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INTRODUCTION

1. This chapter contains policies and procedures which do not fit into any of the other chapters. It is divided as follows:
 - a. Gift Certificates;
 - b. Home Heating Oil, CANEX Dividend Cheque Book;
 - c. Coupons, Donations, Samples and Free Goods;
 - d. Lease Contracts;
 - e. Extended Warranty Program;
 - f. STN Privilege Card;
 - g. CANTEL;
 - h. Post Office;
 - i. Dry Cleaning and Photofinishing; and
 - j. Bus Passes.

CANEX GIFT CERTIFICATES

2. The CANEX Gift Certificate program was created to enable authorized patrons to purchase certificates as gifts to other authorized patrons.
3. The essence of the program is that the certificates have a value immediately on issue and are redeemable at any CANEX outlet. The certificates will bear face value amounts of five, ten and twenty dollars and may be purchased in lots of \$100.
4. Orders for CANEX Gift Certificates will be by message to NDHQ/DNPFS detailing the denominations of certificates to be purchased. DNPFS will use the message as authority to debit the requesting unit's central bank account and will issue the certificates via registered mail to the NPFAO.
5. The NPFAO shall act as cashier for all gift certificates. On receipt of the certificates from DNPFS, the NPFAO shall record the following:
DR Accounts Receivable - Gift Certificates
CR CANEX Share of Base CBA
6. The account "Accounts Receivable - Gift Certificates" shall be included on the Balance Sheet as a part of the line "Accounts Receivable". Certificates shall be issued and controlled in the same manner as Petty Cash imprests. On issue, the NPFAO shall ensure that he obtains a receipt for the amount of the imprest and immediately:
DR Imprest - Gift Certificates
CR Accounts Receivable - Gift Certificates

7. The number of gift certificate imprests must be kept to a minimum. Normally, there will be only one gift certificate imprest per base. As the certificates represent cash, control and reconciliation of the imprests shall be identical to regular petty cash imprests and change floats.
8. The size of gift certificate imprests should be maintained at an amount equal to three months expected sales of the certificates, with allowances made for increased demand at certain times of the year or for special events (i.e. Christmas).
9. Customer Purchase. Authorized patrons may purchase the certificates on credit.
10. Customer Redemption. As the certificates are intended to be used for the purchase of merchandise, the certificates may not be redeemed for cash without the approval of the CANEX manager. However, the difference between the price of merchandise purchased and the face value of the certificate shall be refunded to the patron in cash.
11. Return of Certificates to DNPFS. When a certificate is presented by a patron at any CANEX it will be honoured. The certificates will be handled as cash, cancelled with a "CANCELLED" stamp, and submitted to the NPFAO along with the DSR. The NPFAO shall raise a DND 728 notated "For Consolidated Bank Credit" and send the cancelled gift certificates to DNPFS after making the following bookkeeping entry:
DR Accounts Receivable - CANEX HQ (account 1199;0002)
CR Sales
12. On receipt of the certificate, DNPFS will raise a consolidated banking transfer voucher (TV), credit the unit's account and send a copy of the TV to the unit. On receipt of the TV, the NPFAO shall:
DR CANEX Share of the Base CBA
CR Accounts Receivable - CANEX HQ (account 1199;0002)

HOME HEATING OIL - CANEX DIVIDEND "CHEQUE BOOK"

13. CANEX patrons who avail themselves of the Home Heating Oil (HHO) program annually receive a HHO dividend certificate redeemable only for merchandise or service at any CANEX outlet in Canada. In most cases distribution of dividends and the redemption process pose no problems to patrons and are fair and equitable. However, where participating CF personnel are posted during the active posting season (APS), the normal procedures are both costly and ineffective. To correct this situation and to ensure that patrons receive the dividends earned, the CANEX Dividend "cheque book" has been introduced.
14. (Not Allocated)
15. Security and Control. CANEX Dividend "cheques" are serially numbered and, when properly completed, are negotiable instruments. Therefore, the "cheques" shall be controlled and secured in accordance with Chapter 6. NPFAOs can request CANEX Dividend "cheque-books" from NDHQ/DNPFS as required and subsequently issue these to CANEX managers as required.
16. Limitations. Use of the CANEX Dividend "cheque-book" is restricted as follows:
 - a. The dividend is to be used for oil deliveries made only during the period 1 June to 31 August as evidenced by the customer's copy of the delivery slip; and
 - b. The dividend shall be signed by the CANEX manager or a specifically designated representative.
17. After 31 August, but not later than 30 September of each year, all unissued dividends shall be returned to the NPFAO.

18. Signing Authorities. As indicated, the CANEX manager or a specifically designated representative is responsible for signing the CANEX dividend. Prior to the beginning of June of each year, the NPFAO shall provide NDHQ/DNPFS with a specimen signature of authorized signors. The specimen signature shall be provided in the form of a letter, which shall include the name, rank, and position of the signor. The specimen signatures provided must be original signatures and not photocopies.
19. Issuing a CANEX Dividend. Issuing a CANEX dividend to a customer is simply a matter of filling in the blanks (see example, [Annex A](#)). However, particular attention is required in the following areas:
 - a. Expiry date: The year to be inserted by the issuing agent shall be the current year;
 - b. Litres: The customer requesting the dividend must present the delivery slip so that the issuing agent may establish the date of delivery and the litres delivered. The delivery slip is to be retained by the issuing agent;
 - c. Cents per litre (CPL): The amount will be specified yearly by CANEX HQ;
 - d. Signature of the CANEX manager: The name of the signor shall be printed under the signature;
 - e. The back cover of each "cheque-book" includes a flap which must be placed under the dividend being written to avoid contaminating the counterfoils of the dividends that follow; and
 - f. When a dividend is written, enough pressure must be used to produce a legible counterfoil.
20. Disposition of the Dividend Counterfoils. Each CANEX dividend has a counterfoil to which the customer's delivery slip is attached. Once each month, the CANEX manager shall remove the counterfoils of all issued dividends and send them to the NPFAO along with the delivery slips. The NPFAO shall:
 - a. Record the dividends issued in the accountable document usage register;
 - b. Verify that the delivery slip is attached to each counterfoil; and
 - c. Submit all counterfoils complete with the delivery slips to NDHQ/DNPFS monthly.
21. Redemption of Dividends. Properly completed CANEX dividends are redeemable only for merchandise or services at any CANEX outlet. This statement is printed on the face of each dividend.
22. The dividend must be endorsed by the customer, whereupon the clerk will accept the dividend as legal tender. However, such dividends are to be submitted with the DSR to the NPFAO and are not to be deposited with a bank. In addition, the sum of the dividends will be reflected on the DSR as a non-cash item.
23. Upon receipt of accepted CANEX dividends, the NPFAO will:
 - a. Verify that the dividends have been endorsed;
 - b. Verify that the sum of the dividends equals the figure recorded on the DSR;
 - c. Accumulate and secure the accepted dividends;
 - d. Record the accepted dividends as an Accounts Receivable - CANEX HQ (account 1199;0001); and
 - e. Stamp all accepted dividend cheques "cancelled".
24. Reimbursement. Once each month, or more frequently if appropriate, the NPFAO shall submit the accepted dividends to NDHQ/DNPFS under cover of a DND 728 and request reimbursement.
25. On receipt of the dividends, DNPFS will raise a transfer voucher (TV), credit the unit's account, and send a copy of the TV to the unit.

26. On receipt of the TV, the unit NPFAO shall:
DR CANEX Share of the CBA
CR Accounts Receivable - CANEX HQ (account 1199;0001)
27. Redemption for Cash. This form of CANEX dividend is not redeemable for cash. For that reason, wherever the word "cheque" is used in this instruction, it has been placed in quotation marks.
28. It is recognized, however, that when customers are buying merchandise or services, it is unreasonable to assume that their purchases will equal the total value of the dividend. Therefore, the cash guideline is 10 percent of the value of the dividend; that is, when a dividend is presented in payment for merchandise or services, the cashier in making change may return cash to the customer amounting to approximately 10 percent of the value of the dividend.

COUPONS, DONATIONS, SAMPLES AND FREE GOODS

29. Coupons. CANEX will honour and accept for redemption coupons of national manufacturers of foodstuffs, toiletries, and other products sold through CANEX outlets which are redeemable by the manufacturer for cost as an incentive to promote their products. In addition, CANEX will display and honour manufacturers coupons or CANEX HQ coupons in CANEX flyers.
30. Coupons will be redeemed by the outlet cashiers and included as a non-cash transaction (paid outs) on the DSR which is submitted to the NPFAO daily. CANEX managers shall ensure that coupons that must be forwarded to CANEX HQ for redemption, are batched separately from all other coupons and clearly marked with the words "send to CANEX HQ for reimbursement".
31. NPFAO upon receipt of DSR shall:
 - a. Verify that the amount of coupons shown as paid out on the DSR agrees with the total of coupons attached. The amount of coupons will be charged to Accounts Receivable - Coupons or Accounts Receivable - CANEX HQ, as applicable, through the posting of the DSR in the Cash Receipts Journal (CRJ); and
 - b. File coupons in a secure place awaiting submission to supplier.
32. Periodically (as quantity of coupons determines) the coupons should be sorted and forwarded to either the individual suppliers, central coupon clearing houses, or CANEX HQ. The additional charge for coupon handling as indicated on the coupon shall be included on the invoice forwarded with the coupons.
33. Reimbursements received from suppliers or CANEX HQ for redeemed coupons shall be credited to the appropriate coupon receivable account except for any portion of the payment which covers the coupon handling charge which is credited to Miscellaneous Revenue.
34. A reconciliation of the Accounts Receivable - Coupons shall be prepared by the NPFAO on a monthly basis.
35. Donations, samples, and free goods. Donations, samples, and free goods shall be covered by a purchase order. The receiving outlet shall complete the purchase order to show full details of the goods received and shall insert the notation donation, sample or free goods after the suppliers' name. Normal receipt action shall be taken. Suppliers shall be requested to cover such items with a "no charge" invoice whenever possible.

LEASE CONTRACTS

36. Due to the high interest rate and the ownership-type obligations implied in lease contracts, all leases must be approved by CANEX HQ.

EXTENDED WARRANTY PROGRAM

37. The Extended Warranty Program represents an agreement between CANEX and CAMCO and offers customers the opportunity to purchase manufacturers service plan (MSP) warranties. Sales of the warranties are to be recorded in Department 24.
38. The outlet cashier will complete an MSP contract with each sale. The yellow copy of the contracts will be attached to the DSR. The NPFAO will verify that the total sales for Department 24 reported on the DSR is equal to the totals indicated on the attached contracts.
39. CANEX will not be invoiced for these warranties. Instead, prior to each month-end, the CANEX manager is to complete an MSP remittance form, attach pink copies of all contracts and approve for payment. The remittance form will be treated like an invoice and will be entered on the invoice register. Payment is to be made to Walker Group Inc. prior to the 25th of the following month, using the pre-addressed envelope forwarded with the remittance form to the NPFAO for processing.

NOTE: Inventory is not to be maintained in the books of account for extended warranties.

SMART TALK NETWORK PRIVILEGE CARD

40. CANEX has entered into an agreement with Smart Talk Network (STN) to be distributors of its Privilege Long Distance Calling Telephone Card. Sales are to be recorded in Department 23.
41. CANEX managers will order batches of cards on a privilege order form and keep an internally produced log to maintain inventory. The cards that are ordered and shipped through the mail are not activated and therefore have no value. They are not to be entered on the RAR at this point.
42. CANEX managers will initiate activation of batches of cards (25 cards at a time) as required for sales. A CANEX purchase order is to be filled out at the time of activation and a privilege card activation form is to be completed by the CANEX manager and faxed to STN. Confirmation of activation is received from STN and the cards may then be sold the following business day.
43. Activated cards are to be treated like cash for security purposes by the CANEX manager.
44. STN is a central billing supplier and therefore, central billing procedures apply (see Chapter 51). That is, invoices will be sent from STN to CANEX HQ where the information will be verified. The invoices will be paid by CANEX HQ and forwarded to the CANEX manager at the base. The invoice will be processed as an invoice payable to CANEX HQ (Account 2099;0001) .
45. The invoice will be recorded on the SUIREG and RAR upon receipt, or at the very least, at month end. If the invoices are not received by month end, the merchandise received but not invoiced procedures (see Chapter 21) shall be applied. That is, a copy of the activation form with the PO will be processed through the SUIREG and the NPFAO will maintain these documents in the pending file until receipt of the invoice.

CANTEL

46. CANEX is selling the service of cellular telephones at various locations, to customers who will enter into a lease contract with CANTEL. Customers may sign for the Amigo Safety Service, the Amigo Personal Service or the Amigo Business Service.
47. Sales revenue are two fold as follows:
 - a. Upon completion of the CANTEL lease contract, the first monthly payment is made to and retained by CANEX (the goldenrod copy of the contract should be attached to the DSR); and
 - b. The CANEX outlet will forward the remaining 2 copies of the contract (white and pink) to CANEX HQ who will remit the contract to CANTEL. CANTEL will pay CANEX HQ a commission on the sale of the service. CANEX HQ will raise a TV to transfer the commissions back to the originating CANEX location.
48. Both the first payment made and the commission received from CANEX HQ will be recorded as sales in sub-department 23-2 (Cellular Phones).
49. Cellular telephones will be sold on consignment and therefore, inventory for this sub-department will not be maintained on the books of account (ie. no RAR, and not counted for stocktaking purposes). CANEX does not own these telephones and once a customer purchases the service, the customer assumes full liability for the telephone and any problems are handled directly between the customer and CANTEL.
50. Since CANEX is not purchasing the telephones, there is no cost of goods sold for sub-department 23-2. Any cellular telephones on hand at the outlet are to be secured at all times. Shrinkage is not authorized.

POST OFFICE

51. The types of postal operations that may be offered at a base vary from a simple stamp shop to a Retail Postal Outlet (RPO) that offers a full range of services. Canada Post has its own operating manuals which are provided to the outlets providing postal services. These operating manuals detail all of the requirements and procedures for the operation. In addition, the local Canada Post representative is available for training and assistance as required.
52. Sales of postal merchandise (from inventory) are to be recorded in department 87, regardless of the type of outlet from which the sales are made. Postal merchandise includes stamps, envelopes and other items such as priority post envelopes and special occasion envelopes.
53. Commissions earned from C.O.D.s, handling of parcels, customs transactions and money orders are to be accounted for as Commission Revenue (account 6001).
54. Revenue earned from the rental of post office boxes as well as any revenue paid by Canada Post to CANEX for providing postal services is to be accounted for as Miscellaneous Revenue.
55. The Canada Post Financial Summary form and supporting documentation are to be completed by the CANEX RPO and forwarded to the NPFAO on a weekly basis. This Financial Summary provides details of all postal transactions that have occurred, and forms the basis of payment to Canada Post, which also occurs on a weekly basis. This form is forwarded with payment to The Retail Service Centre in Ottawa, where it is immediately verified by Canada Post. All discrepancies or problems are addressed at that time, by Canada Post with the individual base. The telephone help number for questions on the Financial Summary form or other Canada Post requirements is 1-800-267-1592.

BUS PASSES

56. The sales of bus passes are to be recorded in department 20-3 (Tickets).

DRY CLEANING AND PHOTOFINISHING

57. The sales made from dry cleaning services are to be recorded in department 18. Invoices paid to the dry cleaning company are to be recorded as purchases in department 18. Similarly, sales made from photofinishing services are to be recorded in department 16 and invoices paid to the photo development company are to be recorded as purchases in department 16.
58. Clothing, film or other materials received for dry cleaning or photofinishing are not to be maintained on inventory. An RAR is therefore not required for these operations. The CANEX manager may wish to maintain an inventory record at the outlet for control purposes. However, these records will not be processed into the books of account.

[Annex A – Canex Dividend](#)