



INTRODUCTION

1. This chapter outlines the procedures and controls that are unique to CANEX Warehousing *operations*.

DEFINITIONS

2. Warehouse. A warehouse is defined as a separate purchasing, receiving, storing and distribution facility that may provide merchandise to two or more other outlets.
3. Transfers. Transfers are distributions of merchandise from one CANEX outlet (including a Warehouse outlet) to another CANEX outlet. Transfers are documented using a Merchandise Requisition (CF 603) and may take place within a single base (intra-base) or between bases (inter-base). See Chapter 22 for further details.
4. Wholesale Sales. Wholesale sales are sales to NPF organizations (other than CANEX) through the use of NPF Invoices. Wholesale sales are normally at a discount to the normal retail price (e.g. cost plus).

GENERAL

5. All merchandise flowing from CANEX to another NPF entity shall be recorded by CANEX on an NPF Invoice (DND 1221) as a Wholesale Sale (by department) and in the receiving entity's books of account as a purchase (by department).
6. The DND 1221 is a serially numbered document and shall be controlled in accordance with Chapter 6.
7. Wholesale sales are normally made from an existing Retail or Grocery outlet; however, a separate Warehouse outlet may be established. This chapter is divided into procedures pertaining to wholesale sales from a non-warehouse outlet (e.g. Retail Store or Grocery Store) and those from a Warehouse outlet.

NON-WAREHOUSE OUTLET

GENERAL PROCEDURES

8. Procedures pertaining to departmentalization, inventory valuation, purchases, transfers, reports and returns, stocktaking and inventory shrinkage are detailed in Chapters 42 and 43 for Retail Stores and Grocery Stores respectively.

RETAIL PRICE CHANGES

9. Since wholesale sales typically involve a reduction in the original selling price, RPC action will be necessary when wholesale sales are made from an outlet or department on retail accountability. No RPC is required for goods accounted for at cost, only the Merchandise Requisition is completed.
10. Copy 3 of the NPF Invoice will serve as the RPC and is submitted to the NPFAS daily as outlined in Chapter 6.

11. It is imperative that NPF Invoices reflect the original selling price(s) and the amount of the sales discount(s) to facilitate RPC action.

WHOLESALE SALES

12. Procedures for consumer sales are as outlined in Chapter 18.
13. Wholesale sales via an NPF Invoice shall be recorded in separate sales accounts entitled "Wholesale Sales" on the Income Statement.
14. The NPF invoice will serve three functions and will be processed accordingly:
 - a. For the receiving outlet. Copy 1 (white) will serve as an invoice and are submitted to the NPFAS as per Chapters 6 and 21;
 - b. For the issuing outlet. Copy 2 (yellow) supports the wholesale sales shown on the POS (Point of Sale) DSR and is submitted to the NPFAS as per Chapters 6 and 18; and
 - c. For the issuing outlet. Copy 3 (pink) serves as the RPC and is submitted to the NPFAS as per Chapters 6 and 23.
15. The CANEX POS DSR shows the total sales by department that includes, but is not broken down into, consumer and wholesale sales. These total sales are posted as Consumer Sales on the Income Statement that will, therefore, not show any Wholesale Sales. In order to show the total amount of wholesale sale on the Income Statement, Department one has been arbitrarily chosen to receive an automated adjustment that credits Wholesale Sales and debits Consumer Sales (i.e. other departments are not affected).
16. Upon receipt, the NPFAS shall:
 - a. perform the procedures outlined in Chapter 6;
 - b. verify the extensions;
 - c. verify that a signature is evident on the document acknowledging receipt of goods; and
 - d. process copy 3 as an RPC for the departments indicated.

NOTE: In the event that an NPF Invoice is cancelled, Copies 1 and 2 shall be stamped "Void" or "Cancelled" and submitted to the NPFAS with the next DSR.

WAREHOUSE OUTLETS

DEPARTMENTALIZATION

17. Sales shall be departmentalized in accordance with Chapter 41. Generally, a warehouse will not have consumer sales.

INVENTORY ACCOUNTABILITY

18. Accountability for warehouse merchandise shall be "by item" and at the original cost as outlined in Chapter 25. Retail accountability procedures do not apply to Warehouses.

PROCESSING OF INVOICES

19. Suppliers' invoices (with PO attached) and credit notes are submitted minimum weekly to the NPFAS as per Chapters 6 and 21

TRANSFERS

20. All distributions to CANEX outlets shall be recorded on form CF 603 and actioned as transfers in accordance with Chapter 22.

21. Transfers shall be actioned at landed cost (i.e. invoice cost net of any trade discounts plus freight but not including any volume rebates).
22. When determining invoice cost, the "First In - First Out" (FIFO) method shall be followed. For example, where 10 items are issued, five of which were purchased for \$15.00 and five for \$17.50, the pricing shall reflect these different costs notwithstanding that there may have been fifteen on hand at the new cost of \$17.50 and five at the earlier cost of \$15.00.
23. At the discretion of the Regional Manager, handling fees of up to 3% of landed cost may be applied to inter-base transfers. Any handling fees for transfers must be shown separately on the CF 603 and shown as a separate line on the outlet's income statement.

INVENTORY SHRINKAGE

24. There shall be no inventory shrinkage recorded for Warehouses.