2 Jenny maintains a full set of accounting records and prepares control accounts at the end of each month. She has provided the following information:

2025			$	
January	31	Sales ledger control account balance	1 895	debit
February	28	Totals for the month		
		Sales journal	42 600	
		Cash sales	2 300	
		Sales returns journal	7 300	
		Bank transfers received from credit customers	?	
		Discount allowed	1 265	
		Irrecoverable debts	1 040	
		Contra entries	2 850	
		Interest charged on overdue accounts	510	
March	1	Sales ledger control account balance	750	credit

REQUIRED:

(a) Prepare Jenny's sales ledger control account for the month ended 28 February 2025. Balance the account and bring down the balance at 1 March 2025.

Jenny
Sales ledger control account

Date	Details	$	Date	Details	$
2025			*2025*		
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
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.....	.....	.....	.....	.....	.....

[9]

(b) State **one** advantage of maintaining a sales journal.

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..... [1]

(c) Complete the following table by indicating the name of the source document that Jenny would use to make entries in her books of prime entry.

State whether the source document is **issued** or **received** by Jenny.

Book of prime entry	Source document	Issued or Received
Sales journal		
Purchases returns journal		

[2]

(d) State what is meant by the following terms:

(i) cash discount

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..... [1]

(ii) trade discount.

.....

..... [1]

Jenny has received goods from one of her credit suppliers. When she inspected the goods, she found they were faulty.

REQUIRED

(e) Name the document Jenny would issue to her supplier to record the receipt of these faulty goods.

..... [1]

Jenny currently does **not** maintain a provision for doubtful debts. When all reasonable steps to obtain payment from credit customers have failed, she writes off the debt. Her colleague has advised her that she should create a provision for doubtful debts when she prepares her next set of financial statements.

REQUIRED

(f) Advise Jenny whether or not she should create and maintain a provision for doubtful debts. Justify your answer by providing **two** arguments for and **two** arguments against maintaining a provision for doubtful debts.

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..... [5]

[Total: 20]