RED RIVER FARMS

Balance sheet

Sep 30,2001

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| --- | --- |
| Assets  Liabilities and owner equity  Cash 16710  Account receivable22365  Land 550000  Barns sheds 78300  Citrus tree 76650  Fences gates 33570  Irrigation system 20125  Livestock 120780  Farm machines 42970  Total 961470 | Liabilities and owner equity  Note payable 530000  Account payable 77095  Wages payable 1820  Tax payable 9135  Total 618050  Owner’s equity = 343420 |

Exercise 2.7

Answer

A) Purchase land And sign note payable

B) Pay the note payable.

C) Purchase equipment on cash.

D) Owner invest cash in the business.

E) Purchase land for 30% cash, and for other sign a note payable.