EXAMINER'S REPORT

MAY 2007

MARKETING FINANCE

General Comments

This was a good exam sitting with 81% of candidates achieving a pass grade, with 24.5% achieving an A grade. Question 1 was slightly the more popular of the two questions in Section A, with Questions 4 and 5 being the favoured options in Section B, with all but one candidate attempting Question 5. The overall average mark achieved by candidates was 53.2%

It should be noted that the average mark in Section A was significantly lower than in Section B, which would imply a lack of attention being paid to the more theoretical aspects of the course. An improvement in standard is required here.

As with prior years, candidates are not following all the instructions as laid out on the front page of the examination booklet, in particular as they relate to commencing each answer on a fresh page. A dim view of this will be taken in subsequent examination sittings.

Question 1

This was the most popular of the questions in Section A with 57% of candidates attempting it. The average mark, however, was quite low at 39%. The section on spontaneous sources of finance seemed to cause the most difficulty. Candidates also did not appear to be aware of the level of detail required to achieve high marks in the more theoretical questions, with most answers being on the brief side.

Question 2

As with Question 1 the standard was not as expected, with the average mark being 38%. Most candidates seemed to have a very basic understanding of the role of an accountant, but could not develop their points sufficiently.

Question 3

This was the least popular question in Section B. The average mark was 40% but students tended to fall into two categories, those that had an excellent knowledge of the topic and those that had none. There were some high marks achieved by those with the knowledge of the topic. Some candidates attempted to work out the sales variances, despite only being asked for cost variances, and their knowledge of possible causes for the variances needs to be improved upon.

Question 4

This was the second most popular question on the paper. The average mark of 51% is again the result of extremes in the candidates' knowledge with a third of those attempting this question achieving a mark of 75% or better. The main area of difficulty seemed to be with the variable costs, which a number of candidates took to be fixed. They adjusted the variable cost per unit for movements in volume, as opposed to the <u>overall</u> variable cost.

Question 5

This was the most popular question on the paper, with all but one student attempting it. The average mark was 71%, the second highest on the paper. The ratio which caused the most difficulty was once again the Debt/Equity ratio. A number of candidates also failed to address the issue of which company appeared to be the most profitable.

Question 6

Approximately half the candidates attempted this question, achieving an average mark of 53.5%. Most candidates performed well in the areas of Payback and NPV, with IRR causing a number of people difficulties. As with Question 5, the written part of this question was not answered particularly well.

Question 7

This question had the highest average mark of 74%. Most performed well, but the major problem seemed to be in computing the tax and dividends paid, along with getting the layout to comply with FRS1.