

1 b) Start on current date

This method involves starting to track your inventory using COGS from today forward, with all previous material expenditure claimed as an indirect expense.

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 right up to the point where you begin tracking with Craftybase, after this time the costs of your materials will be factored into COGS.

Going Forward

From here, you'll want to ensure that you work forward from today on a constant basis through the year: entering in expenses as you receive them, manufactures as close to when they happen and orders as they are placed.

Also remember to regularly cycle count your product and material stock to ensure that your records are accurate.