



## Year-End Stock

For businesses holding physical products, your **Stock** (or Inventory) figure is one of the most vital numbers on your Year-End Balance Sheet. Accurate stock values determine your true profit or loss. The goal is to ensure your P&L reflects the cost of items actually *sold* (Cost of Goods Sold), rather than just everything purchased.

### How to Access Stock Features

- **For Product Quantities:** Navigate to **Tools > Products** to manage individual item counts and costs.
- **For Financial Journals:** Go to **Accounts > Journals** to enter valuation adjustments.
- **For Reporting:** Go to **Reports > Sales Reports > Stock** to view quantities on hand and average margins.

### 1. Setting Your Opening Stock

If this is your first year using SortMyBooks, you must record the [value of stock](#) you held at the very beginning of the period.

- **Step A: Record the Initial Asset:** Create a Journal entry dated the **last day of your previous accounting year** (e.g., 31/12/2025 if your year starts 01/01/2026).
  - **Debit:** Stock (Current Asset 13000).
  - **Credit:** Opening Balances.
- **Step B: Move to P&L:** On the **first day of your current year**, create a second Journal to move that value into your trading costs.
  - **Debit:** Opening Stock (Cost of Sales 58000).
  - **Credit:** Stock (Current Asset 13000).

### 2. The Physical Stock-Take

A physical count should be performed at the end of your accounting period to determine your final valuation.

- **The Valuation:** Use the **cost price** per single item.
- **Quantity in Hand:** This represents items physically remaining, calculated as:  
Opening Qty - Sales Qty + Purchase Qty.
- **Product Settings:** You can update individual "Opening Stock" quantities for each product under the **Purchase Defaults** tab in **Tools > Products**.



### 3. Recording Stock Take Values (Journal Entries)

Once your count is complete, you must update the financial ledgers. All stock entries should be made via **Journal entries**.

#### For an Increase in Stock Value:

1. **Date:** Use the last day of the period (e.g., month-end or year-end).
2. **Amount:** Enter the value of the stock (or the increase since the last count).
3. **Debit:** Stock (Current Asset 13000).
4. **Credit:** Closing Stock (Cost of Sales 59000).

#### For a Decrease in Stock Value:

1. **Debit:** Closing Stock (Cost of Sales 59000).
2. **Credit:** Stock (Current Asset 13000).

To check your work, go to **Reports > Ledger Reports > Balance Sheet**. Your stock value should appear clearly under the **Current Assets** section.

### If you use SMB to track individual [stock items](#), you can get valuable insights from the Stock Report

The Stock Report provides insights to help you make smarter business decisions:

- **Average Margin:** This reveals your true profitability after covering purchase costs. If this is low, consider negotiating better prices or increasing your sales price.
- **COGS (Cost of Goods Sold):** Shows the total cost of inventory actually sold. This ensures you are not overpaying tax, as it directly affects net profit.
- **Stock Purchase Value:** Represents "trapped" cash sitting in your stockroom. If this is too high, you have too much cash tied up in inventory.

#### Year-End Stock Checklist

Task	Action Required	Checked?
<b>Opening Balance</b>	Recorded on the last day of the <i>previous</i> year.	<input type="checkbox"/>
<b>P&amp;L Transfer</b>	Opening stock moved to Cost of Sales on Day 1 of the <i>current</i> year.	<input type="checkbox"/>
<b>Physical Count</b>	Physical count completed and valued at cost price.	<input type="checkbox"/>
<b>Final Journal</b>	Closing stock journalled to Asset (13000) and Cost of Sales (59000).	<input type="checkbox"/>
<b>Report Review</b>	Checked the Trial Balance to ensure Stock is correctly reflected in Current Assets.	<input type="checkbox"/>