



How to Account for an External Asset Sale

The following steps are undertaken by the Tub transacting an external equipment sale:

1. Deposit the check from the buyer, coding the check to object code 5772, Sale of Capital Asset. If you are not sure of the org, fund, or activity/subactivity to which the receipt should be coded, consult your Tub Financial Office.
2. Retire the sold asset or assets in Oracle Fixed Assets.
 - a. Do not reflect any cash value; put \$0 in the field for cash received.
 - b. If there is any net book value ("NBV"), a loss will be recorded in object code 8722 at the tub level org.
3. Run a Retirement Report for the month in which you retired the assets, and save a copy to send to FAR.
4. Once you have done steps 1-2, write an email to far_fixed_assets@harvard.edu and include/attach the following:
 - a. The asset number(s) for the sold asset(s),
 - b. The retirement report showing the sold asset(s),
 - c. A copy of the detail listing showing the cash receipt deposited and the coding for the gain, and
 - d. A copy of the detail listing showing the 8722 transaction, if there was any NBV.

FAR will do the following:

5. Upon receipt of the items in Step 4, FAR will prepare and post an ADI journal if necessary to consolidate the loss in 8722 and the gain in 5772 in one object code.
 - a. If the cash receipt is greater than the net book value of the asset(s), the 8722 loss will be moved to 5772.
 - b. If the net book value of the asset equals or exceeds the cash receipt, the 5772 gain will be moved to 8722.

The coding string will be:

Tub..Tub-Level-Org..5772..724001..0 (activity)...0 (subactivity)...0 (root)
Tub..Tub-Level-Org..8722..724001..[Match Activity to retirement activity code]...0
(subactivity)...0 (root)