Session 1: Post Class tests

1. Valuation is a skill set that is necessary only for
    a. Investment bankers who may want to assess the value of acquisitions or IPOs
    b. Management consultants who want to provide good corporate finance advice
    c. CFOs who want to understand what drives the value of their businesses
    d. Investors who want to find cheap and expensive stocks
    e. Entrepreneurs who have to negotiate with buyers and VCs about the values of their businesses
    f. All of the above
2. When you value assets, you are implicitly assuming that
    a. The market is always right
    b. The market is always wrong
    c. The market is sometimes wrong, but that it corrects itself eventually
    d. The market is sometimes wrong, and that it does not correct itself eventually
    e. None of the above
3. The biggest enemy of good valuation is bias. To minimize bias in valuation, you should
    a. Read/review what other people think about the value of a company
    b. Meet with the management of the company
    c. Look at the market price
    d. Get paid more to do the valuation
    e. None of the above
4. You are valuing two companies. Company A is a mature company, with a long and stable history. Company B is a young, start-up with substantial uncertainty about the future and little history. Which of the following statements would you subscribe to?
    a. I will be able to value Company A less precisely than Company B, and there will be a bigger payoff to valuing Company B.
    b. I will be able to value Company A more precisely than Company B, and there will be a bigger payoff to valuing Company A.
    c. I will be able to value Company A less precisely than Company B, but there will be a bigger payoff to valuing Company A.
    d. I will be able to value Company A more precisely than Company B, but there will be a bigger payoff to valuing Company B.