

# Subject CP2

## Corrections to 2021 study material

### 0 Comment

This document contains details of any errors and ambiguities in the Subject CP2 study materials for the 2021 exams that have been brought to our attention. We will incorporate these changes in the study material each year. We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses. If you have any such comments on this course please email them to [CP2@bpp.com](mailto:CP2@bpp.com).

This document was last updated on **28 June 2021**.

# 1 Course Notes

## Chapter 10

Correction added on 28 June 2021

Page 15

The second to last paragraph on this page gives the formula for Factor3. The first part of this formula is  $(1+\$C\$6)$  but it should be  $(1+\$C\$4)$ . The Factor3 formula should therefore be:

$$=(1+\$C\$4)*(1-((1+\$C\$4)/(1+\$C\$6))^{(Parameters!\$B\$11-Parameters!\$B\$12)})/(\$C\$4-\$C\$6)$$

Note that the Worked Example Project (Paper 1) spreadsheet contains the correct calculation for Factor3.

## 2 Assignments

*No errors have been identified in the Assignments.*

## 3 Mocks

### Mock 2

**Correction added on 6 April 2021**

#### **Page 4 of Paper 2 Solutions**

There are a couple of issues with the graphs in the 'Results and comments' section of the model Summary Report. The table of data in the solution spreadsheet that was used to plot the first graph ('Net cashflow per year – no loan') had an error in it, which meant that the 'Combined Admin' cashflows in the first year were missing a month's cashflow.

In addition to this, year 1 of the franchise period should be 2020, year 2 is 2021, *etc.* The labelling of years was incorrect in the tables used to plot both graphs, as it showed 2020 as year 0, 2021 as year 1, *etc.* This caused issues with the lookup of data in the tables, which resulted in inaccuracies in the graphs.

Corrected versions of the solution spreadsheet and Summary Report have been uploaded to the VLE. Please therefore refer to this version of the Summary Report solution, rather than the one included in the Additional Mock Pack.

### Mock 3

**Correction added on 4 March 2021**

#### **Page 4 of Paper 2 Questions**

There is an error in the table under the heading 'Risk levels' about halfway down the page. In the third row of the table, in the first column, the label should be '2% to 5%' rather than '25 to 5%'.

**Correction added on 4 March 2021**

#### **Page 3 of Paper 2 Solutions**

The error in the labelling of the table detailed in the questions is repeated in the model Summary Report towards the top of this page. As above, in the third row of the table, in the first column, the label should be '2% to 5%' rather than '25 to 5%'.

**Correction added on 4 March 2021**

#### **Paper 2 Question Spreadsheet and Audit Trail**

In the model provided along with the question paper, there is an error in the calculations in row 12 of the 'RiskMeasures' worksheet. The 'Risk level' for each fund is calculated by applying a COUNTIF formula and adding one to the result. The correct result is calculated simply using the COUNTIF by itself, so adding one produces an incorrect result.

The description of the 'Risk level' calculations on page 7 of the Paper 2 Questions should also be amended.

***Important note***

*Question 4 of this paper requires a similar calculation to that in the question spreadsheet. Marks will be awarded for EITHER a calculation consistent with that in the spreadsheet OR a correct calculation. The instructions in the paper state that you should assume that the existing calculations have been checked and are correct, so no marks will be lost for working on this assumption.*

**Correction added on 4 March 2021**

**Paper 2 Solution Spreadsheet and Summary Report**

The same error as noted in the question spreadsheet above is also present in the model solution spreadsheet. In addition, the 'Risk level' calculation in row 14 of the 'FundE' worksheet is calculated in the same way as in the 'RiskMeasures' worksheet.

Note that the results of these calculations are presented in the Summary Report on pages 2 and 3 of the solutions, although the incorrect aspect of the calculation is not specifically mentioned.