



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answer Key 18

Sub: Costing & Taxation

Class: XII

Chapter: Unit I: Cost of Materials II

F.M.: 15

Topic: Merits and Demerits of Simple Average Method

Date: 11/06/2020

1. Simple Average Method is
(a) complicated; (b) complex; **(c) simple**; (d) none of these.
2. Simple Average method has
(a) no limitation; (b) no advantage; (c) all limitations; **(d) none of these**.
3. For calculating rate under simple average
(a) only rates are taken; (b) only quantity is taken; (c) both rates and quantity are taken; (d) none of these.
4. Physical verification of stock is _____ in simple average method.
(a) impossible; (b) possible; (c) sometimes possible; (d) none of these.
5. Store ledger can be prepared under
(a) FIFO; (b) LIFO; (c) Simple Average Method; **(d) all of these**.
6. Simple average method _____ give wide fluctuation in values.
(a) does; **(b) does not**; (c) always; (d) none of these.
7. Simple average method helps to compute
(a) cost of production based on average cost of materials; (b) actual cost of production; (c) no cost of production; (d) none of these.
8. Closing stock can be valued _____ under simple average method.
(a) positive; (b) negative; **(c) both positive and negative**; (d) none of these.
9. Closing stock can be valued at _____ prices under simple average method.
(a) actual; (b) market; (c) estimated; **(d) average**.
10. If market price of materials changes rapidly, then simple average method is
(a) ideal; **(b) not ideal**; (c) suitable; (d) none of these.
11. Issue price under simple average method consists of
(a) single rate; (b) double rate; **(c) multiple rate**; (d) no rate.
12. Quantity of material plays a/an _____ role in simple average method.
(a) significant; **(b) insignificant**; (c) vital; (d) important.
13. Simple average method is called simple because
(a) rates are computed by simple average method; (b) very easy to do the sum; (c) simple in execution; (d) none of these.
14. The storekeeper prefers
(a) simple average method; (b) FIFO; (c) LIFO; **(d) there is no such preference**.
15. If purchase price of materials increases day by day, then it is _____ to accumulate fund for the repurchase.
(a) possible; (b) **not possible**; (c) sometimes possible; (d) none of these.

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