



St. Lawrence High School

A Jesuit Christian Minority Institution



Answer Key 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

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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