

Cork Institute of Technology  
Bachelor of Science (Honours) in Herbal Science – Stage 2  
(NFQ Level 8)

Summer 2007

**Business & Industry Studies**  
(Time: 3 Hours)

Instructions

Answer FOUR questions.

Question ONE is Compulsory.

Answer ONE other question from Section A,  
and ONE question from both Sections B and C.

Examiners: Ms. M. Dorgan  
Dr. D. Corrigan  
Mr. E. Walsh

## Section A

Q1. **Compulsory.**

### Financial Statements

The following financial transactions of M Draper were reported for the month of April 2007.

April

1. Started in business with €10,000 in the form of a cheque and €5,000 in cash.
- 3 Bought fixtures paying €2,000 by cheque.
- 4 Bought a van paying €1,000 in cash.
- 5 Bought goods from Green Ltd for €800.
- 9 Bought goods paying in cash €900.
- 10 Sold goods for cash €350.
- 11 Bought goods from T Kent €1,200 and G Hart €2,000.
- 14 Sold goods to K Kenny €500, S Bryan €780 and T Henry €350.
- 15 Paid rent €400 in cash.
- 16 Paid stationery €160 by cheque.
- 19 Paid wages by cheque €230.
- 20 Paid Green Ltd €500 by cheque.
- 23 K Kenny paid us a cheque for €500, T Henry paid us €150 cash.
- 24 Paid T Kent €500 by cheque.
- 25 We returned goods to G Hart €120.
- 26 S Bryan returned goods to us €160.
- 28 Bought van on credit from S Taylor €5000.
- 29 Paid insurance by cheque €700.
- 30 Sold goods to T Henry €300 and K Kenny €600.
- 30 Bought goods from T Kent €1000 and S Ryan €900.

**Required:**

- (a) Trial Balance at 30<sup>th</sup> April 2007 **(15 marks)**
- (b) Trading, Profit and Loss Account for the month ended 30<sup>th</sup> April 2007 **(5 marks)**
- (c) Balance Sheet as at 30<sup>th</sup> April 2007 **(5 marks)**

**(Total 25 marks)**

Q 2: **Control Accounts**

For the year ended 31/12/2006, the following information appeared in the books of J Bennett:

	€
Debtors Ledger Balance at 1/1/2006	98,900
Creditors Ledger Balance at 1/1/2006	79,500
Purchases (including cash purchases of €3,000)	56,800
Interest charged to debtors on overdue accounts	900
Discounts Allowed	790
Returns Inwards	1,200
Sales (including cash sales of €4,000)	71,300
Bad Debts written off	1,560
Returns Outwards	2,100
Cheques received from customers	89,500
Cheques paid to suppliers	59,440
Dishonoured cheques received	1,780
Discount disallowed to debtors	140
Interest charged by suppliers	290
Discount received	390

Debtors Ledger Balance at 31/12/2006                      €75,970 Dr

Creditors Ledger Balance at 31/12/2006                      €71,660 Cr

**Required:**

(a) Debtors Control Account. **(8 marks)**

(b) Creditors Control Account. **(7 marks)**

**(Total 15 marks)**

Q3. **Accounting for Depreciation**

Ben Lee depreciates its machinery at a rate of 10% per annum straight line. His financial year ends on 31<sup>st</sup> December in each year. His depreciation policy states that a full year depreciation should be provided in the year of purchase of an asset but none in the year of sale.

Year	Transactions
2003	Bought machinery costing €6,000 on 1 <sup>st</sup> May
2004	Bought machinery costing €4,000 on 1 <sup>st</sup> July
2004	Bought 3 pieces of machinery costing €3,000 each on 1 <sup>st</sup> September
2005	Bought machinery costing €5,000 on 1 <sup>st</sup> May
2006	On 1 <sup>st</sup> June sold the machinery which cost €6,000 on 1 <sup>st</sup> May 2001, for €2,200
2006	Bought machinery costing €8,000 on 1 <sup>st</sup> November

**Required:**

- (a) The machinery account
- (b) The provision for depreciation account
- (c) The disposal account

For 2003, 2004, 2005 and 2006

**(Total 15 marks)**

## Section B

Q4 **Contract Law**

The essential elements of a contract include the following:

- Agreement (Offer and Acceptance)
- Consideration
- Intention to create legal relations

Discuss the importance of these elements.

**(30**

**Marks)**

**OR**

Q5 **Law of Tort**

Define Defamation (including libel and slander)

How does one establish a case of defamation?

What defences exist in a defamation case?

**(30 Marks)**

## Section C

Q6 **Product Life Cycle**

Discuss the typical stages of a Product Life Cycle.

Which marketing strategies are relevant to each stage?

Which factors determine the rate of adoption of innovators?

**(30 marks)**

**OR**

Q7. **Market Research**

Define Market Research? Why is Market Research critical?

Discuss, in detail, the five steps involved in the process of market research? **(30 marks)**