S.Y.B.Com
COST AND WORKS ACCOUNTING
PAPER I
Chapter 5: Inventory Control
Multiple Choice Questions
(Fill in the blanks)

1] Inventory Control is an important part of _______ management.
   A] Material
   B] Labour
   C] Expenditure

2] A system which ensures the provision of the required quantity of inventories of the required quality at the required time with the minimum amount of capital is known as_______.
   A] Labour Control
   B] Inventory Control
   C] Costing

3] To help ______ in taking inventory decisions is one of the objectives of inventory control.
   A] Workers
   B] Management
   C] Consumers

4] ________ involves verifying the physical quantities of stores in hand.
   A] Pricing of Issues
   B] Material control
   C] Stock taking
5] Stock taking is essential to know the correctness of the balances shown in bin cards and __________ accounts.
A] Suspense
B] Financial
C] Store ledger

6] Stock verification sheet is also known as ______ sheet.
A] Inventory
B] Evaluation
C] Performance

7] __________ inventory system is a method of recording stores balances at the time of each receipt and issue, to facilitate regular checking and stock taking.
A] Continuous
B] Periodic
C] Perpetual

8] ________ is the portion of raw material lost in processing, storage and handling having no recoverable value.
A] Scrap
B] Waste
C] Spoilage

9] ________ is the incidental residue from certain types of manufacture usually of low value recoverable without further processing.
A] Spoilage
B] Waste
C] Scrap
10] _______ is the result of various causes such as substandard materials, bad supervision, and carelessness in planning etc.
A] Defective work
B] Scrap
C] Wastage

11] _______ is defined as the materials which in the process of manufacture are badly damaged and beyond rectification and thus the goods ought to be disposed off as seconds.
A] Wastage
B] Spoilage
C] Scrap

12] ABC analysis is an important _________ of inventory control.
A] Process
B] Method
C] Technique

13] ABC analysis is a technique of material control according to _______.
A] Number
B] Value
C] Quality

14] Inventory turnover is a ______ of the value of materials consumed during a period to the average value of inventory during the period.
A] Percentage
B] Ratio
C] Index
15] _____________ helps the management to know the fast and slow moving material in stock.
A] Inventory ratio
B] Stock levels
C] Pricing of issues

16] A higher inventory turnover ratio indicates that the material item is ________ moving.
A] Non-moving
B] Slow
C] Fast

A] Lower
B] Higher
C] Constant

18] Material Turnover Ratio is computed by dividing ________ with the average stock.
A] Total cost
B] Cost of material consumed
C] Inventory ratio

19] Cost of material consumed is computed by deducting closing stock from the total of opening stock and ________.
A] Sales
B] Purchases
C] Consumables
20] In ABC analysis the category ‘A’ includes items with small quantity but high _____.

A] Weight
B] Value
C] Density

ANSWERS:
1] Material
2] Inventory control
3] Management
4] Stock taking
5] Store Ledger
6] Inventory
7] Perpetual
8] Waste
9] Scrap
10] Defective work
11] Spoilage
12] Technique
13] Value
14] Ratio
15] Inventory ratio
16] Fast
17] Lower
18] Cost of material consumed
19] Purchases
20] Value

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