

Solution:

Current liabilities refer to those liabilities that are to be paid or to be done by the end of the year or the accounting period concerned, whichever is higher. These liabilities are obligations that the company is required to address within their accounting period, or “urgent obligations”. For example, rent expenses, accounts payable and warranties are typically considered as current liabilities.

On the other hand, non-current liabilities are those liabilities that are to be paid or done beyond the year. They are liabilities with huge lives, and are considered not urgent by the company, as they can be dealt with later (or are perpetual). These liabilities are often done in instalments (like bonds) or deferred till the longer periods (like leases).

The difference is between the urgency; the non-current assets can typically become current assets when their due is within an accounting year of the concern.