

GCE Applied Business

Unit F256: Business law

Exemplar candidate responses – June 2011 series

Evaluate the benefits and drawbacks to *AM Ltd* of having a verbal contract, rather than a written contract, with Braithwaites' Garage. [14 marks]

Response 1

[Awarded 10 marks]

The opening paragraph of this response discusses issues surrounding lack of proof in instances of breach, there is no context at this stage and the answer remains in Level 1. The following paragraphs explain more about this issue, this time in context with references to paying late, cars, servicing and cutting corners, thus achieving Level 2. Towards the end of the response the point about Braithwaite's Garage being more able to take up a contract elsewhere is developed analytically. The candidate explains the impact on AM Ltd if they cannot find another party who would do the servicing work on such lucrative terms and enters Level 3.

The final paragraph summarises the argument concluding that verbal contracts allow leeway to both parties. The candidate evaluates this point, in context, and suggests that this may affect the quality of work done on the cars. For this reason AM Ltd should use a written contract to make the agreement more explicit - a weak, but correct, argument and a low Level 4 mark of 10 is awarded.

- (e) Evaluate the benefits and drawbacks to AM Ltd of having a verbal contract, rather than a written contract, with Braithwaites' Garage.

- One of the benefits AM Ltd only having a verbal contract with BG is if BG are not happy with AM Ltd performance with the contract, if there is no written contract between the 2 parties it is very hard for BG to have a case against AM LTD. e.g. If AM LTD were continually still paying BG late, ^{CONT} BG ~~would~~ wouldnt have a strong case against AM LTD as they would have no written contract to prove.
- ^{L1}
- when AM LTD actually had to pay them. But this benefit could also work as a negative for AM LTD, if BG continued cutting ~~corner~~ ^{CONT} corners when they were ^{CONT} servicing the cars AM LTD would have no ~~proof~~ ^{L2} proof to the ~~court~~ court what was actually required to do to the cars so it would unlikely they would win the case.
- ^{L3}
- Another negative of not having a written contract up with BG is that they could refuse to stop ^{BDD} working for them at any point. BG could sign a contract with a competitive garage ^{CONT} that pays better and pays on time. This could be a massive downfall for AM LTD as
- ^{L2}



they may not be able to find another garage that charges so little which
 [13] would make them lose out financially as well

In conclusion It is advisable for AM LTD to draw up a written contract with PG. This is because it shows that even though with a verbal contract you can get away with ~~the~~ messing the business around but they can also do it back by reducing the quality of the work they do on the car, also they can leave you at any time.

[14]

[Total: 31]

Response 2**[Awarded 6 marks]**

The candidate begins by explaining that proof of breach could be an issue, entering Level 1. The response then swiftly moves into context with references to MOTs, brakes and servicing which could go wrong and cause a crash, entering Level 2. The candidate then analyses this lack of breach, concluding that AM Ltd will not be able to prove that Braithwaites' Garage is responsible for the shortcomings of the vehicle and hence AM Ltd will be 'in trouble' for the quality of the work, thus entering Level 3.

At the end of the response the candidate does attempt to draw an overall conclusion but there is no explanation of why the drawbacks are far more serious than the benefits, nor is there any context. Because of both of these issues the opinion has no valid justification and cannot be awarded Level 4. A Level 3 mark of 6 for making one analytical comment is awarded.

- (e) Evaluate the benefits and drawbacks to AM Ltd of having a verbal contract, rather than a written contract, with Braithwaites' Garage.

By AM Ltd having a verbal contract with Braithwaites' means that even though they have the advantage of being able ~~saying~~ to say what they

L1

like because known clear agreements in place. It can become a disadvantage because if a loyal customer of AM Ltd pays a ~~q~~ large amount of money for an MOT. And the brakes and steering isn't checked it ~~can~~ cause the customer to crash. Then

L2

they will be complaining to AM Ltd for not repairing the car properly when really it was Braithwaite garage that didn't check. But AM Ltd would not be able to prove this because they have not got a written contract which states when the garage must do on each

L3

car. This shows that the AM Ltd could become in trouble



all the business not having
 a written contract. Whereas,
 a drawback for Braithwaite
 Garage is that they can
 not say they are under
 paid when they their is
 nothing in place to state
 what exact amount they
 should be receiving. This
 clearly shows that even
 though there are benefits
 of only having a verbal
 contract. There are far
 more serious drawbacks
 that can affect both
 businesses due to them
 not producing a written
 contract.

[14]

[Total: 31]

Question 1g June 2011

Evaluate the likely effects of the Data Protection Act on *AM Ltd's* operations.

[14 marks]

Response 1

[Awarded 3 marks]

This response begins by giving several effect of the Data Protection Act including, data must be accurate, up-to-date, adequate and not excessive. These are Level 1 responses. The candidate then moves up a level stating a contextual effect on AM Ltd – they cannot store medical records of employees as these are not needed in a garage. The rest of the response reverts to non-contextual effects. The maximum level which this response achieves is Level 2 and a mark of 3, for giving one effect in context, is awarded.

Question Item: 1g

(g) Evaluate the likely effects of the Data Protection Act on AM Ltd's operations.

- NAQ** The Data Protection Act is an act which protects an individual's personal data from being misused. AM Ltd holds data of both employees and customers. Therefore the business needs to ensure that they comply with the law. **CONT**
- LI** AM Ltd must ensure that all data collected must be accurate and kept up to date. Also, ensure that data is adequate and not excessive.
- LI** Likewise AM Ltd having data of employees medical records as this is not needed. In addition, the information must be secure and unauthorised people not having access to it. **CONT**
- LI** AM Ltd must ensure data is not passed for marketing purposes and all data collection has been given permission to store.
- LI** If however AM Ltd does not comply with the law this could affect the business in terms of reputation.



as not complying with the law will give a bad image. It illustrates to people that the business is incapable and therefore as it gives a bad image, employees will leave

ii The business due to their info being misused so they are unable to provide a service to customers and this directly impacts number of customers as this

ii will go down ultimately affecting profits. However, as time and money is taken to comply with the law and take necessary actions it will benefit

ii AM Ltd in the long run. So therefore I recommend for AM Ltd to receive permission from employees and customers to keep information and to ensure it is kept safe, is accurate and kept up to date. To do this they should

ii create a form highlighting all these which means AM Ltd will be complying to the Data Protection Act.

[14]

[Total: 28]

Response 2**[Awarded 2 marks]**

The candidate begins well and gives several possible effects of the Data Protection Act. The reference to use for marketing purposes would apply generically to all businesses and so cannot be awarded as context. The response is therefore deemed not to be in context and the maximum Level 1 mark, of 2, is awarded.

Question Item: 1g

(g) Evaluate the likely effects of the Data Protection Act on AM Ltd's operations.

- NAQ Data Protection Act protects individuals security rights and personal data.
- LI AM Ltd's operations have not followed this Act as they have all customer and ~~employees~~ **XXXX** ensured records on their database for marketing purposes. This act states they are not allowed to hold customers data for marketing purposes without permission. The ~~data~~ **?** must be protected against this otherwise they could end up having legal action taken against them.
- LI Also if AM Ltd were to share customers personal information the Data Protection Act will stop them doing this as is illegal.
- LI It will also ensure AM Ltd allow these customers to see all the information they have about them whenever **XXXX** they choose and



allow them to stop information being held.

The Data Protection Act will stop AM Ltd from doing any of this as well as making sure all data is

[11]

up-to-date and accurate [11] otherwise it

will not be valid and they could get in a lot of trouble from it,

[11]

such as fines.

Overall, the Data Protection act will be beneficial to customers greatly and exclude AM Ltd from completing anything like this.

[14]

[Total: 28]

Turn over

