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## Question 1

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**Question Type:** MultipleChoice

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The work-in-process inventory of a professional service firm is essentially the unbilled receivables of the firm. Therefore, the same net realizable value rules discussed with respect to accounts and notes receivable would apply to this asset as well. With regard to tangible merchandise inventory, there are some common valuation methods such as:

**Options:**

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- A- The cost of reproduction method
- B- The income expenditure method
- C- The comparative sales method
- D- A and C

**Answer:**

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D

## Question 2

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**Question Type: MultipleChoice**

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All of the various tangible personal property valuation method and procedures can be grouped into the following approaches EXCEPT:

**Options:**

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- A- The work-in-process inventory of a professional services firm
- B- The merchandise inventory of a manufacturer/processor or of a wholesale/retail company
- C- Final valuation reconciliation
- D- Financial asset account categories

**Answer:**

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C, D

## Question 3

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**Question Type: MultipleChoice**

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Which of the following factors is NOT considered, among others, when determining if quantitative adjustments to the sales comparison data are necessary?

**Options:**

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A- Age of each transaction

B- Land-to-building ratio of each property

C- Absolute location and relative location of each property in relation to population centers, highways, and so forth

D- Safety aspects of each property

**Answer:**

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D

## Question 4

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**Question Type:** MultipleChoice

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The sales comparison approach is based on the economic principles of:

**Options:**

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- A- Efficient markets
- B- Special financing and other terms regarding each sales transactions
- C- Age of each property
- D- Supply and demand

**Answer:**

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A, D

## Question 5

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**Question Type:** MultipleChoice

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The normalized economic income is capitalized, typically, as an annuity in perpetuity. The capitalization rate used in this procedure should be:

**Options:**

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- A- Commensurate with the risk of investment
- B- Consistent with the measurement of net income

- C- Debt component and equity component are blended
- D- derived from the property over a discrete period of time

**Answer:**

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A

## Question 6

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**Question Type: MultipleChoice**

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1. Direct capitalization
2. Yield capitalization

These above are the two categories of valuation methods under:

**Options:**

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- A- Capitalization excess earnings method
- B- Income capitalization approach

C- Market capitalization approach

D- Cost approach

**Answer:**

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B

## Question 7

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**Question Type: MultipleChoice**

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When using the elements of both the asset accumulation method and the capitalized earnings method in the same valuation, the analyst should pay particular attention to the selection of:

**Options:**

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A- The required rates of return

B- The capitalization rates used in the excess earning component of the valuation

C- Identification of assets and liabilities on cost basis

D- Both A and B

**Answer:**

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D

## Question 8

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**Question Type:** MultipleChoice

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The determination of which asset-based method to use in a given valuation engagement should be a function of all of the following EXCEPT:

**Options:**

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- A- The experience and judgment of the analyst
- B- The quantity and quality of available data
- C- The purpose and objective of the valuation
- D- Financial asset account categories

**Answer:**

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D



## Question 9

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**Question Type:** MultipleChoice

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It is the collective revaluation of all of the company's assets and liabilities. This analysis is usually conducted through the application of the capitalized excess earning method. This is a general method in:

### Options:

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- A- Market based approach
- B- Asset based approach
- C- Liquidity approach
- D- Asset accumulation method

### Answer:

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B

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