



EXAMINER'S REPORT

AUGUST 2005

MARKETING FINANCE

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. Some scripts were very untidy.

Question 1

This was answered by most candidates. The standard of answer was weak in most cases particularly for working capital management and term loans.

Question 2

Not popular at this session but answered in very general terms by most of those attempting it.

Question 3

As the most popular question on the paper this question gave most candidates high marks. The fixed asset turnover and return on capital employed ratios were the ones with which candidates were least familiar. Commentaries showed an understanding of the ratios in most cases although some candidates confused debtors and creditors.

Question 4:

Not a popular question at this sitting and the standard of answers were very weak. The most common error was combining the materials and also combining the labour to calculate single variances.

Question 5

This question attempted by many students and the standard was reasonable with many candidates calculating correct payback figures. As usual treatment of working capital and residual value caused greatest problems.

Question 6

The cash budget standard was not good. The main difficulties were with the phasing in of the receipts from debtors and calculation of purchases. Comments in most cases showed a lack of understanding of the difference between profit and cash.

Question 7

This was a very popular question. Generally the standard of answers was high showing a good understanding of the material.