General Comments

Many candidates achieved a very high standard in this examination sitting with over 20% reaching grade A. The layout of the majority of scripts was commendable but there was a significant minority again who did not indicate the questions attempted on the front of the answer book and did not clearly indicate when question attempts were completed. Another notable feature of this sitting was that a significant number of candidates attempted only three questions. In some cases, the three questions were very well attempted resulting in a successful outcome for those candidates. However, this is a high risk tactic and not one to be encouraged.

Question 1

This was not a popular question. Some candidates discussed the topic well but many misinterpreted the question. Specifically, the question addressed the issue of accounting information and its users but many answers focused on the role of the accountant in industry and discussed it generally.

Question 2

This was the more popular question in section A. Inventory management and factoring were satisfactorily discussed by many candidates but the standard of discussion of cash budgeting was very mixed e.g. some students discussed cash flow statements in relation to FRS1, others discussed budgeting in general. It is important to reach pass standard in each element of this type of question.

Question 3

This was the most popular question on the paper being attempted by almost all candidates. The standard was high with a considerable number achieving full marks. However, some scripts showed only final ratios without either formula or detailed figures and this lost marks where answers were incorrect. It is possible to get marks for formula. It is possible to get almost full marks where figures shown are correct but where the answer was written down incorrectly. Errors included taking expenses as purchases and confusing stock turnover answer as "times" or "days"(depending on how it was calculated).

Question 4

This was a very popular question and was answered very well by a large number of candidates many of whom scored full marks. The most common errors were incorrectly calculating total variable cost before the quantity was known, assuming advertising in part (v)

was a variable not a fixed cost, adding packing cost to selling price in part(v). Other candidates were not even familiar with correct formulae.

Question 5
Answers to the cash flow statement were surprisingly weak. Many of the figures involved straightforward comparisons in the balance sheet e.g. share capital, debentures, stock, debtors, creditors. As it was possible to achieve in excess of the pass mark in this question without the fixed asset calculations, it was disappointing to see many candidates not reaching pass standard in this question.

Question 6
This was a popular question where many candidates achieved a grade A. Some candidates did not understand the difference between the present value of €1 ANNUALLY and the present value of €1. Either set of discount factors could have been used and marks were awarded for correct use of either the single or cumulative figures. The main problem with this question was that candidates failed to recognise that all figures other than residual value were costs. Comments in part (b) were generally sensible in the context of the information provided and calculated.

Question 7
This was not a popular question and many answers were very weak. Generally those attempting this question were not capable of applying the formulae to the figures although some candidates did achieve between 50% and 100% on this question. The main problem was the failure to flex the budget(based on 1000 units) to the actual level of activity (980 units).