Worksheet 17

Sub: Costing & Taxation　　　　　**Class: XII**

Chapter: Unit I: Cost of Materials II　　　　　**F.M.: 15**

Topic: Advantages & Limitations of LIFO　　　　　**Date: 10/06/2020**

Choose the correct alternatives:　　　　　**1 x 15 =15**

1. LIFO is approved by
(a) AS 2; (b) AS 3; (c) AS 6; (d) none of these.

2. Matching concept is derived from
(a) social accounting; (b) management accounting; (c) cost accounting; (d) financial accounting.

3. LIFO is
(a) hard and difficult; (b) easy and simple; (c) easy but complicated; (d) none of these.

4. If LIFO is followed, then
(a) no tax is paid; (b) no additional tax is paid; (c) more tax is paid; (d) none of these.

5. LIFO is ideal for
(a) perishable items; (b) non-perishable items; (c) non-perishable and heavy items; (d) none of these.

6. LIFO is adopted when there is
(a) inflation; (b) deflection; (c) no change in price; (d) none of these.

7. Under LIFO, cost of production can be determined at
(a) cost price; (b) market price; (c) realisable price; (d) none of these.

8. LIFO is utilised to prepare
(a) ledger account; (b) store ledger account; (c) journal; (d) none of these.

9. There is a chance of making _____ error in LIFO.
(a) compensating; (b) posting; (c) principle; (d) all of these.

10. Production cost can be _____ if LIFO is adopted.
(a) fixed; (b) varied; (c) static; (d) none of these.

11. Under LIFO, closing stock is valued at
(a) old price; (b) new price; (c) current market price; (d) none of these.

12. LIFO method is
(a) logical; (b) illogical; (c) always acceptable; (d) none of these.

13. Under LIFO method, physical verification of stock is
(a) possible; (b) implemented; (c) executed; (d) all of these.

14. In LIFO, matching principle
(a) cannot be implemented; (b) can be implemented; (c) not relevant; (d) none of these.

15. Real profit is the term that is widely used in
(a) accountancy; (b) costing; (c) taxation; (d) economics.

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