STOCK-TAKING
a learning element for staff of consumer cooperatives

international labour office, geneva
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by Urban Strand
MATCOM
Material and techniques for cooperatives management training

The MATCOM Project was launched in 1978 by the International Labour Office, with the financial support of Sweden. In its third phase (1984-1986) MATCOM is financed by Denmark, Finland and Norway.

In collaboration with cooperative organizations and training institutes in all regions of the world, MATCOM designs and produces material for the training of managers of cooperatives and assists in the preparation of adapted versions for use in various countries. MATCOM also provides support for improving the methodology of cooperative training and for the training of trainers.

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HOW TO LEARN:

- Study the Element carefully.

- Give written answers to all the questions in the Element. This will help you not only to learn, but also to apply the knowledge in your work at a later stage.

- After studying the Element on your own, discuss it with your instructor and your colleagues, then take part in the practical exercises organised by your instructor.

TRAINER'S NOTES

are available for this Element.
It was the last day of the month. Some members were standing outside their co-operative shop, looking at the familiar white sign with the discouraging message hanging on the locked door. Through the window they could see that the staff and the committee members were very busy inside, but the shop remained closed.

- I wonder what they're doing in there? They look as if they're just moving everything around.

- I can see that, but is it really necessary to keep the shop closed on the last day of every month?

- Well, I suppose they have to. They're checking to see if any goods are missing. That's important. Remember we've contributed money for this shop.

- Maybe you're right. I don't want to lose my money. But do they really need to keep the shop closed for the whole day just for that? And on my payday too!
By listening to the members, we can learn several things. They do not like their shop to be closed, especially on payday. Not all of them know what stock-taking is or why it is done. Nor are they convinced that it must be done so often and take such a long time. Must it?

In this MATCOM Element you will learn more about stock-taking. Answers will be given to the following questions:

- What is stock-taking?
- Why is stock-taking necessary?
- When is stock-taking done?
- How is stock-taking organised?
- How is stock-taking done?
- How is the stock value calculated?
- How can stock-taking be improved further?

In other words, you will learn to organise and carry out stock-taking quickly and accurately.
WHAT IS STOCK-TAKING?

Before ordering goods you always take stock - at least you should do so. For example, you count or estimate the number of kilos of sugar there is in stock. There is no need to be exact. All you want to know is .... have you enough sugar, or should you order some more?

In a way this is stock-taking, but not the kind that we will be dealing with in this Element. We want to know exactly how much we have: the precise number of boxes, the exact amount of sugar, the actual quantity of kerosene, and so on for every item. Stock-taking therefore involves a lot of counting, weighing and measuring. At stock-taking, not only are the quantities of goods recorded, but also the unit prices. (If we are counting packets of tea, the unit price is the price of one packet.)
This is because we need to know the total value of the stock. It is calculated as follows:

<table>
<thead>
<tr>
<th>Article</th>
<th>Quantity</th>
<th>x</th>
<th>Unit price</th>
<th>= Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matchboxes</td>
<td>41 packets</td>
<td>x</td>
<td>0.25 per packet</td>
<td>= T$* 10.25</td>
</tr>
<tr>
<td>Sugar</td>
<td>120 kg</td>
<td>x</td>
<td>3.50 per kg</td>
<td>420.00</td>
</tr>
<tr>
<td>Kerosene</td>
<td>32 l</td>
<td>x</td>
<td>1.10 per l</td>
<td>= 35.20</td>
</tr>
</tbody>
</table>

Total = T$ 465.45

which price are we talking about? It is the selling price which we use, the price charged to the customers. Not the cost price which was paid to the wholesalers. You will understand the reason for this later, when you learn why stock-taking is necessary.

Selling prices are recorded during stock-taking. There is a practical reason for this. What is it?

Stock-taking is supposed to show the actual selling value of the stock. This is the amount of money which we expect to have obtained once the goods have been sold. It would be wrong, therefore, to record damaged goods at their original selling price. Such items should be reduced in price and recorded at the new value.

The selling price of teacups is T$1.25 each. Why would it be incorrect to record a teacup with a missing handle at this original selling price?

* We use an imaginary currency here, because this booklet is used in many countries. We call it "Training dollars" (T$).
WHY IS STOCK-TAKING NECESSARY?

Recording the quantities and the selling prices of all goods and calculating their total stock value is not an easy task. Before we start stock-taking, let us therefore find out why it is necessary.

1. To check if any goods are missing

At stock-taking, the total value of stock in the shop is calculated. This total is compared with the total value of stock which *should* be in the shop. Any shortage is called leakage. Leakage is the word used when goods are missing. They have disappeared from the shop and no money has been received for them. Leakage is a loss to the co-operative society and its members.

Stock-taking enables any leakage to be measured. High leakage figures are a signal to the manager and the committee that something is wrong in the shop. They will have to find out what it is, so that it can be remedied quickly.

Careless or dishonest staff cause leakage.

"Shoplifters" also cause leakage, by taking away goods without paying for them.
2. **To check whether there has been a surplus or a loss.**

Has the shop been making a **surplus** or a **loss**? This question is very important. The manager or the secretary of most societies is therefore requested to calculate the result - surplus or loss - and show it in a monthly report to the committee.

He cannot make this calculation if he does not know the cost of any lost goods, that is the leakage.

<table>
<thead>
<tr>
<th>TRADING REPORT FOR February</th>
<th>Estimated</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>29,000</td>
<td>24,000</td>
<td>-5,000</td>
</tr>
<tr>
<td>- Cost of goods sold</td>
<td>-24,445</td>
<td>-24,445</td>
<td>0</td>
</tr>
<tr>
<td>- Cost of goods lost (leakage)</td>
<td>-100</td>
<td>-10</td>
<td>+90</td>
</tr>
<tr>
<td>Gross surplus</td>
<td>2,995</td>
<td>2,975</td>
<td>+20</td>
</tr>
<tr>
<td>Cost of running the shop:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Wages and staff costs</td>
<td>-1,220</td>
<td>-1,210</td>
<td>+10</td>
</tr>
<tr>
<td>- Building and equipment</td>
<td>-185</td>
<td>-180</td>
<td>+5</td>
</tr>
<tr>
<td>- Interest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Other costs</td>
<td>-265</td>
<td>-260</td>
<td>+5</td>
</tr>
<tr>
<td>+ Net surplus</td>
<td>1,180</td>
<td>1,195</td>
<td>+65</td>
</tr>
</tbody>
</table>

3. **To prepare the balance sheet.**

According to the law, a balance sheet has to be prepared at the end of every financial year.

In the balance sheet, **all assets** must be shown. Stock is probably your society's most valuable asset. Therefore, before the balance sheet is prepared, stock-taking must be carried out so that the total value of **the** stock can be calculated.

We said on page 6 that we use the **selling price** during the stock-taking. This makes it easy, because the selling prices are supposed to be marked on all goods. (Check your answer to the first question of page 6.) It would be more complicated to find the **cost prices** for all goods.
So the **selling prices** are used for calculating the leakage because it is practical. Unfortunately, we also need to know the leakage at **cost price** when calculating the **surplus or loss**, and the stock value at **cost price** when preparing the **balance sheet**.

Still, the most practical solution is to record only the selling price during the stock-taking. As we know the average trade margin (the difference between cost prices and selling prices expressed as a percentage), it is a simple operation to calculate the stock value at cost price. You will learn more about this in the MATCOM Element "Stock Control Records".

---

**Three reasons for stock-taking have been described. Write these reasons below.**

1. 

2. 

3. 

---

Furthermore, stock-taking provides you with a good opportunity to **check the condition of your stock**.

**You** will be able to see:

- if there are any damaged items;
- if there are any slow-moving items;
- if you have the right assortment of goods.

Stock-taking provides this sort of information. **You** can then take action to remedy any faults.
You now know why stock-taking is necessary. But it is time-consuming, tiresome and costly. The shop has to be closed while it is going on. The customers suffer and may spend their money in other shops. Sales are lost. It may be necessary to pay overtime or even hire extra staff. So, we agree that stock-taking should only be done when it is really necessary.

When must stock-taking be done? On the previous page, we gave three reasons for stock-taking. We can therefore say that it should be done:

- **when** required by Law;
- **when** trading results are required;
- **when** leakage is a problem.

Let us now see if we can establish some practical rules:

**RULE ONE:**

STOCK-TAKING SHOULD GENERALLY BE DONE EVERY MONTH.

The main reason for frequent stock-taking is to control leakage. Very high leakage can soon ruin a business. This is especially true if a lot of goods are being stolen. But stock-taking, however frequent, cannot prevent major thefts. The best way to prevent them is to employ honest and capable staff.
leakage in time (except for major thefts). More frequent stock-taking would cause too much disruption in the work of the shop.

Suitable times for stock-taking are on the last day of each month, after the shop has closed, or on the first day of the month, before the shop opens. The information provided will be used for the manager's report as well as for leakage control.

RULE TWO:
STOCK-TAKING NEED NOT EVEN BE DONE ONCE A MONTH IF LEAKAGE HAS BEEN LOW IN THE PAST FOUR MONTHS.

What should be considered as low leakage may vary according to local conditions, range of stock, etc. But it should be less than 0.5% of the sales.

At first, the intervals may be extended to two months and then, if all goes well, to three months and so on. The maximum interval between stock-takings should be six months. If leakage is high, stock-taking should be done more often.

Do you think the staff will be 1) more or 2) less concerned about leakage if such a system is introduced?
• Give reasons for your answer.

If there has been no stock-taking, you should assume that the leakage has been kept at its usual level, when preparing the monthly report.
RULE THREE:
STOCK-TAKING SHOULD BE DONE WHENEVER THERE IS A CHANGE OF MANAGER.

The outgoing manager should be held responsible for the stock until it is handed over. The new manager should know exactly what he is taking over.

When a new manager has been appointed, stock-taking should be done once a month, even if previous results showed very low leakage. What are the reasons for this?

RULE FOUR:
STOCK-TAKING SHOULD BE DONE IMMEDIATELY IF THERE IS SPECIAL REASON FOR BELIEVING THAT THE LEAKAGE IS HIGH.

One such reason could be a fire, which has destroyed some goods.

What other reasons would cause you to do stock-taking immediately?

How often do you do stock-taking in your shop to:

a) check the leakage

b) find the surplus or loss

c) find the value of the assets

How often should it be done in your opinion?
"Closed for stock-taking", - that was the message to the customers in the Introduction. Their shop, like many others, closed on the last day of every month. Is that really necessary? No, probably not!

**Closed for stock-taking**

Stock-taking can be done less frequently

Read the following sentence and then turn back to page 11 to check your answer.

Stock-taking need not even be done once a month if leakage has been ........ in the past ............ months.

Stock-taking can be done faster

If stock-taking in an ordinary co-operative shop takes a full day, it has not been organised in an efficient way. It should be possible to complete stock-taking in an evening, after the shop has been closed, perhaps a few hours earlier than usual. Or it should be done in a morning, and the shop re-opened in the afternoon - provided the stock-taking is well organised.
Stock-taking can be more accurate

There is little value in fast stock-taking, if it means a lot of mistakes.

Supposing some goods on one shelf are overlooked and not recorded, that 5 kg of sugar are recorded instead of 50, and that figures like 1 and 7 are badly written and mixed up when the stock value is calculated (these are common mistakes when stock-taking)...... The stock value would be wrong, and an incorrect monthly report would be presented to the committee, who might take the wrong sort of action.

How would the leakage figure be affected if two cartons of washing powder, each containing 25 packets priced to sell at T$10 each, were forgotten during stock-taking?

Answer:

The leakage figure would increase by T$ ________

So let us see how stock-taking should be organised in order to make it both fast and accurate.

Keep the shop tidy

As far as possible, only goods in sealed cartons, boxes and bags should be kept in the storeroom. If some loose goods must be kept there, they should be displayed tidily on the shelves.
The quantity and the unit price should be written on all cartons, boxes or bags which have not yet been opened.

In the selling area, goods should be displayed in set places. Avoid having the same goods scattered in different places around the shop.

All goods in the shop should have prices marked on them. Make sure the old stock is marked again if there is a price change.
That was a description of the way the shop should always be arranged. Before starting the stock-taking, it is advisable to take a closer look at all the goods in the shop.

Check and put right:
- if any goods have been wrongly placed;
- if any price labels are missing;
- if any prices are wrong.

Bring forward any goods which might be hidden behind others or which are concealed in dark corners.

Arrange the goods so that they are easy to count.

How can keeping the shop tidy help to make the stock-taking fast and accurate?
Dealing with damaged items

Damaged items may slow down the stock-taking. If they can still be sold they should be given a new reduced price. This must be done before the values are recorded during stock-taking. Since the prices may vary according to the damages, it may be necessary to record them item by item. Quite a tiresome task, if they are many.

It is better to try to get rid of the damaged goods before stock-taking. Then you do not have to count them.

Make a practice of selling damaged items at reduced prices as soon as they are discovered.

Throw away goods which are too damaged to be sold. (When you do this - make sure that you follow the procedures laid down by the committee.)

Does the Bottling Company give a refund for drinks which have gone bad?

If any supplier gives refunds for defective goods, make sure these are returned and credit is obtained before stock-taking.

Which of your suppliers accept the return of defective items?
Number shelves and racks

You have already seen one example where two forgotten cartons of washing powder wrongly reduced the stock value by T$500. It is quite easy to make this kind of mistake when trying to work fast. Here are some similar mistakes which were found in co-operative shops:

Goods on one shelf were overlooked and not counted,

Items kept in a counter drawer were forgotten ....

An extra stock of cigarettes and some radios were kept in a locked cupboard, which nobody thought about during the stock-taking.

To prevent such mistakes in your shop, you are advised to give a number to all the places where goods are kept; not just the storeroom and the selling area, but every shelf, rack, drawer, cupboard and container in them.
Do not forget the special displays on tables, in baskets, in windows, etc.

Prepare some simple labels with numbers and tape them onto the different places. Number the places in such a way that the staff who are going to count the goods can easily find them. Always start numbering from the top left-hand corner. Shelves can be numbered like this:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>4</td>
<td>9</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
</tr>
</tbody>
</table>

Show clearly where each numbered section starts and ends:

The number of a section is marked where the section starts and it continues until there is another numbered label.

Here are some more examples of numbering:
Stock-taking should then be organised in such a way that you are sure that none of the numbered sections is forgotten. Nor should any section be covered twice. We will look into that again later, but first a little exercise:

How would you suggest numbering the selling area in the picture below? You may use a pencil and write the figures directly onto the picture.
Select and organise the stock-takers.

Who does the stock-taking?
The manager and the assistants are there of course. Committee members help for two reasons: firstly to assist the staff, but they are also supposed to check that the recordings are done correctly. For the same reason, a co-operative officer is sometimes present.

How do we organise these people in order to make the stock-taking fast and accurate? Let us look at what has to be done. There are three main tasks:

Counting, weighing and measuring the goods.
This job is best done by those who know the goods and are used to handling them.

Recording the quantities and the unit prices.
This job requires people who can write clear figures and know how to fill in a form.

Checking that correct figures are entered.
Checking can be done by the people who are recording. It is very important to check that the quantities and prices recorded are the correct ones. This is a task for the committee members or the co-operative officer.
Do you agree that the shop assistants should do the counting, measuring and so on? The committee members should do the recording because they can check that the correct figures are recorded.

Therefore, the participants are to be organised in teams, each of them consisting of:

- a shop assistant doing the counting; and
- a committee member doing the recording and checking.

The manager is probably too busy organising and supervising the whole stock-taking to do counting or recording himself unless the secretary or the co-operative officer take care of the organising and supervision).
Each team is assigned to a different part of the shop. They should be told which of the numbered shelves, etc., are assigned to them.

For example, in the above drawing the shop has been divided into four parts and there are four teams each taking care of one part.

Team A is given the storeroom, with sections 1 to 12.

Team B is given the shelves behind the counter, with sections 13 to 28.

Team C is given the shelves at the side of the counter, including what is placed between the two sets of shelves (sections 29 to 41).

Team D is given the counter, the special displays and the windows (sections 42 to 52).
It is better if each team finishes its job at about the same time. That is difficult to arrange because some people work faster than others and some goods take longer to count or measure.

You will learn about the delays through experience. And you can then transfer some shelves from the list of a slow team to the list of a faster team. In that way you will improve the organisation.

**Stationery and equipment**

Stock-taking does not require much stationery, but do make sure it is available.

You will need ballpoint pens for each team, and stock-taking forms (which should be numbered).

Also make sure that the weighing and measuring equipment is in good working condition.

**Instructions and information to the stock-takers**

Now we have been talking a lot about how to organise the work and distribute the jobs. We are almost forgetting something important:

- information and instruction.

It is not enough for the manager to know about the organisation, he must inform everybody so that they all know what they are supposed to do and how they are supposed to do it.
Looking back on what you have learned so far, you may say that there is a lot of work to be done before stock-taking. That is true, but if you do it, the stock-taking itself will be easy. The shop is closed, the stock-taking forms are distributed to the teams. We are ready to begin.

The counting work

Let us follow one team and see it at work, for instance the one which has been given sections 13 to 28. They are supposed to start with the lowest number, which is shelf number 13. First we watch David. He is counting.

David starts with what is on the far left of that shelf: "Sun" Washing Powder, large size. He reads out the name to Sarah, who is recording. He also mentions the unit price which is T$12.50. While Sarah is writing this, David counts the number of packets. If necessary, he takes them from the shelf to see that there is nothing hidden behind them. "There are 7 packets," he says. Then he continues in the same way with the next commodity.

- "Sun" Washing Powder, small size, price T$7.25; there are nine packets.
He continues in this way, taking each type of article in the order they are placed, working from left to right. He is very careful to move along the shelf in this way, otherwise it would be easy to forget some goods. When shelf number 13 is finished, he starts on number 14 and so on until number 28, which is the last one in their section.

When he comes to something which is sold by weight, he will have to weigh it, unless it has been prepacked in bags of certain quantities. Other goods which are sold by the yard, metre, pint or litre, have to be measured if the quantities are not known.

While David is counting the bars of "Bux" Toilet Soap on shelf number 13, he discovers more soap of the same brand on a special display. First he thought of counting all the soaps together, although they were in different places. Then he remembered that he had been instructed not to do this. What would have been the danger if he had counted all the soap together?
The recording work

Now, let us look at Sarah's work. She is using a stock-taking form to record the information which David gives her.

<table>
<thead>
<tr>
<th>STOCK-TAKING FORM</th>
<th>No.... 12 .......</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop...First. 100.4</td>
<td>Date 30/10/1986...</td>
</tr>
<tr>
<td>Section No.</td>
<td>Article</td>
</tr>
<tr>
<td>13</td>
<td>Sun Washing Powder, large</td>
</tr>
<tr>
<td></td>
<td>&quot; &quot; &quot; small</td>
</tr>
<tr>
<td></td>
<td>Fan Washing-up Liquid</td>
</tr>
</tbody>
</table>

The stock-taking form was numbered by the manager before Sarah received it. Sarah adds the name of the shop and the date.

In the first column she writes the number of the shelf so that it will be easy to find where the goods are kept in the shop. It is not necessary to repeat this number for each item on the same shelf.

Then she writes the name of the article. If there is more than one brand or size, it must be mentioned so that the goods do not get mixed up. Therefore, she writes not only "Washing Powder", but "Sun" and "large" as well.

David tells her the name of the article and the unit price. Before she writes the price, she repeats it so that David can hear that she has understood him.

- "Fan Washing-up Liquid, price 4.75," he says.
- "4.75," she replies.
While she is writing, he counts. Then he says:
- "10 bottles".

And again she repeats:
- "10 bottles".

She enters the quantity in the form in the correct column. (Qty).

She leaves the last column showing the total value for the manager to complete after he has done the calculation.

- "Ama Scouring Powder. 3.10," says David.

- "3.10," Sarah answers, but she writes 1.30. She sees her mistake immediately. How can it be corrected?

First, she considers altering the figures, but then she remembers that this is not allowed. Instead she draws a line through the wrong recording and writes the correct one below:

<table>
<thead>
<tr>
<th>Ama Scouring Powder</th>
<th>1.30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ama Scouring Powder</td>
<td>3.10</td>
</tr>
</tbody>
</table>

She certifies the correction by writing her initials in the margin.

Why do you think that it is forbidden to make corrections in any other way?
The checking work

Stock-taking would be useless if wrong figures were recorded, particularly when large amounts are involved. Therefore, it is the duty of the committee members to check that there are no mistakes.

Sarah is a member of the committee. While she is recording, she also keeps an eye on what David is doing. She checks that he does not forget any goods and that the quantities he calls to her seem correct. Whenever she considers the quantity to be incorrect, she asks him to recount, or else she checks by counting herself.

But, you may say, Sarah can make mistakes herself when recording. That could happen, of course. Therefore, when calculating the total values, the manager checks that the prices and quantities are realistic. If they are not, he checks the article in question to see whether the recording is correct or not. If a mistake is then found, the correction should be certified by a committee member.

Finally, a co-operative officer or a committee member could be given the special duty of checking the recordings. Of course this does not mean that every item is checked; only certain items are selected and a special check is made to see if they have been recorded correctly. The most expensive items in the shop are checked in this way more often than the others.

Why should the recording of the most expensive items be so important?
Bags and returnable empties

If customers are charged for paper and plastic bags, these items should be counted and recorded during the stock-taking. Bottles, cases and crates on which a deposit has been paid are treated in the same way, whether they are full or empty.

It is advisable to check that these items have been recorded during stock-taking. If they are forgotten, the total value of the stock will be wrong and the leakage figure too high.

Late deliveries

When the stock-taking has been completed, the actual stock value will be compared with the value shown in the Stock Control Register. This register, therefore, must be kept up-to-date. Particular care must be taken to ensure that all goods delivered to the shop just before stock-taking have been included in the register.

If goods are delivered while you are doing the stock-taking, do not enter them in the register or in the stock-taking forms.
Completion of the stock-taking

When the counting, recording and checking has finished, the team members sign their stock-taking forms to certify that these records are correct:

<table>
<thead>
<tr>
<th>Counted by</th>
<th>Recorded by</th>
<th>Calculated by</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sarah Brown</td>
<td></td>
</tr>
</tbody>
</table>

Then the forms are handed over to the manager (or the secretary) to do the calculations. This job could wait until the following day. After a rest, the manager will be less likely to make mistakes. There is, however, one thing which cannot wait - the manager must check that no forms are missing.

Remember that the stock-taking forms should be numbered. The manager has kept a record of the forms which have been given to each team:

Team A  1 - 5, 29 - 30
Team B  6 - 10, 31
Team C  11 - 18
Team D  19 - 28

He now puts the forms in order and finds that number 16 is missing. It had been given to Team C, so he asks them to look for it. There it is! Forgotten on a shelf. Finally, all the forms are in their proper order and the stock-taking is over!

On pages 13 to 24 we talked about the organisation of stock-taking. We concluded by saying that it is very important that the staff be given information and instruction on the work to be done.

Now you have studied both the organisation and the actual work involved in stock-taking, try to write down a check list of all the important things to be remembered by the people who are likely to assist you at the stock-taking in your own shop.
**HOW IS THE STOCK VALUE CALCULATED?**

On the following day the manager (or the secretary) calculates the total selling values of the goods on every stock-taking form.

<table>
<thead>
<tr>
<th>STOCK-TAKING FORM</th>
<th>No.</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop First Coop.</td>
<td>12</td>
<td>30/10/1986</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section No.</th>
<th>Article</th>
<th>Qty</th>
<th>Unit Price</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Sun Washing Powder, large</td>
<td>7</td>
<td>12.50</td>
<td>87.50</td>
</tr>
<tr>
<td></td>
<td>&quot; &quot; small</td>
<td>9</td>
<td>7.25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sun Washing-up Liquid</td>
<td>10</td>
<td>4.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ama Scouring Powder</td>
<td>6</td>
<td>3.10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Green Soap</td>
<td>12</td>
<td>1.90</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Box Toilet Soap</td>
<td>30</td>
<td>1.45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cox Bath Soap</td>
<td>8</td>
<td>2.10</td>
<td></td>
</tr>
</tbody>
</table>

Grand Total

Counted by [Signature]
Recorded by [Signature]
Calculated by [Signature]

You can see that he has calculated the total value of the first article: 7 x 12.50 = 87.50.

Usually there are more articles on each form, but this short one will do as an example.

Do the other calculations and add up the figures in the Total Value column. If you have added up correctly, you will get 301.95 as the total selling value of the goods on form no. 12.
You can see that calculating the values on each form is a difficult job when there are many articles in a shop. There is always danger of making mistakes. It is advisable to use a calculating machine and to check the calculations carefully.

To obtain the grand total selling value of the stock in the shop there is still another job to be done. The total value of the goods listed on every stock-taking form have to be listed and added together. An example is given below:

<table>
<thead>
<tr>
<th>Totals from Form No.</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,003.50</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>543.25</td>
</tr>
<tr>
<td>3</td>
<td>722.50</td>
</tr>
<tr>
<td>4</td>
<td>612.70</td>
</tr>
<tr>
<td>5</td>
<td>315.65</td>
</tr>
<tr>
<td>6</td>
<td>1,217.10</td>
</tr>
<tr>
<td>7</td>
<td>2,315.20</td>
</tr>
<tr>
<td>8</td>
<td>3,712.50</td>
</tr>
<tr>
<td>9</td>
<td>1,210.50</td>
</tr>
<tr>
<td>10</td>
<td>301.95</td>
</tr>
<tr>
<td>11</td>
<td>472.50</td>
</tr>
<tr>
<td>12</td>
<td>625.15</td>
</tr>
<tr>
<td>13</td>
<td>2,117.10</td>
</tr>
<tr>
<td>31</td>
<td>4,105.70</td>
</tr>
<tr>
<td>Total</td>
<td>54,101.35</td>
</tr>
</tbody>
</table>

There you are, the total selling value of the stock is: 54,101.35
You have learned how to organise and carry out the stock-taking. You know how to organise it well so that it will be fast and accurate. But further improvements can be made to obtain greater speed and accuracy.

If more is done in advance, the shop need not be closed for such a long time. And since the preparations are done in less of a hurry than the actual stock-taking, there will be less risk of making mistakes.

We shall show how further preparations can be made before stock-taking.

**Damages**

We have already mentioned that damaged goods should be dealt with and, if possible, sold out before stock-taking. In that way you avoid time-consuming pricing and recording work during the stock-taking.

If, in spite of your efforts, there are damaged items left in the shop on the day before stock-taking, they could be recorded in advance. But then they must be put aside in a carton which should be marked "listed for stock-taking". After that, nobody should be allowed to touch them until the stock-taking is over.

Then they should be unpacked and sold at their reduced price as quickly as possible.
"Time-consuming" articles

Do you stock any articles which take a long time to count because they are small and numerous? Nails and screws are examples of such goods.

Instead of counting all of them, you could count a certain number, say ten, and weigh them. Knowing the weight of ten screws you will be able to calculate the total number by weighing the total stock of screws.

This could be done one or two days in advance. The quantities are noted on cards which are placed with the goods. If any are sold, the figures are reduced accordingly. During the stock-taking, all you need to do is to look at the card and record the shown quantity.

Late deliveries

If goods are received shortly before the stock-taking, it is best not to unpack the bulk packages. This will save time as there is no need to count them since the quantities stated on the cartons, boxes and bags can be recorded on the stock-taking form.

But do not make the customers suffer. A new carton must be opened, of course, when the goods are needed.

The storeroom

Look around the storeroom a day before stock-taking. Is there anything which will be needed before the stock-taking is over? If not, it may be possible to close the storeroom, or part of it, until after stock-taking. If this is the case, stock-taking may start there, while the shop is still open. Maybe this part could even be completed before the stock-taking starts elsewhere.
Recording in advance

Look again at the stock-taking form on page 27. Which columns could be entered in advance?

In fact, everything except the quantities and the total values could be entered in advance. That means that somebody could make these entries a few days before stock-taking if he can be released from his ordinary duties. Of course, the other preparations mentioned on pages 11 to 26 should be done first.

The entries on the forms are to be made in the same way as described for recording during stock-taking, but the quantities are omitted. There is no counting to be done at this stage so teams are not required for this job. One person working alone can prepare the forms in this way for the stock-taking.

By the time the shop has been closed, ready for the stock-taking, the forms will already look like this:

| STOCK-TAKING FORM | No. 12 | Date 30/10/198...
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop .First. loc. op. . . . .</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section No.</td>
<td>Article</td>
<td>Qty</td>
</tr>
<tr>
<td>13</td>
<td>Sun Washing Powder, large</td>
<td></td>
</tr>
<tr>
<td>&quot; &quot; &quot; &quot; small</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sun Washing-up Liquid</td>
<td></td>
</tr>
</tbody>
</table>

After the forms have been prepared in this way, it is important not to change the displays or the prices. That would confuse the teams doing the counting and recording of the quantities. They must be able to find the articles easily when completing the stock-taking form by filling in the Quantity column.
Simplified stock-taking with pocket calculators

A stock-taking which is done to supplement the annual final accounts and reports must be properly recorded and verified, according to the law of the country. But it may be up to the co-operative society to decide how other stock-takings during the year should be recorded.

If regulations permit, you could use pocket calculators to carry out such stock-takings smoothly and very quickly.

After the necessary preparations, the stock-taking staff go through the shop, making entries directly on the calculators. For each article they multiply the unit price by the quantity and the calculator will immediately display the total value. An advanced calculator would also be able to accumulate the totals and give you a grand total for a whole section of goods.

For control purposes you may still need written documents (stock-taking forms), but the recordings might be simplified. For example, you could just write the total stock value of each article, or even of a group of similar items. Some small calculators have built-in printers which may be used to produce some lists so that it is possible to identify which items have been valued and recorded. The work of the stock-taking teams can thus be checked.

A word of warning is needed here: It is easy to make mistakes when using electronic calculators - for example, by touching the wrong key or forgetting a decimal point. Therefore, do not just accept the totals displayed as correct without making a quick judgement whether the figures seem to be realistic or not.
"CHECK-OUT"

To prove to yourself that you have fully understood this Element, you should now go through the following questions. Mark what you think is the right answer to each question. The first question is answered as an example. If you have problems with a particular question, go back and read the corresponding chapter again. Your teacher will later check your answers.

1. The main purpose of stock-taking is:
   - a) to clean the shop;
   - b) to find damaged goods;
   - c) to know the total value of the stock.

2. Stock-taking is necessary in order to:
   - a) determine the leakage;
   - b) keep the staff busy;
   - c) increase the sales.

3. The most practical prices to be recorded during stock-taking are:
   - a) the cost prices;
   - b) the selling prices;
   - c) the cost and the selling prices.

4. Cost prices are not recorded because:
   - a) stock value at cost price is not needed;
   - b) cost prices are secret;
   - c) stock value at cost prices can be calculated in another way.

5. If there is a lot of leakage, stock-taking is recommended:
   - a) every day;
   - b) once a year;
   - c) once a month.

6. An extra stock-taking should be organised when:
   - a) goods are delivered to the shop;
   - b) a new manager is taking over;
   - c) a new committee is elected.
7 Recording of unit prices is most easily done when:
   a all stock-taking teams have a price-list;
   b all goods are marked with prices;
   c the manager is doing the recording himself.

8 Goods in the storeroom should preferably be:
   a kept in sealed bulk packages;
   b kept in opened bulk packages;
   c unpacked and placed on shelves.

9 Damaged items should be recorded:
   a at their ordinary selling prices;
   b at prices reduced according to the damage;
   c at nil value.

10 Numbering shelves can help:
   a make goods easy to find during the stock-taking;
   b keep good order in the shop during the stock-taking;
   c prevent any goods from being forgotten during the stock-taking.

11 Numbers should be given to:
   a shelves only;
   b shelves and racks only;
   c any space where goods are kept.

12 The recordings should be entered:
   a in a cheap type of note-book;
   b in a bound ledger;
   c on specially numbered stock-taking forms.

13 Who should check that the recordings are correct?
   a The members.
   b The committee.
   c The shop assistants.

14 The counting and recording of goods should be done so that:
   a all expensive items are treated separately;
   b goods are counted and recorded in the order in which they are placed;
   c goods in the storeroom are added to the same items in the selling area.
To complete your studies of this topic you should take part in some of the following exercises which will be organised by your teacher.

**Practical Group Assignments**

1. **Organising and carrying out a stock-taking**

   The group will be given the task of carrying out a stock-taking in a selected shop. The work should be done according to the following plan:

   a. Make a list of all the preparations which should be done in the shop prior to the stock-taking (see pages 13 to 24).

   b. Visit the shop one evening and carry out all the preparations.

   c. Return to the shop one of the following evenings and do the stock-taking (see pages 25 to 32).

   d. Complete the stock-taking forms on the following day.

2. **Assessment of the stock-taking work**

   Assess the stock-taking you have completed in a group discussion. Identify all the weak points in the work process. Write a group report on your experiences and suggest any improvements which would make the next stock-taking in the shop faster and more accurate.