Let us analyse the framework using balance sheets.

2/10, n/30 => customer pays within 10 days to get 2% discount or has to pay full in 30 days otherwise.

Now it paid almost 9 days later => it is eligible for discount. Thus, he will get 2% discount.

So, the updates for balance sheet are as follows:

|  |  |
| --- | --- |
| Particulars | Effect on Balance Sheet |
| Selling of video equipment on credit | +600,000 in assets  (Increase in Accounts Receivable)  +600,000 in equity  (Increase in Sales) |
| Payment of the net cash | -600,000 in assets  (Decrease in Accounts Receivable)  +588,000 in assets  (Increase in Cash)  -12,000 in equity  (Increase in Discount given) |

Thus, we can write the journal entries as well:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Particulars** | **Debit** | **Credit** |
|  | Account Receivables  To Sales  (Being selling of equipment on credit) | 600,000 | 600,000 |
|  | Cash  Discount on Payment  To Account Receivables  (Being full payment within the time) | 588,000  12,000 | 600,000 |