

**AFC EXAMINATION GUIDANCE SPECIFIC
WINTER 2019**

November 07, 2019

AFC-03 Quantitative Methods

Reference	Issue	Examination Guidance
Chapter 2: Coordinate system and equations of a straight line: Question 2.15 Page 6 of Question Bank	Option "(d)" is marked correct	The correct answer is Option "(c)".
Chapter 4: Mathematical progression: Question 4.18 Page 12 of Question Bank	Typing error in Option "(c)"	The answer choice may be corrected as "163.83" instead of "163.84".
Chapter 4: Mathematical progression: Question 4.26 Page 13 of Question Bank	Option "(d)" is marked correct	The correct answer is Option "(a)".
Chapter 4: Mathematical progression: Questions 4.29 Page 13 of Question Bank	Option "(c)" is marked correct	The correct answer is Option "(a)".
Chapter 5: Financial Mathematics: Compounding Practice Question 2 (2) Page 100 of Study Text	Word "compound" at the end of first line is not clear	It should be replaced with: "compounded annually"
Chapter 5: Financial Mathematics: Compounding Practice Question 2 (5) Page 100 of Study Text	Interest rate missing from the question statement	The question should be read as follows: A person invests Rs. 200,000 for 4 years at an interest rate of 8% compounded semi-annually. What is the total interest received from this investment?
Chapter 5: Financial Mathematics: Compounding Formula: Future Value of Annuity Page 108 of Study Text	Formatting error in the formula for Ordinary Annuity and Annuity due	Formula for Ordinary Annuity and Annuity due can be read as $S_n = X \left[\frac{(1+r)^n - 1}{r} \right]$ $S_n = X(1+r) \left[\frac{(1+r)^n - 1}{r} \right]$
Chapter 5: Financial Mathematics: Compounding Solution to Practice Question 1(5) Page 111 of Study Text	The answer to Practice Question 1 (5) is written as "0.6 (or 6%)".	The answer to Q 5 should be read as "0.06 (or 6%)"

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Chapter 5: Financial Mathematics: Compounding Formula: Future Value of Annuity Practice Questions 2 (2) Page 111 of Study Text	The solution to Practice Questions 2 (2) is incomplete	The solution requires correction in existing steps and an additional step. Complete corrected solution is as follows: $S_n = 60,000 \times 1.06^6$ $S_n = 60,000 \times 1.419 = \text{Rs. } 85,140$ Total interest earned = Rs. 85,140 - Rs. 60,000 = Rs. 25,140
Chapter 5: Financial Mathematics: Compounding Formula: Future Value of Annuity Practice Questions 2 (5) Page 111 of Study Text	The solution to Practice Questions 2 (5) is incomplete	The correct answer to the question is: Total interest earned = 273,800 - 200,000 = Rs. 73,800
Chapter 6: Financial mathematics: Discounting Example: "Comparing Cash flows" Page 119 of Study Text	The answer to the example question is given as "Rs. 206,010".	Replace Rs. 206,010 with "Rs. 205,982"
Chapter 6: Financial mathematics: Discounting Example: "Comparing Cash flows" Page 119 of Study Text	The value of "Rs. 1000" after 12 months is a typing error.	The expected future value should be corrected as "Rs. 100,000".
Chapter 6: Financial mathematics: Discounting Example: "IRR" Page 133 of Study Text	Typing error for Discount factor at 15%, 0 periods written as "1,000"	The discount factor should be corrected as "1.000"
Chapter 6: Financial Mathematics: Discounting Solution to practice question 3(1) Page 137 of Study Text	Typing error for discount rate (A%) used in the IRR calculation which is written as "10%"	The discount rate (A%) in the formula for IRR should be corrected as "11%" instead of "10%" when calculating IRR. The IRR should hence be corrected to "13.2%" instead of "12.7%".
Chapter 6: Financial mathematics: Discounting Solution to practice question 3(1) Page 137 of Study Text	Typing error for Discount factor at 15%, 0 periods written as "1,000"	The discount factor should be corrected as "1.000"
Chapter 13: Regression and correlation: Question 13.26 Page 62 of Question Bank	There is a typing error in answer option '(c)'.	Answer option "(c)" should be corrected as: "-1 to +1" instead of "1- to +1"
Appendix A Present Value Table Page 466	Typing error for discount factor at 5%, 1 period which is written as ".962"	discount factor at 5%, 1 period should be corrected as ".952"