

MITSUKOSHI MOTORS PHILIPPINES, INC.		
POLICY AND PROCEDURE		
POLICY TITLE :	DOCUMENTATION OF BRAND NEW MOTORCYCLE SALE	Ref. No.
DEPARTMENT :	OPERATIONS SUPPORT DEPARTMENT	OPS 15-10-005
TO :	BRANCH MANAGER / CASHIER	October 01, 2015

OBJECTIVE


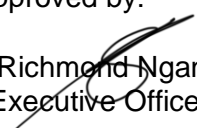
1. To guide the branch cashier in the preparation and distribution of sales documents.
2. To support and evidence the release of brand new motorcycle unit sold by the branch.

POLICIES

1. No motorcycle unit sold will be released, whether cash or installment, without proper documentation such as but not limited to Collection/Official Receipt for down payment or initial cash outlay for assumed account, Delivery Receipt and Sales Invoice for brand new motorcycle unit, sales kit which include financing contracts for installment sale.
2. The customer has to sign all the sales documents and financing contracts in the branch office. Signing of the financing documents outside the branch or retail outlet is strictly prohibited.
3. All information and data must be properly accomplished and filled out in all financing contracts.
4. All source documents, such as Sales Invoice, Delivery Receipt and Collection/Official Receipt must be posted in the Branch Monitoring System (BMS) as transaction occur or before closure of the branch.

PROCEDURES

1. Marketing Assistant
 - 1.1. Receive stencil of chassis and motor numbers of the brand new unit from the mechanic.
 - 1.2. Retrieve the Credit Application Form (CAF) and approved Credit Investigation Report (CIR) from the temporary file; and attach Sales Kit and financing contracts.
 - 1.3. Forward stencils, CAF, CIR, Sales Kit and financing contracts to the cashier.
2. Cashier
 - 2.1. Receive stencils of chassis and engine numbers of the motorcycle unit and other supporting papers such as CAF, CIR, Sales Kit and financing contracts from MA and prepare Delivery Receipt and/or Sales Invoice to affect sales.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 1 of 9
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The CAF, CIR and Individual Information Sheet are necessary to ensure accuracy of information and data to be indicated in the Sales Invoice and Delivery Receipt.

2.2. Prepare Sales Invoice based on the stencils of chassis and engine numbers forwarded by the Marketing Assistant.

2.2.1. Fill-out pertinent information in the Sales Invoice that must be written in all capital letter. The Original copy of the Sales Invoice must be left blank for motorcycle registration purposes.

The filling out of the Sales Invoice will start on the Customer (Yellow) copy.

2.2.1.1. Sold to : Complete printed name of the customer on the following order:

2.2.1.1.1. Surname/Last name, with comma (,)

2.2.1.1.2. Given/First name

If the name of the customer has a Senior or Sr., Junior or Jr., I, II, III or IV, it should be placed after the first name or before the middle name.

2.2.1.1.3. Middle name, write the complete middle name, not initial.

2.2.1.1.4. Follow the given sample;

BACANI, PAOLO JR. PARAGAS

2.2.1.2. Date : The date the unit was released, e.g. June 29, 2015

2.2.1.3. Address : Complete address of the customer in the following order:

2.2.1.3.1. House number

2.2.1.3.2. Street

2.2.1.3.3. Phase number and name of subdivision, if applicable

2.2.1.3.4. Name of barangay


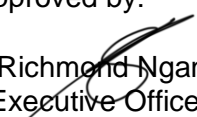
2.2.1.3.5. City or municipality, do not abbreviate

2.2.1.3.6. Province

2.2.1.3.7. Follow the given sample:

B 6 L 29 Ph. IV, Casa Monteverde Subdivision, Barangay F. De Castro, General Mariano Alvarez, Cavite

2.2.1.4. TIN : Tax Identification number (TIN) of the customer, if any.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 2 of 9
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2.2.1.5. Description : Complete motorcycle unit description to be released.

2.2.1.5.1. Make/Brand

2.2.1.5.2. Model; for sidecar model, e.g. Daan Hari and Wolf 125, the body type must be included in the description.

2.2.1.5.2.1. Private with sidecar; motorcycle with sidecar for private use.

2.2.1.5.2.2. Tricycle; motorcycle with sidecar to be used as public utility vehicle, for hire.

2.2.1.5.2.3. Habal-habal; a public utility vehicle normally being used in mountainous areas in Visayas and Mindanao.

2.2.1.5.2.4. Center car; the motorcycle is placed in the center of the side car. This body type is being used in Region II.

2.2.1.5.2.5. Without sidecar; a sidecar model without attached sidecar.

2.2.1.5.3. Color; color of the motorcycle to be released to the customer.


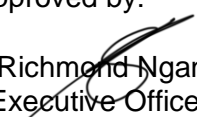
2.2.1.5.4. Engine #; engine number of the motorcycle to be released to the customer.

2.2.1.5.5. Chassis #; chassis number of the motorcycle to be released to the customer.

2.2.1.5.5.1. The sequence of Make/Brand, Model, Color, Engine#, and Chassis# must not be interchange. This is important for LTO registration purposes.

2.2.1.5.6. A/C #; assigned account number to the customer, whether cash or installment sale.

2.2.1.5.7. DR #; number of the covering Delivery Receipt for the release of the motorcycle.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 3 of 9
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2.2.1.5.8. OR #; number of the covering Official Receipt for the payment of down payment or proceed of the cash sale.

2.2.1.6. Total : Suggested Retail Price (SRP) or List Cash Price (LCP) amount for cash or installment sale, respectively.

2.2.1.7. Transaction Type : Description of the transaction, whether cash or installment sale.

2.2.1.8. Value Added Tax : This is an indirect tax equivalent to 12% of the gross selling price for brand new motorcycle unit sold by the company. While the obligation to collect and remit rests with the company, the cost of the tax is passed on to the customer.

2.2.1.8.1. Vatable Sales, represent Sales Invoice amount less LTO and Insurance of P2,000.00 or P2,300.00 for solo or sidecar model, respectively.

2.2.1.8.2. VAT Exempt Sale, VAT exempt amount representing LTO and Insurance expenses.

2.2.1.8.3. Total Sale, represent Sales Invoice amount less Value Added Tax (VAT) and VAT Exempt amount.


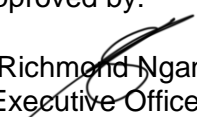
2.2.1.8.4. 12% VAT, represent Value Added Tax computed by multiplying the Total Sale by 12% tax rate.

2.2.1.8.5. Total Amount Payable, this is the Sales Invoice amount.

2.2.1.8.6. VAT Output Tax

Computation

LCP			44,100.00
Less: LTO			2,000.00
Vatable Sales	112.00 %	÷	42,100.00
Net Sales Price	100.00 %	-	37,589.29
VAT Output Tax	12.00 %		<u>4,510.71</u>

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 4 of 9
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To Check

LCP			44,100.00
Less: LTO			<u>2,000.00</u>
Vatable Sales	112.00 %	÷	42,100.00
Net Sales Price	100.00 %		37,589.29
Vat Rate		x	<u>12.00%</u>
VAT Output Tax			<u>4,510.71</u>

2.2.2. Sign duly accomplished Sales Invoice and obtain signature of the Branch Manager for approval at the lower portion of the invoice.

2.2.3. Before the release of the motorcycle unit, acquire signature of the customer in the provided space in the Sales Invoice.

2.2.3.1. Check and ensure that the signature of the customer in the Sales Invoice is the same as appearing in the ID submitted to the branch.

2.2.4. Distribute copies of Sales Invoice as follow;

Original : Liaison Officer (Blank)
 Yellow copy : Customer
 Green copy : Accounting Department
 Pink copy : Branch Copy
 Blue copy : File which remains to the booklet

2.2.5. Place the Original Sales Invoice, Liaison Officer Copy in a temporary file.

2.2.6. Give yellow copy to the customer after obtaining the latter's signature in the Sales Invoice.

2.2.7. Detach the Accounting (green) Copy of the Sales Invoice from the booklet.


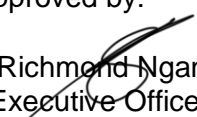
2.2.7.1. Post Sales Invoice in the Branch Monitoring System (BMS).

2.2.7.1.1. The Sales Invoice must be immediately posted in the BMS at time of the transaction.


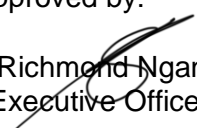
2.2.7.2. Place the posted Sales Invoice in a temporary file.

2.2.7.3. At the end of the day and after preparing the Cash Flow Form, pull-out all Sales Invoices issued during the day from the temporary file.


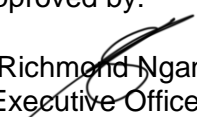
2.2.7.3. Attach Sales Invoices to the Cash Flow Form for transmittal to the DPR Section based on the required schedule days together with other supporting documents.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 5 of 9
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- 2.2.8. File the Branch (pink) Copy of the Sales Invoice in a permanent file arrange progressively or in series, that is from lower to higher one.
- 2.2.9. Retain the blue copy in the booklet and when all the Sales Invoice series have been used up, return the booklet to the DPR Section, Treasury Department.
- 2.3. Prepare Delivery Receipt in four-(4) copies to cover release of motorcycle unit to the customer.
- 2.3.1. Fill-out pertinent information in the Delivery Receipt that must be written in all capital letter. Same procedures must be followed in filling out Sales Invoice.
- 2.3.1.1. Delivered to : Complete printed name of the customer on the following order:
- 2.3.1.1.1. Surname/Last name, Given/First name and Middle name
- 2.3.1.2. Date : Date of release of the motorcycle unit to the customer.
- 2.3.1.3. Address : Complete address of the customer.
- 2.3.1.4. Tel. No. : Contact number of the customer, landline and/or cell phone number.
- 2.3.1.5. TIN No. : Tax Identification number (TIN) of the customer, if any.
- 2.3.1.6. Business Style : Nature of business, if the customer has its owned business.
- 2.3.1.7. Quantity : Number of unit to be delivered, since every unit is distinct due to their chassis and engine numbers, the quantity is always one-(1).
- 2.3.1.8. Unit : Specific unitary measurement of the item to be delivered. In this case, "Piece or pc." is normally use.
- 2.3.1.9. Description
- 2.3.1.9.1. Make/Brand
- 2.3.1.9.2. Model; the body must be included in the description if the unit is a sidecar model.
- 2.3.1.9.2.1. Private with sidecar
- 2.3.1.9.2.2. Tricycle
- 2.3.1.9.2.3. Habal-habal
- 2.3.1.9.2.4. Center car
- 2.3.1.9.2.5. Without sidecar

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 6 of 9
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- 2.3.1.9.3. Color; color of the motorcycle to be released to the customer.
- 2.3.1.9.4. Engine #; engine number of the motorcycle to be released to the customer.
- 2.3.1.9.5. Chassis #; chassis number of the motorcycle to be released to the customer.
- 2.3.1.9.6. Other items to be shown in the Delivery Receipt;
 - 2.3.1.9.6.1. A/C #; assigned account to the customer, whether cash or installment sale.
 - 2.3.1.9.6.2. SI #; number of the covering Sales Invoice for the sales of the motorcycle.
 - 2.3.1.9.6.3. OR #; number of the covering Official Receipt for the payment of down payment or proceed of the cash sale.
 - 2.3.1.9.6.4. MI; monthly installment of the customer.
 - 2.3.1.9.6.5. PNV; Promissory Note Value of the financing contract.
 - 2.3.1.9.6.6. Terms of the financing contract, 6, 12, 18, 24, 30 or 36 months.
 - 2.3.1.9.6.7. In case of sales of repossessed motorcycle, the account number and name of the customer to whom the motorcycle unit was pulled out must be shown in the description.
- 2.3.1.10. Amount : Suggested Retail Price (SRP) or List Cash Price (LCP) amount for cash or installment sale, respectively.
- 2.3.2. Sign duly accomplished Delivery Receipt and obtain signature of the Branch Manager at "Review by" portion of the receipt.
- 2.3.3. Obtain signature of the customer at the "Received by" portion of the receipt upon release of the motorcycle unit.
 - 2.3.3.1. Check and ensure that the signature of the customer in the Delivery Receipt is the same as appearing in the ID submitted to the branch.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 7 of 9
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2.3.4. Distribute copies of Delivery Receipt as follow;

Original : Customer
Pink : Accounting Department
Yellow : Branch
Green : File which remains to the booklet

2.3.4.1. Give Original Copy to the customer after obtaining the latter's signature in the Delivery Receipt and release of the motorcycle unit.

2.3.4.2. Detach the Accounting (pink) Copy of the Delivery Receipt in the booklet.

2.3.4.2.1. Post Delivery Receipt in the BMS. It must be posted as the transaction occurs.

2.3.4.2.2. Place the posted Delivery Receipt in a temporary file.

2.3.4.2.3. At the end of the day and after preparing the branch Cash Flow Form, pull-out all Delivery Receipts issued during the day from the temporary file.

2.3.4.2.4. Attach Delivery Receipts to the Cash Flow Form for transmittal to the DPR Section based on the required schedule days together with other supporting documents.

2.3.4.3. File the Branch (yellow) Copy of the Delivery Receipt in a permanent file arrange progressively or in series, that is from lower to higher one.

2.3.4.4. Retain the green copy in the booklet and when all the series have been used up, return the booklet to the DPR Section.


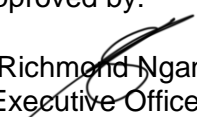
Note: The sales of repossessed motorcycle are covered only by Delivery Receipt. This is to prevent problems in the computation and payment of Value Added Tax (VAT) which already have been paid in the first or original sales.

2.4. At the end of the day, pull-out Sales Invoice and other LTO registration requirements from the temporary file and forward to Liaison Officer in the following order;

2.4.1. Sales Invoice


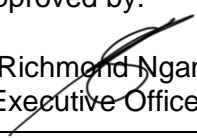
2.4.2. Motor Vehicle Inspection Report (MVIR) with required stencils

2.4.3. Photocopies of two-(2) valid Identification Cards with three-(3) signatures of the customer.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 8 of 9
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3. Branch Manager

- 3.1. Receive Sales Invoice, Delivery Receipt, Sales Kit and financing contracts from branch cashier.
- 3.2. Check Sales Invoice, Delivery Receipt, Sales Kit and financing contracts and if everything is in order, sign the Sales Invoice and Delivery Receipt.
- 3.3. Return signed Sales Invoice and Delivery Receipt to branch cashier together with the Sales Kit and financing contracts for the release of the motorcycle unit.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective October 01, 2015	Page 9 of 9
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