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INTRODUCTION

1. This chapter outlines the policy and the accounting procedures for the treatment of merchandise transfers. Further details specific to CANEX transfers are detailed in CANEX's [Receiving and Shipping SOP](#) and CANEX's [Cost Accounting and Perpetual Inventory \(CAPI\) Reference Manual](#).

WHOLESALE SALES

2. CANEX sales (transfers) to NPP organizations (other than CANEX) are "Wholesale Sales" actioned through the use of NPF Invoices and are normally at a discount to the normal retail price (e.g. cost plus). In circumstances where NPF invoices are not produced by CANEX's Point of Sale (POS) System, a DND 1221 (NPF Invoice) shall be used.
3. The DND 1221 is a serially numbered document and shall be controlled in accordance with Chapter 6 (Control of Accountable documents).

MERCHANDISE REQUISITIONS

4. Merchandise Requisitions (CF 603) [Annex A](#) shall be used for the purpose of:
 - a. transfers of merchandise between non-CANEX entities;
 - b. transfers from one CANEX department to another;
 - c. transfers between CANEX outlets;
 - d. transfers to a private function (see Chapter 38 - Function Recapitulation Voucher); and
 - e. transfers to an expense account.
5. Merchandise Requisitions (MRs) shall not be used for purposes other than those indicated above.
6. Outlets that originate MRs are not to process them through the Daily Sales Report (DSR).

COSTING

7. Transfers shall always be completed at cost. For CANEX, if transfers within the same entity place an undue expense on a transferring outlet, the manager may apply a handling fee to be borne by the receiving outlet. In such cases, the fee is to be shown on form CF 603 and accounted for as Handling Fee Revenue by the transferring outlet and a Handling Fee Expense by the receiving outlet.

CONTROL

8. Forms CF 603 must be controlled in accordance with Chapter 6 (Control of Accountable documents).
9. The normal distribution for the form CF 603 is as follows:
 - a. Copy No. 1 (White) is provided to the receiving department or outlet with the goods

- and then submitted to the NPPAM under cover of the receiving outlet's daily DND 728;
- b. Copy No. 2 (Yellow) remains with the issuing department or outlet and then submitted to the NPPAM under cover of the issuing outlet's daily DND 728; and
 - c. Copy No. 3 (Pink) remains in the book.

Note: In the event that a Merchandise Requisition is cancelled, copies 1 and 2 shall be stamped "Cancelled" and submitted to the NPPAM under cover of the issuing outlet's daily DND 728.

TRANSFER PROCESSING

10. **General.** In the case of a quantity difference or pricing error on an internal merchandise transfer, the CF 603 shall be changed at the time of pickup or delivery and the change initialed by both parties so that a Request for Credit Form (CF1333) will not be required.
11. **Within the same outlet.** The manager will prepare the form CF 603 extended at cost and, for retail accountability outlets, also at retail. If the cost is not readily determinable, the normal department gross profit percentage will be used to reduce retail to cost. The manager will ensure that price tags have been adjusted, staple copies 1 and 2 of the form CF 603 together, and submit them to the NPPAM under cover of the issuing outlet's daily DND 728.
12. **Within the same entity or between NPP entities/outlets other than CANEX.** The manager will prepare the transfer as per paragraph 7 above. If the order is picked up, the manager will ensure that the receiving outlet signs copies 1 and 2 of the form CF 603. If the order is delivered, copies 1 and 2 will go to the receiving outlet with the driver who will ensure that the receiving signatures are obtained and copy 2 returned to the issuing outlet. Copy 1 will remain with the receiving outlet. The manager of the receiving outlet will submit copy 1 to the NPPAM under cover of the outlet's daily DND 728. The manager of the issuing outlet will submit copy 2 to the NPPAM under cover of the outlet's daily DND 728.
13. **Within the CANEX system (eg. between CANEX detachments).** The procedures in paragraph 12 apply except that, since the issuing and receiving outlets are at different units, the NPPAM at each unit will only receive one copy of the CF 603.
14. **Action by the NPPAM/NPP Accounting Clerk.** On receipt of the outlets' daily DND 728s and the attached forms CF 603:
 - a. the NPP Accounting clerk will:
 - i. check the extension of the forms CF 603;
 - ii. match copies 1 and 2 of the form CF 603, see note;
 - iii. for the issuing outlet, check off the CF 603 on the Accountable Document Usage Register; and
 - iv. enter the data and forward the accounting register to the NPPAM.
 - b. the NPPAM will review the register and supporting documentation and approve/post the register as per standard procedures.

Note: For transfers between bases, only 1 copy of the CF603 will be available.

PAYMENT

15. Under no circumstances is a cheque to be raised for payment of a MR to another base or region. As per Chapter 9 (Consolidated Banking System), an internal transfer voucher is to be raised/processed by the NPPAM to record the transaction.

[Annex A – Merchandise Requisition form CF 603](#)