

## Policies, Procedures, Guidelines and Protocols

Document Details		
Title		Finance Procedure V2: Annual Physical Stocktake
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Local Ref (optional)		
Main points the document covers		Procedures for carrying out & accounting for stocktakes
Who is the document aimed at?		Staff responsible for controlled stores & Finance staff, particularly those in Financial Accounting
Author		David Court, Head of Financial Accounting
Approval process		
Approved by (Committee/Director)		Director of Finance
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Lead Director		Sarah Lloyd, Director of Finance
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Who the policy will be distributed to		Distributed to senior staff as defined by directors
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Required by CQC		
Required by NHS Resolution		
Other		
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No	Date	Amendment
1	November 2012	Minor amendments to terminology
2	November 2015	No changes
3	December 2018	No changes
4	December 2021	No changes
5	January 2025	No changes

# Shropshire Community Health NHS Trust

## Finance Procedures

### Section V    Stocks V2            Annual Physical Stocktake

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#### 1 – Introduction

- 1.1 Stock control is the responsibility of the manager of the holding department (see Finance Procedure V1: Stock Control). For managers of all controlled stores, this responsibility includes an annual stocktake at the end of each financial year, comprising a physical check of all items of stock. This stocktake gives a valuation of stock for use in the annual accounts of the Trust and identifies any surplus or deficit between physical stock and book stock.
- 1.2 Careful planning beforehand will allow the stocktake to be completed accurately, and with the minimum disruption to the department.

#### 2 – Before the stocktake

- 2.1 Each department is responsible for the annual stocktake of its own controlled stores. This will be carried out on or as close as possible to 28<sup>th</sup> February by the storekeeper or other representative, together with an independent person not normally involved with the issuing of stock e.g., a senior member of the department's staff. The reason for this date rather than 31<sup>st</sup> March (the actual year end) is the early production of year end accounts makes 31<sup>st</sup> March impractical.
- 2.2 Department staff, and anyone else who may be affected by the stocktake, need to be notified in advance, and the stores must be closed during the stocktake.
- 2.3 Stock sheets, either computerised or manual, will be prepared and sequentially numbered, listing all items of stock, but **not** the book quantity. Appendix A shows an appropriate format. Computerised sheets are recommended as totals can easily be calculated.
- 2.4 Allowance must also be made for stock delivered, returned, or issued, but not yet recorded. All stock records must be up to date immediately before the start of the stocktake.

#### 3 – During the stocktake

- 3.1 The physical stock (i.e., the counted stock) is entered on the sheets during the stocktake. The book stock is then entered from the records held within the department, and any surplus or deficiencies are calculated. Where there is a discrepancy, a second check of those items is made. Adjustments are made to book stock to bring it in line with the physical stock. Amendment lists are signed by the department head.
- 3.2 Any surplus, obsolete or damaged stock is identified as such on the stock sheets. Any physical stock found, that is not listed on the stocksheets, must also be recorded.

- 3.3 Each stock sheet is signed and dated by both the staff carrying out the stocktake as it is completed. All stock sheets, including any not used, are returned to the manager responsible at the end of the stocktake.

#### **4 – After the stocktake**

- 4.1 The physical stock holding, and any surpluses or deficiencies are valued at the lower of cost or net realisable value, calculated on the “First In, First Out” (FIFO) basis. Where stock turns over fairly quickly, prices can be taken from recent orders, invoices, or catalogues. If stock items have been held for over twelve months, the valuation from the previous year may be used (providing that the item is not obsolete).
- 4.2 The completed, priced stock sheets are sent to the Senior Financial Accountant in the Finance Department by the deadline requested for that year. It is the responsibility of the manager to ensure that all stock sheets are accurately priced and totalled. Computerised spreadsheets may be sent initially by e-mail, but must be followed up, within five working days, by the paper-based originals showing the signatures.
- 4.3 The agreed final stock values are recorded in the General Ledger and the annual accounts of the Trust. Significant deficits will be recorded in the Losses Register, and obsolete and surplus stock will be disposed of in accordance with Finance Procedure J2: Disposal of Obsolete and Surplus Items. On disposal, the stock sheets are adjusted accordingly.

#### **References & associated documents**

None

Reviewed By \_\_\_\_\_

Date \_\_\_\_\_

Authorised By \_\_\_\_\_

Date \_\_\_\_\_

