RED RIVER FARMS

 Balance sheet

 Sep 30,2001

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| Assets Liabilities and owner equityCash 16710Account receivable22365 Land 550000Barns sheds 78300Citrus tree 76650Fences gates 33570Irrigation system 20125Livestock 120780Farm machines 42970Total 961470 | Liabilities and owner equityNote payable 530000Account payable 77095Wages payable 1820Tax payable 9135Total 618050Owner’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.