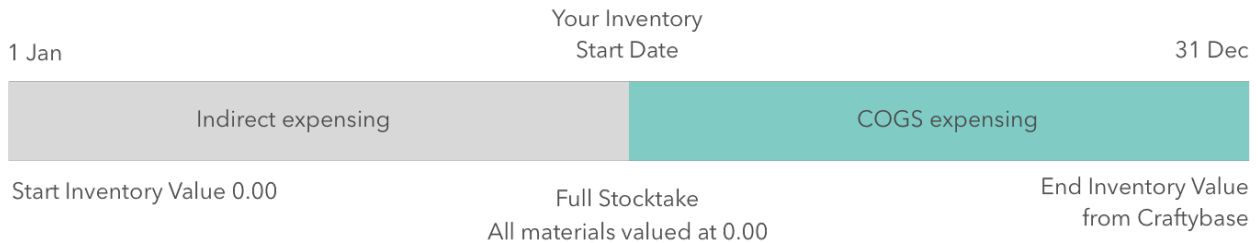


2 a) Begin on current date

This method involves stocktaking immediately, claiming all previous material purchases as an indirect expenses and working forward with initial zero costed products and materials. The reason your materials will be initially valued as zero is because you will be claiming their usage via indirect expensing (i.e. Part II of Schedule C)



Tasks

- Reset your account to remove any previous data imported or entered (if necessary)
- Set your Account Start Date to today
- Import your sales channels, ensuring that your first import is from today to prevent past data being created in the system.
- Stocktake your physical materials on hand
- Set your Starting Adjustments for each of your materials using your stocktake numbers *with a material unit cost of zero* (as your materials have all been fully claimed before this date via indirect expensing).
- Stocktake your physical product on hand
- Set your Starting Adjustments for each of your products using your stocktake numbers *with a manufacture unit cost of zero* (as your materials have all been fully claimed before this date via indirect expensing).

Important: You'll want to discuss your options with your tax advisor first before using this approach to ensure that you are both on the same page. You'll need to be claiming your material purchases as indirect expenses up to the point where you begin with Craftybase, after this time the costs of your materials will be factored into COGS.