



Cambridge IGCSE™

ACCOUNTING

0452/23

Paper 2

May/June 2023

MARK SCHEME

Maximum Mark: 100

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **19** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

PUBLISHED**Social Science-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

https://xtremepape.rs/

Question	Answer										Marks
1(a)	Omer Cash Book										11
	Date	Details	Disc.	Cash	Bank	Date	Details	Disc.	Cash	Bank	
	2023		\$	\$	\$	2023		\$	\$	\$	
	Apr 1	<i>Balance b/d</i>		120		Apr 1	<i>Balance b/d</i>			477	
	3	Capital	(1)		1 000	7	Alexander	(1)		360	
	10	Sales	(1)		695	15	Motor expenses	(1)	68		
	23	Esme	(1)	16	384	16	Rent payable	(1)		400	
						27	Alexander	(1)	17	323	
						30	<i>Balance c/d</i>		52	519	
				16*	120	2079		17 (1)*	120	2079	
	May 1	<i>Balance b/d</i>		52	519						
				(1)OF	(1)OF						
	<p>*both discount totals +(1) dates</p>										

Question	Answer	Marks																																										
1(b)	<p style="text-align: center;">Omer Alexander account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td></td> <td></td> <td>2023</td> <td></td> <td></td> </tr> <tr> <td>Apr 7</td> <td>Bank (1)</td> <td>360</td> <td>Apr 1</td> <td>Balance b/d</td> <td>360</td> </tr> <tr> <td>27</td> <td>Bank } Discount received } (1)</td> <td>323 17</td> <td>12</td> <td>Purchases }</td> <td>340</td> </tr> <tr> <td>30</td> <td>Balance c/d</td> <td>235</td> <td>28</td> <td>Purchases } (1)</td> <td>235</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">935</td> <td></td> <td></td> <td style="border-top: 1px solid black;">935</td> </tr> <tr> <td></td> <td></td> <td></td> <td>May 1</td> <td>Balance b/d (1)OF</td> <td>235</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	2023			2023			Apr 7	Bank (1)	360	Apr 1	Balance b/d	360	27	Bank } Discount received } (1)	323 17	12	Purchases }	340	30	Balance c/d	235	28	Purchases } (1)	235			935			935				May 1	Balance b/d (1)OF	235	4
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1(c)	<p><u>Option 1 – buy from Alexander only</u></p> <p>Advantages A offers cash discount but T does not (1) A offers 5% cash discount (1) A's cash discount is a higher % than T's trade discount (1) Maintain good relationship with A (1) Familiar with A's quality/reliability (1) (Max 3)</p> <p>Disadvantages T offers trade discount but A does not (1) May lose cash discount by not paying on time (1) Depending on one supplier only (1) A has no incentive to offer more competitive terms (1) (Max 1)</p> <p>Accept other valid points</p>	5																																										

Question	Answer	Marks
	<p><u>Option 2 – buy from both Alexander and Tahir</u></p> <p>Advantages T offers trade discount but A does not (1) Trade discount is deducted from invoice and does not depend on when payment is made (1) Cost of buying goods from T is reduced (1) Not dependent on one supplier (1) A may offer more competitive terms to compete with other supplier (1) (Max 3)</p> <p>Disadvantages A offers cash discount but T does not(1) T's trade discount is a lower % than A's cash discount (1) May damage relationship with A (1) Not familiar with T's quality/reliability (1) (Max 1)</p> <p>Accept other valid points</p> <p>Recommendation (1)</p>	

Question	Answer				Marks
2(a)	Ramla Journal				10
	Item number	Details	Debit \$	Credit \$	
	1	Irrecoverable debts Mai	99 (1)	99 (1)	
	2	Fixtures and fittings Padma	875 (1)	875 (1)	
	3	Loan Loan interest	500 (1)	500 (1)	
	4	Bank / cash Rent	180 (1)	180 (1)	
	5	Drawings Wages	120 (1)	120 (1)	

Question	Answer					Marks																																								
2(b)	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th data-bbox="584 217 860 352">Item</th> <th data-bbox="860 217 1068 352">Increase in profit \$</th> <th data-bbox="1068 217 1276 352">Decrease in profit \$</th> <th data-bbox="1276 217 1485 352">No effect on profit</th> <th data-bbox="1485 217 1693 352">Profit \$</th> </tr> </thead> <tbody> <tr> <td data-bbox="584 352 860 416">Draft profit</td> <td data-bbox="860 352 1068 416"></td> <td data-bbox="1068 352 1276 416"></td> <td data-bbox="1276 352 1485 416"></td> <td data-bbox="1485 352 1693 416">11 650</td> </tr> <tr> <td data-bbox="584 416 860 480">1</td> <td data-bbox="860 416 1068 480"></td> <td data-bbox="1068 416 1276 480">99 (1)</td> <td data-bbox="1276 416 1485 480"></td> <td data-bbox="1485 416 1693 480"></td> </tr> <tr> <td data-bbox="584 480 860 544">2</td> <td data-bbox="860 480 1068 544"></td> <td data-bbox="1068 480 1276 544"></td> <td data-bbox="1276 480 1485 544">0 (1)</td> <td data-bbox="1485 480 1693 544"></td> </tr> <tr> <td data-bbox="584 544 860 608">3</td> <td data-bbox="860 544 1068 608">500 (1)</td> <td data-bbox="1068 544 1276 608"></td> <td data-bbox="1276 544 1485 608"></td> <td data-bbox="1485 544 1693 608"></td> </tr> <tr> <td data-bbox="584 608 860 671">4</td> <td data-bbox="860 608 1068 671">180 (1)</td> <td data-bbox="1068 608 1276 671"></td> <td data-bbox="1276 608 1485 671"></td> <td data-bbox="1485 608 1693 671"></td> </tr> <tr> <td data-bbox="584 671 860 735">5</td> <td data-bbox="860 671 1068 735">120 (1)</td> <td data-bbox="1068 671 1276 735"></td> <td data-bbox="1276 671 1485 735"></td> <td data-bbox="1485 671 1693 735"></td> </tr> <tr> <td data-bbox="584 735 860 799">Adjusted profit</td> <td data-bbox="860 735 1068 799">800</td> <td data-bbox="1068 735 1276 799">99</td> <td data-bbox="1276 735 1485 799">0</td> <td data-bbox="1485 735 1693 799">12 351 (1)OF</td> </tr> </tbody> </table>					Item	Increase in profit \$	Decrease in profit \$	No effect on profit	Profit \$	Draft profit				11 650	1		99 (1)			2			0 (1)		3	500 (1)				4	180 (1)				5	120 (1)				Adjusted profit	800	99	0	12 351 (1)OF	6
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2(c)(i)	The prudence principle states that profits and assets are not overstated / losses and liabilities are not understated (1) Irrecoverable debts should be written off to ensure that profits / assets are not overstated / not understate loss (1)					2																																								
2(c)(ii)	The business entity principle states that the business is regarded as being completely separate from the owner of the business (1) OR The business entity principle states that transactions should be recorded from the point of view of the business (1) Drawings should be recorded correctly to ensure that profits are not understated / capital overstated (1)					2																																								

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Question	Answer						Marks
3(a)	Favourite Book Club Subscriptions account						7
	Date	Details	\$	Date	Details	\$	
	2022			2022			
	Jan 1	Balance b/d	*468	Jan 1	Balance b/d	* 260	
	Dec 31	Income & Expenditure		Dec 31	Bank	5356	
		(1) OF	6240		Income and expenditure		
		Balance c/d	156		subscriptions written off	(1) 208	
					Balance c/d	1040	
	2023		6864	2023		6864	
	Jan 1	Balance b/d	(1) 1040	Jan 1	Balance b/d	(1) 156	
	<p>* both balances b/d +(1) Correct dates including years</p>						

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3(b)	<p style="text-align: center;">Favourite Book Club Income and Expenditure Account for the year ended 31 December 2022</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Subscriptions</td> <td></td> <td></td> <td style="text-align: right;">6 240</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Less expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">2 080</td> <td style="text-align: right;">}</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">2 498</td> <td style="text-align: right;">} (1)</td> <td></td> <td></td> </tr> <tr> <td>Insurance (732 + 348(1) – 366(1))</td> <td style="text-align: right;">714</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Subscriptions written off</td> <td style="text-align: right; border-top: 1px solid black;">208</td> <td style="text-align: right; border-top: 1px solid black;">(1)</td> <td style="text-align: right; border-top: 1px solid black;">5 500</td> <td></td> </tr> <tr> <td>Surplus for the year</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">740</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(1)OF</td> </tr> </table>		\$		\$		Subscriptions			6 240	(1)OF	Less expenses					Rent	2 080	}			General expenses	2 498	} (1)			Insurance (732 + 348(1) – 366(1))	714				Subscriptions written off	208	(1)	5 500		Surplus for the year			740	(1)OF	6
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3(c)	<p>For – increasing subscriptions Subscriptions have remained unchanged for many years so increase should be expected (1) Only requires a small increase to raise \$400 (1) There would be no need to obtain outside funds / loan / loan interest (1) May result in the club being run more efficiently (1) Max (3)</p> <p>Accept other valid points</p> <p>Against – increasing subscriptions Increase in subscriptions may not be popular (1) May result in members leaving the club / join another club (1) Membership is already falling (1) May result in more subscriptions being written off (1) Subscriptions in arrears have increased from 2021 to 2022 (1) Could try to raise the money another way, e.g. reduce general expenses / obtain loan / fund-raising (1) Max (3)</p> <p>Accept other valid points</p> <p>Recommendation (1)</p>	5																																								
3(d)(i)	A summary of the cash book of a club or society usually prepared annually (1)	1																																								

Question	Answer	Marks
3(d)(ii)	Assets less liabilities of a club/society (1) OR accumulated surpluses less accumulated deficits of a club/society (1)	1

Question	Answer	Marks																																																																																					
4(a)	<p style="text-align: center;">Akila and Darius</p> <p style="text-align: center;">Appropriation Account for the year ended 30 April 2023</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">42 304</td> <td></td> </tr> <tr> <td>Add interest on drawings</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Akila</td> <td style="text-align: right;">970</td> <td style="text-align: center;">}</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Darius</td> <td style="text-align: right; border-bottom: 1px solid black;">816</td> <td style="text-align: center;">} (1)</td> <td style="text-align: right; border-bottom: 1px solid black;">1 786</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">44 090</td> <td></td> </tr> <tr> <td>Less</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Akila</td> <td style="text-align: right;">2 700</td> <td style="text-align: center;">}</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Darius</td> <td style="text-align: right; border-bottom: 1px solid black;">1 950</td> <td style="text-align: center;">} (1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">4 650</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Salary - Akila</td> <td style="text-align: right; border-bottom: 1px solid black;">9 500</td> <td style="text-align: center;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">14 150</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">29 940</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Profit share</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Akila (60% × 29 940)</td> <td style="text-align: right;">17 964</td> <td style="text-align: center;">(1) OF</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Darius (40% × 29 940)</td> <td style="text-align: right; border-bottom: 1px solid black;">11 976</td> <td style="text-align: center;">(1) OF</td> <td style="text-align: right; border-bottom: 1px solid black;">29 940</td> <td></td> </tr> </table>		\$		\$		Profit for the year			42 304		Add interest on drawings					Akila	970	}			Darius	816	} (1)	1 786					44 090		Less					Interest on capital					Akila	2 700	}			Darius	1 950	} (1)				4 650				Salary - Akila	9 500	(1)						14 150					29 940	(1)	Profit share					Akila (60% × 29 940)	17 964	(1) OF			Darius (40% × 29 940)	11 976	(1) OF	29 940		6
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4(b)(ii)	7194 OF + 1000 (interest on loan) (1) – 600 (reduction in profit share) (1) = 7594 OF	2																																																						
4(c)	Amount of capital to be invested by each partner (1) Any limit on drawings (1) Interest on partners' loans (1) Accept other valid points Max (2)	2																																																						

Question	Answer	Marks
4(d)	<p>Advantages – forming a limited company May be easier to raise funds (1) Company is a separate legal identity (1) Shareholders have limited liability (1) Continuity of existence (1) May improve reputation / standing of the business (1) Accept other valid points Max (2)</p> <p>Disadvantages – forming a limited copy Maybe increase administration costs (1) Maybe costly to establish (1) More legal requirements (1) More complex accounting required / have to produce annual financial statements (1) More information about the business may be made public (1) Accept other valid points Max (2)</p> <p>Recommendation (1)</p>	5

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5(a)	<p style="text-align: center;">Amadi Corrected Trial balance at 31 March 2023</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Fittings and equipment at cost</td> <td style="text-align: right;">30 000</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Provision for depreciation of fittings and equipment</td> <td></td> <td style="text-align: right;">7 500 }(1)</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">6 100</td> <td></td> </tr> <tr> <td>Bank overdraft</td> <td></td> <td style="text-align: right;">3 106 (1)</td> </tr> <tr> <td>Trade payables</td> <td></td> <td style="text-align: right;">3 485</td> </tr> <tr> <td>Capital</td> <td></td> <td style="text-align: right;">20 000</td> </tr> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">73 250</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">41 785</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Discount received</td> <td></td> <td style="text-align: right;">1 990 }(1)</td> </tr> <tr> <td>Returns inwards</td> <td style="text-align: right;">3 390</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">1 223</td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">6 430</td> <td></td> </tr> <tr> <td>Rent and rates</td> <td style="text-align: right;">7 380</td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">9 500</td> <td></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">3 752 (1)</td> <td></td> </tr> <tr> <td>Suspense</td> <td></td> <td style="text-align: right;">229 (1)OF</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">109 560</td> <td style="text-align: right; border-top: 1px solid black;">109 560 (1)both</td> </tr> </tbody> </table>		\$	\$	Fittings and equipment at cost	30 000	}	Provision for depreciation of fittings and equipment		7 500 } (1)	Trade receivables	6 100		Bank overdraft		3 106 (1)	Trade payables		3 485	Capital		20 000	Sales		73 250	Purchases	41 785	}	Discount received		1 990 } (1)	Returns inwards	3 390		Carriage inwards	1 223		General expenses	6 430		Rent and rates	7 380		Drawings	9 500		Inventory	3 752 (1)		Suspense		229 (1)OF		109 560	109 560 (1)both	6
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5(b)	Amadi Suspense account						5
		Date	Details	\$	Date	Details	\$
2023							
Mar 31	Rent and rates	(1)	99	Mar 31	Trial balance difference	(1)OF	229
	Drawings	(1)	165		General expenses	(1)	200
	Discount received	(1)	165				
			429				429

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5(c)	<p style="text-align: center;">Amadi Income statement (trading section) for the year ended 31 March 2023</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">73 250</td> </tr> <tr> <td>Less returns inwards</td> <td style="text-align: right;"><u>3 390</u></td> <td style="text-align: right;">69 860 (1)</td> </tr> <tr> <td>Less Cost of sales</td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">3 752</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">41 785</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>1 223</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>46 760 (1)</u></td> <td></td> </tr> <tr> <td>Less Closing inventory</td> <td style="text-align: right;"><u>(3 965)</u></td> <td style="text-align: right;"><u>42 795 (1)OF</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;"><u>27 065 (1)OF</u></td> </tr> </tbody> </table>		\$	\$	Revenue		73 250	Less returns inwards	<u>3 390</u>	69 860 (1)	Less Cost of sales			Opening inventory	3 752		Purchases	41 785		Carriage inwards	<u>1 223</u>			<u>46 760 (1)</u>		Less Closing inventory	<u>(3 965)</u>	<u>42 795 (1)OF</u>	Gross profit		<u>27 065 (1)OF</u>	4
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5(e)	<p>Businesses in the same trade would be expected to have similar gross profit margins (1)</p> <p>Max (1)</p> <p>The profit margins will vary because – Hector owns his own premises - he will not pay rent / may have repair / maintenance costs (1) Or Amadi has to pay rent (1)</p> <p>Max (1)</p> <p>Accept other valid points</p> <p>Conclusion (1)</p>	3