**Analysis of Impact on Balance Sheet:**

|  |  |
| --- | --- |
| Operation | Action on Balance Sheet |
| Gross sales on credit | +850,000 in assets  +850,000 in equity |
| Sales returns & allowances to the customers | -50,000 in assets  +50,000 in equity |
| Cash discounts granted to customers | -35,000 in assets  -35,000 in equity |

**Journal entries for the above transactions:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Particulars** | **Debit** | **Credit** |
| March | Accounts Receivables  To Sales | 850,000 | 850,000 |
| Sales Return & Allowances  To Accounts Receivables | 50,000 | 50,000 |
| Cash Discounts  To Accounts Receivables | 35,000 | 35,000 |

**Assuming that these are the only transactions, the revenue statement will be as follows:**

|  |  |
| --- | --- |
| Particulars | Amount ($) |
| Gross Sales in March | 850,000 |
| Less: Sales returns & allowances | 50,000 |
| Less: Cash discounts | 35,000 |
| Net Sales in March | 765,000 |