Final Accounts Preparation

Incomplete Records

Inventory Losses – Worked Example

Alan Harvey runs a small shop selling electrical goods. Unfortunately one evening there is a fire at the shop and the majority of the goods are destroyed.

You have been given the following information which you need to use in order to calculate the value of inventory lost due to the fire:

- ***Sales for the year is £297,000***
- ***Opening inventory was £63,000***
- ***Purchases for the year is £164,000***
- ***Inventory costing £4,500 was salvaged from the shop***
- ***The gross profit margin on all sales is 30%***