General Comments
The number of candidates sitting at this session was small and therefore general observations are difficult. It was noticed however that most candidates attempted the correct number of questions. This is to be welcomed as it gives students a greater chance of achieving a pass mark. Hopefully this trend will continue. 62% of candidates achieved a clear pass at this sitting.

Question 1
Those attempting this question (almost 50% of candidates) generally failed to apply the discussion to the retail sector as specified in the question.

Question 2
This was answered by 50% of the cohort. The standard of answer was reasonable in most cases for (a) factoring and (b) leasing but surprisingly weak for (c) inventory management.

Question 3
As the most popular question on the paper this question gave most candidates high marks. The ROCE and debt/equity ratios were the ones with which candidates were least familiar. Commentaries were generally sensible in the context of the ratios calculated.

Question 4
This was not a popular question. Most attempts failed to take account of any costs and only discounted the revenues of the projects. Those candidates who did account for costs did so ignoring the effect of net present values.

Question 5
This was a popular question but the standard was not good. Many candidates were not familiar with the relevant formulae and others did not understand the application of the formulae .

Question 6
The cash budget standard was quite high. The main difficulties were with the phasing in of the receipts from debtors and a lack of understanding of the settlement discount. There was little evidence of understanding the difference between profit and cash.

Question 7
This was a very popular question. The standard of answer varied a lot with many candidates displaying little knowledge of the topic.