

11 Lecture - MGT401

Important Mcqs

1. **Which inventory costing method assumes that the first items purchased are the first ones sold?**
- a) First-In-First-Out (FIFO)
 - b) Last-In-First-Out (LIFO)
 - c) Weighted Average
 - d) Specific Identification

Answer: a) First-In-First-Out (FIFO)

2. **What is the cost of goods sold formula?**
- a) Beginning Inventory + Purchases - Ending Inventory
 - b) Beginning Inventory - Purchases + Ending Inventory
 - c) Beginning Inventory - Cost of Goods Sold + Ending Inventory
 - d) Beginning Inventory + Cost of Goods Sold - Ending Inventory

Answer: d) Beginning Inventory + Cost of Goods Sold - Ending Inventory

3. **Which inventory valuation method results in the highest inventory valuation during inflationary periods?**
- a) FIFO
 - b) LIFO
 - c) Weighted Average
 - d) Specific Identification

Answer: a) FIFO

4. **Which of the following statements about the Economic Order Quantity (EOQ) model is true?**
- a) It assumes that inventory ordering and holding costs are constant.
 - b) It is a push-based inventory control system.
 - c) It does not consider the impact of stockouts.
 - d) It is only applicable to large organizations.

Answer: a) It assumes that inventory ordering and holding costs are constant.

5. **What is the reorder point formula?**
- a) Safety Stock + Lead Time
 - b) Safety Stock - Lead Time
 - c) Safety Stock x Lead Time
 - d) Safety Stock / Lead Time

Answer: a) Safety Stock + Lead Time

6. **Which inventory control system is based on the premise that inventory should arrive just when it is needed for production?**
- a) Economic Order Quantity (EOQ)
 - b) Just-In-Time (JIT)
 - c) Material Requirements Planning (MRP)
 - d) Capacity Requirements Planning (CRP)

Answer: b) Just-In-Time (JIT)

7. **Which inventory classification method uses the 80/20 rule to identify the most important inventory items?**
- a) ABC analysis
 - b) XYZ analysis
 - c) VED analysis
 - d) FSN analysis

Answer: a) ABC analysis

8. **Which of the following is a disadvantage of holding too much inventory?**
- a) Increased storage costs
 - b) Increased stockouts
 - c) Decreased customer satisfaction
 - d) Increased production downtime

Answer: a) Increased storage costs

9. **What is the primary objective of inventory management?**
- a) Maximize inventory turnover
 - b) Minimize inventory costs
 - c) Maximize customer satisfaction
 - d) Maximize inventory accuracy

Answer: b) Minimize inventory costs

10. **Which of the following is an example of a demand-based inventory control system?**
- a) Economic Order Quantity (EOQ)
 - b) Material Requirements Planning (MRP)
 - c) Just-In-Time (JIT)
 - d) Kanban

Answer: d) Kanban