



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Worksheet 16

**Sub: Costing & Taxation**

**Class: XII**

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

**F.M.: 15**

**Topic: Advantages & Limitations of FIFO**

**Date: 09/06/2020**

**Choose the correct alternatives:**

**1 x 15 =15**

1. FIFO method is  
(a) complicated; (b) easy; (c) simple; (d) both (b) & (c).
2. FIFO is ideal when there is  
(a) increasing price; (b) decreasing price; (c) no fluctuation in price; (b) frequent fluctuation in price.
3. Under FIFO raw materials are issued at  
(a) old price; (b) new price; (c) average price; (d) none of these.
4. When price of materials is increasing, the issues are made at  
(a) higher price; (b) lower price; (c) uniform price; (d) all of these.
5. FIFO is approved by  
(a) AS 19; (b) AS 6; (c) AS 26; (d) none of these.
6. When price of materials is increasing, the closing stock is valued at  
(a) cost price; (b) market price; (c) lower of cost and market price; (d) none of these.
7. In FIFO, there is possibility of making  
(a) error of posting; (c) error of principle; (d) error of principal; (d) none of these.
8. FIFO is  
(a) illogical method; (b) irrational method; (c) logical method; (d) none of these.
9. If FIFO method is followed, then cost of production can be  
(a) varied; (b) static; (c) remains same; (d) none of these.
10. In FIFO different prices are charged for the same materials because  
(a) materials are different; (b) materials are bought at different times; (c) materials are bought at one time; (d) none of these.
11. If FIFO method is adopted then there is  
(a) variation in production cost; (b) wide variation in production cost; (c) little variation in production cost; (d) none of these.
12. In the balance column under FIFO method, number of rates prevails  
(a) one; (b) two; (c) many; (d) all of these.
13. Problem of repurchase is one of the \_\_\_\_\_ of FIFO  
(a) feature; (c) advantage; (b) disadvantage; (d) none of these.
14. FIFO is ideal for  
(a) heavy items; (b) light items; (c) perishable items; (d) none of these.
15. Examples of perishable items are  
(a) egg; (b) milk; (c) meat; (d) all of these.

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