up to a maximum of two identifications plus a further one mark for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• Publish accounts/financial records each year</li> <li>• Company names ending in Ltd/plc</li> <li>• Company names and registered address published on all letters/notices, cheques, receipts, etc</li> <li>• Memorandum of Association required</li> <li>• Articles of Association required</li> <li>• Form 10</li> <li>• Form 12</li> <li>• AGMs</li> <li>• Limited liability</li> <li>• Share issue</li> <li>• Director(s) and secretary required</li> <li>• Codified common law duties of directors.</li> </ul> <p>E.g. This Act makes it compulsory for a company to have a Memorandum of Association (1). This document contains the amount of authorised shared capital invested in the company (1).</p> <p>E.g. Companies must have Ltd or plc at the end of their name (1). This is to warn people that their liability is limited (1).</p>	<p><b>AO1 2</b> <b>AO2 2</b></p>	<p><b>4</b></p>	<p>Accept any correct detail as to content or purpose for awarding of the development marks.</p> <p>Do <b>not</b> accept 'publish records' unless clearly referring to financial records.</p> <p>Do <b>not</b> award tax.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
1 (b)	<p>Limited companies pay tax on their profits. State the name of this tax.</p> <p><i>For one mark.</i></p> <p>Corporation Tax</p> <p>E.g. Corporation (1)</p>	AO1 1	1	<p>'Corporation' is sufficient for award of the mark.</p> <p>Accept 'corporate' tax.</p> <p>Accept 'cooperation tax' as a misspelling.</p> <p>Do <b>not</b> accept 'company tax.</p>
1 (c)	<p>What is the role of a shareholder?</p> <p><i>For one mark.</i></p> <p>The primary role of a shareholder is to provide equity capital to the company in exchange for part ownership. Such ownership usually confers voting rights at the AGM.</p> <p>E.g. To buy shares in the business (1).</p> <p>E.g. To be an owner (1).</p> <p>E.g. To attend the AGM (1).</p>	AO1 1	1	<p>The response must be specific to shareholders and centred upon investment/ownership.</p> <p>Do <b>not</b> accept 'to provide funds' as this is too vague. Funds can also be gained from debentures, bank loans, government grants, etc.</p> <p>Accept 'to invest'.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
1 (d)	<p>Explain why <i>AM Ltd</i> might face legal action over its new company logo.</p> <p><i>One mark for a correct identification, a further one mark for an explanation in context.</i></p> <p>The Trade Marks Act covers non-verbal marks, including company logos, which are used to uniquely identify a business. A trade mark must not imitate another.</p> <p>Breaches include:</p> <ul style="list-style-type: none"> <li>• Logo too similar to the logo of the car dealer across town</li> <li>• Attempting to trade on another business' reputation</li> <li>• May cause the public to confuse the two businesses</li> <li>• The other car dealer may sue for loss of trade/reputation.</li> </ul> <p>E.g. The logo is too similar to that of another car dealer (1) breaching trade mark legislation (1).</p> <p>E.g. The Trade Marks Act has been broken (1) and, therefore, <i>AM Ltd</i> may be sued by the other dealer (1).</p>	<p><b>AO1 1</b> <b>AO2 1</b></p>	<p><b>2</b></p>	<p>Do <b>not</b> award references to the Copyrights, Designs and Patents Act.</p> <p>For full marks the answer must refer to 'trade marks'.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
1 (e)	<p>Explain <b>two</b> ways in which <i>AM Ltd</i> appears to be in breach of the Copyrights, Designs and Patents Act.</p> <p><i>One mark for each correct identification up to a maximum of two identifications plus a further one mark for each of two explanations.</i></p> <p>The Copyright, Designs and Patents Act covers tangible creations such as artistic works and recordings. The Act (amongst other things) gives the owner exclusive right to copy, adapt or sell their work. Anyone wishing to use the work must seek the permission of the owner and may be required to pay royalties. The law gives automatic rights to performers to grant, or withhold, permission for recordings to be used for internet transmission.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Used a photo which was not <i>AM Ltd</i>'s</li> <li>• Did not seek permission/obtain a license from the owner of the photograph</li> <li>• Did not pay a fee for obtaining the photo/royalties for use</li> <li>• Removal of the copyright sign</li> <li>• Added a television transmission to its website for commercial use without permission</li> <li>• Did not seek to obtain/buy a license from the television company to upload the clip.</li> </ul> <p>E.g. Copyright law forbids the transmission of Internet recordings without first seeking the permission of the performer (1). <i>AM Ltd</i> appears to have simply uploaded the transmission to its website with no attempt to obtain permission (1).</p> <p>E.g. It used a copyrighted photo which was not its own (1). This breaks copyright law as the owner is entitled to charge a fee (1).</p>	<p><b>AO1 2</b> <b>AO2 2</b></p>	<p><b>4</b></p>	<p>In each case award one mark for <i>AM Ltd</i>'s actions and one mark for why this breaches the CDPA.</p> <p>Do <b>not</b> award references to the re-design of the company logo as this is covered under trade mark legislation.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
1 (f)(i)	<p>In the context of the Data Protection Act, what is a <b>data subject</b>?</p> <p><i>For one mark.</i></p> <p>A data subject is any person which the business holds data about.</p> <p>E.g. A data subject is the person about whom data is stored (1).</p> <p>E.g. Any person about which data is stored on a business database (1).</p>	AO1 1	1	No context required.
1 (f)(ii)	<p>Identify, <b>from Text 1</b>, a data subject of <i>AM Ltd</i>.</p> <p><i>For one mark (for a correct example taken from Text 1).</i></p> <p>One from:</p> <ul style="list-style-type: none"> <li>• employees</li> <li>• customers</li> <li>• enquirers.</li> </ul> <p>E.g. Employees (1)</p> <p>E.g. Potential customers (1)</p>	AO2 1	1	<p>Answer <b>must</b> be from Text 1.</p> <p>Accept alternative expressions, e.g. accept 'client' for 'customer'.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
1 (g)	<p>Evaluate the likely effects of the Data Protection Act on <i>AM Ltd's</i> operations.</p> <p><b>Level 1 (1–2 marks)</b> Candidate identifies impact(s) arising from the DPA with no context.</p> <p><b>Level 2 (3–5 marks)</b> Candidate applies knowledge and understanding of impact(s) of DPA on <i>AM Ltd</i>.</p> <p><b>Level 3 (6–9 marks)</b> Candidate analyses the likely effect(s) of the DPA on <i>AM Ltd</i>.</p> <p><b>Level 4 (10–14 marks)</b> Candidate evaluates the likely effect(s) of the DPA on <i>AM Ltd</i>.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Register with Data Commissioner</li> <li>• Data obtained and processed lawfully</li> <li>• Data kept only for the purposes registered</li> <li>• Data not disclosed/used for any other purpose</li> <li>• Data adequate, relevant and not excessive</li> <li>• Data accurate and kept up to date</li> <li>• Data not kept longer than necessary</li> <li>• Obligation to protect security</li> <li>• Must not sell the data without explicit consent</li> <li>• Not to be traded outside the EU</li> <li>• Duty to disclose to data subject on request</li> <li>• Timely correction and deletion of incorrect data.</li> <li>• Labour – time/cost</li> <li>• Organisational procedures – time/cost/staff/skills/training</li> <li>• Complaints – time/cost/reputation</li> <li>• Legal action – time/cost/publicity</li> <li>• Legal remedies – fine, imprisonment, closure</li> </ul>	<p>AO1 2 AO2 3 AO3 4 AO4 5</p>	<p>14</p>	<p><b>NB Effects can be positive or negative.</b></p> <p><b>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</b></p> <p><b>Context should be annotated every time L2 is awarded with the icon 'CONT'.</b></p> <p>Non-contextual answer <b>max</b> level 1.</p> <p><b>L1 [1-2 marks]</b> [1 mark] candidate identifies <b>one</b> impact of DPA with no use of context. [2 marks] candidate identifies <b>more than one</b> impact of DPA with no use of context.</p> <p><b>L2 [3-5 marks] Look for something more than <i>AM Ltd</i>. 'Customers/employees/enquirers' insufficient as context unless further detail is given.</b></p> <p>[3 marks] candidate applies understanding to suggest <b>one</b> possible impact of DPA on <i>AM Ltd</i>. [4 -5 marks] candidate applies understanding to suggest <b>more than one</b> possible impact of DPA on <i>AM Ltd</i>.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> <li>• Better information/improved administration – targeted marketing? After sales follow-up?</li> <li>• Selling of data – source of income?</li> <li>• Publicity/reputation/word of mouth</li> <li>• Sales levels</li> <li>• Profit margins/profitability</li> </ul> <p><b>Exemplar responses:</b></p> <p>E.g. The DPA demands that a customer's express permission is needed before data is passed on or sold to third parties <b>(L1)</b>. <i>AM Ltd</i> must ensure that it gets permission from those who buy its cars <b>(CONT)</b> if it intends to sell the data in its database <b>(L2)</b>. This will mean that <i>AM Ltd</i>, in order to obey the law, needs to record its incoming phone calls in order to prove that the enquirers have given their express permission <b>(L3)</b>. This will cost time and money <b>(L3)</b> but if it allows <i>AM Ltd</i> to sell the data to say a vehicle breakdown company <b>(CONT)</b>, it could be a regular source of income and far from being a burden, it could be financially beneficial <b>(L4)</b>.</p> <p>E.g. The DPA protects personal data held by a business <b>(L1)</b>. Keeping records of all enquirers <b>(CONT)</b> will result in <i>AM Ltd</i> having ever increasing numbers of computerised records <b>(L2)</b>, all of which will need keeping up-to-date <b>(L2)</b>. This would cost <i>AM Ltd</i> extra money in administrative wages <b>(L3)</b>, increasing costs and reducing profits <b>(L3)</b>. However, the greatest problem is that, given the way in which <i>AM Ltd</i> has ignored copyright and trade mark legislation <b>(CONT)</b>, it is likely that it will not bother to keep the records up-to-date <b>(L4)</b>. This will mean lower short run costs but may lead to major financial problems in the long run. If the company is prosecuted for breach of the legislation then the future viability of the company may be threatened <b>(L4)</b>.</p>			<p><b>L3 [6-9 marks]</b> [6 marks] candidate makes <b>one</b> analytical comment about impact(s) <i>AM Ltd</i> could encounter. [7-9 marks] candidate makes <b>more than one</b> analytical comment about impact(s) <i>AM Ltd</i> could encounter.</p> <p><b>L4 [10-14 marks]</b> [10 marks] candidate makes a <b>weak</b> evaluation of the likely effects of the DPA on <i>AM Ltd's operations</i>. [11-12 marks] candidate gives a <b>detailed</b> evaluation of the likely effects of the DPA on <i>AM Ltd's operations</i>. [13-14 marks] candidate makes a <b>detailed and specific</b> evaluation of the likely effects of the DPA on <i>AM Ltd's operations</i>.</p> <p><b>Required annotation = L1, L2, L3, L4.</b></p>

Question	Expected Answers	AO	Mark	Additional Guidance
2 (a)	<p>What is a <b>verbal contract</b>?</p> <p><i>Up to two marks.</i></p> <p>A verbal contract is an intentional agreement made between two or more parties by word of mouth rather than in writing.</p> <p>E.g. An offer and acceptance of an agreement (1) which was not put in writing (1).</p> <p>E.g. An agreement (1) which is not in writing (1).</p> <p>E.g. A deal agreed (1) using the spoken word (1).</p>	AO1 2	2	<p>No context required.</p> <p>Do <b>not</b> award examples.</p> <p>One mark for 'verbal' and one mark for 'contract'.</p>
2 (b)	<p>Both verbal and written contracts are legally binding. What does the term 'legally binding' mean?</p> <p><i>For one mark.</i></p> <p>'Legally binding' means enforceable in law. Parties cannot just change their minds, they are tied to the agreement. An aggrieved party can take the other party to court. Violation can lead to specific performance orders, injunctions and compensation claims.</p> <p>E.g. Legally binding means enforceable in the courts (1).</p> <p>E.g. Legally binding means that you have to do what you have agreed (1).</p> <p>E.g. It means that under the law you can be forced to do what you have agreed or have to pay compensation if you do not (1).</p>	AO1 1	1	<p>No context required.</p> <p>Answer must relate to the <b>enforceability</b> of the contract.</p> <p>Do <b>not</b> award 'legal' since it is used in the question.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
2 (c)	<p>Explain <b>four</b> elements required to make the contract between <i>AM Ltd</i> and Braithwaites' Garage legally binding.</p> <p><i>One mark for each correct identification up to a maximum of four identifications, plus up to a further two marks for each of four explanations.</i></p> <p>Offer (1) – a statement without misrepresentation (1).            Acceptance (1) – unconditional consent to all terms (1).            Consideration (1) – some mutual exchange of value (1).            Intention (1) – both parties intend to be legally bound by the contract (1).            Capacity (1) – ability/authority to make a contract (1).            Legality (1) – within legal parameters (1).</p> <p>E.g. Both parties must be of legal age to accept a contract (1). This is called capacity (1). As <i>AM Ltd</i> is a company and the Braithwaite brothers run a garage, therefore, capacity will exist (1).</p> <p>E.g. Consideration (1) both parties must offer something in exchange (1). Braithwaites' Garage provides a re-spray service and <i>AM Ltd</i> would offer payment (1).</p> <p>E.g. An offer (1). <i>AM Ltd</i> will make an offer to Braithwaites' Garage to service its cars for a set fee (1). An offer is a statement without representation (1).</p>	<p><b>AO1 4</b> <b>AO2 8</b></p>	<p><b>12</b></p>	<p>In each case, first mark is awarded for the identification of the element, plus one mark for an explanation of the meaning of the element and/or one mark for a contextually accurate example.</p> <p><b>Element must be named for marks to be awarded.</b></p> <p>Examples must be in the context of the servicing/re-spray contracts between <i>AM Ltd</i> and Braithwaites' Garage.</p> <p>Allow 'signing the contract' only if given as an indication of acceptance.</p> <p>Do <b>not</b> accept 'agreement' for 'acceptance'.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
2 (d)	<p><i>AM Ltd</i> is not happy with the standard of one of the re-sprays completed by Braithwaites' Garage. Explain <b>one</b> way in which this situation could be resolved.</p> <p><i>One mark for a correct identification, plus a further one mark for an explanation.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• Redo the re-spray</li> <li>• Do not charge for the job</li> <li>• Compensation for the drop in value of the car</li> <li>• Credit note</li> <li>• Offer a free service or re-spray</li> <li>• Formal apology</li> <li>• Court settlement, damages.</li> </ul> <p>E.g. It could redo the job free of charge (1) so that <i>AM Ltd</i> is happy to deal with it again (1).</p> <p>E.g. It could offer to pay compensation for the fall in selling price of the car (1). This would stop <i>AM Ltd</i> taking legal action (1).</p>	<p><b>AO1 1</b> <b>AO2 1</b></p>	<p><b>2</b></p>	<p>One mark for remedy and one mark for why this helps resolve the situation.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
2 (e)	<p>Evaluate the benefits and drawbacks to <i>AM Ltd</i> of having a verbal contract, rather than a written contract, with Braithwaites' Garage.</p> <p><b>Level 1 (1–2 marks)</b> Candidate identifies the benefit(s)/drawback(s) of having a verbal (rather than written) contract with no context.</p> <p><b>Level 2 (3–5 marks)</b> Candidate applies knowledge and understanding of the benefit(s)/drawback(s) to <i>AM Ltd</i> of having a verbal (rather than written) contract with Braithwaites' Garage.</p> <p><b>Level 3 (6–9 marks)</b> Candidate analyses the benefit(s)/drawback(s) to <i>AM Ltd</i> of having a verbal (rather than written) contract with Braithwaites' Garage.</p> <p><b>Level 4 (10–14 marks)</b> Candidate evaluates the benefit(s)/drawback(s) to <i>AM Ltd</i> of having a verbal (rather than written) contract with Braithwaites' Garage.</p> <p>Issues include:</p> <ul style="list-style-type: none"> <li>• Both legally binding</li> <li>• Remedies for breach, but what was the agreement?</li> <li>• Fluidity of terms, potential to be unscrupulous</li> <li>• Could backfire on <i>AM Ltd</i> if Braithwaites' Garage is in breach</li> <li>• More difficult to sue but also more difficult to be sued</li> <li>• Nothing to refer back to in case of dispute</li> <li>• Lack of clarity/arguments</li> <li>• Court action – evidence/no evidence?</li> <li>• Saves on administrative and solicitor costs if a written contract is not drawn up</li> <li>• Verbal contracts work in favour of the more powerful party</li> <li>• Safety issues make this a potentially important contract, such contracts are usually in writing.</li> <li>• Standards of service provided by Braithwaites' Garage?</li> </ul>	<p><b>AO1 2</b> <b>AO2 3</b> <b>AO3 4</b> <b>AO4 5</b></p>	<p><b>14</b></p>	<p><b>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</b></p> <p><b>Context should be annotated every time L2 is awarded with the icon 'CONT'.</b></p> <p>Non-contextual answer <b>max</b> level 1.</p> <p>Do <b>not</b> award definitions of verbal/written contracts as these were tested in previous questions.</p> <p>Do <b>not</b> award benefits/drawbacks of contracts in general, answer must relate to <b>verbal</b> versus <b>written</b> contracts.</p> <p><b>L2 –L4 Must be benefits/drawbacks to AM Ltd (not Braithwaites' Garage).</b></p> <p><b>L1 [1-2 marks]</b> [1 mark] candidate identifies <b>one</b> benefit/drawback of verbal contracts with no use of context. [2 marks] candidate identifies <b>more than one</b> benefit/drawback of verbal contracts with no use of context.</p> <p><b>L2 [3-5 marks] Look for something more than AM Ltd/Braithwaites' Garage.</b></p> <p>[3 marks] candidate applies understanding of <b>one</b> benefit/drawback of having a verbal contract to <i>AM Ltd</i>.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> <li>• Timing/amount of payments by <i>AM Ltd</i>?</li> </ul> <p><b>Exemplar response</b></p> <p>E.g. Written contracts are a robust type of evidence in a court of law (<b>L1</b>). If <i>AM Ltd</i> wanted to sue the garage for not servicing the cars (<b>CONT</b>) properly it would be more easily achieved if the contract was in writing (<b>L2</b>). Having only a verbal contract would increase the chances of it not winning a breach of contract case (<b>L3</b>), or at the very least lower the compensation awarded (<b>L3</b>). However, given the difficulties the Braithwaite brothers appear to have in getting payment (<b>CONT</b>) from <i>AM Ltd</i> it may be that it will be the brothers who take <i>AM Ltd</i> to court for breach of contract, rather than the other way round. In this case the lack of written terms would work in <i>AM Ltd</i>'s favour (<b>L4</b>).</p> <p>E.g. In practice a written contract acts as a source of reference to the terms agreed (<b>L1</b>). By being unwilling to have a written contract, <i>AM Ltd</i> leaves the Braithwaite brothers with space to manoeuvre and an opportunity to provide poor standards of servicing (<b>CONT</b>) (<b>L2</b>) and this will take up extra management time discussing this matter, which <i>AM Ltd</i> can ill afford (<b>L3</b>). Supplying poorly serviced cars to customers may have serious long term effects on <i>AM Ltd</i>'s reputation, especially if a customer is injured by a dangerous vehicle (<b>CONT</b>) <i>AM Ltd</i> has supplied and not having a contract in writing makes such damage more likely (<b>L4</b>).</p>			<p>[4-5 marks] candidate applies understanding of <b>more than one</b> benefit/drawback of having a verbal contract to <i>AM Ltd</i>.</p> <p><b>L3 [6-9 marks]</b>          [6 marks] candidate makes <b>one</b> analytical comment about benefit(s)/drawback(s) to <i>AM Ltd</i> of having a verbal contract with Braithwaites' Garage.          [7-9 marks] candidate makes <b>more than one</b> analytical comment about the benefit(s)/drawback(s) to <i>AM Ltd</i> of having a verbal contract with Braithwaites' Garage.</p> <p><b>L4 [10-14 marks]</b>          [10 marks] candidate makes a <b>weak</b> evaluation of the benefit(s)/ drawback(s) to <i>AM Ltd</i> of having a verbal contract with Braithwaites' Garage.          [11-12 marks] candidate gives a <b>detailed</b> evaluation of the benefit(s)/ drawback(s) to <i>AM Ltd</i> of having a verbal contract with Braithwaites' Garage.          [13-14 marks] candidate makes a <b>detailed and specific</b> evaluation of the benefit(s)/ drawback(s) to <i>AM Ltd</i> of having a verbal contract with Braithwaites' Garage.</p> <p><b>Required annotation = L1, L2, L3, L4.</b></p>

Question	Expected Answers	AO	Mark	Additional Guidance
3 (a)	<p>Identify <b>three</b> legal provisions of the Sale and Supply of Goods Act and explain how each has been broken by <i>AM Ltd</i>.</p> <p><i>One mark for each correct identification of provision up to a maximum of three provisions, plus a further one mark for each of three explanations of how the provision has been broken.</i></p> <p>Goods must be:</p> <ul style="list-style-type: none"> <li>• of satisfactory quality;</li> <li>• as described/no false advertising;</li> <li>• fit for purpose.</li> </ul> <p>E.g. Goods must be of satisfactory quality (1). Lucy's car was not of satisfactory quality as it kept failing to start (1).</p> <p>E.g. Must be as described (1). The car had done a lot more miles than it said on the website (1).</p> <p>E.g. The car must be fit for purpose(1). A car with a faulty handbrake is not roadworthy and is, therefore, not fit for its purpose of being driven (1).</p>	<p><b>AO1 3</b> <b>AO2 3</b></p>	<p><b>6</b></p>	<p>First mark for provision, plus a further mark for how it has been broken.</p> <p>Provision <b>must</b> be named to award marks.</p> <p>Watch out for repetition.</p> <p>Accept 'merchantable quality' for 'satisfactory quality'.</p> <p>The explanation marks must explain <b>how</b> the Act has been broken and <b>not</b> simply state that it has. E.g. 'Goods must be of satisfactory quality. The car was not of satisfactory quality' would score one mark not two.</p> <p>'As described' - accept incorrect mileage or ownership details.</p> <p>'Satisfactory quality' and 'fit for purpose' – allow failing to start (breaking down), faulty handbrake or non-working horn for either. Do <b>not</b> accept the same reason for both.</p> <p>Do not award incorrect price as price is an invitation to treat and not covered by the SSGA.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
3 (b)	<p>The Sale and Supply of Goods Act is an example of an Act of Parliament. Name <b>three</b> stages involved in the creation of an Act of Parliament.</p> <p><i>One mark for each correct stage up to a maximum of three stages.</i></p> <p>Either:</p> <ul style="list-style-type: none"> <li>• Green Paper</li> <li>• White Paper</li> <li>• Bill Drawn up</li> <li>• House of Commons</li> <li>• House of Lords</li> <li>• Royal Assent</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• First Reading</li> <li>• Second Reading</li> <li>• Committee Stage</li> <li>• Report State</li> <li>• Third Reading</li> <li>• House of Lords</li> <li>• Royal Assent</li> </ul> <p>E.g. White Paper (1).</p> <p>E.g. Royal Assent (1).</p>	AO1 3	3	<p>Stages do <b>not</b> have to be in order.</p> <p>Responses can be a mixture from both lists.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
3 (c)	<p>Explain <b>two</b> issues related to the Consumer Credit Act which <i>AM Ltd</i> must consider when it offers finance to customers.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus a further mark for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• Providers of credit must be licensed/registered</li> <li>• Advertisements must show the true cost</li> <li>• APR must be stated</li> <li>• Must provide clear and detailed agreement to client setting out all terms</li> <li>• Signed by both parties to be done only when all details on the form are completed</li> <li>• Customer must receive a written copy of agreement</li> </ul> <p>E.g. The law says that the true cost of credit must be shown (1). Therefore, if <i>AM Ltd</i> uses its website to offer credit, then the interest rate charged must be stated on the website (1).</p> <p>E.g. <i>AM Ltd's</i> customers must be given a copy of the agreement which they have signed (1). This is so that they have it to refer back to in the future (1).</p> <p>E.g. <i>AM Ltd</i> must be licensed (1). This is to protect the public from 'loan sharks' (1).</p>	<p><b>AO1 2</b> <b>AO2 2</b></p>	<p><b>4</b></p>	<p>Do <b>not</b> award 'cooling-off period' as the contracts are signed on company premises.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
3 d*	<p>Evaluate the seriousness of <i>AM Ltd's</i> current position with regard to consumer protection legislation.</p> <p>NB This question is assessed for QWC.</p> <p><b>Level 1 (1–2 marks)</b> Candidate identifies principles of consumer protection legislation with no context.</p> <p><b>Level 2 (3–5 marks)</b> Candidate applies knowledge and understanding of consumer protection legislation to <i>AM Ltd</i>.</p> <p><b>Level 3 (6–9 marks)</b> Candidate analyses the seriousness of the current position of <i>AM Ltd</i> with regard to consumer protection legislation.</p> <p><b>Level 4 (10–14 marks)</b> Candidate evaluates the seriousness of <i>AM Ltd's</i> current position with regard to consumer protection legislation.</p> <p>Can refer to:</p> <ul style="list-style-type: none"> <li>• SSGA – satisfactory quality, fit for purpose, matching description</li> <li>• SGSA – work with reasonable skill, reasonable care (contracted-out to Braithwaites' Garage)</li> <li>• TDA – as described</li> <li>• CPA – safety/harm (manufacturer)</li> <li>• Contract law.</li> </ul> <p>Lots of issues:</p> <ul style="list-style-type: none"> <li>• Car – handbrake, horn – safe?</li> <li>• Car – failed to start – all cars breakdown – car old – satisfactory quality? Lucy's fault?</li> <li>• Website – false mileage – did <i>AM Ltd</i> know?</li> </ul>	<p>AO1 2 AO2 3 AO3 4 AO4 5</p>	14	<p><b>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</b></p> <p><b>Context should be annotated every time L2 is awarded with the icon 'CONT'.</b></p> <p>Non-contextual answer <b>max</b> level 1.</p> <p>Do <b>not</b> award DPA, CCA, CDPA or TMA.</p> <p><b>L1 [1-2 marks]</b> [1 mark] candidate identifies <b>one</b> principle of consumer protection legislation with no use of context. [2 marks] candidate identifies <b>more than one</b> principle of consumer protection legislation with no use of context.</p> <p><b>L2 [3-5 marks] Look for something more than <i>AM Ltd/Lucy</i>.</b> [3 marks] candidate applies understanding of consumer protection legislation to suggest <b>one</b> possible impact on <i>AM Ltd</i>. [4 -5 marks] candidate applies understanding of consumer protection legislation to suggest <b>more than one</b> possible impact on <i>AM Ltd</i>.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> <li>• Website – owners – did <i>AM Ltd</i> know? Checked?</li> <li>• Website – priced incorrectly. Deliberate? Invitation to treat.</li> <li>• Website – accurate photo?</li> <li>• Servicing – done? Did <i>AM Ltd</i> ask for the car to be serviced? Did the garage cut corners? Liability?</li> <li>• Sub-contracted – liability? Contract?</li> <li>• One-off complaint or one of many? What were the other complaints about?</li> <li>• Usual manner of trading?</li> <li>• Oversight or deliberate?</li> <li>• Out of court settlement</li> <li>• Legal action</li> <li>• Remedies</li> <li>• Consequences – time, money, reputation</li> <li>• Loss of custom</li> <li>• Effect on profit – sustainable?</li> <li>• Potential for more serious breaches in the future</li> <li>• Risk to public safety? Shutdown?</li> </ul> <p>E.g. Consumer protection legislation prohibits false descriptions (<b>L1</b>). <i>AM Ltd</i> has broken many principles of this legislation, including the website making false claims (<b>CONT</b>) and the car not being fit for purpose. (<b>L2</b>). Lucy could take legal action over these breaches of legislation and if she does so <i>AM Ltd</i> is likely to lose because of the sheer volume of evidence against it (<b>L3</b>). The most serious consequence of legal action would not be paying the compensation and the court costs, as these are relatively finite and short-term, but the media publicity and effect on the business' reputation. Because cars (<b>CONT</b>) are extremely dangerous machines at the best of times the general public will take matters of safety very seriously and the effect of such a court case could lead to a loss of custom for many years to come (<b>L4</b>).</p>			<p><b>L3 [6-9 marks]</b> [6 marks] candidate makes <b>one</b> analytical comment about the seriousness of <i>AM Ltd's</i> current position. [7-9 marks] candidate makes <b>more than one</b> analytical comment about the seriousness of <i>AM Ltd's</i> current position.</p> <p><b>L4 [10-14 marks]</b> [10 marks] candidate makes a <b>weak</b> evaluation of the seriousness of <i>AM Ltd's</i> current position. [11-12 marks] candidate gives a <b>detailed</b> evaluation of the seriousness of <i>AM Ltd's</i> current position. [13-14 marks] candidate makes a <b>detailed and specific</b> evaluation of the seriousness of <i>AM Ltd's</i> current position.</p> <p><b>Required annotation = L1, L2, L3, L4.</b></p>

Question	Expected Answers	AO	Mark	Additional Guidance
	<p>E.g. Under British law goods sold must be of satisfactory quality <b>(L1)</b>. Clearly the car <b>(CONT)</b> which <i>AM Ltd</i> sold Lucy was not of satisfactory quality as its horn and handbrake did not work and the vehicle kept failing to start <b>(L2)</b>. Although lots of things are wrong with the car, they should have all been picked up when the car was serviced, it is, therefore, not really <i>AM Ltd's</i> fault but Braithwaites' Garage's fault <b>(L3)</b>. No one has been hurt in an accident <b>(CONT)</b>, however, in the future it might not be so lucky. If someone was injured in a poorly serviced vehicle, <i>AM Ltd</i> would be liable to pay a very large sum of compensation to the customer <b>(L4)</b>.</p>			

Question	Expected Answers	AO	Mark	Additional Guidance
4 (a)	<p>Explain <b>two</b> ways in which Graeme's attitude towards his staff contravenes anti-discrimination legislation.</p> <p><i>One mark for each correct way up to a maximum of two ways, plus a further one mark for each of two explanations.</i></p> <p>Responses include: Age discrimination Gender discrimination</p> <p>E.g. Age discrimination (1). Graeme wanted young staff not ones approaching retirement age (1).</p> <p>E.g. Sex discrimination (1). Graeme says he wants men as sales people (1).</p>	<p><b>AO1 2</b> <b>AO2 2</b></p>	<p><b>4</b></p>	<p>One mark for identifying the area of discrimination and one mark for explanation.</p> <p>Give benefit of doubt for 'racial discrimination' .</p> <p>Do <b>not</b> accept references to disability discrimination, as this is not expressed by Graeme.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
4 (b)(i)	<p>Whitney believes that she has been unfairly dismissed. What is the legal meaning of the term 'unfair dismissal'?</p> <p><i>Up to two marks.</i></p> <p>Unfair dismissal is the termination of a contract of employment without serious or valid reason to do so. Victims have the legal right to remedy/redress.</p> <p>No context required.</p> <p>E.g. Unfair dismissal is when you are fired from your job (1) without the employer having a valid, legal reason for doing so (1).</p> <p>E.g. Unfair dismissal is when you are told to leave your job because you have done something wrong (1), but what you have done is minor and should only result in you being disciplined and not losing your job (1).</p> <p>E.g. It is losing your job when you should not (1), e.g. if you are pregnant (1).</p> <p>E.g. When legal action can be taken against your employer (1) because they were wrong to sack you (1).</p>	AO1 2	2	<p>No context required.</p> <p>Do <b>not</b> award examples.</p> <p>One mark for 'dismissal' and one mark for 'unfair'.</p> <p>Do <b>not</b> award 'redundant' or 'retirement'.</p> <p>Do <b>not</b> award responses relating to wrongful dismissal, e.g. disciplinary procedures, warnings or notice period.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
4 (b)(ii)	<p>Explain <b>two</b> ways in which Whitney's trade union could assist her with her claim for unfair dismissal.</p> <p><i>One mark for each correct way up to a maximum of two ways, plus a further one mark for each of two explanations.</i></p> <p>Possible responses include:</p> <ul style="list-style-type: none"> <li>• May be able to negotiate an agreement with the employer</li> <li>• Give advice/Information on rights/procedures</li> <li>• Produce information booklets</li> <li>• Helpline for queries with legally trained advisors</li> <li>• Representation at hearing/help to take legal action</li> <li>• Provide services free of charge.</li> </ul> <p>E.g. Trade unions produce information leaflets about various employment matters (1). Obtaining one about unfair dismissal will help Whitney understand the procedure she must go through (1).</p> <p>E.g. They have helplines manned by trained staff (1) which Whitney can contact for advice (1).</p> <p>E.g. They can liaise with her employer (1) and try to negotiate a settlement which is acceptable to Whitney and <i>AM Ltd</i> (1).</p>	<p><b>AO1 2</b> <b>AO2 2</b></p>	<p><b>4</b></p>	<p>NB the question asks for 'how' <b>not</b> 'what', therefore the answer must be a method.</p> <p>Do <b>not</b> award 'help her with the claim'.</p> <p>Do <b>not</b> award 'provide evidence to support her claim' as it is Whitney's job to provide her TU with the evidence.</p>

Question	Expected Answers	AO	Mark	Additional Guidance
4 (c)	<p>Outline <b>two</b> advantages to employees such as Whitney of pursuing a claim for unfair dismissal through ACAS (LRA in Northern Ireland) rather than through an employment tribunal.</p> <p>One mark for each correct advantage, up to a maximum of two advantages, plus a further one mark for each of two developments.</p> <p>Possible responses include:</p> <ul style="list-style-type: none"> <li>• Attempts resolution/conciliation (rather than just arbitration).</li> <li>• Fewer formalities and forms</li> <li>• Quicker procedure/shorter waiting list</li> <li>• Less legalistic</li> <li>• Confidential/private</li> <li>• Less austere</li> <li>• Cheaper/free of charge.</li> </ul> <p>E.g. An employment tribunal is formal like a court case with wigs and protocols to follow (1). ACAS can be easier to deal with if you find such legal procedures off-putting (1).</p> <p>E.g. Pursuing your claim with ACAS will normally be faster (1) as it has shorter waiting lists than the tribunal service which tends to deal with the more complex cases (1).</p> <p>E.g. If you lose your case you may be ordered to pay court costs at an employment tribunal (1) but ACAS provides all of its services for free (1).</p> <p>E.g. ACAS, as well as providing its conciliation service (1), can help and advise you along the way (1).</p>	<p><b>AO1 2</b> <b>AO2 2</b></p>	<p><b>4</b></p>	<p>Do <b>not</b> award disadvantages.</p> <p>The role of the LRA in Northern Ireland is identical to the role of ACAS in Britain.</p> <p>Do <b>not</b> award 'more likely to get positive results'.</p>

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