

ACCA FM – Financial Management

Workbook: For exams from September 2020 TO 31 August 2021

Errata sheet: May 2020

Chapter	Page	Details of error
3	50	The title to Activity 1 should be 'Forecasting receivables'
	57	Section 3.1.4: the EOQ formula is given in the exam, it does not need to be learnt.
	71	Summary: the final box in the bottom right of the page should not contain reference to invoice discounting or to a debt factor
4	86	Illustration 1 is missing the following: Finder Co faces a fixed cost of \$4,000 to obtain new funds. It requires \$24,000 of cash each year. The interest cost on new finance is 12% per year and the interest earned on short-term securities is 9% per year.
	88	In the solution to illustration 2 part a, 40,000,000 should be 4,000,000 - the rest of the solution is unaffected
6	143	The requirement to Activity 3 should say 'Create an NPV proforma below' not 'Complete the NPV pro-forma below'
	153	The solution is missing the values (in \$000s) for fittings and equipment: time 0 (\$750), sale of business: time 4 \$4,500, and Land and buildings: time 0 (\$3,130). The cost of land and buildings is calculated as \$3,250 less sunk cost of \$120 = \$3130.
9	212	Section 4.2: the brackets below Musharaka should say joint venture not venture capital
11	240	Final row of table in Activity 2 should say 20X5
	249	Tax rate in illustration 4 should be 20% not 30%
	255	Summary: beta factor is missing from CAPM model, WACC formula weightings are transposed (see p.251), spelling error dat should be date
13	299	Activity 2 should specify that Groady Co has a P/E ratio of 21.2
	303	Section 4.1.2 D4 should be D3
14	341	Activity 5 - 1 st line should say 3-month not 6-month, there is no impact on the rest of the activity
	348	Activity 7 Q4, 4 th option should say weaken against the Euro, not strengthen
	358	Solution to Activity 4 Q1 - in part d, 2% should be 1.375%, the rest of the solution is unaffected
15	364	In the overview diagram - currency options should read as interest rate options. Also in summary diagram on page 378.
	369	In the bottom row of the right hand column of the table in section 3.1 the word 'investor' should be deleted.
	370	In section 3.1.3 (final bullet point) and in section 3.2 (final paragraph) the references to exchange rates should be to interest rates.
	382	Activity 2 solution: the first option is FALSE because the contract starts in 3 months and last for 9 months so it is a 3-12 FRA.
	291-2	Checkpoint 3 - 1 st line of p291 the formula should say C4/C7 not C6/C9, dat should be date in chapter summary on p292.