

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.