

27 Lecture - MGT101

Important Subjective

- 1. What is the difference between a sales ledger control account and a purchases ledger control account?**
Answer: A sales ledger control account tracks all sales made by the business, while a purchases ledger control account tracks all purchases made by the business.
- 2. Why is it important to reconcile control accounts with subsidiary ledgers regularly?**
Answer: Regular reconciliation helps detect discrepancies between the two sets of accounts, which can be investigated and corrected before they lead to bigger problems.
- 3. How can control accounts be used to manage cash flow?**
Answer: Control accounts can help businesses track their accounts payable and accounts receivable, enabling them to manage their cash flow more effectively.
- 4. What is the role of a bank control account?**
Answer: The bank control account reconciles the balances of the business's various bank accounts.
- 5. How do control accounts help businesses make informed decisions?**
Answer: By providing accurate and up-to-date financial information, control accounts help businesses make informed decisions about their operations and finances.
- 6. How can control accounts be used to detect and prevent fraud?**
Answer: By regularly reconciling control accounts with subsidiary ledgers, discrepancies can be identified and investigated, which can help prevent errors and fraud in accounting systems.
- 7. What is the benefit of using a control account to track expenses related to a particular project or department?**
Answer: It provides a clear picture of the expenses associated with the project or department, enabling businesses to manage their budgets more effectively.
- 8. How can control accounts help businesses identify areas for improvement?**
Answer: By providing a clear picture of the business's financial performance, control accounts can help businesses identify areas where costs can be reduced or revenue increased.
- 9. What is the primary purpose of a control account?**
Answer: The primary purpose of a control account is to monitor and manage the balances of related accounts.
- 10. What are some common types of control accounts?**
Answer: Some common types of control accounts include sales ledger control accounts, purchases ledger control accounts, and bank control accounts.