# 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.