



EXAMINER'S REPORT

AUGUST 2000

MARKETING FINANCE

General Comments

There were very few candidates at this sitting and , consequently, general conclusions are not possible. Once again, candidates attempting less than the required number of questions reduce their chances of success significantly.

Question 1

This was the least popular question at this sitting. Those who did attempt it answered well.

Question 2

Part (a) was answered badly with very poor knowledge of the importance of cash budgeting. Part (b) was answered well by candidates who understood the concept of working capital. Unfortunately, there were a number of candidates who evidently did not understand working capital. This was surprising as this topic has been previously examined on several occasions.

Question 3

This question was popular. Knowledge of Payback and Net Present Value was good but Internal Rate of Return was weak.

Question 4

The more popular ratios were well answered but fixed asset turnover was poor. There were a few scripts where formulae were incorrect for most of the ratios. A large percentage of candidates correctly identified the retail division as Litbiz giving good reasons.

Question 5

Once again a number of students could not calculate the c/s ratio but, in many cases, the breakeven calculations were correct. With this question candidates seem to either know the material well or not at all.

Question 6

This question was not attempted by many candidates. Some calculated overhead absorption rates correctly but others showed no understanding of this element of the question. The 50% margin on sales price was not understood by many candidates.

Question 7

A very unpopular question at this sitting and not well answered. Most candidates did not seem prepared for a cash flow statement.