

# Bookkeeping Tips

## Recording the trade-in of an asset

Like many areas of professional bookkeeping, recording a trade-in can be tricky until you have done one. That is why our monthly briefings for members include a section called "Review of the Basics." Here is a column from a past issue.

In 2003, your firm purchased a copier for \$20,000. To date, depreciation expense of \$12,000 has been taken. In 2006, your firm trades in the copier for a new one costing \$25,000. The trade-in allowance is \$3,000. What is the journal entry to record the trade-in?

Copier (new)	25,000	
Accumulated Depreciation	12,000	
Loss	5,000	
Copier (old)		20,000
Cash		22,000*

\* \$25,000 for new copier - \$3,000 trade-in allowance for old copier = \$22,000 cash required

The new copier is recorded at list price. The cost of the old copier and its related, accumulated depreciation is removed from the books, and the loss is recorded.

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership