

Business Valuation ABV Practice Test Questions and Answers

1. Which approach is most appropriate for valuing a profitable, established business?

- A) Asset approach only
- B) Income approach
- C) Market approach only
- D) Liquidation approach

2. What does the discount rate in DCF analysis primarily reflect?

- A) Inflation rate
- B) Risk-free rate only
- C) Risk and time value of money
- D) Market volatility

3. Which type of discount is typically applied for lack of marketability?

- A) 5-15%
- B) 15-35%
- C) 35-50%
- D) 50-75%

4. What is the primary difference between fair market value and fair value?

- A) Fair value considers specific buyer circumstances
- B) Fair market value is always higher
- C) They are identical concepts
- D) Fair value excludes market conditions

Answers: 1-B 2-C 3-B 4-A

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