Registration No

Q7.	. Multiple Choice Questio	ns						(Marks	10)		
1.	The inventories are record	led at the latest price l	but the production cost is changed old cost pri				cost price	e?			
	(a) FIFO	(b) Average			(c) Both A	& B			(d)	None	
2.	Ascertain purchases from	the following figures							(d) None (d) None (d) Rs. 80,900 atory system? (d) (a) or (c) apping point) and also ermine the answer (l) quantity of goods when the services is called (d) Net profit ase ase se tion account Work in process in Work in process in		
	Cost of Goods Sold	Rs 80,700									
	Opening Stock	5,800									
	Closing Stock	6,000									
	(a) Rs. 80,540	(b) Rs. 80,539			(c) Rs. 80,	912		(d) Rs.	80,9	000	
3.	. In a rising market which	is the best option for	income st	atement j	preparation	in perp	etual inve	entory s	ystei	m?	
	(a) LIFO	(b) FIFO		(c) W. A	Avg			(d) (a)	or ((c)	
4.	What is the effect on net	income if a compan	y fails to	record a	purchase in	n transi	t (FOB sl	hipping	poii	nt) and al	so fails to
1. 2. 3. 4. 5.	include the purchase in ph	_	,		1			11 8	Ι.	,	
	(a) Income is overstated		following figures Rs 80,700 5,800 6,000 (b) Rs, 80,539 (c) Rs, 80,912 (d) Rs, 80,900 the best option for income statement preparation in perpetual inventory system? (b) FIFO (c) W. Avg (d) (a) or (c) come if a company fails to record a purchase in transit (FOB shipping point) and also fails cal inventory? (b) Income is understated (d) Not enough information is provided to determine the answer thou usually is most applicable when inventory consists of a small quantity of goods which and are individually identifiable? (b) Specific cost identification (d) Weighted average after deducting the direct cost of making the goods or supplying the services is called b) Cost of sales (e) Expenses (d) Net profit d not be considered a component of 'cost' of Goods Sold? (b) Transportation for purchase rial (d) Factory electricity expense (e) Profit and loss account (d) Profit and loss appropriation account can be calculated as follow? Add Opening Work in process inventory Less Closing Work in process inventor Less Opening Work in process inventory Less Closing Work in process inventor Less Opening Work in process inventory Less Closing Work in process inventory (b) Remains constant								
	(c) Income is correct		(d) Not	enough i	nformation	is prov	ided to de	(d) None (d) Rs. 80,900 ventory system? (d) (a) or (c) shipping point) and also fa determine the answer mall quantity of goods which eation g the services is called (d) Net profit rehase pense at oriation account g Work in process inventory g Work in process inventory			
5.	Which inventory costing	method usually is mo	ce but the production cost is changed old cost price? (c) Both A & B (d) None res (c) Rs. 80,912 (d) Rs. 80,900 for income statement preparation in perpetual inventory system? (c) W. Avg (d) (a) or (c) rany fails to record a purchase in transit (FOB shipping point) and also fails to (b) Income is understated (d) Not enough information is provided to determine the answer most applicable when inventory consists of a small quantity of goods which are lually identifiable? (b) Specific cost identification (d) Weighted average the direct cost of making the goods or supplying the services is called (c) Expenses (d) Net profit ered a component of 'cost' of Goods Sold? (b) Transportation for purchase (d) Factory electricity expense (b) Profit and loss account (d) Profit and loss appropriation account ed as follow? Work in process inventory Less Closing Work in process inventory work in process inventory Add Closing Work in process inventory Work in process inventory Less Closing Work in process inventory work in process inventory Add Closing Work in process inventory Work in process inventory Add Closing Work in process inventory Work in process inventory Add Closing Work in process inventory (b) Remains constant								
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0.	(a) Gross profit		e direct co			as or s					
	•	, ,						(a) Net	proi	III	
<i>7</i> .	_	ould not be considere	d a compo	nent of 'c							
	(a) Sales force Salaries				•		•				
	(c) Import duties or raw n	naterial			(d) Factor	y electr	icity expe	ense			
8.	Selling expenses are show	n in?									
	(a) Cost of Goods sold				(b) Profit a	and los	s account		(d) None 2s. 80,900 y system? (a) or (c) ng point) and al ervices is called ervices is called let profit account rk in process		
	(c) Manufacturing account			(d) Profit a	and los	s appropri	ation ac	cou	nt		
9.	Cost of Goods Manufactu	red can be calculated	as follow:	?							
	(a) Total factory Co	st Add Opening V	Work in	process	inventory	Less	Closing	Work	in	process	inventory
	(b) Total factory Co	ost Less Opening	Work in	process	inventory	Add	Closing	Work	in	process	inventory
	(c) Total factory Co	st Less Opening V	Work in	process	inventory	Less	Closing	Work	in	process	inventory
	(d) Total factory Cost A	dd Opening Work in	process in	ventory A	Add Closing	Work	in proces	s invent	ory		
10.	Variable cost per unit?										
•	(a) Varies when output	varies			(b) Remain	ns cons	stant				
	(c) Increases when outp				` ´			decrease	es		

alesR	s. 14,000,500	Sales Return	Rs	. 25,200				
urchases (Net)	2,400,000	Transportation inward		32,000				
Pirect Labor	3,204,000	FOH (Total)		1,885,600				
ales Salaries	200,000	Advertising Expense		155,000				
elivery Expense	65,000							
during the year 25,000 units wer	e completed.							
Inventories	Decemb	er, 2008	January, 2008					
inished Goods	Rs. 467	7,400	Rs. 620,000					
Vork in Process	136	5,800	129,800	0				
Materials	196	5,000	176,000					
equirements:								
1) Total Factory Cost	(2) Cost	of Goods Manufactured	(3) Cost of Good	ds Sold				
4) Gross Profit and Net Profit	(5) Per U	nit Cost of Goods Manufactured						
		Hina Khan Pvt. Ltd						
	Cost of Goods Sold Statement							
	For the Ended December, 2008							
								
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Per unit Cost of goods manufactured =

Q3. Following are data extracted from Fatima Bibi Ltd. Inventory valuation is done at the end year 2010 (Marks 10)

Date		No. of Units	Cost/Unit	Total Cost
Jan. 1	Balance	800	Rs. 7.00	Rs. 5,600
Mar. 8	Purchases	2,200	7.50	16,500
June 23	Purchases	4,000	7.75	31,000
Dec.15	Purchases	<u>3,000</u>	8.00	24,000
Total		10,000		Rs. 77,100

If the year-end 2010, inventory reveals 1,000 units on hand, what is the store's cost of merchandise sold and what is the inventory value on the balance sheet by (LIFO, FIFO and W. Avg.) as well as Comparative Cost Sheet by assuming that Rs. 13 is per unit selling price?

Solution: FIFO

	Cost of Sales					
Units	@	Amount				

Cost Ending Inventory

Units	@	Amount

Solution: LIFO

Cost of Sales

Units	@	Amount

	Cost Ending Inventory						
	Units		@			Amount	
olution: W. Av	g		Cost of S	ales			
	Units		@	ares		Amount	
			Cost Ending 1	nventory			
	Units		@	nveniory		Amount	
V. Avg Rate =							
			Comparative	Cost Sheet	(in amount))	
Methods	Balance	Purchases	(Closing Stock)	CGS	Sales	(CGS)	Gross Profit
FIFO							

LIFO

Average