



EXAMINER'S REPORT

MAY 2004

MARKETING FINANCE

General Comments:

Overall the standard of scripts in this exam sitting was high with 23% of candidates achieving grade A or B. However, there was a significant number of candidates in the grade F category many of whom did not attempt four questions as instructed. In most cases attempting less than the required number of questions significantly reduces the possibility of achieving a pass mark. It is not recommended that candidates limit their studies to a few topics.

Question 1

Many of the candidates discussed this topic very sensibly and achieved good marks. Some answers were scrappy and vague and consequently did not achieve high marks. It was clear that many students have an understanding of the importance of the accountant to a business.

Question 2

Answers to this question were selective with many candidates discussing hire purchase and debentures but ignoring Discounted Cash Flow. The standard of answer to part (a) on Hire Purchase was generally better than part (b) on debentures.

Question 3

This was the most popular question at this sitting with a significant number of candidates achieving over 80%. The common mistakes were:

- (a) using sales as cost of sales - there was a lot of evidence to suggest that students did not know that sales less gross profit will give the cost of sales figure.
- (b) Formulae for stock turnover and no. of days in creditors were incorrect in many cases

Question 4

Answers to this question were generally weak. Candidates should always show formula and whether the variance calculated is favourable or adverse. Specific problems with this question at this exam sitting were:

- (a) calculating a material price and a material usage variance for all materials combined instead of individually for each material
- (b) using standard material price per unit of product instead of per unit of each material
- (c) calculating a labour rate and labour efficiency variance for all labour grades combined instead of per unit of each labour grade

Question 5

This question was popular and standard of answers was high. Some candidates were unable to calculate the overhead absorption rates and others separated the total overheads into fixed and variable but did not understand that the significance of being able to do this in this question was related to part (iv). The other major problem encountered was being unable to calculate a selling price where profit is expressed as a % of sales instead of cost.

Question 6

Part (a) of this question had very extreme answers where students either clearly understood the nature of fixed costs or did not appreciate this at all. Many candidates showed clear understanding but did not calculate the profit/(loss) for the company as a whole as requested. It is important to always read questions carefully.

Question 7

Once again, candidates either did very well or very badly on this question. The examiner apologises for the omission of €000 from the top of both balance sheets. This did not appear to cause any confusion as candidates mainly worked the figures as if this had been printed on the balance sheets. Where there was any doubt, benefit was given.