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QUESTION 1

The primary ownership interest characteristics that need to be addressed in almost every business valuation are the following EXCEPT:

- A. Control or minority valuation basis (not necessarily a black-and-white issue ____there may be elements of control without absolute control
- B. Degree of marketability
- C. Fair market value
- D. Fair market value on a nonmarketable, non-controlling ownership interest basis.

Correct Answer: CD

QUESTION 2

Marital dissolution cases in jurisdiction where personal rather than a marital asset and therefore needs to be separately valued from the rest of the business enterprise. This example is an application of:

- A. Controlling ownership interest
- B. Merged and acquired family business
- C. Capitalized access earnings method
- D. Market based valuation approach

Correct Answer: D

QUESTION 3

Fair value is:

- A. A price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participation at the measurement date.
- B. That would be given to purchase an asset or paid to transfer a liability in an orderly transaction between market participation at the measurement date
- C. Market price on valuation date
- D. Quoted price

Correct Answer: AC

QUESTION 4



This is sometimes considered the accumulation of all other elements of economic value of business enterprise not specifically with (or allocated to) individual tangible and intangible assts. Its analysis and qualification is an important component in the application of asset accumulation method to a company like Seller. What is this?

- A. Trademark
- B. Goodwill
- C. Patents
- D. Copyrights

Correct Answer: B

QUESTION 5

Valuation analysts prefer to work with audited financial statements because of their completeness and reliability. There are various levels of scrutiny represented by audited, reviewed, and compiled financial statements. The same might have:

- A. Only one level of scrutiny
- B. Different level for the same period
- C. Different level of scrutiny performed for different years
- D. It entirely depends on the situation and valuation requirements

Correct Answer: C

QUESTION 6

Book value per share is based on the number of shares outstanding at the end of accounting period rather than the weighted average used in computing earnings per share. Also, book value normally is computed without considering:

- A. Treasury stock
- B. Possible dilutive effects of conversions
- C. Maximum potential dilution
- D. Anti-dilutives and their effects

Correct Answer: B

QUESTION 7

The most frequently encountered reasons for needing to value debt securities are the following EXCEPT:

- A. Purchase or sale for cash



- B. Exchange of equity for debt, or vice versa
- C. Allocating total enterprise value among classes of securities in a leverages buyout, recapitalization (including)
- D. Adjusting an equity statement owned or owed

Correct Answer: D

QUESTION 8

Family law courts generally recognize three basic approaches to value. Which of the following is NOT out of those approaches?

- A. Income approach (both direct capitalization and, increasingly, discounted cash flow)
- B. Market approach
- C. Asset-based approach (including the capitalized excess earnings method)
- D. Asset-based approach (excluding the capitalized excess earnings method)

Correct Answer: D

QUESTION 9

As with many matters related to marital dissolution valuations, the consideration of goodwill varies among states. In general, the various judicial precedents follow one of three positions regarding the consideration of goodwill. Which of the following is/are out of those options?

- A. Goodwill is never a distributable marital asset
- B. Business or practice goodwill only is a distributable marital asset
- C. All intangible value in the nature of goodwill (both personal and practice goodwill) related to the business or practice is distributable
- D. Intangible value of goodwill is attributable solely to the efforts of or reputation of an owner

Correct Answer: ABC

QUESTION 10

The definition of specific business interest can be broken down into two broad questions:

- 1)-Is the valuation to be a valuation of assets or a valuation of securities?
- 2)-In either case, exactly what assets or what securities are subject to valuation?

By securities in above context, we mean:

- A. Ownership interests; such as marketable securities and commercial papers



- B. Ownership interests; such as stock, debt and partnership interests
- C. Partnership interests
- D. Equity or invested capital

Correct Answer: B

QUESTION 11

A valuation of the assets can even be important in _____ in which a weighted average cost of capital method is used if the analyst uses the asset base as a determinant of the amount of debt that the company can support.

- A. Labor-intensive companies
- B. Capital-intensive companies
- C. Blue chip companies
- D. Growth companies

Correct Answer: B

QUESTION 12

The application of any discounts should always be taken in the context of:

- A. The level of value that is taken from
- B. The legal documents that control the rights and restrictions of the interest holder
- C. The ultimate rate of return produced for the interest
- D. A, B, C

Correct Answer: D

QUESTION 13

Which of the following is NOT out of the call option's value?

- A. The price of underlying stock
- B. The risk bearing interest rate
- C. The dividends expected during the life of the option
- D. The volatility of the price of the underlying stock

Correct Answer: B



QUESTION 14

The most common forms of redemption provisions found in privately held companies are as follows. Which of the following is NOT out of the common forms of redemption provisions?

- A. The entire issue is redeemable at the option of the issuing corporation at a specified price over a designated time period. These types of issue are commonly referred to as callable.
- B. The entire issue is redeemable at the option of the issuing corporations at a changing price contingent upon a certain event.
- C. Future redemption by the issuing company is mandatory and based on a specific redemption schedule.
- D. Future issues have sinking funds provisions similar to vehicle by which bonds are retired at intervals up to their maturity dates and are referred to as sinking fund preferred.

Correct Answer: B

QUESTION 15

The valuation opinion report will typically include the following sections EXCEPT:

- A. A valuation opinion letter summarizing the valuation procedures and conclusions
- B. Several sections summarizing the relevant valuation theory, methodology, procedures, analyses, and conclusions
- C. A listing of the data and documents relied upon by the appraiser
- D. legal case documents

Correct Answer: D

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