# 11 Lecture - MGT101

# **Important Subjective**

# 1. What is the purpose of adjusting entries in accounting?

Answer: Adjusting entries are made to update account balances and ensure that the financial statements accurately reflect the company's financial position and performance.

### 2. What is a reversing entry and when is it used?

Answer: A reversing entry is an optional entry made at the beginning of a new accounting period to reverse the effects of a previous adjusting entry.

#### 3. What is the purpose of closing entries in accounting?

Answer: Closing entries are made to transfer net income or loss to the retained earnings account and close temporary accounts in preparation for the next accounting period.

#### 4. What is the difference between a general journal and a specialized journal?

Answer: A general journal is used to record transactions that do not fit into a specialized journal, while specialized journals are used to simplify the recording process for certain types of transactions.

#### 5. What is the purpose of a trial balance?

Answer: The purpose of a trial balance is to ensure that the accounting system remains in balance and to identify any errors in the recording process.

#### 6. What is the purpose of the sales journal?

Answer: The sales journal is used to record credit sales.

#### 7. What is the purpose of the purchases journal?

Answer: The purchases journal is used to record credit purchases.

## 8. What is the difference between accrued expenses and prepaid expenses?

Answer: Accrued expenses are expenses that have been incurred but not yet paid, while prepaid expenses are expenses that have been paid in advance.

#### 9. What is the difference between depreciation expense and accumulated depreciation?

Answer: Depreciation expense is the amount of a long-term asset's cost that is expensed during a specific period, while accumulated depreciation is the total amount of depreciation that has been recorded for a long-term asset over its useful life.

#### 10. What is the purpose of the post-closing trial balance?

Answer: The purpose of the post-closing trial balance is to ensure that the accounting system remains in balance after all closing entries have been made.