



St. Lawrence High School

A Jesuit Christian Minority Institution



Answer Key 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

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.**

Compiled by
Partha Datta, Asst. Teacher.