18 Lecture - MGT401

Important Subjective

1. What is the difference between a long-term deposit and a current asset?

Answer: Long-term deposits are assets that are held for more than one year, while current assets are expected to be used or sold within one year.

2. What is an example of a prepayment?

Answer: An example of a prepayment is rent paid in advance.

3. Why are current assets important for a company?

Answer: Current assets are important for a company because they help to support ongoing operations.

4. What is the difference between a current asset and a non-current asset?

Answer: Current assets are expected to be used or sold within one year, while non-current assets are held for more than one year.

5. What is an example of a long-term deposit?

Answer: An example of a long-term deposit is a payment made for a loan.

6. What is an example of a non-current asset?

Answer: An example of a non-current asset is land held for investment purposes.

7. What is the purpose of prepayments?

Answer: Prepayments are made to ensure that an expense will be covered in advance of its actual occurrence.

8. How are long-term deposits reported on the balance sheet?

Answer: Long-term deposits are reported as a long-term asset on the balance sheet.

9. What is the purpose of current assets?

Answer: Current assets are used to support ongoing operations of a company.

10. What is an example of a current asset?

Answer: An example of a current asset is inventory held for sale.