



EXAMINER'S REPORT

MAY 2006

MARKETING FINANCE

General Comments

This was a good exam sitting with a high percentage of candidates achieving a pass mark. Question 1 was the most popular in Section A and Questions 3 and 6 the most popular in Section B. Once again, it is important to note that students either leaving space between sections of a question or between questions should indicate that the question is continuing. Layout is important in this paper. Once again there was evidence that students had not studied the full syllabus but instead had selected specific study topics.

Question 1

This was by far the most popular question in Section A with a large proportion of candidates achieving a pass. The standard was good with most of those achieving a pass using their course studies to discuss the contribution of the accountant.

Question 2

The candidates selecting this question had either some knowledge of the areas examined or no knowledge at all. The marks achieved reflected this situation.

Question 3

This was the most popular question and many candidates achieved very high marks. At this sitting the ratio causing the biggest difficulty was the debt/equity ratio. Generally, answers to part (b) related well to the profitability ratios in part (a).

Question 4

This was not a popular question at this sitting. Many candidates did not understand the application of the variance formulae to the figures given. However, in many cases the answers to part (b) were good.

Question 5

This was not a very popular question although most of those attempting it achieved a good score. The calculation of depreciation caused the greatest difficulty.

Question 6

This was a very popular question. Unfortunately many candidates did not score well displaying a lack of understanding of the concept of variable cost and the margin of safety. In some cases candidates did not understand the C/S ratio.

Question 7

This question was attempted by a large percentage of candidates. Marks tended to be at the extremes with some candidates considering sales revenue but not taking costs into account to arrive at cash flows. Some candidates did not apply the discount factors at all.