

26 Lecture - MGT101

Important Mcqs

1. **Which of the following is a benefit of using control accounts in accounting?**
- They provide detailed information about individual transactions.
 - They help businesses to manage their cash flow more effectively.
 - They reduce the risk of bad debts.
 - They provide a summary of all outstanding balances.

Answer: d. They provide a summary of all outstanding balances.

2. **Which of the following is an example of a control account?**
- Accounts payable ledger
 - Sales journal
 - Cash receipts journal
 - General ledger

Answer: a. Accounts payable ledger

3. **Which of the following is a disadvantage of using control accounts in accounting?**
- They are time-consuming to maintain.
 - They are prone to errors and discrepancies.
 - They provide limited information about individual transactions.
 - They do not provide a summary of outstanding balances.

Answer: c. They provide limited information about individual transactions.

4. **How do control accounts help businesses to manage their accounts receivable?**
- By recording all transactions related to accounts payable in the control account.
 - By providing a summary of all outstanding balances.
 - By identifying overdue payments and monitoring the creditworthiness of customers.
 - By reducing the risk of bad debts.

Answer: c. By identifying overdue payments and monitoring the creditworthiness of customers.

5. **Which of the following is a disadvantage of using control accounts for managing accounts payable?**
- They do not provide a summary of outstanding balances.
 - They are time-consuming to maintain.
 - They provide limited information about individual transactions.
 - They are prone to errors and discrepancies.

Answer: b. They are time-consuming to maintain.

6. **What is the purpose of recording transactions related to accounts receivable in the control account?**
- a. To provide a summary of all outstanding balances.
 - b. To identify overdue payments and monitor the creditworthiness of customers.
 - c. To reduce the risk of bad debts.
 - d. To provide detailed information about individual transactions.

Answer: a. To provide a summary of all outstanding balances.

7. **Which of the following is an example of a control account for managing accounts receivable?**
- a. Accounts payable ledger
 - b. Cash receipts journal
 - c. Sales journal
 - d. Accounts receivable ledger

Answer: d. Accounts receivable ledger

8. **How do control accounts help businesses to manage their cash flow more effectively?**
- a. By reducing the risk of bad debts.
 - b. By providing a summary of all outstanding balances.
 - c. By identifying overdue payments and monitoring the creditworthiness of customers.
 - d. By recording all transactions related to accounts payable in the control account.

Answer: b. By providing a summary of all outstanding balances.

9. **Which of the following is a disadvantage of using control accounts for managing accounts receivable?**
- a. They provide limited information about individual transactions.
 - b. They do not provide a summary of outstanding balances.
 - c. They are prone to errors and discrepancies.
 - d. They are time-consuming to maintain.

Answer: a. They provide limited information about individual transactions.

10. **What is the purpose of recording transactions related to accounts payable in the control account?**
- a. To provide a summary of all outstanding balances.
 - b. To identify overdue payments and monitor the creditworthiness of suppliers.
 - c. To reduce the risk of bad debts.
 - d. To provide detailed information about individual transactions.

Answer: b. To identify overdue payments and monitor the creditworthiness of suppliers.