

# 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**