

Examiner's Report

June 2009 Session

Paper 4

**Business Economics and
Financial Mathematics**

General Comments

The overall examination result was satisfactory. The majority of candidates displayed a good understanding of both economic and mathematical principles. Whilst some candidates are not adept at defining and explaining economic and mathematical concepts, many find the questions requiring application and interpretation difficult. There was no substantive difference in candidates' performance between the economics and the financial mathematics parts of the examination paper.

It was noted that the English standard of the candidates' was poor, especially with respect to grammar and expression. Candidates are unable to express their ideas in answering essay questions hence candidates fail to gain the appropriate marks for these questions.

Section A – 15 Multiple-choice Questions

Questions A1 to A15 are compulsory questions. The results were above average.

This section aims to assess a candidate's knowledge of key terms from business economics and financial mathematics at an introductory level, and their ability to do basic calculations. The candidates performed well in this section and nearly all obtained a passing mark.

Section B – 2 Compulsory Questions

Question B1

This question provided the lowest mean mark of the short answer questions. Most definitions and reasons provided by the candidates in part (a) were sufficient to earn marks, however very few candidates were able to provide accurate answers for the calculation section.

Not many candidates answered parts (b) and (c) even though question B1 is compulsory suggesting that the candidates did not clearly understand the question. Candidates are reminded to read the question carefully to make sure they understand the exact requirements before providing an answer.

Question B2

This was a popular question which aimed to test the candidates understanding of basic statistical concepts.

Those candidates who answered the question obtained a good result for the calculation part but lost marks in the interpretation section in part (a).

The results in part (b) showed that the candidates had both a good understanding of fundamental statistical concepts and how to carry out the calculations. The results for this question were the best of all the questions, with some candidates scoring full marks.

Section C – 3 Optional Questions

Question C1

The question focused on microeconomic concepts including the law of demand, factors affecting demand, elasticity of demand, calculation of total revenue and determining the price that generates the greatest total revenue. Nearly all candidates attempted this question; however only a few candidates obtained high marks. This suggested that many candidates lacked a basic knowledge of applying economic concepts.

Question C2

This was another popular question; however, candidates' results were below average. Most candidates were not able to calculate the answers in parts (a) and (b), although many candidates were able to calculate net present value in part (d). It is important for candidates to realise that to obtain high marks they must be able to answer the first part of the question also. Candidates are strongly reminded to practise more in preparing for this topic.

Question C3

Most candidates could state the reasons for sampling a population and described the methods of random sampling in part (a). For part (b), the examiner is expecting candidates to calculate a required sample size for a given confidence interval; however, nearly all candidates lost marks in this part.

Part (c) and (d) tested the candidates' knowledge of the application of standard deviation and the coefficient of variation. Many of the candidates that attempted this part obtained a good result which showed that they had a good understanding of this topic.

[END OF EXAMINER'S REPORT]