

# G C M A










## GUIDANCE FOR STOCK TAKING

You need to have a stock take at least once a year to offer your end of year figures, however it is good practice to do this much more regularly, ideally at the end of every month, so you have an accurate figure for your monthly accounts. It also helps to identify any issues you may have that can arise from time to time, such as excess wastage or potential loss of stock.

You can carry out stock checks in house, and it is recommended that you carry out interim stock checks on specific lines to help develop the team with better understanding of the process, however good practice is to engage an independent stock taker to come in and carry out your monthly checks. This then has complete independence from any members or staff and provides impartial results. It can also help to identify potential issues sooner so you can proactively make changes to reflect price increases in the industry and other issues across the hospitality sector.



Irrespective of a stock take being internal or external, there are several things you can do to help streamline the process and to help reduce the risk of errors in counting.

-  Keep specific lines of stock stored together as much as possible. If you have, for example, a type of wine or drinks mixer that has stock in three or more different places, the risk of error is compounded.
-  Keep all areas where stock is kept clean and tidy, for ease of access and ease of counting.
-  Ensure records of wastage are kept (most POS systems can record this electronically and produce a report) and these can be produced for your stock taker when they visit.
-  Ensure stock is rotated so that with the closest expiry date is at the front. This reduces the potential for old stock to go out of date, meaning it has to be written off.
-  If you have specific sections in your storage areas for specific stock lines, ensure they are labelled so they can be identified easily. This helps with re-ordering as well as stocktaking.
-  Ensure all food stock in freezers is clearly labelled, both for stock and food hygiene purposes, including expiry dates.
-  Ensure accurate records are kept of any stock held in other areas. Such as refreshment buggies or halfway houses, and that access to these areas is easily available for the stock taker on the day. If you are using a new stock taker, a full show round all areas where stock may be held is a good idea.

To produce your stock reports, the stock taker will need reports producing showing the opening stock for the period, closing stock for the period and the purchases made in the period. They will then use these to calculate your cost of goods sold (COGS) which is an essential number in producing your monthly accounts. It is good practice to have these ready for their arrival on the day they are scheduled. They will then check the stock held on your computer system versus the actual, physical count and you can adjust accordingly once they have produced your results. You should investigate any discrepancies before accepting the report, using sales reports, stock received reports, invoices, etc. and adjust accordingly. Reasons for discrepancies may be wastage incorrectly logged, stock missed due to being in a separate area, stock used or written off for a specific event, or free stock not logged correctly on your system and counted as having cost.

For interim stock checks, it is good practice to produce a stock report from your POS system stock for a specific line or lines (such as red wines as a stock group, or a particular brand of bottled beer for a stock line) and to have a member of your internal team check the physical stock held against this. This can help to identify any issues you may have and allows the team to understand the stocktaking process better, helping them deliver good practice in preparing for full stock checks.

