



BUS.IN5 Legislation and its impact

AQA 8132 · Calculator allowed · about 55 minutes

Total Marks

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Name: _____ Date: ____ / ____ / ____

Answer ALL questions in the spaces provided. Show your working for any calculation: method marks are available even if your final answer is wrong. Roseford Salon Group, used throughout this pack, is a fictional business.

1 Which one of the following best describes the purpose of employment law?

- ☐ A) To guarantee a business will always make a profit
- ☐ B) To protect employees' rights, such as a safe workplace and fair, non-discriminatory treatment
- ☐ C) To set the price a business must charge for its products
- ☐ D) To decide which products a business is allowed to sell

(Total for Question 1 is 1 mark)

2 Which one of the following best describes what consumer protection law generally requires of a business?

- ☐ A) Goods sold to customers must be of satisfactory quality and match how they were described
- ☐ B) A business must sell every product at the lowest price in the local area
- ☐ C) A business must offer every customer a loyalty card
- ☐ D) A business must open at the same times as all of its competitors

(Total for Question 2 is 1 mark)

3 State three areas of business activity that are affected by legislation.

(Total for Question 3 is 3 marks)

- 4 Health and safety law requires Roseford to provide a safe workplace for staff and customers. To meet this, Roseford must install a new emergency lighting system, costing 450 pounds per salon, across all 12 of its salons. Calculate the total cost of this. Show your working.

(Total for Question 4 is 2 marks)

- 5 Data protection law requires Roseford to keep customer records secure. To comply, Roseford buys compliant customer-record software: a one-off cost of 1,200 pounds, plus a subscription of 60 pounds a month.

(a) Calculate the annual cost of the software subscription. (2)

(b) Using your answer to part a, calculate the total cost of the software in its first year, including the one-off cost. (2)

(Total for Question 5 is 4 marks)

- 6 Consumer protection law means Roseford must offer refunds on faulty products, at an estimated cost of 2 pounds per return, on an estimated 300 returns a year. Calculate the total annual cost of this. Show your working.

(Total for Question 6 is 2 marks)

- 7 Using your answers to question 4, question 5b and question 6, calculate Roseford's total first-year cost of complying with all three areas of legislation described above. Show your working.

(Total for Question 7 is 2 marks)

8 Explain one benefit to Roseford's customers of consumer protection law.

(Total for Question 8 is 3 marks)

9 Explain one cost or burden to Roseford of having to comply with this legislation.

(Total for Question 9 is 3 marks)

10 Roseford's insurer estimates that a health and safety breach causing a customer injury could cost the business 16,200 pounds in compensation and legal fees. Using your answer to question 4, calculate how many times greater this potential cost is than the cost of the emergency lighting system that would help prevent it. Show your working.

(Total for Question 10 is 2 marks)

11 Explain why the comparison in question 10 gives Roseford an incentive to comply with health and safety legislation, even though it involves an upfront cost.

(Total for Question 11 is 3 marks)

12 State two consequences a business could face for failing to comply with legislation, other than paying compensation to an injured customer.

(Total for Question 12 is 2 marks)

13 Explain how data protection law affects the way Roseford handles its customers' records.

(Total for Question 13 is 3 marks)

14 Explain one reason legislation can be a bigger burden for a single small salon than for a large national salon chain.

(Total for Question 14 is 3 marks)

15 Complying with employment, health and safety, consumer protection and data protection legislation costs Roseford 7,920 pounds in the first year (question 7), and question 9 shows this is a real burden, especially for a smaller business (question 14). However, question 11 shows the potential cost of a health and safety breach, 16,200 pounds, is three times greater than the cost of the lighting that could help prevent it, and question 8 shows customers benefit from the protection this legislation provides. Recommend whether Roseford Salon Group should treat legislative compliance mainly as a cost to minimise, or mainly as an investment that protects the business and its customers. Justify your answer using the figures and points made earlier in this pack.

(Total for Question 15 is 9 marks)

Mark scheme · BUS.IN5 Legislation and its impact

Question 1

- **B1** B cao
- **Answer: B**

Question 2

- **B1** A cao
- **Answer: A**

Question 3

- **B1** one acceptable area, e.g. recruiting and employing staff
- **B1** a second acceptable area, e.g. health and safety in the workplace
- **B1** a third acceptable area, e.g. protecting consumers, protecting the environment, or protecting customer data
- **Answer: Any three, e.g. employing staff; health and safety; protecting consumers; protecting the environment; protecting customer data.**

Question 4

- **M1** 12 x 450 seen
- **A1** 5,400 pounds cao
- **Answer: 5,400 pounds.**

Question 5

- (a) **M1** 60 x 12 seen
- (a) **A1** 720 pounds cao
- (a) **Answer: 720 pounds.**
- (b) **M1** 1,200 + 720 seen (ft from part a)
- (b) **A1** 1,920 pounds cao
- (b) **Answer: 1,920 pounds.**

Question 6

- **M1** 300 x 2 seen
- **A1** 600 pounds cao
- **Answer: 600 pounds.**

Question 7

- **M1** 5,400 + 1,920 + 600 seen (ft from questions 4, 5b and 6)
- **A1** 7,920 pounds cao
- **Answer: 7,920 pounds.**

Question 8

- **B1** identifies the point, e.g. customers know that products and services must meet a minimum legal standard, and can get a refund or repair if something is faulty
- **B1** develops the point, e.g. this gives customers confidence to buy from Roseford without having to check every detail themselves
- **B1** links clearly to an outcome, e.g. this builds trust and can lead to repeat business, even though question 6 shows it also has a cost to Roseford
- **Answer: Customers know products and services must meet a minimum legal standard and can get a refund or repair if something is faulty, giving them confidence to buy without checking every detail, which builds trust and repeat business, even though this has a cost to Roseford (question 6).**

Question 9

- **B1** identifies the point, e.g. question 7 shows compliance costs Roseford 7,920 pounds in the first year across just these three areas
- **B1** develops the point, e.g. this is money Roseford cannot spend on other things, such as marketing, staff training, or opening a new salon
- **B1** links clearly to an outcome, e.g. this could put Roseford at a disadvantage compared with a larger competitor that can spread the same fixed costs across more salons
- **Answer: Question 7 shows compliance costs Roseford 7,920 pounds in the first year, money it cannot spend on marketing, training or expansion, which could put it at a disadvantage compared with a larger competitor that spreads the same fixed costs across more salons.**

Question 10

- **M1** 16,200 / 5,400 seen (ft from question 4)
- **A1** 3 times as
- **Answer: 3 times as great.**

Question 11

- **B1** identifies the point, e.g. the potential cost of an injury, 16,200 pounds, is three times greater than the 5,400 pound cost of the emergency lighting that could help prevent it (question 10)
- **B1** develops the point, e.g. this means the upfront cost is small compared with the financial risk of not complying
- **B1** links clearly to an outcome, e.g. spending on compliance now is likely to save Roseford money overall, as well as reducing the risk of harm to a real customer or member of staff
- **Answer: The potential injury cost of 16,200 pounds is three times greater than the 5,400 pound cost of the lighting that could help prevent it (question 10), so the upfront cost is small compared with the risk of not complying, meaning compliance is likely to save Roseford money overall as well as reducing the risk of real harm.**

Question 12

- **B1** one acceptable consequence, e.g. a fine imposed by a regulator
- **B1** a second acceptable consequence, e.g. reputational damage/loss of customers, legal costs of defending a claim, or being ordered to stop trading or close a site
- **Answer: Any two, e.g. a regulator's fine; reputational damage/loss of customers; legal costs; being forced to stop trading or close a site.**

Question 13

- **B1** identifies the point, e.g. data protection law generally requires customer data to be kept secure and used only for the purpose it was collected
- **B1** develops the point, e.g. this is why Roseford has to buy compliant record-keeping software, at a first-year cost of 1,920 pounds (question 5b), rather than storing records however it likes
- **B1** links clearly to an outcome, e.g. handling data correctly protects customers' privacy and reduces the risk of a data breach and the reputational damage this could cause
- **Answer: Data protection law generally requires customer data to be kept secure and used only for the purpose it was collected, which is why Roseford must buy compliant software at a first-year cost of 1,920 pounds (question 5b), protecting customer privacy and reducing the risk of a damaging data breach.**

Question 14

- **B1** identifies the point, e.g. costs such as the 1,920 pound compliance software (question 5b) are largely fixed, whatever the size of the business
- **B1** develops the point, e.g. a large chain can spread this fixed cost over many more customers and salons than a single small business can
- **B1** links clearly to an outcome, e.g. the cost per customer, or per salon, is higher for a small business, making it relatively more expensive to comply
- **Answer: Fixed compliance costs such as the 1,920 pound software (question 5b) are the same whatever the size of the business, but a large chain can spread this over many more customers and salons than a single small business can, so the cost per customer is relatively higher for the small business.**

Question 15

- **Level 1** (1-3): Makes simple, undeveloped comments about legislative compliance, with little or no use of the pack's figures and no clear recommendation.
- **Level 2** (4-6): Gives a developed argument for treating compliance mainly as a cost or mainly as an investment, using some of the pack's figures, but does not fully weigh both sides or reach a clearly justified recommendation.
- **Level 3** (7-9): Weighs the evidence on both sides, using the compliance-cost and risk-comparison figures from this pack, and reaches a justified recommendation supported by that analysis.
- **Indicative content:**
 - For treating compliance as a cost to minimise: question 9 shows the 7,920 pound first-year cost (question 7) is real money that could otherwise fund marketing, training or expansion, and question 14 shows this burden falls relatively harder on a small business like a single Roseford salon.
 - For treating compliance as a cost to minimise: Roseford could look for the cheapest way to meet the legal minimum requirements in each area, rather than spending more than necessary.
 - For treating compliance as an investment: question 11 shows the 16,200 pound potential cost of a single health and safety breach is three times greater than the 5,400 pound cost of preventing it, so underspending on compliance is a false saving.
 - For treating compliance as an investment: question 8 shows compliance also builds customer trust and confidence, which could support repeat business and reputation beyond the direct costs and risks already calculated.
 - Judgement: given that the potential cost of non-compliance (16,200 pounds, question 10) is several times larger than the cost of prevention, and that compliance also brings a genuine customer-trust benefit (question 8), a reasonable recommendation is that Roseford should treat legislative compliance mainly as a necessary investment rather than a cost to minimise, while still looking for efficient, not excessive, ways to meet each requirement.