

ICSA Study Text in Corporate Financial Management – errata

1. Please be advised that Section 2 (Types of company), line 16, page 4 of the 6th edition of the Corporate Financial Management study text should read as follows:

“A private company can be formed by one or more persons. They are often smaller or family owned businesses.”

2. Please be advised that answer 4.9 (Answers to Practice Questions), page 334 of the 6th edition of the Corporate Financial Management study text should read as follows:

“4.9 (i) Shares in issue = $\text{£}40,000,000/\text{£}0.25 = 160,000,000$
Market capitalisation = $160,000,000 \times \text{£}2.43 = 388,800,000$

(ii) P/E ratio = Market capitalisation/earnings = $\text{£}388,800,000/\text{£}10,576,310 = 36.8$

Or, alternatively:

EPS = $\text{£}10,576,310/160,000,000 = 6.61$ pence

P/E ratio = $243 \text{ pence}/6.61 \text{ pence} = 36.8$ ”