

Solution:

There are too many transactions here; to simplify, let us write these transactions in a detailed manner as a statement.

The net sales are given by:

$$\begin{aligned} \text{Net Sales} &= \$71,200 \text{ (gross sales)} - \$2,300 \text{ (sales return)} \\ \Rightarrow \text{Net Sales} &= \$68,900 \end{aligned}$$

Firstly, the gross profit is given by 24% of the net sales.

Thus, we get the gross profit as:

$$\text{Gross Profit} = 0.24 \times \$68,900 = \$16,536$$

The gross profit is calculated above. Thus, the effective cost of items sold is given by:

$$\text{Net COGS} = \$68,900 - \$16,536 = \$52,364$$

The ending inventory is \$41,000. This means that the goods that were available for sale is given by:

$$\text{Goods Available for Sale} = \$52,364 + \$41,000 = \$93,364$$

The effective cost of items procured during the period is given by:

$$\text{Effective Cost of Acquisition} = \$54,000 + \$400 - \$1,000 = \$53,400$$

The goods available for sale consists of both initial inventory and the effective acquisition cost of the goods. Thus, we get the initial inventory as:

$$\text{Initial Inventory} = \$93,364 - \$53,400 = \$39,964$$

This corresponds to the inventory on January 1, 2014.

Thus, the inventory on January 1, 2014, is valued at \$39,964.