

# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Study Materials 5

**Sub: Costing & Taxation**

**Class: XII**

**Chapter: Unit I: Cost of Materials II**

**Topic: Medium Type Questions**

**Date: 18/06/2020**

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Medium Type Questions: (4 marks each)

1. Mention any two advantages and two disadvantages of simple average cost method. (HS 2015)
2. Mention the objectives of pricing for issue of materials. (HS 2016)
3. Write four differences between FIFO and LIFO method. (HS 2017)
4. Under what circumstances application of FIFO method is suitable? Give two examples of such situation. Mention two disadvantages of the method. (HS 2018) (2+2)
5. Write two advantages and two disadvantages of weighted average method of pricing materials issues. (HS 2019) (2+2)
6. When is the Material Transfer Note Used? Give a specimen of the Note. (2+2)
7. What is the ideal method of pricing material issues in continuously rising price situation? Write the advantages and limitation of this method. (1+3)
8. Which method should be used for fixing up prices of material issues when the prices of materials reduce continuously? State the benefits and shortcomings of this method. (1+3)
9. Which method should be considered as the best when there are continuous ups and downs in the market price of materials? Discuss the advantages and drawbacks of this method. (1+3)
10. How is the pricing done for materials returned to stores? Discuss the method of pricing of materials returned to suppliers. (2+2)
11. What are the causes of surplus materials in stores? How are such surplus materials shown in store ledger? (2+2)
12. Write short notes on: Shortage; GRN; SR; Return of materials. (2 marks each)

Note: For answer of the above question, please watch videos.