



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answer Key 12

Class: XII

Sub: Costing & Taxation

Chapter: Unit I: Cost of Materials II

F.M.: 15

Topic: Simple Average Method

Date: 15/05/2020

1. Under simple average method, materials are issued at  
(a) average rate of market price; **(b) average rate of purchase price**; (c) average rate of sale price; (d) none of these.
2. To compute the average rate under simple average method,  
(a) only volume of materials is considered; **(b) only rate of material is considered**; (c) both volume and rate of materials are considered; (d) none of these.
3. Simple average method is applied to prepare  
(a) Ledger; **(b) Store Ledger**; (c) both Ledger & Store Ledger; (d) none of these.
4. For determining average rate of issue of materials  
(a) all available rates are taken; (b) all rates of high volume of materials are taken; (c) **all available rates of materials are taken**; (d) none of these.
5. Simple average method helps to determine \_\_\_\_\_ cost of production.  
(a) exact; (b) accurate; **(c) approximate**; (d) none of these.
6. Simple average method is a  
(a) complex method; (b) difficult method; **(c) simple method**; (d) none of these.
7. If stocks are issued at simple average method, then physical verification of stock is  
(a) possible; **(b) impossible**; (c) executable; (d) none of these.
8. In simple average method the principle that is followed is related to  
**(a) FIFO**; (b) LIFO; (c) HIFO; (d) none of these.
9. The rate of issue under simple average method is the combination of  
(a) two rates; (b) three rates; (c) four rates; **(d) many rates**.
10. Calculation of simple average price does give \_\_\_\_\_ in price.  
**(a) little fluctuation**; (b) wide fluctuation; (c) no fluctuation; (d) none of these.
11. Simple average method is the method of  
(a) purchasing materials; (b) transferring materials; (c) returning materials; **(d) issuing materials**.
12. One similarity among FIFO, LIFO and Simple Average Method is  
(a) these are issuing of materials methods; (b) store ledger can be prepared with these; (c) these are applicable to store department; **(d) all of these**.
13. If excess materials are returned to store then it becomes \_\_\_\_\_ to store department to place the materials at right bin under simple average method.  
(a) easy; (b) simple; **(c) difficult**; (d) none of these.
14. The other option of average method is  
(a) average method; **(b) weighted average method**; (c) Base stock method; (d) none of these.
15. For calculating simple average method, the numerator is always \_\_\_\_\_ than the denominator.  
(a) less; (b) same; **(c) more**; (d) none of these.

Compiled by  
Partha Datta, Asst. Teacher.