

## Mathematics of Investment and Credit 5-th Ed Solutions Manual

### Errata List, by S. Broverman Updated February 19, 2011

- Feb 19/11 3, 1.1.6, simple interest rate should be .11 (not .1)
- Feb 1/11 1.2.15(b) 265 should be 365
- Feb 1/11 1.2.17 The last equation for the present value under Smith's proposed payment plan should have the coefficient of 30 instead of 39.
- Feb 1/11 1.4.1 Where  $m = 52$ , the equation solving for  $i$  and the answer should be  $\left(1 + \frac{0.12}{52}\right)^{52} - 1 = .12689$  instead of  $\left(1 + \frac{0.12}{365}\right)^{52} - 1 = .127341$
- Feb 1/11 1.4.3 The second row of the equations, the power of 365 should be eliminated. i.e. the left side of the inequality should be  $\left(1 + \frac{i^{(365)}}{365}\right)$  instead of  $\left(1 + \frac{i^{(365)}}{365}\right)^{365}$
- Feb 13/11 1.4.9 On the 2<sup>nd</sup> line of the solution to part (a), in the denominator  $I$  should be  $j$
- Feb 1/11 1.6.5 The "1" should be outside the parenthesis (i.e., not in the exponent of  $e$ )  $X[\exp(\int_3^5 0.01t^2 dt - 1)]$  should be  $X[\exp(\int_3^5 0.01t^2 dt) - 1]$
- Feb 1/11 1.7.3(a), The real growth in taxes paid should be  $(15750/15000)/1.05$  instead of  $(25250/15000)/1.05$
- Feb 1/11 2.2.15 (b)  $J = (1.02)^{1/2} - 1$  the exponent should be  $1/3$
- (c)  $J = (0.97)^{-1/3} - 1$  the exponent should be  $-1/2$
- Feb 1/11 2.3.37(b)  $(I\bar{a})_{\overline{m}|}$  should be  $(I\bar{a})_{\overline{m}}$
- Feb 1/11 and (iii) 6749.19 should be 6794.19 and the answer for (iii) should be 0.18470 instead of 0.183473
- Jan 22/11 3.1.8, in the expression for  $OB_{60}$ , 595 should be 895
- Feb 1/11 4.1.20, for the 10 year bond,  $r$  should .036, and the annual coupon rate should be .072

Feb 1/11 4.2.6, this is the solution for (b), not (a)