



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Worksheet 12

**Sub: Costing & Taxation**

**Class: XII**

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

**F.M.: 15**

**Topic: Simple Average Method**

**Date: 15/05/2020**

**Choose the correct alternatives:**

**1 x 15 =15**

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  
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