

15 Lecture - MGT101

Important Mcqs

1. **What is the purpose of the perpetual inventory system?**
 - a) To physically count inventory at the end of a period
 - b) To maintain a real-time record of inventory movements
 - c) To determine the value of ending inventory
 - d) None of the above

Answer: b) To maintain a real-time record of inventory movements

2. **Which inventory valuation method assumes that the last inventory items purchased are the first to be sold?**
 - a) FIFO
 - b) LIFO
 - c) Weighted Average Cost
 - d) None of the above

Answer: b) LIFO

3. **How is the cost of goods sold calculated?**
 - a) Beginning inventory - ending inventory
 - b) Ending inventory - beginning inventory
 - c) Beginning inventory + purchases - ending inventory
 - d) None of the above

Answer: c) Beginning inventory + purchases - ending inventory

4. **Which inventory system involves physically counting inventory at the end of a specific period?**
 - a) Perpetual inventory system
 - b) Periodic inventory system
 - c) Weighted average cost system
 - d) None of the above

Answer: b) Periodic inventory system

5. **What is the purpose of the inventory turnover ratio?**
 - a) To measure how many times a business sells and replaces its inventory during a specific period
 - b) To determine the value of ending inventory
 - c) To calculate the cost of goods sold
 - d) None of the above

Answer: a) To measure how many times a business sells and replaces its inventory during a specific period

6. **Which inventory valuation method assumes that the first inventory items purchased are the first to be sold?**
- a) FIFO
 - b) LIFO
 - c) Weighted Average Cost
 - d) None of the above

Answer: a) FIFO

7. **What is the difference between the perpetual inventory system and the periodic inventory system?**
- a) The perpetual inventory system involves physically counting inventory, while the periodic inventory system maintains a real-time record of inventory movements
 - b) The perpetual inventory system maintains a real-time record of inventory movements, while the periodic inventory system involves physically counting inventory
 - c) Both systems involve physically counting inventory
 - d) None of the above

Answer: b) The perpetual inventory system maintains a real-time record of inventory movements, while the periodic inventory system involves physically counting inventory

8. **How is the value of ending inventory calculated using the LIFO method?**
- a) Multiplying the number of units in ending inventory by the cost per unit of the most recent inventory purchases
 - b) Dividing the total cost of goods available for sale by the total units available for sale
 - c) Adding the beginning inventory to the purchases made during the period and subtracting the ending inventory
 - d) None of the above

Answer: a) Multiplying the number of units in ending inventory by the cost per unit of the most recent inventory purchases

9. **What is the purpose of the weighted average cost method?**
- a) To assume that the first inventory items purchased are the first to be sold
 - b) To calculate the average cost of inventory by dividing the total cost of goods available for sale by the total units available for sale
 - c) To maintain a real-time record of inventory movements
 - d) None of the above

Answer: b) To calculate the average cost of inventory by dividing the total cost of goods available for sale by the total units available for sale

10. **Which inventory system is commonly used to record inventory movements in real-time?**
- a) Perpetual inventory system
 - b) Periodic inventory system
 - c) Weighted average cost system
 - d) None of the above

Answer: a) Perpetual inventory system