9

CHAPTER

Title

Multiple Choice Questions

1. Intangible assets that enjoy legal protection are usually referred to as knowledge assets:
(a) True (b) False

2. MacDonald's is both a brand and a franchise:
(a) True (b) False

3. A brand does not produce cash flows on its own:
(a) True (b) False

4. The cost approach is not very appropriate in valuing a brand as it is not reliable:
(a) True (b) False

5. The value of a franchise is significantly connected to the amount spent to secure it:
(a) True (b) False

6. The direct identification approach is well suited to value a company that has only a trademark as its significant asset in the business:
(a) True (b) False

7. What affects the DCF value of a brand is only the business risk and the financial risk is irrelevant:
(a) True (b) False

8. There is only a limited scope for applying the earnings multiple method in the valuation of intangible assets:
(a) True (b) False

9. A franchise confers on its owner the right to:
(a) Use a branded product
(b) Stock a branded product
(c) Sell a branded service
(d) Upgrade a branded product.
(e) None of the above.

10. The cash flows/earnings associated with an intangible asset may be estimated by:
(a) Royalty method
(b) Direct identification method
(c) Brand contribution method
(d) All of the above
(e) None of the above

11. Utility cost method is a type of:
(a) Brand contribution method
(b) Royalty method
(c) Direct identification method
(d) Utility measure method
(e) None of the above.

12. In valuing intangible assets, retail premium method is different from premium profits method:
(a) True (b) False