

Solution:

(1)

Since the net sales is \$89,971,000 and the company gave \$1,240,000 as cash discounts, the total sales allowance and returns is given by:

$$\begin{aligned} &\text{Gross Sales with Allowance and Return} \\ &= \$89,971,000 + \$1,240,000 = \$91,211,000 \end{aligned}$$

Now, the allowance and return are 4% of the gross sales. Thus, we see that the gross sales with allowance and return is $1.04 \times$ Gross Sales.

Putting the values, we see that

$$\text{Gross Sales} = \$ \frac{91,211,000}{0.96} = \$95,011,458.33$$

Thus, the gross sales are \$95,011,458.33 approximately.

(2)

The more detailed statement is as follows:

Particulars	Amount ¹
Gross Sales	95,011.46
<i>Less: Customers Returns</i>	(2,375.29)
<i>Less: Sales Allowances</i>	(1,425.17)
<i>Less: Cash Discounts on Sales</i>	(1,240.00)
Net Sales	89,971

¹In thousands of \$