



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answer Key 37

**Sub: Costing & Taxation**

**Class: XI**

**Chapter: Unit 3: Costing: Cost of Materials - I**

**F.M. 15**

**Topic: Materials Control**

**Date: 14/11/2020**

**Choose the correct alternatives:**

**1 x 15 =15**

1. Material Control means systematic control on the  
(a) purchase of inputs; (b) use of inputs; (c) maintenance of inputs; **(d) all of these.**
2. Material control ensures  
(a) reducing wastage; (b) eliminating blockage of cash; (c) smooth flowing of production; **(d) all of these.**
3. Material control is also known as  
**(a) material cost control;** (b) over use of inventory; (c) under use of inventory; (d) none of these.
4. Purchase decision of a cost centre is dependent on the  
(a) volume of production; (b) volume of sales; **(c) volume of materials left in the store;** (d) none of these.
5. Over-stocking leads to  
**(a) unnecessary blockage of working capital;** (b) hamper in the production process; (c) reduction of sales; (d) none of these.
6. Under-stocking leads to  
(a) unnecessary blockage of working capital; **(b) hamper in the production process;** (c) reduction of sales; (d) none of these.
7. The factor which is not required to be considered in the determination of maximum stock level of raw materials is  
(a) Re-order level; (b) Re-order quantity; **(c) Maximum consumption;** (d) Minimum consumption .
8. EOQ = 6,500 units; number of orders = 8; Annual demand of materials will be  
**(a) 52,000 units;** (b) 26,000 units; (c) 65,000 units; (d) 78,000 units.
9. If average stock level is 4,600 units and minimum stock level is 1,400 units, then maximum stock level is  
(a) 8,700 units; (b) 9,700 units; **(c) 7,800 units;** (d) 7,900 units.
10. EOQ stands for  
(a) Essential Order Quantity; **(b) Economic Order Quantity;** (c) Emergency Order Quantity; (d) none of these.
11. Lead time means  
(a) Leading time; (b) Purchase time; **(c) Delivery time;** (d) Production time.
12. Buffer stock means  
**(a) safety stock;** (b) minimum stock; (c) maximum stock; (d) re-order quantity.
13. EOQ = 3,000 units, Annual demand = 24,000 units, No. Of order is  
**(a) 8;** (b) 16; (c) 30; (d) 152.
14. The level of stock beyond which stock of material should not be allowed to rise is called  
(a) Re-order level; (b) Minimum level; (c) Danger level; **(d) none of these.**
15. Opening stock 5,000 units, closing stock 10,000 units, units sold 30,000 units, then units produced =?  
(a) 25,000 units; (b) 27,000 units; **(c) 35,000 units;** (d) 45,000 units.

Compiled by  
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