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**QUESTION: 319**

\_\_\_\_\_ deals with the liquidation of the subject business ownership interest.

- A. Investment
- B. Reinvestment
- C. Marketability
- D. Discount quantification

**Answer: C**

**QUESTION: 320**

The degree to which an asset, business, business ownership interest, or security can readily be converted into cash without significant loss of principal is called:

- A. Marketability
- B. Liquidity
- C. Investor ownership
- D. Public leadership

**Answer: B**

**QUESTION: 321**

When non-controlling business ownership interests are valued by reference to the prices paid for guideline actively traded securities, the benchmark for the lack of marketability of the non-controlling ownership interests is the active public securities markets, this publicly traded counterpart value is often called:

- A. Freely traded value
- B. Restricted traded value
- C. Business traded value
- D. None of the above

**Answer: A**

**QUESTION: 322**

What is identical in all respects to the freely traded stock of a public company except for the fact that it is restricted from trading on the open stock market for a certain period?

- A. Letter stock
- B. Empirical shares
- C. Raising capital
- D. Trading ownership

**Answer:** A

**QUESTION:** 323

What is a publicly traded company that must file Forms 10-K, 10-Q, and other information with the Securities Exchange Commission (SEC)?

- A. Stock Exchange
- B. over-the-counter capital
- C. Non-reporting company
- D. Reporting company

**Answer:** D

**QUESTION:** 324

Which study found that companies with stock listed on national exchanges had lower discounts on their restricted stock transactions than did companies with stock traded over-the-counter (OTC)?

- A. Trout study
- B. Moroney study
- C. Gelman study
- D. Maher study

**Answer:** A

**QUESTION:** 325

The Johnson study analyzed following factors that might influence the size of the discount EXCEPT:

- A. Positive net income
- B. Sales volume
- C. Transaction value
- D. Gross income

**Answer:** D

**QUESTION:** 326

Which model simply estimates a time horizon at which the interest will be liquidated, a liquidating price based on annual percentage growth in value from the valuation date, and interim cash flows to the holder?

- A. Qualitative Marketability Discount Model
- B. Qualitative Liquidity Discount Model
- C. Quantitative Marketability Discount Model
- D. Quantitative Liquidity Discount Model

**Answer:** C

**QUESTION:** 327

Which of the following is NOT the factor that affects the degree of marketability?

- A. “put” right
- B. Dividend payment
- C. Potential Buyer
- D. Asset capitalization

**Answer:** D

**QUESTION:** 328

The process of \_\_\_\_\_ is the analysis of the alternative valuation indications in order to arrive at a final value estimate.

- A. Reconciliation
- B. Reassessment
- C. Revaluation
- D. Renegotiation

**Answer:** A

**QUESTION:** 329

Which procedure does not quantitatively justify the valuation synthesis process, it does so in a qualitative manner?

- A. Explicit weighting
- B. Implicit weighting
- C. Business weighted average
- D. Procedural weighted average

**Answer:** B

**QUESTION:** 330

Which of the following type of final value estimates may be appropriate, given the purpose and objective of the valuation?

- A. A point estimate
- B. A range of value
- C. A relationship value
- D. All of the above

**Answer:** D

**QUESTION:** 331

According to the 2006 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of an appraisal, the act or process of developing an opinion of value; an opinion of value is called:

- A. Evaluation
- B. Appraisal
- C. Assessment
- D. Analysis

**Answer:** B

**QUESTION:** 332

The length, type, and (to a certain extent) content of a business valuation report may be influenced by:

- A. The valuation client
- B. Any applicable statutory authority
- C. The courts, through published judicial precedent
- D. All of the above

**Answer:** D

**QUESTION:** 333

The Uniform Standards of Professional Appraisal Practice (USPAP) Ethics Rule is divided into which four sections?

- A. conduct, management, confidentiality and record keeping
- B. planning, reconciliation, confidentiality and record keeping
- C. conduct, management, examining and record keeping
- D. planning, management, testing and record keeping

**Answer:** D

**QUESTION:** 334

The price at which such property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts is called:

- A. Fair market value
- B. Appraisal value
- C. Standard value
- D. Financial value

**Answer:** A

**QUESTION:** 335

Method that is commonly used in the valuation of closely held companies in order to minimize the differences between the subject company and the guideline companies is known as:

- A. Product-line valuation method
- B. Qualitative adjustment method
- C. Invested capital valuation method
- D. Market leverage valuation method

**Answer:** C

**QUESTION:** 336

For a non-controlling ownership interest in Warm Chicken, which of the following factor is considered, that have an impact on the selection of the appropriate discount for lack of marketability?

- A. Size of the block
- B. Transaction activity
- C. Dividends
- D. All of the above

**Answer:** D

**QUESTION:** 337

Which of the following is the most frequently encountered reason for needing to value debt securities?

- 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 leveraged buyout, recapitalization (including tax-free reorganizations), or bankruptcy reorganization
- D. All of the above

**Answer:** D

**QUESTION:** 338

Which theory states that the fair market value of an investment is equal to the present value of the future payments, discounted back to the current time at an appropriate discount rate?

- A. Valuation
- B. Investment
- C. Interest payment
- D. None of the above

**Answer:** D

**QUESTION:** 339

The rate of interest that, when applied to the expected future payments on a debt security, produces a present value of the payments equal to the debt security's observed market price is called the \_\_\_\_\_ of that security.

- A. Maturity of debt
- B. yield to maturity
- C. Interest maturity
- D. Cost Maturity

**Answer:** B

**QUESTION:** 340

Which of the following is the information needed for estimating the value of a closely held debt security?

- A. the amount of future payments generated by the debt security
- B. the timing of the future payments generated by the security
- C. the appropriate rate of interest or yield to maturity to apply to the future payments to estimate the present value
- D. All of the above

**Answer:** D

**QUESTION:** 341

If the market-determined yield to maturity for a debt security is equal to the security's coupon interest rate, the security's fair market value is equal to its face or par value.

- A. True
- B. False

**Answer:** A

**QUESTION:** 342

What allows the debtor to repay the debt prior to its maturity?

- A. Fund provision
- B. Call provision
- C. Debt provision
- D. Security provision

**Answer:** B

**QUESTION:** 343

Which provision requires the debt issuer to call or retire a contractually determined portion of the entire debt issue periodically over time prior to the issue's maturity date?

- A. collateral provision
- B. risk provision
- C. sinking fund provision
- D. Tax provision

**Answer:** C

**QUESTION:** 344

A debt security that has no pledge of specific property or assets as collateral for the debt is called:

- A. debenture
- B. indenture
- C. convention
- D. covenant

**Answer:** A



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