

EPIC Electronic Procurement and Invoicing Center Training Guide for Trade-in Allowances

University owned capital equipment may be offered for trade-in by your campus Purchasing Organization for similar capital equipment.

Processing the requisition:

On the requisition the user will have the option to select which line items will receive the trade-in allowance. Each line item will have a check box (Assigned to Trade In) where the user can specify “check” which line items the trade-in allowance should be allocated to.

When purchasing approves the purchase order at this point the trade-in allowance must be assigned to the line items.

The screenshot shows a table with the following columns: #, Qty, UOM, Cat #, Description, Unit Cost, Ext Cost, Restricted, and Assigned to Trade In. The 'Assigned to Trade In' column contains a checkbox. A red circle highlights this checkbox in the first row of the table.

Trade-in allowances are entered in EPIC as a below the line item similar to freight.

- I. The amount should be entered as a negative amount.
- II. The description field is required.

The screenshot shows a form with a text input field containing 'Trade In'. To the left of the input field is a red 'edit' button, which is circled in red. To the right of the input field is a text box containing the instruction: 'The system will prorate the account segments when the review button is selected.'

When an asset is given in trade click on the **edit** button to enter the asset number(s) involved in the trade-in.

The screenshot shows a form titled 'Trade In - CAMS'. It includes a 'CAMS Tran Type' dropdown set to 'Asset Given in Trade'. Below this is a note: 'Note: Asset numbers are not allowed for CAMS Tran Types of New or Lease.' There is an 'Asset Number 1:' input field with a 'delete' button. At the bottom of the form is a red 'add asset number' button, which is circled in red.

If more than one asset was involved in the trade click on the **add asset number** to insert an additional asset number box.

Entering the asset numbers does **not** automatically retire the assets. The department must issue an **Asset Retirement Document** to remove the asset from the university asset database. See section on Asset Retirement for further details.

Assigning the Object Code:

General Accepted Accounting Principles (GAAP) requires an adjustment to the cost basis of the asset being purchased as a result of an item being traded in. When capital assets are given in trade the asset is retired any net book value remaining on the asset will be added back to the new asset being purchased as the adjustment to cost basis.

This transaction will be processed by the Capital Asset Office Plant Fund Accountant.

The NBV of the asset given in trade may also determine what object code should be used on the purchase of the new equipment.

For Example:

Asset given in trade: Toro Greenmaster asset number 377304 with a net book value of 1,425.83

New Asset Purchased

Line	Qty	Description	Unit Cost	Assign to Trade In
1	1	Groundsmaster Mower	4,700.00	yes

Trade in allowance - 1,000

The Plant Fund Accountant will process a journal voucher to increase the cost of the asset by the NBV of \$1,425.83. After the JV the new cost of the asset will be \$5,183.25. Using this example the object code should be assigned as Capital Equipment.

Finding a Net book Value:

The net book value for an asset can be found on the Capital Asset Maintenance screen in the FIS. After you have logged into the FIS, click on **Enter TP Documents** at the **Welcome to the FIS** screen.

After clicking on the **Enter TP Documents** button, you will be taken to the **Document Group Selection** screen. Clicking on the **CAMS (wrench & hammer)** button at the bottom left of the screen will take you to the **Capital Asset Maintenance Group**.

Once the CAMS screens have been returned to the **Type** zone, double click on **Capital Asset Maintenance** or place the cursor on **Capital Asset Maintenance** and click on the **Open** button.

When you open the **Capital Asset Maintenance** screen, the **Capital Asset Lookup** screen will appear first.

On the Main Look-up screen searches can be made by **Asset Number, IU Tag Number, Owner Chart/Account, Asset Type, Manufacturer, Condition, and Status.**

Notice that to the right on the search screen is the option to search by purchase order number.

Based on the information you have about the asset (**IU Tag, PO Number**), choose the most appropriate search method to find the asset number (by entering either search criteria or other using the search buttons).

In the **Search Results** zone, double click on the asset number you wish to view. This will take you back the **Capital Asset Maintenance** screen.

The screenshot shows a detailed view of an asset record. The top section contains fields for Asset Number (01-377304), Description (TORO GREENMASTER 1000 (WALKING GREENS MOWER) #04052), Asset Type (115), Vendor Name (KENNEY OUTDOOR SOLUTIONS), Inventory Status (Active and identifiable), Campus (BLOOMINGTON), COA (UA), Total Cost (5,264.60), and Fed Contribution (0.00). The bottom section contains fields for Manufacturer (TORO), Model Number (GREENMASTER 1000), Serial Number (230001027), Room Number (100), Org Invn Name (BRENT EMERICK), Inventory Date (10/23/2003), and IU Tag Nbr (IU019210). On the right side, there is a vertical column of buttons: OK, Cancel, Clear, More, Documents, Component, Repair History, Warranty, Payment, and a circled 'Depreciation' button.

Click on the **Depreciation** Button.

This will take you to the **Capital Asset Depreciation Inquiry** Screen.

The screenshot shows the 'Capital Asset Depreciation Inqu...' window. It displays the same asset information as the previous screen. Below the asset details, there are two columns: 'Primary' and 'Secondary'. The 'Primary' column shows: Method: SL, Base: 5,264.60, Salvage: 0.00, Accum: 3,838.77, YTD: 219.36, Curr Mo: 109.68, and Prev Yr: 1,316.15. The 'Secondary' column shows: Method: (empty), Accum: 0.00, YTD: 0.00, Curr Mo: 0.00, and Prev Yr: 0.00. At the bottom, there are 'OK' and 'Cancel' buttons.

net book value = base – accum

For information on using the Capital Asset Maintenance screen please refer to the CAMS Capital Maintenance training document at:

http://www.fms.indiana.edu/cams/training_materials.asp.

EPIC Allocation of the Trade-in:

Trade-in allowances are **allocated** by the system using the following business rules:

- I. For **non-capital** purchases the system will assign the object code, and account number(s) to match the line items that were selected to receive the trade-in allowance.
- II. For **capital lease** purchases the system will assign the object code to 7099, and the account number(s) to match the line items selected to receive the trade-in allowance.
- III. For **capital equipment** the system will assign object code 7070, and the account number(s) to match the line items selected to receive the trade in allowance. The sub object will not be carried forward on the trade-in accounting line.

Notes:

Once the “assign to trade-in” in has been checked you may change the line item by un-clicking the check box. Each time the review button is hit the system will allocate the trade-in.

Once the purchase order is approved Purchasing has the ability to change which line items receives the trade-in allowance using the amendment process. These changes can only be made when no invoices have been processed against the PO. If invoices have been processed the PO will need to be cancelled and re-issued to change which line item should receive the trade-in allowance.

The following businesses rules ensure Generally Accepted Accounting Principles (GAAP) have been implemented for trade-ins.

- I. Trade-in allowance must be a negative amount.
- II. The total account amount of the purchase order must be zero or a positive amount.
- III. The system will ensure that the chart/account/sub-account is not negative in the account summary.

Indiana University has implemented the following business rules for trade-ins:

- I. The actor should enter the asset number(s) involved with the trade-in. If you do not know what the correct asset number is it can be found using the Financial Information System (FIS), using the Capital Asset Maintenance Screen. You will need the IU tag number, or the purchase order number
- II. The actor will be required to enter a trade-in description.
- III. Trade-in allowances can not be issued on B2B orders.
- IV. Once a PREQ has been issued the (assign to trade-in) can not be changed. If the incorrect line item was selected the PREQ will need to be cancelled, the PO voided and a new purchase order issued.
- V. The department must issue an Asset Retirement document to the remove the asset number from the university asset data base.

Retiring the asset(s) given in trade:

Once the department and purchasing have determined that existing assets will be traded in on a purchase order and the purchase order has been issued it is important the asset(s) given in trade are retired. The retirement should be processed when the equipment is turned over to the vendor. The timeliness of the retirement is important because this will affect the net book value of the asset.

Issuing the Asset Retirement:

After you have logged into the FIS, click on “**Enter TP Documents**” at the *Welcome to the FIS* screen:

After clicking on the **Enter TP Documents** button, you will be taken to the **Document Group Selection** screen.

Clicking on the **CAMS Document** button (second from top left of the screen) will take you to the **Capital Asset Documents Group**.

Once the CAMS documents are listed in the *Type* section, double click on the **Asset Retirement** document or place the cursor on the **Asset Retirement** and click on the *Open* button.

When you open the **Asset Retirement** document, the **Capital Asset Lookup** screen will appear first.

Based on the information you have about the asset (IU tag, PO number) choose the search method (for either search criteria or other search buttons) that best meets the information at hand to find the asset number.

From the search results, double click on the asset number and you will be returned to the **Asset Retirement** document.

Asset Retirement		Asset Information	
Document #:	01-YB1905207	Asset Nbr:	01-377304
Status:	?	Owner COA:	U
Initiator:	TCAIN	Owner:	01- INU
Created:	08/24/2006	Campus:	BL
Org Doc #:	[blank]	Acct:	6013005
		Org:	GOLF
		Bldg:	BL607E
		Asset Rep:	
Retirement Reason: 2 Trade-in			
Description:	TORO GREENMASTER 1000	Create Date:	10/17/2003
Asset Status:	A	IU Tag Nbr:	IU019210
Asset Type:	115	Old TagNbr:	[blank]
Serial Nbr:	230001027		
Org Tag Nbr:	[blank]		
Org Text:	[blank]		
Depreciation			
Method:	SL	Book Value:	1,425.83
YTD Amt:	219.36	Accum Amt:	3,838.77
Cur Mnth Amt:	109.68	Prev Yr Amt:	1,316.15

- a. Set the retirement reason code to “2” - Trade-in.
- b. Enter a note with the new purchase order from which the new assets are being purchased.

Note:

On occasion a vendor may offer to remove a piece of equipment at no cost. These assets should be retired with the retirement reason of 4 – Discarded. Please be sure to enter a note on the asset retirement stating that no trade-in allowance was received and that the vendor was removing the equipment for your department.

For information on how to retire an asset please refer to the CAMS Asset Retirement training document at: http://www.fms.indiana.edu/cams/training_materials.asp.