

16 Lecture - MGT101

Important Mcqs

1. **What is the Cost of Goods Sold statement?**
- A) A statement that reflects the cost of goods purchased
 - B) A statement that reflects the cost of goods manufactured
 - C) A statement that reflects the cost of goods sold
 - D) A statement that reflects the cost of goods in inventory

Answer: C) A statement that reflects the cost of goods sold

2. **What is the importance of the Cost of Goods Sold statement?**
- A) It provides information on the gross profit of a business
 - B) It provides information on the net profit of a business
 - C) It provides information on the revenue generated by a business
 - D) It provides information on the total assets of a business

Answer: A) It provides information on the gross profit of a business

3. **What is the formula for calculating the Cost of Goods Sold?**
- A) Beginning inventory + Purchases – Ending inventory
 - B) Beginning inventory – Purchases + Ending inventory
 - C) Beginning inventory + Purchases + Ending inventory
 - D) Beginning inventory – Purchases – Ending inventory

Answer: A) Beginning inventory + Purchases – Ending inventory

4. **What is the purpose of valuing inventory?**
- A) To determine the number of units in inventory
 - B) To determine the cost of goods sold
 - C) To determine the selling price of goods
 - D) To determine the net income of a business

Answer: B) To determine the cost of goods sold

5. **Which inventory valuation method assumes that the first goods purchased are the first sold?**
- A) FIFO
 - B) LIFO
 - C) Weighted average
 - D) Specific identification

Answer: A) FIFO

6. **Which inventory valuation method assumes that the last goods purchased are the first sold?**

- A) FIFO
- B) LIFO
- C) Weighted average
- D) Specific identification

Answer: B) LIFO

7. **What is the formula for calculating the weighted average cost of inventory?**

- A) Total cost of goods sold / Total units sold
- B) Total cost of goods available for sale / Total units available for sale
- C) Total cost of goods in inventory / Total units in inventory
- D) Total cost of goods produced / Total units produced

Answer: B) Total cost of goods available for sale / Total units available for sale

8. **What is the impact of using LIFO valuation on the Cost of Goods Sold?**

- A) It reduces the cost of goods sold
- B) It increases the cost of goods sold
- C) It has no impact on the cost of goods sold
- D) It depends on the inventory level

Answer: A) It reduces the cost of goods sold

9. **What is the impact of using FIFO valuation on taxes?**

- A) It increases taxes
- B) It reduces taxes
- C) It has no impact on taxes
- D) It depends on the inventory level

Answer: B) It reduces taxes

10. **Which financial statement does the Cost of Goods Sold appear on?**

- A) Income statement
- B) Balance sheet
- C) Statement of cash flows
- D) Statement of retained earnings

Answer: A) Income statement