

MODEL QUESTION PAPER FOR VALUATION EXAMINATION

1. The price elasticity of demand measures the change in the quantity demanded of a service in relation to a change in its price when nothing but the _____ changes.

- a) price
- b) cost
- c) quality
- d) value

Ans.(a)

2. Other things remaining same, the law of demand states _____.

- a) The higher the price, the lower the quantity demanded
- b) The higher the price, the higher the quantity demanded
- c) The higher the price, the lower the quantity supplied
- d) The higher the price, the higher the quantity demanded

Ans.(a)

3. A market which has only one seller selling a homogeneous product to many buyers, is known as _____.

- a) Monopoly
- b) Oligopolistic
- c) Perfect Competition
- d) Monopolist Competition

Ans.(a)

4. Which of the following statements is not true about factors of production?

- a) Land means natural resources.
- b) Labour means human resources.
- c) Capital means financial resources.
- d) Entrepreneurship means pursuit of opportunity beyond resources controlled.

Ans.(c)

5. Which of the following is not true about Ricardian theory of rent?

- a) Rent increases with increase in population.
- b) Rent is surplus above cost. c) Rent is unearned income.
- d) Rent arises only in the short run.

Ans.(d)

6. Which of the following is not correct about functions of money?

- a) It is a medium of exchange.
- b) It is a measure of economic power.
- c) It is a standard of deferred payments.
- d) It is a store of value.

Ans.(b)

7. Which of the following is not a cause of demand-pull inflation?

- a) Increase in wages and salaries
- b) Increase in Government spending
- c) Increase in interest rates
- d) Increase in exports

Ans.(c)

8. If a person has an income of Rs.30000 and his consumption is Rs.10000, then his propensity to save is_____.

- a) 1.33
- b) 0.33
- c) 0.67
- d) 1.50

Ans.(c)

9. Which of the following is an example of secondary sector of an economy?

- a) Mining
- b) Forestry
- c) Food Processing
- d) Pisci culture

Ans.(c)

10. How are Gross Domestic Product (GDP) and Gross National Product (GNP) related?

- a) $GNP = GDP - NR + NP$
- b) $GNP = GDP + NR - NP$
- c) $GNP = GDP + EX - IM$
- d) $GNP = GDP - EX + IM$

Ans.(b)

11. In double entry system, accounts are primarily classified in to _____.

- a) Receiver account & Giver account
- b) Income account & Expenses account
- c) Real account & Nominal account
- d) Personal Account & Impersonal account

Ans.(d)

12. Discount received is recorded on which side of a cash book?

- a) Receipts
- b) Payments
- c) Income
- d) Expense

Ans.(b)

13. For a real estate construction company, which of the following are not part of Profit and Loss Statement?

- a) Revenue from apartment sales
- b) Interest paid to lenders
- c) Cash deposited in bank
- d) Depreciation expense

Ans.(c)

14. Proposed dividend is shown in the Balance Sheet of a company under the head _____.

- a) provisions
- b) reserves and surplus
- c) current liabilities
- d) other liabilities

Ans.(a)

15. Difference between variable cost per unit and selling price can be classified as _____ margin per unit.

- a) Contribution
- b) Gross
- c) Net
- d) Profit

Ans.(a)

16. Right to property is a ___ right.

- a) Fundamental
- b) Statutory
- c) Constitutional
- d) Human

Ans.(c)

17. Which of the following is not a requirement of a contract?

- a) Competent Parties
- b) Free Consent
- c) Legal Object
- d) Adequate Consideration

Ans.(d)

18. Performance of contract is one of the methods to_____.

- a) Create a new contract
- b) Set-aside a contract
- c) Make a contract void
- d) Discharge a contract

Ans.(d)

19. In case of a _____, the duty is one imposed by the law and is owed to the community at large.

- a) Contingent contract
- b) cecile agreement
- c) Government tender
- d) Tort

Ans.(d)

20. As per section 36 of the Insolvency and Bankruptcy Code, 2016, the liquidator shall hold the liquidation estate _____.

- a) As an agent of debtor
- b) As an agent of committee of creditors
- c) As a fiduciary for the benefit of all the creditors
- d) As a fiduciary for the benefit of all the stakeholders

Ans.(c)

21. Section 231 (2) of the Companies Act, 2013 empowers a tribunal to _____, if it is satisfied that the compromise sanctioned under section 230 cannot be implemented satisfactorily, and the company is unable to pay its debts as per the scheme.

- a) Wind up the company
- b) Restructure the debt
- c) Call for rearrangement
- d) Replace the management

Ans.(a)

22. In a right skewed frequency distribution, _____.

- a) Mean is typically greater than the median
- b) Mean is typically less than the median
- c) Mean is typically less than the mode
- d) Mean is equal to mode which is equal to median

Ans.(a)

23. When numbers are associated with weights, then obtained mean is said to be _____.

- a) Weighted arithmetic mean
- b) Harmonic mean
- c) Standard mean
- d) Geometric mean

Ans.(a)

24. If two events A and B are mutually exclusive, the probability of occurrence of either A or B is _____.

- a) Difference between individual probabilities of A and B
- b) Sum of the individual probabilities of A and B
- c) Always 1
- d) One minus sum of the probabilities of A and B

Ans.(b)

25. Gradual shifting of a time series over a long period of time is called as _____.

- a) Periodicity
- b) Cycle
- c) Regression
- d) Trend

Ans.(d)

26. Technology that permits safe, efficient, and inexpensive clean-up of contaminants in property tends to minimise _____ in asset value.

- a) Decrease
- b) Increase
- c) Fluctuations
- d) Variations

Ans.(a)

27. Which planning provision is required around the battery limit of industry and for industry having odour problem?

- a) No development zone
- b) Green belt
- c) Special permission zone
- d) Industrial regulation zone

Ans.(b)

28. Which of the following is not covered under the Indian Forest Act, 1927?

- a) Reserved forest
- b) Village forest
- c) Protected forest
- d) Prohibited forest

Ans.(d)

29. Which of the following legislations does not provide for pollution control?

- a) The Water (Prevention and Control of Pollution) Act, 1974
- b) The Air (Prevention and Control of Pollution) Act, 1974
- c) The Environment (Protection) Act, 1986
- d) The Technology (Transfer of Abuse) Act, 2007

Ans.(d)

30. A valuer shall act with objectivity in his professional dealings by ensuring that his decisions are made _____.

- a) Without the presence of any bias
- b) With coercion
- c) With confidence
- d) With undue influence of any party

Ans.(a)

31. A valuer, while respecting the confidentiality of information acquired during the course of performing professional services, shall maintain proper working papers for a period of _____.

- a) 3 years
- b) 2 years or such shorter period as required in its contract for a specific valuation
- c) 3 years or such longer period as required in its contract for a specific valuation
- d) 2 years

Ans.(c)

32. Integrity of registered valuer is seriously affected by ____.

- a) Being honest
- b) Being straightforward
- c) Misrepresenting any facts or situations
- d) Ignoring public interest

Ans.(c)

33. Which of the following is not a duty of the valuer?

- a) To verify ownership in document and occupancy on actual site
- b) To identify plot number in document as well as on-site
- c) To be responsible for correctness of survey findings by his assistant
- d) To investigate title of the property to be valued

Ans.(d)

34. Which of following activity is not the role of a valuer?

- a) Physical verification
- b) Estimation of replacement cost new
- c) Market survey
- d) Preparation of balance sheet

Ans. (d)

35. Amount appearing in the schedule of fixed assets of balance sheet is_____

- a) Gross book value
- b) Salvage value
- c) Scrap value
- d) Worth

Ans. (a)

36. Which one of the following value represents value in exchange?

- a) Insurable value
- b) Market value
- c) Use value
- d) Indemnity value

Ans (b)

37. Utility is the only value ingredient for following property

- a) Investment property
- b) Marketable non-investment property
- c) Service property
- d) Business assets

Ans (c)

38. Which of following aspect may be considered as legal aspect affecting value of asset?

- a) Capacity
- b) Capital cost
- c) Raw material shortage
- d) Custom duty

Ans (d)

39. Number of years for which a new asset is profitably used for its intended purpose is known as

_____.

- a) Economic life
- b) Normal useful life
- c) Age
- d) Physical life

Ans (a)

40. Useful life of an asset is affected by which of the following?

- a) Cost
- b) Replacement cost
- c) Wear and tear
- d) Net Book Value

Ans (c)

41. Which of the following is considered to estimate net book value?

- a) Gross book value
- b) Reinstatement value
- c) Replacement
- d) Market Value

Ans (a)

42. The national output is measured at _____.

- a) Production Prices
- b) Market Prices
- c) Cost Prices
- d) Wholesale Prices

Ans.(b)

43. Which of the following is a Revenue Receipt?

- a) Loan from the International Monetary Fund
- b) Grant from the World Bank
- c) Borrowing from the Public
- d) Public Issue of shares

Ans.(b)

44. What is the relation between fiscal deficit (FD) and primary deficit (PD)?

- a) $PD = FD - \text{Depreciation}$
- b) $PD = FD - \text{Interest payments}$
- c) $FD = PD - \text{Interest payments}$
- d) $FD = PD - \text{Depreciation}$

Ans.(b)

45. Private ownership of property and resources is a characteristic of _____ economy.

- a) Socialist
- b) Command
- c) Market
- d) Traditional

Ans.(c)

46. An investment pays Rs. 300 annually for five years, with the first payment occurring today. The present value (PV) of the investment discounted at a 4% annual rate is approximately _____.

- a) 1336
- b) 1389
- c) 1625
- d) 1925

Ans.(b)

47. Which of the following may not be a part of projected financial statements?

- a) Income Statements
- b) Trial Balance
- c) Cash Flow Statements
- d) Balance Sheets

Ans.(b)

48. Which of the following is not a conduct most people associate with ethical behaviour?

- a) Bargaining
- b) Respect for others
- c) Loyalty
- d) Pursuit of excellence

Ans.(a)

49. As an independent valuer, the valuer should not charge _____ fee.

- a) professional
- b) success
- c) mandate
- d) legal

Ans.(b)

50. A valuer should not use or divulge to other clients or any other party any confidential information about the _____ company.

- a) subject
- b) client
- c) public
- d) listed

Ans.(a)

51. Professional independence is a subset of which one of the following pairs of fundamental principles?

- a) Integrity and Due diligence
- b) Integrity and objectivity
- c) Integrity and Professional competence
- d) Objectivity and Professional behaviour

Ans.(b)

52. Which of the following is not a cash inflow?

- a) Decrease in debtors
- b) Issue of Shares
- c) Decrease in Creditors
- d) Sale of Fixed Assets

Ans.(c)

53. In the context composition of the committee to advise on valuation matters under the Companies (Registered Valuers and Valuation) Rules, 2017, strike the odd one out:

- a) One member nominated by MCA
- b) Two members nominated by RBI
- c) One member nominated by the Legislative Department
- d) One member nominated by IBBI

Ans.(b)

54. Who is the authority for registration of valuers under the Companies (Registered Valuers and Valuation) Rules, 2017?

- a) MCA
- b) NFRA
- c) IBBI
- d) NCLT

Ans.(c)

55. Which of the following is not a prescribed asset class under the Companies (Registered Valuers and Valuation) Rules, 2017?

- a) Enterprise
- b) Securities or Financial Assets
- c) Plant and Machinery
- d) Land and Buildings

Ans.(a)

56. Which of the following is not eligible to be registered as a valuer?

- a) Registered Partnership Firm
- b) Limited Liability Partnership
- c) Limited Liability Comp may
- d) Hindu Undivided Family

Ans.(d)

57. In agreements of a purely domestic nature, the intention of the parties to create legal relationship is _____.

- a) to be proved to the satisfaction of the court.
- b) presumed to exist.
- c) required to the extent of consideration.
- d) not relevant at all.

Ans.(a)

58. A person appointed by an agent to act for the principal, is called _____.

- a) agent
- b) sub-agent
- c) substituted agent
- d) pretended agent

Ans.(b)

59. 'Let the Buyer Beware' refers to:

- a) Caveat Venditor
- b) Unfair Trade Practices
- c) Caveat Emptor
- d) Exmtor Venditor

Ans.(c)

60. Which of the following can be transferred under the Transfer of Property Act, 1882?

- a) An easement along with the dominant heritage
- b) Political pension
- c) Succession
- d) Stipends allowed to the civil pensioners of the Government

Ans.(a)

61. 'A' leases land to 'B' on condition that he shall walk a hundred miles in an hour. The lease is _____.

- a) valid
- b) void
- c) voidable
- d) legal

Ans.(b)

62. How is stamp duty paid in transactions where more than one instrument is required?

- a) Stamp Duty is paid on all the instruments equally
- b) Stamp Duty is paid on any one of the instrument
- c) Stamp duty is paid only on one of the principal instruments and on the balance documents only minimum duty is payable
- d) Stamp duty is paid on ad valorem basis

Ans.(c)

63. An agreement among the companies at the same level of the production chain is called _____ in competition parlance.

- a) Vertical agreement
- b) Horizontal agreement
- c) Transparent agreement
- d) Cross agreement

Ans.(b)

64. Who determines the amount of claim due to a creditor under the Insolvency and Bankruptcy Code, 2016?

- a) Committee of creditors.
- b) Resolution professional.
- c) Adjudicating Authority.
- d) Corporate debtor

Ans.(b)

65. Under the Insolvency and Bankruptcy Code, 2016, debts owed to a secured creditor in the event such secured creditor has relinquished security ranks equally with _____.

- a) insolvency resolution process costs.
- b) workmen's dues for a period of 24 months prior to liquidation commencement date
- c) wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date
- d) dues to Central Government

Ans.(b)

66. Which of the following is not a financial service under the Insolvency and Bankruptcy Code, 2016?

- a) Accepting of deposits
- b) Effecting contracts of insurance
- c) Payment of wages to employees
- d) Establishing or operating an investment scheme

Ans.(c)

67. Which of the following situations would invoke "question of law"?

- a) Disputing parties do not agree to the valuation arrived by the valuer
- b) Disputing parties do not agree to the selected valuer
- c) Valuer has departed from the well accepted principles of valuations
- d) Valuer did not submit its report within the time

Ans.(c)

68. Under the Insolvency and Bankruptcy Code, 2016, the fees of the liquidator is paid from the proceeds of sale of the _____ of the corporate debtor.

- a) Unencumbered liabilities
- b) Liquidation assets
- c) Liquidation fund
- d) Unencumbered reserves

Ans.(b)

69. Value of a firm is usually based on _____.

- a) the value of debt and equity
- b) the value of assets and liabilities
- c) the value of debt
- d) the value of equity

Ans.(d)

70. An asset is officially appraised and priced on _____.

- a) Verification date
- b) valuation date
- c) report date
- d) effective date

Ans.(b)

71. Which one of the following is covered in the valuation report?

- a) Proposed Transaction
- b) Related Parties
- c) Share Holding Pattern
- d) Valuation Methodologies

Ans.(d)

72. Which of the following valuation methods would most likely not be used for business valuation?

- a) Discounted Cash Flow
- b) Net Assets Method
- c) Multi-period Excess Earning Method
- d) Industry Price Earnings Ratio DCF

Ans.(c)
