

Cork Institute of Technology

Bachelor of Science (Honours) in Herbal Science – Stage 2

(SHERB_8_Y2)

Summer 2008

Business and Industrial Studies

(Time: 3 Hours)

Instructions

Answer four questions only.

Question 1 is compulsory.

Answer one other question from Section A.

Answer one question from Section B and one question from Section C.

Examiners: Philip Brennan
Dr. D. Corrigan
Dr. D. Clare

Section A

Q.1 Compulsory Financial Statements

Joan Spillane

Trial Balance as at 31 December 2007

	Dr	Cr
	€	€
Sales		423,111
Purchases	370,226	
Rent paid	8,900	
Sales returns	5,405	
Premises	76,000	
Purchase returns		5,426
Motor expenses	2,380	
Stock (1.1.07)	100,488	
Bad debts	284	
Provision for doubtful debts (1.1.07)		800
Wages & salaries	30,300	
Rates	6,732	
Telephone	1,315	
Shop fittings	44,000	
Van	37,500	
Debtors & Creditors	9,863	8,678
Capital		264,919
Bank	3,041	
Depreciation: Shop fittings		4,000
Van		7,500
Drawings	<u>18,000</u>	
	<u>714,434</u>	<u>714,434</u>

Notes (all relative to 31 December 2007)

1. Stock €120,000
2. Wages accrued €6,000
3. Rates prepaid €518
4. The provision for doubtful debts is to be increased to €1,000.
5. €220 was due on the telephone bill.
6. Depreciate shop fittings at 10% and the van at 20% per annum straight line.

Requirements:

- a. Prepare a trading and profit and loss account for the year ended 31 December 2007
[13 Marks]
 - b. Prepare a balance sheet as at that date,
[12 Marks]
- [Total 25 Marks]**

Q.2 Depreciation

Tom McIntyre established a distribution service in 2005. He depreciates his vans at an annual rate of 20% straight line and his depreciation policy states that a full year's depreciation should be charged on all vans on hand on the 31st December (the end of the financial year) but none in the year of sale.

Oven Transactions

Year	Transactions
2005	Bought three vans for €8,000 each on the 1 st February.
2006	Bought a van for €12,000 on the 1 st May.
2006	Sold one of the vans bought in 2005 on the 1 st June for €4,600.
2007	Bought two vans for €11,000 each on the 1 st August.

Required:

Show for 2005, 2006 and 2007:-

- a. The van (fixed asset) account. [5 Marks]
 - b. The provision for depreciation of vans account. [5 Marks]
 - c. The disposal of vans accounts. [5 Marks]
- [Total 15 Marks]

Q.3 Accruals and Prepayments

On the 1 January 2007 the following balances stood in the books of Phelim Brady, a sole trader:

- a. Electricity paid in advance €562.
- b. Wages outstanding €306.
- c. Rent receivable, received in advance €36.

During the year ended 31 December 2007:

- 1. Paid for electricity €1,019 by cheque.
- 2. Paid €15,000 in respect of wages by cheque.
- 3. Received €2,600 rent from the tenant by cheque.

On the 31 December 2007

- a. Electricity was prepaid €345.
- b. Wages accrued amounted to €419.
- c. Rent receivable was €105 in arrears.

Requirements:

Prepare the electricity, wages and rent receivable accounts for the year ended 31 December 2007, showing the year-end transfers to the P&L accounts and the balances, if any, brought down.

[15 Marks]

Section B

Q4 Contract Law

- a. Outline and explain the essentials of a valid offer. **[10 Marks]**
 - b. What are the essentials of a valid acceptance? **[10 Marks]**
 - c. The general rule is that there are no formalities required for the creation of a contract. There are exceptional cases, however, when the law demands some formality for the creation of a contract. Outline two such cases and explain one of them. **[10 Marks]**
- [Total 30 Marks]**

Q5. Tort

- a. What are the two most common remedies for tortious behaviour available from the courts? Explain in detail the different forms of those remedies and the circumstances in which they may be sought. **[10 Marks]**
 - b. When might vicarious liability arise? **[10 Marks]**
 - c. Name three common defences in an action for defamation and explain in detail one of them. **[10 Marks]**
- [Total 30 Marks]**

Section C

Q6. Marketing Mix

- a. What is the marketing mix and how may it be useful to the marketing manager? **[10 Marks]**
 - b. Explain in detail one element of the marketing mix. **[10 Marks]**
 - c. List the main elements of a company's macro-environment that can influence how it operates. **[10 Marks]**
- [Total 30 Marks]**

Q7. Market Research Process

- a. Explain the steps in designing and conducting a marketing research process. **[10 Marks]**
 - b. Discuss three methods of collecting primary data that a company might use. **[10 Marks]**
 - c. What are the elements of the marketing communication process? **[10 Marks]**
- [Total 30 Marks]**