

(ii) Calculate gross profit

To obtain the gross profit we need cost of sales

$$\text{Cost of sales} = \text{Opening inventory} + \text{purchases} - \text{Closing inventory}$$

$$\rightarrow \text{Opening inventory} = 5,600$$

$$\rightarrow \text{Closing inventory} = 6,000$$

$$\rightarrow \text{Gross profit} = \text{Sales} - \text{Cost of Sales}$$

Therefore we need to calculate the value of purchases first

(ii) Calculate the value of purchases

From the net profit provided we can get the gross profit

$$\text{Net profit} = \text{gross profit} - \text{Total Expenses}$$

$$6000 = \text{gross profit} - 5,600$$

$$\begin{aligned}\text{gross profit} &= 6,000 + 5,600 \\ &= 11,600\end{aligned}$$

Now we can use the gross profit to find the cost of sales

$$\text{Gross profit} = \text{Sales} - \text{Cost of Sales}$$

$$11,600 = 35000 - \text{Cost of Sales}$$

$$\begin{aligned}\text{Cost of Sales} &= 35000 - 11,600 \\ &= 23,400\end{aligned}$$

Using Sales formula to find purchases

$$\text{Cost of sales} = \text{opening inventory} + \text{purchases} - \text{closing inventory}$$

$$23,400 = 5000 + \text{purchases} - 6000$$

$$\therefore 23400 = \text{purchases} - 1000$$

$$\text{purchases} = 23400 + 1000$$

$$= 24400$$

$$\text{purchases} = \underline{\underline{24400}}$$

$$\text{Gross profit} = \underline{\underline{11600}}$$