

2017 CFA Program: Level I Errata 4 August 2017

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The short scale method of numeration is used in the CFA Program curriculum. A billion is 10^9 and a trillion is 10^{12} . This is in contrast to the long scale method where a billion is 1 million squared and a trillion is 1 million cubed. The short scale method of numeration is the prevalent method internationally and in the finance industry.

Volume 1

- *Reading 6:* In the Solution to Practice Problem 21 (p. 352 of print), ***r* should be 0.005** instead of 0.02. The final solution is correct as shown. In the Solution to 25 (p. 354 of print), the third line of equation should appear as:

$$= (£200,000) / \left[\frac{1 - \frac{1}{(1 + 0.06/12)^{12(5)}}}{0.06/12} \right]$$

- *Reading 7:* In the Solution to Practice Problem 10 (p. 383 of print), the denominator of inflows solving for *r* should be to the **power of 3** (instead of 2).
- *Reading 9:* In the Solution to Practice Problem 22 (bottom of p. 519), the calculation of covariance should show (10 – **16.25**) instead of 6.25. The final solution is correct as given.

Volume 2

- *Reading 16:* In Exhibit 11 (p. 137 of print), the Y axis should be labeled “**Real interest rate, r**”. The first sentence of Section 3.1.3 (p. 141 of print) should end “... because of changes in the ~~lower price~~ **price level**.”
- *Reading 19:* In footnote 15 (p. 349 of print), “Demand and Supply Analysis: Introduction” is found in the **prerequisite readings available online** in your Candidate Resources.

Volume 3

- *Reading 22:* In Practice Problem 17 (p. 95 of print), change “an expense” to “a **future expense**.” The solution is correct as given.
- *Reading 26:* In Exhibit 12 (p. 296 of print), Groupe Danone’s line item “Other flows with no impact on cash” **should be 98 for 2008 and (72) for 2009**.
- *Reading 27:* In the Solution to Example 17 (p. 379 of print), the formula for Segment ROA should show division vs. multiplication in the term bolded: “Segment ROA = Segment operating income/Segment assets = (Segment operating income/Segment revenue) × (Segment revenue/Segment Assets) = Segment margin × Segment turnover.”

- *Reading 28*: In Example 5, in the last line of Solution to 7 (p. 412 of print), inventory would increase by **\$3,183 million** under FIFO (instead of \$3,153 million).
- *Reading 32*: In Example 7 (p. 673 of print), the sentence immediately below the table should begin as follows: “During the period, the company sells, **at \$250 each**, all of the goods purchased”

Volume 4

- *Reading 42*: In the solution to Practice Problem 7 (p. 383 of print), the **equation should solve to 12.11%** instead of 2.11. Solutions 11 through 14 **should each include –1** before the equal sign to achieve their final solutions.
- *Reading 43*: In the paragraph immediately below Exhibit 9 (p. 419 of print), **delete the last phrase** “... because Z has diversified away more of the nonsystematic risk than Y.”

Volume 5

- *Reading 56*: In Solutions to 1 and 2 of Example 10 (p. 637 of print), **delete the word “unsecured”** from “Senior unsecured leverage.” The calculations do not change; only the label.

Volume 6

- *Reading 58*: In Example 4, question 2 (p. 81 of print), change option A to “Interest rates are ~~known~~ **constant**.” Change Solution to 2 (p. 82) to read: “C is correct. ~~Known Constant~~ interest rates ~~and~~ **or** the condition that futures prices are uncorrelated with ~~forward prices~~ **interest rates** will make forward and futures prices equivalent. The volatility of forward and futures prices has no relationship to any difference.”