

LIABILITY

Liability is an **obligation of the business** that occurs as **a result of past events**. For example, the business took a bank loan last year to expand their business. Thus, the business has a responsibility/obligation to pay the bank loan. The obligation arises due to the past event which taking

SELECT the most appropriated classification.

Account title	Classification
Drawing	
Capital	
Inventories/Stocks	
Loan	
Account payables	
Overdraft – bank lend money more than what you have in the bank account	
Salary	
Land	
Advertisement cost	
Rental received	