

26 Lecture - MGT101

Important Subjective

1. **What is the purpose of a control account in accounting?**

Answer: The purpose of a control account is to provide a summary of all transactions related to a particular account or group of accounts, and to check the accuracy of the subsidiary ledgers.

2. **How do control accounts help businesses to manage their accounts payable?**

Answer: Control accounts help businesses to manage their accounts payable by providing a summary of all outstanding balances, identifying overdue payments, and monitoring the creditworthiness of suppliers.

3. **What is the difference between a subsidiary ledger and a control account?**

Answer: A subsidiary ledger is a detailed record of all transactions related to a particular account, while a control account is a summary of those transactions.

4. **What are the advantages of using control accounts in accounting?**

Answer: The advantages of using control accounts include reducing the risk of errors and discrepancies, providing a summary of outstanding balances, and improving the accuracy and efficiency of the accounting process.

5. **What is the purpose of a debtor control account?**

Answer: The purpose of a debtor control account is to provide a summary of all transactions related to accounts receivable and to monitor the creditworthiness of customers.

6. **What is the purpose of a creditor control account?**

Answer: The purpose of a creditor control account is to provide a summary of all transactions related to accounts payable and to monitor the creditworthiness of suppliers.

7. **How do control accounts help businesses to manage their cash flow?**

Answer: Control accounts help businesses to manage their cash flow by providing a summary of all outstanding balances and by identifying overdue payments.

8. **What is the purpose of a provision for bad debts control account?**

Answer: The purpose of a provision for bad debts control account is to provide a summary of all transactions related to bad debts and to ensure that an appropriate provision is made for them in the financial statements.

9. **What are the potential drawbacks of using control accounts in accounting?**

Answer: The potential drawbacks of using control accounts include the time and effort required to maintain them, the risk of errors and discrepancies, and the limited information they provide about individual transactions.

10. **What is the role of a bookkeeper in maintaining control accounts?**

Answer: The role of a bookkeeper in maintaining control accounts is to ensure that all transactions are recorded accurately and promptly in the appropriate ledger, and that the control account is updated regularly to reflect the current balance.