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COST AND WORKS ACCOUNTING
PAPER I
Chapter 3: Material Control
Multiple Choice Questions
(Fill in the blanks)

1] _______ is the first and most important element of cost.
   A] Expenses
   B] Labour
   C] Material

2] The term ______ refers to all commodities that are consumed in the process of production,assembly and fabricated parts.
   A] Labour
   B] Material
   C] Expenses

3] The term ________ is defined as a system that ensures the provision of the required quantity of material of the required quality at the required time with the minimum amount of capital.
   A] Material Control
   B] Labour Control
   C] Marketing Control

4] _______ purchase procedure should be installed to ensure that the purchases are made at favourable prices.
   A] Marginal
   B] Standard
   C] Joint
5] The term ________ may be defined as the systematic control over the procurement of materials.
   A] Material control
   B] Purchase control
   C] Sales control

6] The organisation of the purchase department depends on the ______ of the organisation and its likely quantum of purchase.
   A] Size
   B] Number of managers
   C] Number of workers

7] ________ is the head of the purchase department.
   A] Sales Manager
   B] Purchase Manager
   C] Marketing Manager

8] Purchase ________ is to be prepared to know what to buy, what should be the quantity, quality and price.
   A] requisition
   B] order
   C] budget

9] One of the objective of __________ is to avoid under and overstocking of material.
   A] Scientific Purchasing
   B] Purchasing
   C] Sales control
10] The ________ must maintain a proper classified record of all purchases, uses and stock of materials.
A] Costing officer
B] Purchase manager
C] stores clerk

11] The receipt of ___________ is the first step in purchase procedure.
A] Invoice
B] Material requisition
C] Purchase requisition

12] The Purchase _________ is a contractual document which authorizes the supplier to supply the material.
A] Note
B] Requisition
C] Order

13] __________ forms the basis of entries to the stores ledger.
A] Purchase Order
B] Goods Received Note
C] Purchase Requisition

14] The stock level at which the storekeeper initiates purchase requisitions is known as ______ .
A] Re-order level
B] Danger level
C] Maximum stock level
15] ________ is a buffer stock level or safety stock level under which the stock should not be allowed to fall.
A] Average stock level
B] Maximum stock level
C] Minimum stock level

16] The formula Maximum consumption multiply Maximum reorder period is used to compute ________.
A] Re-order level
B] Maximum stock level
C] Minimum stock level

17] The average stock level is ______ units if the maximum stock level is 2475 units and the minimum stock level is 855 units.
A] 1565
B] 1665
C] 1465

18] The optimum level of inventory is popularly referred to as the ________.
A] Minimum stock level
B] Re-order stock level
C] Economic Order Quantity

19] In the formula of Economic Order Quantity, the alphabet ‘O’ stands for ________.
A] Ordering level
B] Ordering Cost
C] Ordering & Carrying Cost
20] Economic Order Quantity is the tool for controlling ________.
   A] Inventory
   B] Labour
   C] Expenses

ANSWERS:
1] Material
2] Material
3] Material Control
4] Standard
5] Purchase control
6] Size
7] Purchase Manager
8] Budget
9] Scientific purchasing
10] Purchase manager
11] Purchase requisition
12] Order
13] Goods Received Note
14] Re-order level
15] Minimum stock level
16] Re-order level
17] 1665
18] Economic Order Quantity
19] Ordering Cost
20] Inventory

Reference:
Text book on Cost & Works Accounting by Dr.N.M.Nare & Prof.T.R.Thorat, Atharva Prakashan, Pune.