SortMyBooks

How to Add Stock for a Product

Use this step to tell the system **how many** items you have. This ensures your Stock Report shows the correct quantities.

1. **Navigate to Product Settings:** Go to **Tools** > **Products**.
2. **Select Product:** Click **Add** to create a new item, or click on an existing product to edit it.
3. **Enter Details:** Fill in the Nominal, Supplier, Purchase Price, and VAT Rate.
4. **Enter Opening Quantity:** Click on the **Purchase Defaults** tab.
   - **Opening Stock:** Enter the quantity of items you currently hold (e.g., `10`).
   - **Purchase Price:** Enter the cost price per single item (e.g., `10.00`).
5. **Save:** Click **OK**.

Explanation of the Stock Report Numbers

To generate the report: Go to **Reports** > **Sales Reports** > **Stock**.

Here is how to interpret the columns:

Report Column	Explanation	Calculation Formula
Opening Stock	Quantity on hand at the start.	Derived from Tools > Product settings.
Sales Quantity	Total items sold in the period.	Sum of quantities on Sales Invoices.
Purchase Quantity	Total items bought in the period.	Sum of quantities on Purchase Invoices.
Quantity in Hand	Items physically remaining.	Opening Qty - Sales Qty + Purchase Qty
Opening Stock Value	Value of stock at the start.	Derived from Tools, Products, and Opening stock value as entered.
Sales Value	Total revenue from sales (ex-VAT).	Sum of totals on Sales Invoices.
Cost Value	Total cost of all inventory available.	Opening Stock Value + Total Purchase Value
Average Cost Price	The calculated cost of a single item.	Cost Value / (Opening Qty + Purchase Qty)

Stock Sales Value	Potential revenue of the remaining stock.	(Total Sales Value / Sales Qty) * Quantity in Hand
Stock Purchase Value	Cost value of remaining stock.	Average Cost Price * Quantity in Hand
COGS	Cost of Goods Sold.	Average Cost Price * Sales Quantity
Average Margin	Your profit percentage.	(Sales Value - COGS) / Sales Value

Here is why you need this report and how the specific numbers help you make smarter business decisions:

1. It Reveals Your True Profitability (Average Margin)

The most critical number on the report is the **Average Margin**. This tells you exactly how much profit you are making on each product after covering the cost of buying it.

- **Why it is useful:** You might be selling a product for €50, but if it costs you €45 to buy (low margin), you are working hard for very little profit.
- **Actionable Insight:** If your **Average Margin** is low, you need to either negotiate better purchase prices with suppliers or increase your selling price. This number helps you identify your "winners" and "losers."

2. It Calculates Your True Costs (COGS)

The **COGS (Cost of Goods Sold)** figure shows the total cost of the inventory you have actually sold during the period.

- **Why it is useful:** This figure is calculated using the "Weighted Average Cost" method, which smooths out price fluctuations from different suppliers over time. It gives you a much more accurate picture of cost than simply looking at your last purchase invoice.
- **Actionable Insight:** This number is deducted from your Sales Value to determine your Gross Profit. Accurate COGS ensures you are not overpaying or underpaying tax, as it directly affects your net profit.

3. It Shows "Trapped" Cash (Stock Purchase Value)

The **Stock Purchase Value** represents the value of the goods currently sitting in your stockroom, valued at what you paid for them.

- **Why it is useful:** This is an asset on your Balance Sheet, but in reality, it is cash that you cannot spend until you sell the goods.
- **Actionable Insight:**

- ○ **Too High:** You have too much cash tied up in stock. You risk products becoming obsolete or damaged. You should stop buying and focus on selling.
- ○ **Too Low:** You risk running out of stock and missing sales.

4. It Forecasts Future Revenue (Stock Sales Value)

The **Stock Sales Value** estimates how much revenue you will generate if you sell all your current remaining stock at your current average selling price.

- **Why it is useful:** This helps with cash flow forecasting. It answers the question: "If I sell everything I have right now, how much money will come in?"
- **Actionable Insight:** Use this number to plan for future expenses. If you have €10,000 in Stock Sales Value, you can reasonably expect that revenue to flow in over the coming weeks or months.

5. It Prevents "Stockouts" (Quantity in Hand)

By tracking **Opening Stock**, **Purchases**, and **Sales**, the report gives you a live running total of your **Quantity in Hand**.

- **Why it is useful:** It prevents the dangerous scenario where a customer wants to buy, but you have nothing to sell.
- **Actionable Insight:** Compare your **Quantity in Hand** against your **Sales Quantity**. If you sold 50 items last month but only have 5 left, you need to reorder immediately.