

10 Lecture - MGT101

Important Subjective

1. **What is a transaction in accounting?**

Answer: A transaction in accounting is any economic event that affects a company's financial position and is recorded in the accounting system.

2. **What is the purpose of a journal entry?**

Answer: The purpose of a journal entry is to record a transaction in the accounting system.

3. **What is the difference between a debit and a credit in accounting?**

Answer: In accounting, a debit is an entry made on the left side of an account, while a credit is an entry made on the right side of an account.

4. **What is the double-entry accounting system?**

Answer: The double-entry accounting system is a system of accounting that requires every transaction to be recorded in at least two accounts.

5. **What is the trial balance?**

Answer: The trial balance is a list of all accounts and their balances at a specific point in time, used to ensure that the total debits equal the total credits in the accounting system.

6. **What is the purpose of the income statement?**

Answer: The purpose of the income statement is to show a company's revenues and expenses over a specific period of time, typically a quarter or a year.

7. **What is the purpose of the balance sheet?**

Answer: The purpose of the balance sheet is to show a company's financial position at a specific point in time by listing its assets, liabilities, and equity.

8. **What is the purpose of the statement of cash flows?**

Answer: The purpose of the statement of cash flows is to show how a company generated and used cash during a specific period of time.

9. **What is the difference between cash and accrual accounting?**

Answer: Cash accounting records transactions when cash is received or paid, while accrual accounting records transactions when they occur, regardless of when cash is received or paid.

10. **What is the purpose of adjusting entries?**

Answer: The purpose of adjusting entries is to update account balances and ensure that the financial statements reflect accurate information at the end of an accounting period.