## Transaction 3: Purchase Equipment with Cash

Rose Designs buys equipment, $10,000 with cash. This transaction increases and decreases the assets of the business as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **ASSETS** | | | **=** | **LIABILITIES** | **+** | **STOCKHOLDERS’ EQUITY** | | | | | | |
|  |  |  |  |  |  |  |  |  | **Retained Earnings** | | | | |
|  | Cash | + | Equipment | = | Notes Payable | + | Common  Stock | − | Dividends | + | Revenues | − | Expenses |
| Bal. | $ 100,000 |  |  | = | $ 80,000 | + | $ 20,000 |  |  |  |  |  |  |
| (3) | (10,000) |  | +10,000 |  |  |  |  |  |  |  |  |  |  |
| Bal. | $ 90,000 | + | $ 10,000 | = | $ 80,000 | + | $ 20,000 |  |  |  |  |  |  |

**Note:** *Try changing Cash and Equipment values in the green boxes of the Accounting Equation above. The impacting changes will reflect in the Balance Sheet and Statement of Cash Flow tables.*

Following table illustrates the impact of this transaction on the "Financial Statements" of Rose Designs:

|  |
| --- |
| This table will be replaced by Leonardo item = leo-leonardo-dev-482 |
|  |
|  |
|  |