

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.