

Examiner's Report

December 2009 Session

Paper 4

**Business Economics and
Financial Mathematics**

General Comments

The overall result was better than June's examination. Most of the candidates had a good result with the calculation questions in the financial mathematics parts; however, candidates were not able to define and explain economic concepts. This led to a substantive difference in the candidates' performance between the economic and the financial-mathematics parts of the examination.

It was noted that the candidates were able to obtain high marks on some popular questions; however this is not enough to obtain a pass for the examination. Many candidates found difficulty answering questions requiring application and interpretation.

It is important that candidates read the question carefully and make sure they know the requirements before writing an answer.

Section A – 15 Multiple-choice Questions

Questions A1 to A15 are compulsory questions. The results were satisfactory and some candidates achieved excellent results.

The questions aim to test the candidate's knowledge of key business economics and financial mathematics terms, and carry out calculations. The candidates performed well in this section with nearly all candidates achieving a passing mark for this section.

Section B – 2 Compulsory Questions

Question B1

The majority of candidates obtained good result in part (a) of this question. This showed that the candidates have a good understanding of different market structures. However, they were not able to provide the answers to part (b) of the question. This suggests that candidates do not have good understanding of economic concepts. The overall result in this question was below average.

Question B2

This was a popular question. Most candidates obtained high marks in the calculation parts of the question and were able to provide an accurate interpretation on central tendency. However, some candidates wrote definitions instead of interpretations for their answer to part (a). The candidates could not obtain any marks because they did not understand clearly the requirements of the question.

The result in part (b) of the question was good. Candidates were able to provide the characteristics on central tendency and showed that they had a good understanding of fundamental statistical concepts. Whilst the results for this question were the best of all the exam questions; the overall candidates' performance was below average.

Section C – 3 Optional Questions

Question C1

The question was the most difficult in this section. The question aimed to test the candidates' understanding of macroeconomic concepts including definitions, calculations and applications. Very few candidates attempted this question and nearly all of those candidates obtained low marks. This suggests that candidates lacked knowledge of how to apply economic concepts.

Question C2

This was another popular question and candidates' results were good. Most candidates were able to calculate the net present value in part (b). However, few candidates were able to calculate the internal rate of return in part (c). Candidates are reminded to practise in preparing for this topic. In addition it appeared that candidates could not apply the concepts of financial mathematics to business operations.

Question C3

The results for the first two parts of this question provided the lowest mean mark of all the questions and candidates could not answer parts (a) and (b). This suggested that the candidates did not have sufficient knowledge of questionnaire design and data collection methods. The Examiner was expecting candidates to explain data collection methods in part (b), but they only provided the names of the data collection methods instead. Candidates were also weak in understanding inferential statistics concepts in part (c). However, candidates' performance in part (d) was good, with many candidates that attempted this part demonstrating a good understanding of the application of the coefficient of variation.

[END OF EXAMINER'S REPORT]