



Why Use a Qualified Stocktaker?

What then can a qualified stock auditor do for your business? After cash, the most valuable and the most vulnerable asset is your stock. A regular stock audit will ensure that any shortages, thefts or wastage are quickly highlighted, enabling action to be swiftly taken to minimise any loss.

The stock auditor is on site many times during the year providing up-to-date information on the state and profitability of the business. This contrasts markedly with the end of year accounts prepared by the accountant, which must be viewed historically. A competent stock auditor can also offer advice based on many years experience analysing just what the figures mean to your business.

In the coming years it is going to be even harder to make a business pay and you need all the help that you can get. They will give you the answers to the following queries:

- **How much stock am I carrying?**

Too much and it risks draining your cash flow, much harder to control and can cause increased wastage. Too low and you run out of stock items risking loss of trade or buying on impulse.

- **What G.P. % am I achieving?**

How does that compare with similar businesses and is it the maximum that can be attained? Often a 3% variance in gross profit can mean the success or failure of a business. A good stock auditor will explain the implications of the estimated, as well as the actual gross profit percentage.

- **If the G.P% is under-achieving, how do I improve on it?**

Often the stock auditor will be able to give pertinent advice on prices in a particular area and how to maximise profits.

- **Are my staff using the correct measures and the correct selling prices?**

Again if the yield is not set correctly it can greatly effect the overall bottom line profit.

- **What does a particular promotion actually cost me?**

All too often poorly performing bars operate 'happy hours' with little or no thought of the full implications to the profit. Providing entertainment needs to be carefully costed out so that it generates more profit rather than adding to the costs of the business.

- **How do I maintain G.P. % after a supplier increase?**

In the last couple of years if prices have not been increased correctly, margins have been greatly squeezed - it is then extremely difficult to maintain margins in future years.

- **Are my allowances reasonable?**

It is very easy to under declare allowances resulting in a deficit or alternatively and much more commonly cover up a loss by making excessive allowances. Both can have serious repercussions.

- **Is my surplus satisfactory?**

Often a small surplus is accepted, where in fact a much higher figure should be possible.

The stock auditor can only work to the information set in front of them, ideally this should all be available on the audit day enabling results to be calculated on the day.

Information required could include:

Details of business done, may well be cash, credit card payments and ledger balances.

This should then be compared with some sort of till report - discrepancies could highlight a cash problem.

Details of goods bought into the business. This would include delivery notes, invoices and statements. All have a part to play in ensuring that accurate reports are produced using up-to-date and valid information.

Details of any goods not sold for the full retail value - this would include line cleans, wastage and any drinks given away by the business for hospitality. Goods sold at a reduced price must also be recorded so an 'allowance' can be made for the sales price difference.

If available, a full till report may be used to produce a till reconciliation - a process that enables losses not only to be quantified but to be allocated to particular products.

The costs of using a qualified and professional stock auditor are often covered many times over by the savings that are possible. Not to use their expertise is to risk putting your business in jeopardy.