



INTRODUCTION

1. This chapter outlines the method of accounting for and controlling:
 - a. Requests for Credit;
 - b. Credit Notes;
 - c. Merchandise Returns; and
 - d. Repairs.

REQUEST FOR CREDIT GENERAL

2. Request for Credit (RFC) Forms CF 1333 ([Annex A](#)), are serial numbered documents that are controlled by the NPPAM as per Chapter 6 (Accountable Documents). The NPPAM will issue limited quantities of the forms to the outlet managers and shall enter the serial numbers issued in an Accountable Document Control Register.
3. RFC's shall be used by all outlets when:
 - a. a discrepancy in price or quantity is discovered when matching the invoice with the Purchase Order (PO) and the error is on the invoice, not the PO. See Chapter 21 (Purchases);
 - b. damage is noted by the receiver and recovery is to be made against the supplier or carrier. (See Chapter 21); or
 - c. outlet merchandise is returned to the supplier for credit.

Note: For CANEX outlets, a Loss and Damage Claim Form must be completed as directed in the CANEX Policy and Procedures Manual Operations 404.
4. When raising a RFC:
 - a. annotate the date that the RFC will be used as a credit note on the RFC, if a credit note is not received, which is:
 - i. normally 30 days from the date of raising the RFC when the merchandise is from non-CANEX suppliers or CANEX suppliers that are not on the Central Billing program; and
 - ii. when the merchandise is from a supplier that is on the Central Billing program, the date on the RFC should be 45 days from the date on which the RFC is raised as per paragraph 5 below.
 - b. mail the white copy to the supplier;
 - c. for non-CANEX outlets, file the yellow copy and the pink copy with the PO and the invoice held pending receipt of the credit note in a dated RFC file; and
 - d. for CANEX outlets, file the yellow copy and the pink copy in a dated RFC file and process the PO and Invoice as per paragraph 9 below.

REQUESTS FOR CREDIT (RFC) - CENTRAL BILLING

5. Request for Credit and credit note procedures are summarized as follows (for detailed information, refer to the CANEX Policy and Procedures Manual, Merchandising 612):
 - a. when the invoiced shipment is not received or the merchandise is short-shipped or damaged, the CANEX manager shall raise a Request for Credit as per paragraph 3 and 4 above;
 - b. If a credit note is not received by the store within 60 days or if the supplier is disputing the RFC, then the Store Manager will forward the RFC to CANEX HQ for corrective action. (except for Proctor Silex: See CANEX Policy and Procedures Manual, Merchandise 612, Annex F);
 - c. the supplier will issue a credit note to CANEX HQ, who will approve the credit note with the CANEX HQ stamp;
 - d. the approved credit note will be forwarded through the Central Billing Clerk to the local CANEX manager, who will process the credit note in the normal manner;
 - e. upon receipt of the approved credit note, the NPPAM will process/apply the approved credit note against the applicable supplier account;
 - f. if CANEX HQ has not received a credit note within 30 days, CANEX HQ will follow up with the supplier and inform them that if no Credit Note is received within the 45 days indicated, the amount will be deducted from the next payment. If the credit note has not been received within 45 days, the outlet manager will send a copy of the Request for Credit to CANEX HQ. CANEX HQ will verify that a credit note has not been issued and stamp the Request for Credit with a "CANEX CREDIT ISSUED" stamp. The stamped Request for Credit will be returned to the originating outlet to be processed as a credit note, in the normal manner; and
 - g. Requests for Credit filled out for Price Protection must have supporting documents authorized by the CANEX HQ Category Manager. The Category Managers must obtain the Price Protection in writing from the supplier and CANEX HQ will absorb the expense if the price protection is not respected by the supplier.

PROCESSING OF CREDIT NOTES

NON-CANEX OUTLETS

6. On receipt of a credit note from a supplier, the outlet shall match the credit note with the yellow copy of the RFC. The credit note shall then be processed along with the supplier's invoice and PO (which had been held pending receipt of credit note) as per Chapter 21 (Purchases). The pink copy shall be filed by supplier.
7. If a credit note has not been received by the date noted on the RFC, the outlet shall hasten the company and obtain a supplier return authorization number and annotate it on the RFC pink and yellow copies. The supplier's invoice, PO and the yellow copy of the RFC shall then be processed as a deduction from suppliers account and must be processed individually - not "netted" against the applicable suppliers invoice. The pink copy shall be filed by supplier.
8. PO's and Invoices shall not normally be processed until a credit note is received or alternatively a return authorization number has been obtained from the supplier, as per paragraph 7 above. An exception is during a stocktaking month, in which case the RFC will be actioned as Purchase Received Not Invoiced (PNI) as per Chapter 21 (Purchases).

CANEX OUTLETS

GENERAL

9. All merchandise is entered in CANEX's Point of Sale System upon receipt; accordingly all CANEX PO's and Invoices are processed immediately (not held pending receipt of a credit note).
10. On receipt of a credit note from a supplier, the outlet shall match the credit note with the yellow copy of the RFC. The credit note shall then be processed. The pink copy shall be filed by supplier.
11. RFC's still outstanding at month end will be processed as PNI as per Chapter 21 (Purchases).

NON-CENTRAL BILLING SUPPLIERS

12. If a credit note has not been received by the date noted on the RFC, the outlet shall hasten the company and obtain a supplier return authorization number and annotate it on the RFC pink and yellow copies. The yellow copy of the RFC shall then be sent to NPP Accounting to be processed as a deduction from suppliers account and must be processed individually - not "netted" against the applicable suppliers invoice. The pink copy shall be filed by supplier.

CENTRAL BILLING SUPPLIERS

13. If a credit note has not been received by 45 days from the date the RFC was raised, the outlet manager shall send a copy of the RFC to CANEX HQ who will verify that a credit has not been issued, and stamp the RFC with "CANEX CREDIT ISSUED" stamp. The stamped RFC will be returned to the originating outlet, to be processed as if it were a credit note.

Note: For those suppliers participating in the Central Billing program, the RFC is processed as a credit note only after it has been verified and stamped by CANEX HQ.

GENERAL - ALL OUTLETS

14. If the actual credit note is subsequently received and there is a difference between the deduction made from the supplier by way of the RFC, then a new RFC must be prepared detailing the difference. The new RFC for the net difference with the suppliers credit note attached shall then be processed in the normal manner.
15. If the actual credit note is subsequently received and there is no difference between the deduction made from the supplier by way of the RFC, then the outlet shall simply file the credit note with the pink copy of the RFC (do not forward to NPP Accounting for processing).

NPPAM RESPONSIBILITIES

16. On receipt of the RFC, the NPPAM shall:
 - a. check off the serial number of the RFC to the Accountable Document Control Register as per Chapter 6 (Accountable Documents); and
 - b. if attached to a supplier's credit note, process the credit note to the supplier's accounts payable record; or
 - c. if a supplier's credit note is not attached, the RFC must be supported by a supplier return authorization number and is to be used as a deduction from the suppliers account and applied as a credit note to the supplier's accounts payable record.

Notes:

- i. If the NPPAM receives a RFC for a supplier on the Central Billing program that has not been verified and stamped by CANEX HQ, the RFC shall be returned to the outlet manager to process in accordance paragraph 5 above.
- ii. RFC's received from non-CANEX outlets without the support of a credit note or a supplier return authorization number, **at the time of stocktaking only**, are to be actioned to PNI as per paragraph 8 above otherwise they shall be returned to the outlet for action as detailed in paragraph 12.

MERCHANDISE RETURNS

17. Merchandise returns to a supplier shall be actioned on a RFC. Standard RFC and credit note procedures apply.
18. Merchandise that has been returned to CANEX by a customer shall be handled in accordance with the CANEX Policy and Procedures Manual, Operations 401.

REPAIRS - CANEX

19. Repairs shall be handled by the use of a two-part repair tag, available from CANEX HQ, and a locally produced Repair Register.
20. **Customer Repairs.** Where the outlet acts on the customer's behalf for manufacturer's warranties, the outlet manager shall:
 - a. complete both portions of the repair tag;
 - b. give the bottom tear-off portion to the customer;
 - c. record the required details on the Repair Register;
 - d. attach the top tear-off portion of the tag to the items and ship them to the repair centre; and
 - e. upon item return, enter the date in the Repair Register, notify the customer and obtain his signature in the register when the repaired item is picked up.
21. **Store Merchandise Repairs.** When store merchandise requires repairs, the outlet manager shall:
 - a. complete both portions of the repair tag;
 - b. put the bottom tear-off portion in a merchandise repair file;
 - c. record the required details on the Repair Register;
 - d. attach the top tear-off portion of the tag to the items and ship them to the repair centre; and
 - e. upon item return, enter the date in the Repair Register, and return the merchandise to the selling floor or stockroom, as applicable.
22. The outlet manager is responsible for ensuring that the store merchandise returned for repair are accounted for at supervised stocktakings in accordance with Chapter 26 (Stocktaking).

[Annex A - Request for Credit \(RFC\) Form CF 1333](#)