



BOOKSELLERS TOKENS

The Booksellers Tokens Scheme enables members of the public to purchase and redeem Booksellers Tokens from a bookseller who is a member of Booksellers NZ.

All Booksellers NZ members are encouraged to sell and exchange Booksellers Tokens throughout the year.

Booksellers Token may be exchanged for any merchandise sold in store (excluding Lotto, lottery tickets, tobacco, postage stamps and goods sold by other agencies).

• BOOKSELLERS TOKENS & YOUR BUSINESS

Booksellers Tokens are the book industry's most important form of generic promotion.

They are an ideal gift when the giver is unsure of what to buy or wishes to minimise postage costs. Actively promoting Booksellers Tokens in your store can achieve extra sales and provides a desirable service for your customers.

As a member of Booksellers NZ you are part of a nationwide network of booksellers who sell and redeem Booksellers Tokens.

Booksellers Tokens are Financially Secured. Booksellers Tokens are supported and administered by Booksellers NZ, an industry organisation which is independent of any single retailer or group.

Booksellers NZ are an industry association with a membership of more than 200 retailers.

Booksellers Tokens are redeemable nationwide at all Booksellers NZ member stores including Paper Plus and Take Note stores, and most independent booksellers.

Booksellers Tokens have been the gift of choice for more than 70 years.

• DENOMINATIONS

Booksellers Tokens are supplied in six denominations: \$5, \$10, \$20, \$25, \$50, \$100.

\$5, \$10, \$20 and \$25 tokens are supplied in books of ten tokens. \$50 tokens come in books of five. \$100 tokens are supplied singly. \$1 and \$2 tokens, Booksellers stamps and sterling tokens are no longer issued but must be accepted if presented by the public (very few remain).

• EXCHANGABLE GOODS

Booksellers Tokens may be exchanged for any merchandise sold in-store excluding Lotto, lottery tickets, postage stamps and goods sold by other agencies. The tokens cannot be credited to an account for items already purchased or exchanged for cash, in whole or in part. Booksellers Tokens issued before 2012 (with unlimited validity) are still redeemable. All Book Tokens issued from 2013 on, have a two year expiry date, indicated as stamped on the back of the token.

• PURCHASING BOOKSELLERS TOKENS

Booksellers Tokens are sold to bookseller members of Booksellers NZ at face value less 20% discount.

An administration fee of 2.25% on the discounted total is charged to help defray the costs of operating the scheme.

Tokens are not liable for GST. GST is payable on the administration fee only. This GST component may be reclaimed as input tax and the tax invoice from Book Tokens (NZ) Ltd must be retained. Courier fees will be charged to you for delivery.

An example:

1 book of \$10 tokens

Face value	\$100.00
20% discount	<u>\$(20.00)</u>
	\$80.00
Admin Fee*	\$1.80
Courier fee	\$3.70
GST**	\$0.82
	<u>\$6.92</u>
TOTAL INVOICE	\$86.92

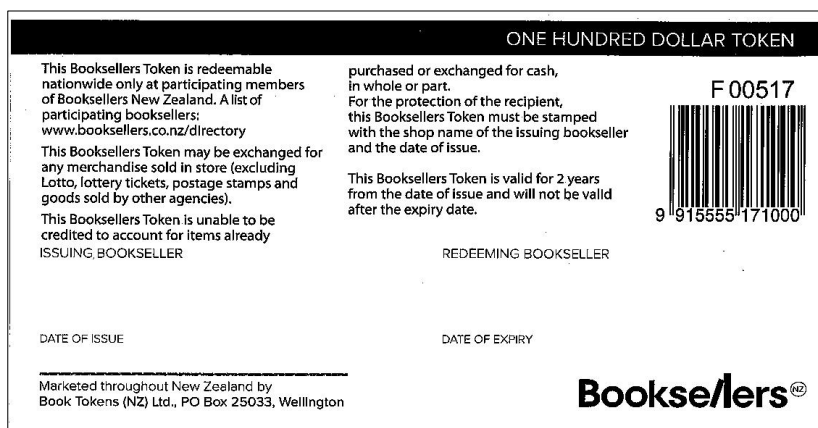
*Admin Fee 2.25% of discounted value. **On admin & courier fee

Your Booksellers Tokens purchases will be charged to your account with Book Tokens (NZ) Ltd. Tokens purchased in any month must be paid for by the 20th of the month following.

Tokens are delivered by overnight courier. Under normal circumstances, any order received by 2.00pm will be delivered to your shop the following morning. Orders received on a Friday should be delivered to your shop on the following Monday morning. Saturday delivery may be requested and will incur an extra courier charge.

• HOW DO I VALIDATE BOOKSELLERS TOKENS?

The issuing bookseller stamps the back of the Booksellers Token with their shop stamp. To validate the Booksellers Token, the issuing bookseller must also write the date of issue and the date of expiry (the expiry date being two years from the date of issue) in the boxes shown on the back of the Booksellers Token.



• REDEEMING BOOKSELLERS TOKENS

Booksellers Tokens purchased prior to 1 April 2012 will be redeemed by Book Tokens (NZ) Ltd at face value less 20% and Booksellers Tokens purchased from the 1 April 2012 will be redeemed by Book Tokens (NZ) Ltd at face value less 20% and less a 2.25% admin fee plus GST. Statements showing the balance of your account will be sent out monthly. Tokens should be returned for credit once a month. They should be sent by courier or registered mail to reach Book Tokens (NZ) Ltd by the 20th of the month. Credit balances of more than \$100 will be cleared monthly or held to offset future purchases.

Debit Balances – When paying debit balances it is in order to deduct the amount of your redemption if it accompanies the statement.

Cancellation of Redeemed Tokens – Booksellers Tokens sent in for redemption must be cancelled by the redeeming bookseller (via a shop stamp on the back of the token). Tokens which do not bear the issuing bookseller’s name should not be redeemed without reference to Book Tokens (NZ) Ltd on (04) 472 1908 to check it is not a stolen token. The redeeming bookseller must write or stamp the shop name and address across the token in such a manner so as not to obliterate the serial number. This should be done at the time of sale.

- **IN STORE SECURITY**

Booksellers Tokens should be placed in the care of a responsible person and the serial numbers recorded on receipt. All tokens should be sold in strictly numerical order; complications in accounting for tokens are liable to arise if this procedure is not followed.

Members are responsible for ensuring that tokens returned to Book Tokens (NZ) Ltd for credit are sent by courier and a signature ticket is required (New Zealand Couriers insurance per parcel is up to \$1,500 value of Tokens). Alternatively tokens may be sent by registered mail.

- **LOST BOOKSELLERS TOKENS**

Booksellers Tokens are in effect treated as cash and as such they can not be tracked or replaced if lost.

- **STORAGE**

Booksellers Tokens must be stored in a safe place. We suggest you store the bulk of your tokens in a safe but keep a small number for your daily use under the counter or in a drawer. This way tokens stay in good, marketable condition.

- **PRESENTATION**

Booksellers Token Covers – Covers enhance the presentation of Booksellers Tokens.

Booksellers Tokens covers can be ordered using the Book Tokens Order Form and are available in packs of 10. The covers can be sold to customers or given free of charge.

- **GST ON BOOKSELLERS TOKENS**

Purchases from Book Tokens (NZ) Ltd – GST is charged on the administration fee only for purchases of Booksellers Tokens. The GST component may be reclaimed as input tax and the tax invoice from Book Tokens (NZ) Ltd must be retained.

Accepting Booksellers Tokens – When a customer uses a \$10 Booksellers Token to purchase a book costing \$10 or more, the price is tax inclusive, and no further GST is payable. The value of the token must be included in the total sales for the purpose of working out the GST as per the IRD's requirements. That is, redeemed tokens must be rung up as cash (or separately recorded) as part of your standard accounting practice.

Selling Booksellers Tokens – Because no GST is charged on the sale of a Booksellers Token, the transaction should not be recorded as a sale but should be analysed separately on the cash register, eg. by using your system for "received on account" transactions. That is, the token sale is rung up using the RA button on the cash register. Retail staff should be carefully instructed, particularly on how to deal with purchases involving tokens and other items.

- **PROFIT ON BOOKSELLERS TOKENS**

If you sell a \$10 token and redeem the same \$10 token, then your profit will be exactly the same as if you had sold a \$10 book - except for the 2.25% administration fee. This profit margin is equal to the profit had you sold a \$10 book purchased at a 40% discount. The 4.5% administration fee would reduce your margin by only .45 cents.

While it is not always the case that a Booksellers Token is purchased and redeemed at the same bookseller, our statistics show that for many members sales and redemptions of Booksellers Tokens are relatively balanced over the year.

In addition to this, research shows that customers redeeming tokens in your shop will on average spend 25% more than the value of their token with you.

You sell a \$10 token to a customer and receive: \$10.00

The cost of the token to you is:

Face value	\$10.00	
Less 20%	\$2.00	
		\$8.00

Net profit from this transaction \$2.00

(For clarity the administration fee of 2.25% is excluded)

A customer redeems a \$10 Booksellers Token for a \$10 book. The credit from the redemption of the Booksellers Token is:

Face value	\$10.00
Less 20%	\$2.00

Net receipt from this transaction \$8.00

Profit from both transactions	\$10.00
Less cost of book to you (assume 40% discount)	\$6.00

NET PROFIT \$ 4.00