CPCC - Reporting Company Tip Sheet #1

General Considerations for Collecting and Reporting Information

The following information is presented to assist businesses to meet their reporting obligations practically and cost efficiently.

Pursuant to the *Private Copying Tariffs,* the CPCC has the right to audit the records of reporting companies in order to verify the accuracy and completeness reports and levy payments submitted to the CPCC. Please note that as of January 1, 2010 audiocassettes are not subject to the private copying levy and as of January 1, 2011, MiniDiscs are not subject to the private copying levy.

Section 9(1) of the Private Copying Tariff provides as follows:

Every manufacturer or importer shall keep and preserve for a period of six years, records from which CPCC can readily ascertain the amounts payable and the information required under this tariff.   These records shall be constituted of original source documents sufficient to determine all sources of supply of audio recording media, the number of media acquired or manufactured and the manner in which they were disposed of.   They shall include, among other things, purchase, sale and inventory records, as well as financial statements when these are reasonably necessary to verify the accuracy and completeness of the information provided.

What Information is Required?

- ➢ **The Type of Media**
  - 🌐 CD-R, CD-RW, CD-R Audio, CD-RW Audio

- ➢ **The Source** of media purchased:
  - 🌐 in Canada (Local),
  - 🌐 elsewhere (Imported)

- ➢ **The Brand Names**

- ➢ **The Number of Units Sold**

- ➢ **The Reporting Period in which the Media was sold**

- ➢ **How the Media was Used:**

  - 🌐 Sold blank (with or without silk-screening)
  - 🌐 Sold with recorded data
  - 🌐 Used for production/duplication or other purposes
  - 🌐 Scrapped or destroyed
  - 🌐 Returns
  - 🌐 Exported

1

Tips for Capturing Information

➢ Assign different product codes to your inventory and/or sales invoice descriptions so that each type of media and/or brand is identified. Consider:

- using code groupings such as 100-XXX for CD-R 200-XXX for CD-RWs etc;
- including in the code # a description such as CDRW - Brand X;
- separating in your records the media by "source" (Import or Canadian), or
- using a separate product description field to identify different brands or sources.

➢ Use separate codes for the same brands but different purchase source.

➢ Identify products that are not leviable because of capacity i.e. CD-R <100MB. Electronic business card type products may or may not fall into this category.

➢ Note the unit of measure used (individual or pack of #).

➢ Identify "combination" products, which are products that include blank media as part of the package sold such as CD drives.

➢ Track media returned to you even if it is scrapped and not returned to inventory or the supplier.

➢ Track samples given out.

➢ Track media that is relabeled/rebranded.

➢ Businesses that use blank media in duplication must track the volume used including damaged/scrapped. This can be done by one of the following methods:

- adding descriptions to sales invoices;
- using different codes for type of use;
- tracking silk-screened media separately.

➢ If you do not use a computer accounting system or your system does not allow easy data extract reports, you must develop an alternate method to track the required data. For example, you can create a worksheet with separate columns to capture all the information required; (see example below).

Compiling Reports

Tips for assembling Information

➢ The required information can generally be obtained from normal business records and from most computer accounting system inventory modules.

➢ If you do not use an inventory module then the information will come from your sales and purchase invoice details.

➢ Consider setting up your sales invoice preparation to include media product codes and describe their use e.g. blank media or duplication, sample etc.

➢ Original source documents are required.

➢ All invoices for blank media purchases need to be kept and filed for easy retrieval preferably either by supplier or by date.

➢ While most of the required sales information will be available in your computer records, a hard copy of the sales invoice filed either by customer or invoice number is advisable.

➢ In the absence of a fully integrated inventory and sales accounting system, a hard copy of the sales invoice filed either by customer or invoice number is required.

➢ Most accounting programs can easily select and extract the required information:

  🔵 Use pre-written, or create your own reports, or

  🔵 Export (transfer) unformatted information to spreadsheet programs such as Microsoft Excel™ and then select and sort only the information needed for CPCC reporting using the programs identification and sort tools.

➢ Try not to re-use product codes. Changing a code changes the history of that item which makes it difficult to track. Therefore, rather than altering existing codes for new products or circumstances, consider creating new ones.

➢ Once set up, the reporting information should be completed automatically each period. But watch for changes that might affect your reporting such as a new product range, new suppliers, etc.

➢ Watch and adjust for transactions dated in one period but entered after preparing a CPCC report for that period, such as:

  🔵 sales returns;

  🔵 short shipments;

  🔵 missed or delayed sales;

  🔵 unusual delivery or payment arrangements; and

  🔵 other sale or shipping adjustments.

Remember!

- It makes sense to keep in one place all your CPCC related items, including reports filed, supporting documents and reports used in their preparation, cheques paid and correspondence.

- Before closing out a financial year determine if your system has any automated "purging" processes. If this is the case, ensure purchases and sales details are backed up or a complete history of media product movement is made or that a hard copy printout of this information is kept.

- Your accounting system may allow changes to previously reported periods. Running only a current period report may not pick up these changes, therefore it may be necessary to:

  - Create a separate report to identify these transactions; or
  - Re-run the previous period report, compare to the earlier one and report any changes to the CPCC.

- If the above information is available, the CPCC auditors will likely be able to complete their review with very little disruption to your business.

- For Reporting Companies participating in the Zero Rating program, refer to separate .

- These tips are suggestions only, and while focused on smaller businesses, apply to any reporting company. We encourage you to discuss these items with your own system administrator, computer support person or accountant.

Example Inventory Control Worksheet

| | | | | | Media Type | | | | | | | | Leviable/ Non leviable |
| | | | | | CD—R Audio | | CDR | | | CDRW | | MiniDisc | |
Date	Supplier/Customer Name	Cdn/Import	Invoice #	Details	Brand X units	Brand Y 50 Pack pack	Brand X 800MB 50 pack units	Brand Y 800MB 100 Pack Import Packs	Brand Y 800MB 100 Pack Canadian Packs				
06/15/2006	Supplier A	I	2006-6-156			10	2,000						
06/20/2006	Supplier B	Cdn	12356		500			1,000					
06/20/2006	J Smith		A23056	Duplication			(200)						N
06/20/2006	J Smith		A23056	Blank sales			(1,800)						L
06/20/2006	H Robinson		A23057	Blank Sales				(200)					N
06/21/2006	J Smith		R1256	Returns			200						L
06/22/2006	J Smith			Scrapped			(200)						N