

Ten Top Tips for Easier Stocktaking

If you are a product seller, you need to count and value your unsold stock at year end. Here are our ten top tips for easier stocktaking.



What is a Stocktake and Why is it Important?

A stocktake is a count of inventory items held at certain date, combined with stock values to calculate the value of inventory on hand.

For accounting purposes, we align the cost of inventory with the period in which it is sold. If we don't have an accurate closing inventory, we may be overstating our cost of sales and therefore understating our profitability.

We asked our JDW Team for their Ten Top Tips for Easier Stocktaking. Here are our ten practical tips to help make your next stocktake smoother and more accurate.

Tip 1: Plan Ahead

If your year end falls on 31 March, start planning at the start of March. Decide who, what, when and how and put the resources in place. Roster enough staff and train them before you start. Schedule your stocktake during the slowest period during the day or after hours to minimise disruptions for customers and staff. Clear a space to work, so you can bring stock off the shelves.

Tip 2: Sell Stock before the Year End

Wondering why some large retailers have stocktake sales a couple of weeks before the end of their financial year? A year end sale can achieve many aims for a business – a quick cash injection, less inventory to count, free up storage space. Trading stock is valued at the lower



of cost and net realisable value. If you sell an item at below cost, then you can value the same item in stock at that lower value.

Make sure that any discounts or savings promotions that you are offering are genuine. Make it clear if your sales promotion is limited to certain products. For more information, see the Commerce Commission's guidance on pricing your products or services.ⁱ

Tip 3: Remove Damaged and Expired Stock

Throw out damaged and expired stock. If safe to donate, contact a local charity to ask if they can use your stock that is nearing best before dates. Check Ministry for Primary Industries' (MPI) advice on best-before vs use-by dates.ⁱⁱ

Tip 4: Don't Rely on Computerised Stock Records

Even if you have an inventory system tied into your Point of Sale (POS) system, you should do a physical stocktake to check for shrinkage.

Shrinkage is when the physical inventory count is lower than the number on the stock records. This may occur due to errors, like scanning the wrong item code, but it may highlight theft by staff or customers. McKinsey offers an interesting perspective in its 2023 podcast on reducing retail shrinkage, highlighting the solutions as opportunities for a better customer experience.ⁱⁱⁱ Examples include better security and training hosts to interact with customers at self-checkout.

Tip 5: Rolling Stocktake

If you carry a lot of inventory, do regular counts of smaller sections of your store, called a rolling stocktake. It's an effective way to keep your stock records reliable throughout the year and makes it easier at year end. You can identify inaccuracies, system errors and make corrections. It may draw your attention to expiry dates, damaged goods, mislabelled products, shrinkage (see above) and slow-moving stock.

Even smaller businesses can benefit from a rolling stocktake. A few years ago, a restaurant client realised that they were short of two very expensive bottles of champagne. When they investigated further, they discovered that their culprit, a barman, was stealing cash and giving free drinks to friends.

Tip 6: Organise What You are Counting

Make sure your plan covers all areas where stock is stored: shop window, main shop, back rooms, basements, storage shed... Sort your inventory into product groups, matching their stock keeping unit (SKU) and count complete boxes and items separately.

Organise your stock tally sheet in the same order as your shelves, so you aren't crisscrossing each other. Be systematic to ensure you don't miss anything.

Remember to include stock in transit in your final inventory – goods which you have paid for but they haven't reached the store.



Tip 7: Standardise Your Counting Procedures

Before you start, make sure everyone is counting in the same way. Set clear rules for things like open cartons, multipacks, and part boxes so there's no confusion on the day. Use the same units of measure in your Point of Sale (POS) or inventory system as you do on your tally sheets.

If you use a 3PL, check that their counting methods match your own, so your physical count lines up with their records.

Tip 8: Use Technology to Reduce Manual Errors

A physical stocktake is still essential, but the right tools can make it quicker and more accurate. Barcode scanners, mobile apps and handheld devices reduce transcription errors and speed up the process.

If you run a warehouse or use a 3PL, ask about options like cycle counting, scanning workflows or system integrations that keep your stock records cleaner throughout the year.

Tip 9: Gamify

Make it fun, to keep the team engaged and focussed. Break the stocktake into zones, aisles, or product groups. At each checkpoint, offer a small reward — a stretch break, chocolates, or a “You nailed it!” moment. It gives people a sense of progress without rushing the count.

Work in friendly pairs, so one counts while the other records. They swap roles after each section. Two sets of eyes improve accuracy, and working with a buddy keeps spirits up. Set up simple competitions which reward accuracy, rather than speed. Create a bingo card with boxes like “Found mislabelled stock”, “Identified expired item” or “Corrected a barcode mismatch”. If you run periodic stocktakes, track the average time per zone, number of discrepancies, number of perfect counts. Encourage staff to beat their own previous performance.

Let different team members choose the music playlist for each section completed. Upbeat music keeps the energy high, and rotating the DJ adds fun without distracting from accuracy. Place a few small surprises around the stock area, like stickers or coffee vouchers. Allow fun, simple dress ups, if they don't interfere with the stocktake process and safety.

Have a small but memorable end-of-stocktake ritual. Whether it is a group photo, team clap-out, or post-count treats, it reinforces the message that the stocktake is a team achievement, not a chore.

Tip 10: Reconcile and Review Straight Away

As soon as the count is finished, compare your physical numbers to your recorded stock. Investigate any discrepancies while the team still remembers what happened. Was there a recent delivery, a return, or a product move?

Use what you learn to refine next year's approach. If items caused problems, consider better labelling, reorganising shelves, or updating product codes.



Let's Make It Count

The year end stocktake is an important process for every product seller. A little planning and organising makes the count smoother, more accurate, and far less stressful for everyone involved. A well-run stocktake also gives you valuable insights into stock levels, shrinkage trends, and purchasing patterns — information that helps you make better decisions in the year ahead.

Treat it as a team effort, support your staff, and build on what you learn each year. With the right approach, stocktake becomes less of a chore and more of an opportunity to understand your business better.

- *Serena Irving*

Serena Irving is a director in JDW Chartered Accountants Limited, Ellerslie, Auckland. JDW is a professional team of qualified accountants, business consultants, tax advisors, trust and business valuation specialists. Serena attended her first stocktake aged ten, when her parents sold their dairy.

An article like this, which is general in nature, is no substitute for specific accounting and tax advice. If you want more information about the issues in this article, please contact your adviser or the author.

ⁱ <https://www.comcom.govt.nz/business/dealing-with-typical-situations/selling-goods-and-services/pricing-your-products-or-services>

ⁱⁱ <https://www.mpi.govt.nz/food-safety-home/how-read-food-labels>

ⁱⁱⁱ <https://www.mckinsey.com/industries/retail/our-insights/the-art-and-science-of-reducing-retail-shrink>