Possible Exam 2 Questions

Chapter 6:

4. IRS Agents may not use indirect methods to determine unreported income.
   a. True
   b. False

7. An IRS Agent normally has to start with minimum income probes if no Schedule C or F is attached to the tax return.
   a. True
   b. False

8. The lifestyle of a person may give clues to the possibility of unreported income or fraud.
   a. True
   b. False

10. A forensic accountant must have interviewing skills.
    *a. True
       b. False

12. The KGB used financial lifestyle probes and audits to capture a number of spies and moles.
    a. True
    b. False

15. An IRS revenue agent may drive by a taxpayer’s home without violating the statutory prohibition against financial status audits.
    a. True
    b. False

22. The source and application of funds method is a variation of the bank deposit method.
    a. True
    b. False

23. IRS agents often use the expenditure approach when a taxpayer is purchasing assets or investments, rather than spending lavishly.
    a. True
    b. False
24. Where the application of funds is greater than the sources, a person is deemed to have an understatement of income.

   a. True
   b. False

55. Which statement is false?

   a. A special agent of the IRS developed a strategy to help indict Al Capone.
   b. Probing missing income by pointing to specific items of income that do not appear on a tax return is an indirect method of reconstructing income.
   c. District attorneys may obtain tax returns.
   d. Tracing monies from a dummy corporation to an individual is a direct method of reconstructing income.
   e. None of the above is false.

57. Which would not be a direct IRS method for reconstructing taxable income?

   a. Newspaper articles.
   b. Checking deed records of real estate transactions.
   c. Discussions with third parties.
   d. Checking public records.
   e. All of the above are direct methods.

64. Which statement is false?

   a. The source and application of funds technique is a variation of the net worth method that shows increases and decreases in a taxpayer's accounts at the end of the year.
   b. Often the IRS agent will use the expenditure approach when a taxpayer is spending income lavishly rather than purchasing assets or investments.
   c. The expenditure approach is similar to the Cash T, except that the data used is the increases and decreases in the taxpayer's accounts.
   d. The source and application of funds method is a variation of the bank deposit method.
   e. None of the above

68. In the process of using the net worth method, you find that income of a person is $92,000 and overall expenses are $61,000. Calculated net worth is $611,000 and computed net worth is $430,000. Any unexplained net worth income or (decrease) would be:

   a. $31,000.
   b. $150,000.
   c. $181,000.
   d. $212,000.
   e. Another answer is correct.
70. Which of the following is an example of a proactive approach to fraud detection?

a. Logging of exceptions.
b. Intelligence gathering.
c. Reviewing variances.
d. Effective internal controls.
e. All of the above.

71. Which of the following is an example of a reactive approach to fraud detection?

a. Effective internal controls.
b. Intelligence gathering.
c. Logging of exceptions.
d. Suspicion.
e. None of the above.

73. In attempting to stop purchasing agent's kickbacks, which would not be helpful in segregating duties?

a. Vendor approvals.
b. Sales requisitions.*
c. Purchase approval.
d. Receiving.
e. Payments.

79. Which would not be a procurement fraud scheme?

a. Split purchases.
b. Duplicate invoices.
c. Product substitution.
d. Washing checks.
e. Unnecessary purchases.

81. Which would be a red flag of phantom vendors?

a. Unfamiliar vendor.
b. Vendor's name consists of initials.
c. Vendor has post office box address.
d. Rapidly increasing purchases from one vendor.
e. All of the above.

82. Which probably would not help prevent procurement fraud through phantom vendors?

a. Doing a parking-lot test.
b. Reviewing cliques within the sales department.
c. Having an anonymous hot-line.
d. Having an approved vendors list.
e. All of the above would help prevent procurement fraud.
Chapter 10:
2. The United States Supreme Court in the Daubert case characterized the role the court plays in accepting expert witnesses as that of a "gatekeeper."
   a. True
   b. False

6. In many cases, accountants are uniquely able to address important financial issues that bear on the measurement of damages in the case.
   a. True
   b. False

7. The two main types of damages are restitution and revenge.
   a. True
   b. False

15. In some cases, damages may include expected lost future sales that result from lower product quality caused by faulty raw materials from a supplier.
   a. True
   b. False

25. Unlike depositions, trial testimony involves answering questions only from attorneys on your side in the case.
   a. True
   b. False

38. Most accounting damage estimates in cases are based largely on historical accounting data.
   a. True
   b. False

41. Courts are expected to provide an important "gatekeeper" function in determining who may provide expert advice to the court. The United States Supreme Court case that gave rise to this function is the:
   a. Enron case.
   b. Daubert case.
   c. WorldCom case.
   d. All of the above.

42. Under Daubert, attorneys may challenge prospective expert witnesses about:
   a. The expert's skills and background.
   b. Whether the expert's theories in the case have been tested.
   c. Whether the techniques used by the expert in the case are subject to peer review.
   d. Whether the expert's testimony in the case represents "scientific knowledge."
   e. All of the above.
46. Beth Company sold assets to Karen Company with an alleged value of $2,400,000. Beth Company paid $2,100,000 for the assets. The actual value of the assets was $1,700,000. Using the "out-of-pocket" damage loss rule, the fraud damages would be:
   a. $1,700,000.
   b. $2,400,000.
   c. $700,000.
   d. $400,000.
   e. None of the above is correct.

47. Beth Company sold assets to Karen Company with an alleged value of $2,400,000. Beth Company paid $2,100,000 for the assets. The actual value of the assets was $1,700,000. Using the "benefit-of-the-bargain" damage loss rule, the fraud damages would be:
   a. $1,700,000.
   b. $2,400,000.
   c. $700,000.
   d. $400,000.
   e. None of the above is correct.

48. When measuring lost profits or other damages, it is necessary for the plaintiff to:
   a. Attempt to mitigate its damages.
   b. Show that the defendant's actions clearly call for punitive damages.
   c. Prove that fraud was involved in the case.
   d. Prove that there was no liability in the case.

52. Deposition testimony occurs during the:
   a. Discovery phase of the case.
   b. Trial stage of the case.
   c. Initial pleadings in the case.
   d. Closing arguments in the case.

53. Deposition testimony:
   a. Is given under oath.
   b. Requires both direct testimony and cross-examination testimony.
   c. Is taken during the discovery period of the case.
   d. Is given in lieu of trial testimony.
   e. Both a and c.

71. Most accounting damages in cases are estimated:
   a. Using historical cost data.
   b. Using only estimated future accounting estimates.
   c. Using economic experts to make future estimates.
   d. All of the above.
76. A summary judgment is:

   a. Rendered at the end of the case after the judge/jury has heard and summarized all of the case testimony.
   b. A seldom used trial technique in which an attorney attempts to summarize the case data as part of closing arguments.
   c. An attempt by one or both sides in a case to ask the judge to accept their arguments in the case as correct and to render an opinion in the case in their favor without even going to trial.
   d. A period technique used during the discovery phase of the case to periodically summarize the issues that have been present in the case.

Chapter 12:

4. Financial experts usually rely on other professionals such as doctors and occupational therapists in determining the degree of injury or disability in a personal injury case.

   a. True
   b. False

5. An attorney may limit the expert's ability to contact doctors, occupational therapists, and other third-party case participants in order to preserve certain legal relationships.

   a. True
   b. False

9. The "expected work life" tables consider a number of common reasons a person would leave work prior to normal retirement. Included are layoffs, probability of life, and probability of injury.

   a. True
   b. False

12. Selecting the appropriate discount rate in a personal injury case is essential to accurate measurement of damages in the case.

   a. True
   b. False

14. In a personal injury case, lost household services would not be a part of the damage calculation.

   a. True
   b. False

15. Lost household services would typically continue throughout a person's life even after the person would have retired from the job.

   a. True
   b. False
17. The United States Department of Labor, Bureau of Labor Statistics maintains many labor statistics that may be useful to an expert in measuring damages in personal damage cases.
   a. True
   b. False

19. When a person provides household services to his or her family, they are not paid for, but they have real economic value that should be included in many personal damage calculations.
   a. True
   b. False

22. Job-related expenses would include such items as driving costs to and from the job, special work-related clothing, and union dues in a job-required union.
   a. True
   b. False

23. In a wrongful discharge case, lost household services would not be part of the damage calculation.
   a. True
   b. False

47. In a personal injury case, the time period covered by the damage period is typically:
   a. Determined by the circumstances of the case and the time period during which the victim is affected by the injury.
   b. Fixed by statutory law.
   c. Covered by the contract.
   d. Provided by various government publications.

48. A financial expert witness must determine information about the degree of injury in personal injury cases. Therefore, financial experts must:
   a. Make as reliable an estimate of the victim's injuries as possible so that the damage estimates will be as accurate as possible.
   b. Ignore the extent of injuries of the victim and concentrate on financial issues.
   c. Rely on the expertise of others such as doctors so that the financial expert can incorporate that information into the damage model.
   d. Wait until the extent of the victim's injuries can be determined completely so that the case can proceed.
49. Doctors and occupational therapists are often called upon in determining the degree of injury or disability in a personal injury case. In such instances, the financial expert witness should:

a. Use the information provided in consultation with the attorney to arrive at the most accurate damage estimate possible.
b. Make his or her own assessment of the degree of injury because the financial expert's reputation is at stake in rendering an opinion in the case.
c. Prepare a wide range of possible damage estimates to take into account the many different views of the extent of the injuries to the victim.
d. Ignore any information on the extent of the victim's injuries and just stick to the financial issues in the case.

50. In a wrongful discharge case, common components of the damage measurement would include:

a. Lost wages, employer's FICA payments, vacation and holiday pay, and health insurance.
b. Lost wages, the value of lost household services, and employee education programs.
c. Lost wages, health and life insurance payments by the employer, and overtime premium on scheduled weekly overtime and the value of lost household services.
d. Lost wages, health insurance payments by the employer, employer paid educational programs, and employer paid recreation programs.

51. An employee is seriously injured in a job-related accident. The employee has only been on the job 15 months before the accident occurred. Based on this information:

a. It will not be possible to include any wage growth rate into the damage calculations because the employee was not on the job long enough to develop a wage growth rate record.
b. The financial expert can use an appropriate wage growth rate amount that can be found in statistics provided by the United States Department of Labor, Bureau of Labor Statistics.
c. The discount rate the expert uses to discount the annual damage amounts will automatically adjust for wage growth rates.
d. Wage growth rates are never used in job-related accident cases.

52. The need to discount to their present value the calculated stream of damage amounts over a period of years covered by the damage period satisfies the concept of:

a. The right of free trade.
b. Proper rules of evidence.
c. Wage growth rates.
d. The time value of money.
54. In calculating the value of lost household services in a personal injury case, the experts must:

   a. Determine the amount of lost household services the victim suffered.
   b. Determine the total amount of household services the victim provided before the accident.
   c. Determine the amount of value that should be assigned to the victim's household services.
   d. All of the answers above are correct.
   e. None of the answers above is correct.

55. In determining damages in a wrongful discharge case, the concept of mitigation of wages refers to:

   a. A plaintiff's requirement to seek new employment which would mitigate or reduce the amount of damages caused by the wrongful discharge.
   b. The average wage earned in the geographic area in which the plaintiff worked.
   c. A legal term for fringe benefits.
   d. Does not apply to wrongful discharge cases.

57. One reason for using a litigant's tax returns in preparing an expert's damage report is that:

   a. It is required by law.
   b. There can never be any errors in tax returns.
   c. Tax returns include a significant amount of financial data about a person or some other entity for a specified time period, and tax returns are signed documents filed with an agency of the federal government.
   d. There are no other reliable sources of financial information in personal damages cases.

58. The present value of the damages in a wrongful death case:

   a. Will always be less than the total value of the damages.
   b. Will always be more than the total value of the damages.
   c. Can be more or less than the total value of the damages, depending upon the discount rate selected by the expert.
   d. Are always the same as the total value of the damages.
59. A primary difference in the calculation of economic damages between a job-related disability case and a wrongful death case is that:

a. The value of lost household services would never be a part of the economic damages in a wrongful death suit but they typically would be part of the damages in a disability case.
b. In a wrongful death suit, there are usually criminal charges that must be considered.
c. There are no differences between damage calculations in these two types of cases.
d. In a wrongful death case, there is no need to determine the extent of the disability in computing wage-related damages or the value of lost household services, but such an assessment is necessary in a disability case.

60. One of the limitations of the United States Department of Labor, Bureau of Labor Statistics tables on "Worklife Estimates: Effects of Race and Education" is that:

a. They do not provide tables for both men and women.
b. The tables ignore whether the person is currently participating in the workforce.
c. The tables have not been updated by the government in recent years.
d. The tables do not consider the educational achievements of employees.

61. In a job-related injury case resulting in the employee's disability:

a. Typically the damage model would terminate the lost value of household services at the same age as lost wages due to expected retirement.
b. Typically the damages model would terminate lost wages at the time of expected retirement, but the value of household services would continue at the same amount as before the expected retirement date.
c. Typically the damages model would terminate lost wages at the time of expected retirement, but the value of household services would increase for a period after the expected retirement date.
d. The lost value from household services would not be included in the damages calculation until after the employee's expected retirement date.

62. In their book Determining Economic Damages, Martin and Smith state that in measuring a plaintiff's lost earnings the economist will rely:

a. On government statistics on average earnings of employees.
b. On the U.S. Census Bureau for information on employee wages.
d. First on the earnings history of the plaintiff as a starting point for the evaluation of wage losses.
66. As a financial expert witness in a personal injury case, the financial expert will typically testify about:

a. The extent of the plaintiff's injuries in the case.
b. The probable medical treatments that the plaintiff will require in the future.
c. The probable causes of the injuries sustained by the plaintiff.
d. The probable costs of the medical treatments for the plaintiff that medical experts have testified to in the case.
e. All of the above.

67. If a person is totally disabled in a job-related accident, the time period used in the analysis of lost wages is:

a. The victim's stated time to expected retirement.
b. Age 65.
c. The victim's expected worklife.
d. Age 62.
e. None of the above.

71. "Lost household services":

a. Are an inconvenience, but do not enter into the calculation of damages.
b. Are real costs but generally are not included in damages by the court.
c. Are found in U.S. Labor Department publications.
d. Is the economic measure of the services that can no longer be performed by a person as the result of an injury or accident.
e. None of the above.

72. When computing the future wage loss in the wage loss damages section, the expert should consider:

a. Expected future wage growth over some relevant time period.
b. Discounting future wages back to the present using an appropriate discount rate.
c. Lost household services costs.
d. Providing for expected wage growth and providing for discounting expected future wages back to the present using an appropriate discount rate.
e. None of the above.

73. Employee fringe benefits that typically are included in work-related damages are:

a. Employer paid insurance premiums.
b. Employer paid payroll taxes.
c. Employer paid educational programs.
d. All of the above.
e. None of the above.
74. Employee fringe benefit costs commonly included in an expert's damage calculation are:

   a. Employer paid college education costs.
   b. Employee federal withholding tax.
   c. Employee FICA tax withholdings.
   d. All of the above.

75. When computing damages in a wrongful discharge case, job-related expenses typically would include the cost of:

   a. Special work clothes.
   b. Attending the company Christmas party.
   c. The employee's share of health insurance.
   d. All of the above.
   e. None of the above.

76. When computing damages in a wrongful discharge case, the cost of job-related expenses:

   a. Should be added to the damage estimate.
   b. Should be ignored.
   c. Should be subtracted from the damage estimate.
   d. Could be added or subtracted from the damage amount depending on the circumstances of the case.
   e. None of the above.

77. If an expert expects to include a component for lost household services, the expert:

   a. Must be ready to express a medical opinion as to the medical basis for the lost ability to perform the household services.
   b. Must reduce the amount in some other part of the damage calculation.
   c. Should base the lost household services amount on some supportable medical opinion about lost household services that is in the record.
   d. Must use national averages about percentage of lost household services.
   e. None of the above.

78. In a typical lost job case, the primary source of damages is:

   a. Lost household services.
   b. Lost fringe benefits.
   c. Lost health insurance.
   d. Lost wages/salary.
   e. None of the above.
Chapter 15:

3. At auction sites, customer testimonials are a good way to determine the reputation of an online seller.
   a. True  
   b. False

13. Phishing is an electronic fraud method that occurs when someone pretends to be from a legitimate company and requests confidential information, such as passwords, from either a business or consumer.
   a. True  
   b. False

17. A serious problem for forensic investigators in finding cybercriminals is:
   a. These criminals are located outside the country where the crime is committed.
   b. The forensic investigator is trying to catch a criminal whose technological skills may be more advanced than those of the investigator.
   c. The victim may not want to pursue the criminal.
   d. All of the above are correct.

21. A hacker scanning a web server is likely to be identified by the target's website:
   a. Because of the FBI's Carnivore scanning program.
   b. With help from the ISP's logs.
   c. Through the target's web server's logs.
   d. By the local phone company's forensic investigators.
   e. None of the above.

23. The backdoor on a network or PC:
   a. Is hidden software used to enter an already compromised website by the hacker at a later date.
   b. Is a hidden modem on a network.
   c. Is an actual physical entry point into the back of a web server.
   d. None of the above.
25. In order for the stealing of data to be a criminal act, it may be necessary to prove that the:

   a. Criminal intentionally stole the data.
   b. Criminal was over 21.
   c. Data had been analyzed, and it was valued information.
   d. Data was important to the company.
   e. All of the above.

26. Which of the following activities is most likely to be a cybercrime?

   a. Stealing my electronic impulse.
   b. Having a virtual presence in my web server.
   c. Assessing the mail port on my web server.
   d. Using a bot to check a website for price information.
   e. None of the above.

28. One problem with enacting legislation against cybercrimes is:

   a. The laws violate the rights of innocent third parties.
   b. Many of the laws are a violation of the U.S. Constitution's right regarding self incrimination.
   c. The technology quickly makes the laws outdated.
   d. These laws prevent the advancement of e-commerce.
   e. All of the above.

30. A "protected computer" under federal legislation is defined as:

   a. Any U.S. government computer.
   b. Any PC attached to the Internet.
   c. A PC used in interstate commerce.
   d. A criminal's computer.
   e. None of the above.

31. How is the value of a loss from a cybercrime defined under federal statutes (Section 814)?

   a. Value of lost revenue.
   b. Losses from responding to the attack.
   c. Cost of restoring the system.
   d. All of the above are defined as losses under Section 814.
49. To help hide your IP address as you surf the Internet, it would be helpful to use:
   a. Network stumbler.
   b. A zone transfer.
   c. A “whois” site.
   d. A proxy server.

50. Many cybercrime fraud statutes have their foundation based under a state’s:
   a. Criminal statutes.
   b. Property crime statutes.
   c. Computer crime statutes.
   d. Fraud statutes.

52. Cloud computing is a system:
   a. Used to protect computers from hackers by hiding the applications inside a “cloud” application.
   b. Where application programs are no longer located on the user’s PC, but rather inside the “Internet cloud.”
   c. Of using disk drives within the same computer to use two different operating systems.
   d. Used to provide more secure wireless networks.

Chapter 16:

1. Intangible losses from cyber attacks are likely to be recognized in the provision of a company's business insurance policy.
   a. True
   b. False

2. Overtime paid to workers is an overhead cost.
   a. True
   b. False

6. Due diligence on the part of an insurance company prior to the issuance of a cyber insurance policy could include an authorized cyber attack on the customer's network.
   a. True
   b. False
7. The insurance risk to a network increases in proportion to the number of external network connections that exist on the network.
   a. True
   b. False

8. There is no need for a separate corporate risk security policy manual.
   a. True
   b. False

9. Third-party liability in a cyber insurance policy relates to lawsuits against the insured party arising from actions of the insured party.
   a. True
   b. False

10. Intangible losses from a cyber attack are more likely to receive recognition under state statutes than under the provisions of an insurance policy.
    a. True
    b. False

11. Which of the following is NOT part of a loss evaluation from a cyber attack?
    a. Present value analysis.
    b. Payback period.
    c. Lost profits.
    d. Opportunity cost.

12. Which of the following categories would most likely NOT use employee labor dollars to determine its related loss in a cyber attack?
    a. System verification.
    b. System restoration.
    c. Loss productivity analysis.
    d. Lost profit analysis.

13. The best technique to use in valuing a tangible loss is:
    a. Replacement cost.
    b. Market value.
    c. Present value of future revenues.
    d. Direct labor dollar values.
    e. None of the above.
16. Replacement cost of an asset is related to:

   a. Market value.
   b. Current costs.
   c. Capabilities of old asset.
   d. Opportunity costs.
   e. None of the above.

20. Note: The student needs present value tables or a business finance calculator with FV and PV buttons to answer the following question. BassFishing.com had its website shut down for two days due to a cyber attack. During that period, it is estimated that 300 customers were permanently lost. Registered customers visit once a month, on average, spend $15 on each visit, and remain registered for three years. What is the sales loss for BassFishing assuming a cost of capital of 6%?

   a. $162,000.
   b. $54,000.
   c. $45,468.
   d. $144,342.

23. Which of the following items is generally recognized by traditional accounting theory as a tangible loss?

   a. Computer equipment.
   b. Computer code.
   c. Company reputation.
   d. Internet bot.
   e. All of the above.

35. In a cyberattack, which of the following losses would be the most difficult to receive insurance reimbursement?

   a. Computer equipment.
   b. Digital coding.
   c. Physical structure.
   d. Lost business income.
   e. Both b and d.

Chapter 17:

3. Although engagement letters are important for independent auditors, they are really not necessary for valuation engagements.

   a. True
   b. False
5. When the IRS defines value as "The amount at which property would change hands between a willing seller and a willing buyer when neither is acting under compulsion and when both have knowledge of the relevant facts" it is referring to the concept of "fair market value."

   a. True
   b. False

12. When using an income method of valuation, it is logical to weight the older income streams more heavily because they represent more reliable historical data.

   a. True
   b. False

13. When performing business valuations, it is essential that the analyst become very familiar with the company and the industry within which it operates.

   a. True
   b. False

14. In the AICPA's publication, Valuation of Closely Held Businesses, it suggests that balance sheet methods of valuations are preferred over income statement valuation methods.

   a. True
   b. False

15. Some valuation methods weight recent period income or cash flows more heavily than older income or cash flows.

   a. True
   b. False

16. It is common for professional appraisers to work on a "contingent fee" basis.

   a. True
   b. False

17. Business valuation reports typically identify some period of time over which the report is valid.

   a. True
   b. False
18. Like external auditors, business valuation professionals must be independent.
   a. True
   b. False

24. Definitions and valuation terms often are one of the exhibits in a typical valuation report.
   a. True
   b. False

25. Generally speaking, book value is not considered a business valuation method.
   a. True
   b. False

40. In trying to determine how many years of data are necessary to perform a business valuation, five years is a commonly used starting point.
   a. True
   b. False

41. Preparing common-sized financial statements and performing ratio analyses of financial statements are examples of "customizing" financial statements.
   a. True
   b. False

42. Preparing common-sized financial statements and performing ratio analyses of financial statements are examples of "spreading" financial statements.
   a. True
   b. False

43. Probably the most comprehensive source of information on financial statements and credit analysis by industry is the Association of Certified Fraud Examiners (ACFE).
   a. True
   b. False
44. The "cost approach" to business valuation involves adjusting a company's assets and liabilities up or down to reflect their "fair value."

   a. True
   b. False

69. Generally speaking "book value" is considered to be:

   a. Not really a valuation method.
   b. The best measure of value because it reflects actual accounting measurements.
   c. A good valuation method but it usually provides a conservative measure of value.
   d. The same thing as market value.
   e. None of the above.

70. "Equitable distribution" in divorce cases is driven by:

   a. The Uniform Commercial Code nationally.
   b. Individual state laws.
   c. Supreme Court rulings.
   d. Professional standards.
   e. None of the above.

71. "Buy-sell agreements" relate to:

   a. Most divorce cases.
   b. All business valuation cases.
   c. Agreements made by owners of closely held businesses.
   d. Bankruptcy cases.
   e. None of the above.

72. "Investment value" is:

   a. The general market value of a business.
   b. The market value of a listed company.
   c. The value of the business to the current owner.
   d. The value of the business to a specific buyer.
   e. None of the above.

73. A "minority interest" in a business:

   a. Technically is less than a 50-percent ownership in the business.
   b. Might be worth less than a pro-rata share of the business value.
   c. May have limited influence in the operations of the business.
   d. All of the above.
   e. None of the above.
80. The "cost approach" to business valuation involves:
   a. Adjusting a company's assets and liabilities up or down to reflect their "fair value."
   b. Adjusting all accounts to their incurred "historical cost."
   c. Using only income statement accounts.
   d. A method that is no longer used in business valuations.
   e. None of the above.

81. The "capitalization of excess earnings method" is:
   a. One of the market approach methods of business valuation.
   b. Requires additional investment by the seller.
   c. Is actually a hybrid of the cost and income approaches to business valuation.
   d. Is also called the discounted future cash flow method.
   e. None of the above.

82. "Fair market value" is the amount at which property would change hands between a willing seller and a willing buyer when neither is acting under compulsion and when both have knowledge of the relevant facts. This is the definition provided by:
   a. The American Institute of Certified Public Accountants (AICPA).
   b. The Association of Certified Fraud Examiners (ACFE).
   c. The Institute of Management Accounting (IMA).
   d. The Risk Management Association (RMA).
   e. None of the above.

83. A 100-percent controlling interest in a business:
   a. Seldom happens.
   b. Often includes a valuation premium for control.
   c. May be investigated by the Securities and Exchange Commission (SEC).
   d. Has the same valuation impact as having a minority interest in the business.
   e. None of the above.

99. It is sometimes stated the use of book value in valuations:
   a. Is logical and appropriate because the values in the balance sheet are based on incurred historical costs.
   b. Is not really a valuation method.
   c. Always acceptable if the valuation expert uses adjusted book value.
   d. Always omits intangible assets.

100. The three main valuation methods include all of the following except:
   a. The income approach.
   b. The cost approach.
   c. The market approach.
   d. The appraisal approach.