

<b>COUNTY COLLEGE OF MORRIS</b> <b>Business and Finance Division Procedures</b>	
<b>Subject:</b> FIXED ASSETS – TRADE IN ON PURCHASES	<b>Page:</b> 03.05.01
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General

When in the best interest of the college, current fixed assets can be traded-in on the purchase of new items. In these situations, the credit given as a result of the trade-in must be comparable to current resale market value. This request is made to the Vice President for Business and Finance and is based upon the professional judgment of the requisitioners and approvers. Once the new item is received and the trade-in is removed, the Accounting Department is responsible for removing the asset from the fixed asset subsidiary. At this point, the gain or loss associated with the disposition of the asset will be calculated and recorded.

Before a commitment is made to trade in an existing fixed asset on a new asset, it must be approved by the Vice President for Business and Finance via the “Request for Disposal Form” (see Procedure 09.06). Fixed assets traded in on the purchase of new property should be removed from the fixed asset subsidiary.

Authority

Vice President for Business and Finance

Responsibility

Executive Management  
Director of Accounting  
Purchasing Manager

Procedure

1. Once a requisitioner believes it is in the best interest of the College to trade in an existing asset on a new asset, they must obtain approval to do so via the “Request for Disposal” Procedure 09.06.

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- Once the determination has been made and approval obtained that an existing asset can be traded in on a new fixed asset purchase, it needs to be documented on the purchase requisition.
- Enter the REQM screen, as described in Procedure 09.09.

```

-----
| 03/28/03 11:17          REQUISITION MAINTENANCE          REQM |
| Requisition:          Status:          Status Date:          |
|-----|-----|-----|-----|
| 1 Requisition Date: 03/28/03          4 Maintenance Date:          |
| 2 Initiator.....:          Requisition Amt.:          |
| 3 Desired Date....:          |
|-----|-----|-----|-----|
| 5 Vendor ID.:          13 Types: 1:          |
| 6 Name.....: 1:          |
| 7 * Address.: 1:          |
| 8 CSZ.....:          |
| 9 Country...:          |
| 10 Currency..:          14 Terms....:          |
| 11 * Ship To.: 01 County College of 15 FOB.....:          |
| 12 Ship Via..:          16 Commodity:          |
|-----|-----|-----|-----|
| 17 * Approvals.: 1:          22 * Line Items.....:          |
| 18 Buyer.....:          23 * Printed Comments: 1:          |
| 19 Expire Date.:          24 * Comments.....: 1:          |
| 20 AP Type.....:          25 Priority.....:          |
| 21 * Invn Store:          26 Requisition Done..: No          |
|-----|-----|-----|-----|
X|aaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaa New Record aaaaaaaaaaaaaaaaaaaaaaaaaaa

```

- Once on field 22 Line Items, press F11 to detail to enter the Requisition Item List.

```

-----
| 03/28/03 11:18          REQUISITION ITEM LIST          RQIL |
| Requisition:          Status:          Status Date:          |
| Vendor.....:          |
|-----|-----|-----|-----|
| 1 * Description          Quantity Estimated Price Extended Price Tax |
| 1:          |
| 2:          |
| 3:          |
| 4:          |
| 5:          |
| 6:          |
| 7:          |
| 8:          |
| 9:          |
| 10:          |
| 11:          |
| 12:          |
| 13:          |
| 2 Taxes          Amounts          Item Total:          0.00          |
| 1:          Tax Total.:          0.00          |
| 2:          Req Total.:          0.00          |
|-----|-----|-----|-----|
X|a Controller Taxes aaaaaaaaaaaaaaaaaaaaaaaaaaaaaXaaaaaaaaaaaaaaaaaaaaa No Values aaaaaaaaaaa

```

# COUNTY COLLEGE OF MORRIS

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5. Press F11 again, to detail into the Requisition Item Maintenance Screen. Once in this screen, the following information must be entered in order to identify the purchase of an item with another item being credited as a trade-in. Please realize, this required information is in addition to the information required by Procedure 09.09.

```

-----
| 03/28/03 11:19          REQUISITION ITEM MAINTENANCE          RQIM |
| Requisition:           Status:           Status Date:       |
|-----|-----|-----|
| 1 Vendor Name...: 1:   |                               |
| 2 Commodity....:     |                               |
| 3 Stock No.....:     |                               |
| 4 * Description: 1:   |                               |
|                   2:   |                               |
| 5 * Est Price.....:   | 13 Desired Date:           |
| 6 Quantity.....:     | 14 Fixed Asset.:           |
| 7 Unit of Issue...:   | 15 Vendor Part.:           |
| 8 * Trade Disc Amt:   | 16 Form/Box/Loc:           |
| 9 Trade Disc Pct...: | 17 * Comments...: 1:      |
|   Extended Price...: |                               |
| 10 Work Order/Type.: |                               |
| 11 Tax Codes.....: 1: |                               |
| 12 * GL Account No   | Percent   Quantity         |
| 1:                   |                               |
|   GL Amt.:           |                               |
|   Proj ID:           |                               |
X|a Controller Description aaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaa No Values aaaaaaaaaa

```

- a. Field 4 – Description – Enter the Description of the new item being purchased.
  - b. Field 5 – Est. Price – Enter the estimated FULL price of the new purchase (i.e. An item costs \$1,000.00, the college is getting a trade-in allowance of \$250.00, and the cash being paid to the vendor will be \$750.00. In field 5, enter the \$1,000.00 cost of the item.)
  - c. Field 8 – Trade Disc. Amt. – Enter the trade-in allowance that the vendor is providing. (i.e. In continuing the example from above, enter \$250.00)
  - d. Field 14 – Fixed Asset – Enter “M” for multiple
  - e. Field 17 – Comments – Enter the tag number and description of item (as it appeared on the last annual inventory list) of the item being traded in.
6. Once completed, this requisition must be approved by both the department’s executive manager and by the Vice President for Business and Finance.
7. Once the new item is received and the old item is delivered to the vendor, payment for the net amount will be processed, which will initiate the removal of the item from the fixed asset subsidiary and calculation of the gain or loss on disposal.