**Solution:**

Let us tabulate all the values to arrive at an estimate for the cost of goods that is absconded by the clerk.

|  |  |  |
| --- | --- | --- |
| STATEMENT OF INCOME  (Amount in thousands of $)  Name: Blakely Company | | |
| Particulars |  | **Amount** |
| Net Sales  Cost of Goods Sold:  Cost of Acquisition of Goods  Inventory, January 1  Cost of Goods Available for Sale  Deduct: Inventory, May 14  Net Cost of Goods Sold | 210  55 | **300** |
| 265  (40) |
| **225** |
| Gross Profit |  | **75** |

The calculations supporting the above table are as follows:

* The gross profit is 25% of the sales i.e. 25% of 300 = 75.
* The net cost of goods sold is 300 - 75 = 225
* The other values are added as per their importance.

Thus, based on above table, we see that the inventory on May 14 was valued at $40,000.

Since the entire truck was absconded, this means that the estimated cost of inventory stolen was $40,000.