Title

Student's Name

Institutional Affiliation

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1. Current assets are expected to be used during one year. They could be either cashed or sold to the customers. Money and other resources are considered to be current assets. Long-term assets are exploited more than 12 months. They usually include land, buildings, furniture, equipment etc. They are not turned into cash easily.

2. In contrary to long-term investments, marketable securities are easily converted into cash in case of need. In addition, the price at which these securities are bought or sold does not change significantly.

3. Current liabilities are to be paid or renewed within one year. The classification of liabilities and determination of the short ones is important for the executives of the company, owners, and lenders and for those people who carry out financial analyze.

4. The part of the mortgage that is paid during the year is related to the short-term liabilities. The rest is classified as long-term one.

5. There are unrestricted, temporarily restricted and permanently restricted net assets. The first one is used as operating fund.

6. Depreciation refers to the intentional reduction of value of the company's assets because of the wear and tear, time passage, or any other reason leading to their destruction or injuring. It lets the company to decrease its net income which eventually leads to the decrease of taxes that are to be paid.

7. Non-profit organizations should keep their charts of accounts as well since it is needed for reporting about their financial activities as both grant-givers and government requires the financial data.

8. In general, non-profit organizations are exempted from the duty of paying taxes. However, it does not apply to the taxes associated with employment. In addition, if the organization carries out other activities which are not related to its basic goals then it is subjected to pay income taxes.

9. It happens only if one asset replaces another asset, and one liability is exchanged for another. In such cases the company neither requires nor loses something so that the account's sheet remains balanced.

10. It is liability because it involves the revenue that has not been earned yet. However, it shows the volume or number of products or services that are to be provided to the customer.