Chapter 7
Retiring and Reinstating Assets

Objectives

By the end of this chapter, you will be able to:

- Describe the asset retirement flow process.

- Perform full Retirements.

- Use the reinstate transaction to reverse a retirement.

Overview

PeopleSoft Asset Management provides an online retirement format that enables you to retire assets quickly and easily. We discuss asset retirements in this chapter, as well as how to reverse retirement entries via the reinstate transaction process. The transaction type used by PSAM for retirements and reinstatements is RET.

Asset Retirement

The asset retirement process involves two pages:

- Retire Assets
- By ChartField

Retire Assets

The Retire Assets page contains three keys that uniquely identify the asset and are required for every asset record:

- Business Unit

- Asset ID

- Book Name
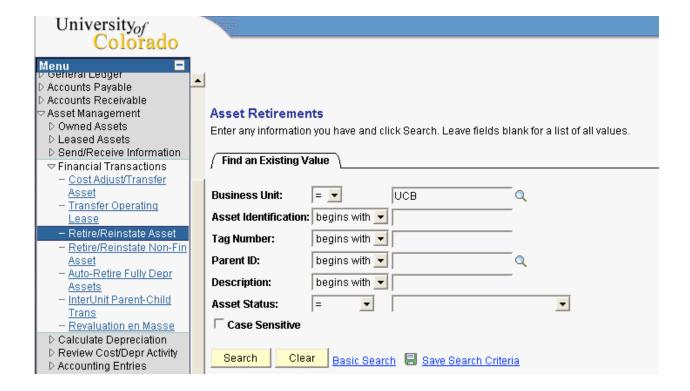
Also present on the page are two buttons:
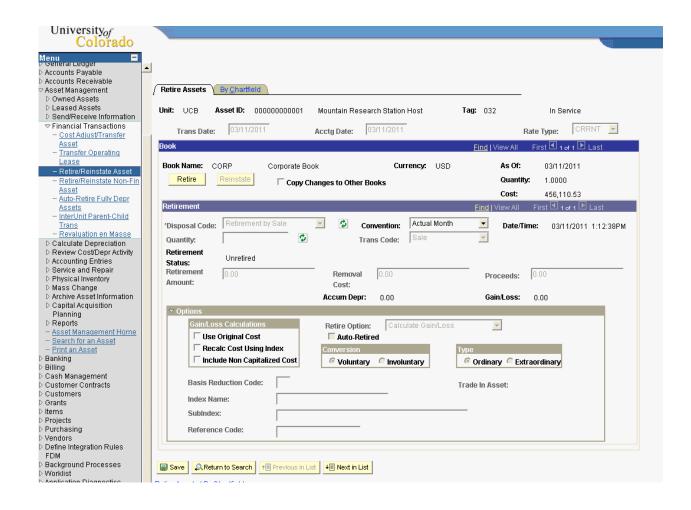
- Retire

- Reinstate

We will focus first on the retire transaction. Since the asset is currently active, the Reinstate button is not accessible. Click the retire button to import the current cost information for the asset into the page. The system will default the amount and quantity of the retirement to include the full current cost and quantity amounts for the asset. You may override these values with partial amounts if necessary.
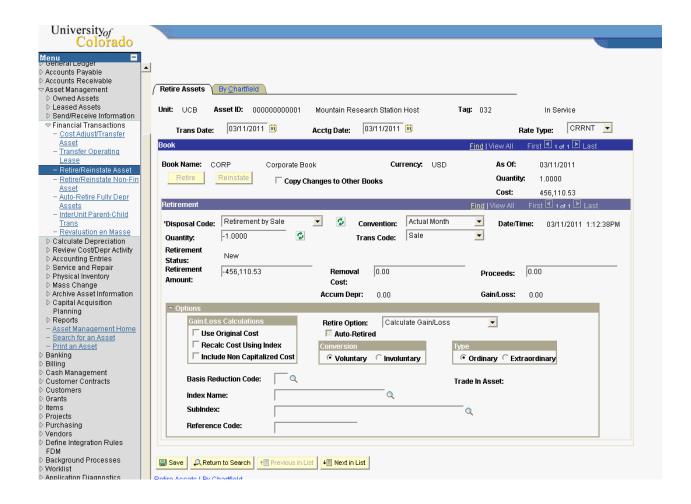
Walkthrough

Go > Asset Management > Financial Transactions > Retire/Reinstate Asset

Enter the appropriate business unit in the space provided. If you do not know the Asset ID, you may enter any other search criteria in the available fields and click Search to display a list of active assets. Highlight the appropriate asset record in the list box and click OK.

Notice the Retire Status in the middle of the page starts at "Unretired" for a normal/active asset. Click on the Retire button to start the transaction.

The current cost of the asset is imported into the page and the default mode is to process a full retirement. You can now choose a Disposal Code and the Retire Convention for the depreciation calculation. If you are processing a partial retirement, you can override the retire amount.

Most of the options at the bottom of the page will not apply to CU, so the defaults can be accepted. Simply click Save to process the transaction.

The By ChartField page is used to process partial retirements by cost line for assets that contain multiple cost lines.

Asset Reinstatement

In PeopleSoft Asset Management the reinstate function allows you to reverse retirement transactions. There is no need for additional information for this transaction as PeopleSoft Asset Management simply uses the retirement transaction as a template and reverses the signs on the cost and quantity amounts.
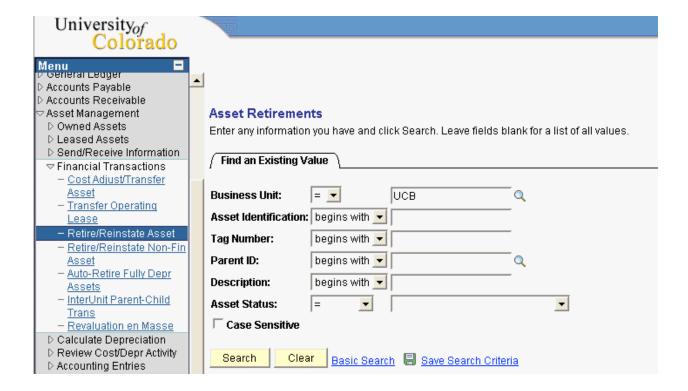
The system even tracks the initial retirement date to ensure all depreciation is caught up for the asset once it is placed back on the books. Once you click the reinstate button on the page, the page is grayed out and the only acceptable actions are **Save** or **Cancel**. Asset Management only allows you to reinstate the most recent previously retired assets, and you may only reinstate the most recent retirement transaction should an asset have multiple partial retirements.
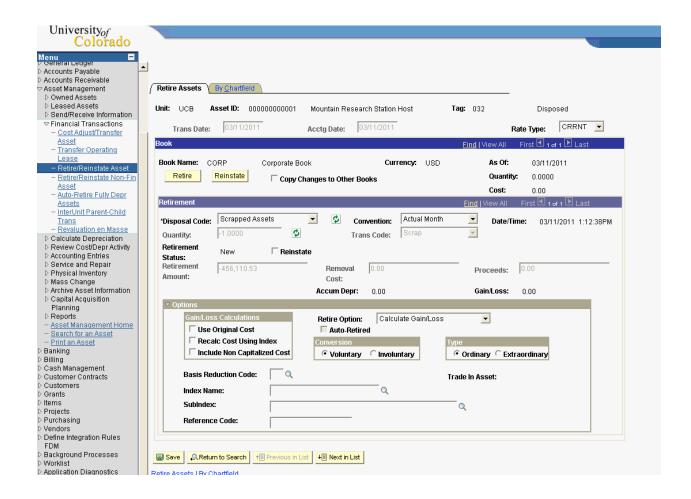
You can also use the reinstatement function as a correction tool if you retire an asset by mistake. You can reinstate a retirement **after** saving it but **before** it is processed through PeopleSoft Asset Management. In this case, Asset Management deletes the retirement transaction completely, and the asset will then appear as if it had never been retired. However, once batch depreciation has processed a retirement transaction, that transaction must remain, and the system will keep an audit trail of both the retirement and the reinstatement.
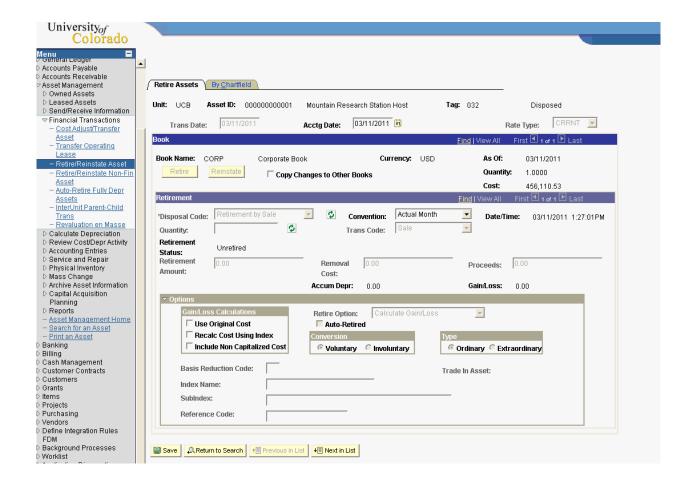
Walkthrough

Go > Asset Management > Financial Transactions > Retire/Reinstate Asset

Enter the appropriate business unit in the space provided. If you do not know the Asset ID, you may enter any other search criteria in the available fields and click Search to display a list of active assets. Highlight the appropriate asset record in the list box and click OK.

The Retire Assets page is displayed with the most current retirement transaction displayed. Simply click the Reinstate button to initiate the transaction.

PeopleSoft Asset Management performs the reinstatement automatically. Any Proceeds, Removal Costs, Reserve and Gain/Loss fields are reset to zero and the amount in Retire Amount is added back to the balance sheet.

Since the Reinstatement is always an exact reversal of the retirement, no options exist for data entry. Simply click Save to process the transaction.

If a retirement is reversed prior to running Depreciation Calculation, no retirement records will be stored in the system.

Review Questions

1. To retire an asset, what is the first thing you must do on the Retire Assets page?

2. What is the difference between a retirement and a reinstatement?

3. When retiring an asset, what sign do you place on cost and quantity amounts?

4. Will PeopleSoft Asset Management allow reinstatements for multiple retirement transactions on an asset?

5. Can you back-date a reinstatement transaction?

6. If an asset was retired for 6 months, and then reinstated, what happens to the missed depreciation expense?