CFA Society United Kingdom

CFA SOCIETY UNITED KINGDOM

WE GROW TALENT

IMC OTM v.22 Errata & Addendum for Units 1 and 2

<table>
<tr><th>Edition / Volume</th><th>Page number</th><th>Correction</th></tr>
<tr><td>1</td><td>11</td><td>‘Finally, a further levy of £1 on all purchases and sales on excess of £10,000 is charged to finance the Takeover Panel (the PTM levy).’

Should read:

‘‘Finally, a further levy of £1.50 on all purchases and sales on excess of £10,000 is charged to finance the Takeover Panel (the PTM levy).’</td></tr>
<tr><td>1</td><td>13</td><td>‘A further levy of £1 on all purchases and sales of shares in excess of £10,000 is levied to finance the PTM levy.’

Should read:

‘A further levy of £1.50 on all purchases and sales of shares in excess of £10,000 is levied to finance the PTM levy.’</td></tr>
<tr><td>1</td><td>13</td><td><table><tr><td>‘PTM levy for two trades</td><td>£2.00</td></tr><tr><td>Net cost (absolute)</td><td>£70.46</td></tr><tr><td>Net cost (percentage)</td><td>0.66%’</td></tr></table>
Should read:

<table><tr><td>‘PTM levy for two trades</td><td>£3.00</td></tr><tr><td>Net cost (absolute)</td><td>£71.46</td></tr><tr><td>Net cost (percentage)</td><td>0.67%’</td></tr></table></td></tr>
</table>

<table>
<tr><td>1</td><td>25</td><td>‘PDMRs and their connected persons must notify the listed company concerned and the FCA within three business days of a transaction (both sale and purchase of any value).’

Should read:

‘PDMRs and their connected persons must notify the listed company concerned and the FCA within four business days of a transaction (both sale and purchase of any value).’</td></tr>
<tr><td>1</td><td>271</td><td><table><tr><td colspan="3">‘Pensions</td></tr><tr><td>Annual allowance</td><td>£40,000</td><td>£60,000’</td></tr></table>
Should read:

<table><tr><td colspan="3">‘Pensions:</td></tr><tr><td>Annual allowance</td><td>£60,000</td><td>£60,000’</td></tr></table></td></tr>
<tr><td>1</td><td>311</td><td>‘Jeremy is a higher-rate taxpayer so CGT 24,500 × 28%
Answer: £6,860
(Note: tax rate = 28% as it is a sale of residential property that is not a main residence)’

Should read:

‘Jeremy is a higher-rate taxpayer so CGT 24,500 × 24%
Answer: £5,880
(Note: tax rate = 24% as it is a sale of residential property that is not a main residence)’</td></tr>
<tr><td>2</td><td>ix</td><td>‘8.3.2 Explain the concept of normal and subnormal levels of profit’

Should read:

'8.3.2 Explain the concept of normal and supernormal levels of profit’</td></tr>
<tr><td>2</td><td>44</td><td>‘The second value is calculated thus:’

Should read:

‘The second value is calculated thus:
$\text{Second value} = 100 \times \left[\left(\frac{108}{100}\right) \times \left(\frac{95}{100}\right)\right]^{1/2} = 101.29$’</td></tr>
</table>

<table>
<tr>
<td>2</td>
<td>50</td>
<td>'Now, what is the value of this deposit after three years if interest is paid annually?

Here: r = 0.1;

T = 3;

D = £100; and

m = 1.

D_3 = £100 × [1 + 0.1]^3

= £100 × (1.10)^3

= £100 × 1.334 = £134.49'

Should read:

'Now, what is the value of this deposit after three years if interest is paid annually?

Here: r = 0.1;

T = 3;

D = £100; and

m = 1.

D_3 = £100 × [1 + 0.1]^3

= £100 × (1.10)^3

= £100 × 1.331 = £133.10'</td>
</tr>
<tr>
<td>2</td>
<td>183</td>
<td>
<table>
<tr><td></td><td>'Small</td><td>Medium-sized</td></tr>
<tr><td>Turnover</td><td><£6.5m</td><td><£25.9m</td></tr>
<tr><td>Balance sheet total</td><td><£3.26m</td><td><£12.9m</td></tr>
<tr><td>Average number of employees</td><td><50</td><td><250'</td></tr>
</table>

Should read:

<table>
<tr><td></td><td>'Small</td><td>Medium-sized</td></tr>
<tr><td>Turnover</td><td><£10.2m</td><td><£36m</td></tr>
<tr><td>Balance sheet total</td><td><£5.1m</td><td><£18m</td></tr>
<tr><td>Average number of employees</td><td><50</td><td><250'</td></tr>
</table>
</td>
</tr>
</table>

2	466	$'\text{Return} = \frac{(745 - 704)\text{ x }100}{704} = 0.07244 \times 100\% = 7.244\%'$ Should read: $'\text{Return} = \frac{(745 - 704) + 10}{704} \times 100\% = 0.07244 \times 100\% = 7.244\%'$
2	491	'Sharpe measure$_{\text{fund B}}$ $= \frac{R_B - R_f}{\sigma_B}$ $= \frac{12\% - 4\%}{8\%}$ = 1' Should read: 'Sharpe measure$_{\text{fund B}}$ $= \frac{R_B - R_f}{\sigma_B}$ $= \frac{12\% - 4\%}{18\%}$ = 0.44'