**Name:** Mahnoor Khalid

**ID No:** 15123

**Subject:** Accounting

**Teacher:** Mam Marium Saleem

**Assignment:**1

**Problem: 2.6**

Red River Farms

Balance sheet

September 30 ,2001

|  |  |  |  |
| --- | --- | --- | --- |
| Assets | Dollars | Liabilities & Owner Equity | Dollars |
| Cash | $16710 | Note Payable | $53000 |
| Account Receivable | 22365 | Account Payable | 77095 |
| Land | 55000 | Property taxes payable | 9135 |
| Barns And Sheds | 78300 | Wages Payable | 1820 |
| Citrus Tree | 76650 | Hollis Roberts Capital | $343420 |
| Livestock | 120780 |  |  |
| Irrigation System | 20125 |  |  |
| Farm Machinery | 42970 |  |  |
| Fences And Gates | $33570 |  |  |

**Total**:$961470  **Total**:$961470

**Exercise:2.7**

**a)** The purchase of office equipment (or any other asset) on credit will cause an increase in the asset (office equipment) and an increase in a liability.

**b)** The payment of an account payable or note payable will cause a decrease in the asset cash and a decrease in the liability paid.

**c)** The collection of an account receivable will cause an increase in one asset (cash) and a decrease in another asset (account receivable). Other examples include the purchase of land for cash, and the sale of land for cash or on credit.

**d)** The investment of cash in the business by the owner will cause an increase in an asset ( cash) and an increase in the owner’s equity.

**e)** The purchase of an automobile (or other asset) paying part of the cost in cash and promising to pay the remainder at a later time would cause an increase in one asset (automobile), a decrease in another asset(cash) , and an increase in a liability by the amount of the unpaid portion.