

# Oracle Fusion Cloud Financials

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## **Implementing Assets**

**26A**



# Contents

## Get Help

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# Get Help

There are a number of ways to learn more about your product and interact with Oracle and other users.

## Get Help in the Applications

Some application pages have help icons  to give you access to contextual help. If you don't see any help icons on your page, click your user image or name in the global header and select Show Help Icons. If the page has contextual help, help icons will appear.

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Thanks for helping us improve our user assistance!



# 1 Overview of Assets Implementation

## Overview of Assets Rapid Implementation

You can use the Rapid Implementation integrated workbook template to rapidly implement Oracle Assets and set up the following objects:

- Key flexfield structure
- Categories
- Locations
- System controls
- Depreciation calendars
- Prorate conventions
- Asset books

Use the standard Define Fixed Assets Configuration task lists for Assets configurations that can't be set up or updated using the rapid implementation approach.

### Tasks

You must perform the following tasks in the Define Fixed Assets Configuration for Rapid Implementation task list to rapidly implement Assets:

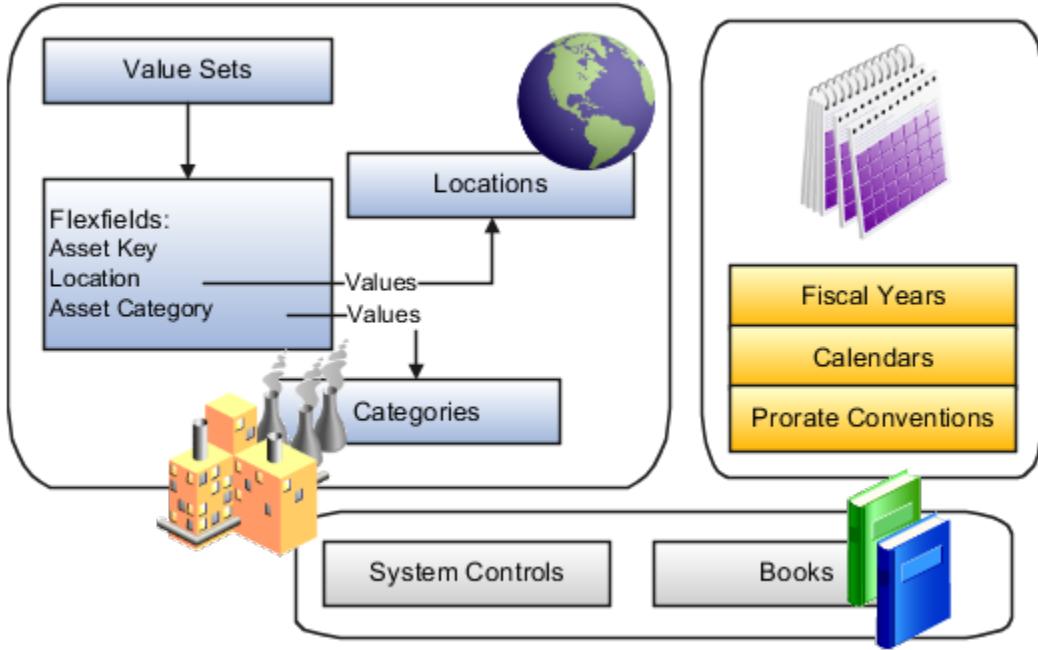
Task	Description
Create Fixed Assets Configuration in Spreadsheet	Downloads the rapid implementation Excel integrated workbook template. You must use this template only for initial configuration. Do not use it to make additional changes.
Update Fixed Assets Configuration in Spreadsheet	Downloads the rapid implementation integrated workbook template. You must use this template to review, modify, or add to the existing configuration.
Upload Fixed Assets Configuration in Spreadsheet	Calls the Upload Fixed Assets Configuration process from the Scheduled Process page with the data file as a parameter. You upload the file generated from the spreadsheet template and monitor the process to make sure it completes successfully.

**Note:** The Create Fixed Assets Configuration in Spreadsheet task lets you create only a monthly depreciation calendar. You can create any depreciation calendar using the Update Fixed Assets Configuration in Spreadsheet task.

# Implement Assets

Get started with Oracle Assets and enable your reporting and accounting capabilities using the Define Fixed Assets Configuration for Rapid Implementation task list.

This task list provides a framework to develop and manage your Assets flexfields, system controls, fiscal years, locations, calendars, prorate conventions, asset books, and asset categories.



## Set Up Assets

The tasks in the following list relate to the setup of Oracle Assets. These are the basic steps for setup. These tasks appear in the setup task list in the Setup and Maintenance work area. However, in your task list the tasks may be interspersed with other tasks that you don't need to perform before you can use Oracle Fusion Cloud Financials.

For setting up Assets, each task is performed by the Application Implementation Manager.

### Define Fixed Assets Configuration for Rapid Implementation

All documentation references are from the Oracle Financials Cloud Implementing Assets guide, unless otherwise noted.

1. Create Fixed Assets Configuration in Spreadsheet.
  - Perform the task **Create Fixed Assets Configuration in Spreadsheet** to define your initial Fixed Assets configuration or rapidly implement Oracle Asset categories, system controls, depreciation calendars, prorate conventions, and books.
  - See: Oracle Applications Cloud Configuring and Extending Applications guide.
2. Update Fixed Assets Configuration in Spreadsheet.
  - Perform the task **Update Fixed Assets Configuration in Spreadsheet** to update or add to your Oracle Asset categories, locations, and books.

**3. Upload Fixed Assets Configuration in Spreadsheet.**

- Perform the task **Upload Fixed Assets Configuration in Spreadsheet** to load the key flexfield structure, system controls, calendar, prorate convention, asset book, location combination, and category assignment to the book created or updated in the spreadsheet.

*Related Topics*

- [System Controls](#)
- [Depreciation Methods](#)



## 2 Assets Flexfields

### Asset Category Key Flexfield

Define the Asset Category key flexfield so that you can create categories and group assets by financial information in relevant categories.

Define your Asset Category flexfield segments to fit the specific needs of your organization. You must define at least one subcategory segment to allow for distinctions within a major category.

You can define up to seven segments for your Asset Category key flexfield. When defining segments, consider the following:

- Oracle Assets only displays a limited number of characters on its forms and reports, so you may want to use only two or three segments so that all of them can be displayed.
- You must define depreciation rules for each category flexfield combination, so more segments require more setup and maintenance effort.

**Note:** Plan your flexfield carefully. Once you begin entering assets using the flexfield, you can't change it.

#### Related Topics

- [How Flexfields Work with Oracle Application Cloud Architecture](#)
- [Overview of Key Flexfields](#)
- [Overview of Value Sets](#)

### Asset Key Flexfield

Use the Asset Key flexfield in Oracle Assets to group your assets by non-financial information. You design your Asset Key flexfield to record the information you want.

When designing the Asset Key flexfields, consider the following:

- You can assign the same asset key to many assets to easily find similar assets.
- All Assets transaction pages allow you to query assets using the asset key, and help you find your assets without an asset number.

Even if you choose not to track assets using the asset key, you must define at least one Asset Key flexfield segment without validation because the Asset Key flexfield structure is required to set up the system controls.

**Note:** Plan your flexfield carefully. Once you begin entering assets using the flexfield, you can't change it.

*Related Topics*

- [How Flexfields Work with Oracle Application Cloud Architecture](#)
- [Overview of Value Sets](#)
- [Overview of Key Flexfields](#)

## Location Flexfield

Oracle Assets uses the Location flexfield to group and track your assets by physical location. Define the Location flexfield structure to fit the specific needs of your organization. You must choose:

- The number of segments
- The length of each segment
- The name
- The order of each segment

You must define a state segment and up to six other location segments.

Examples:

- You do business internationally and want to track the country an asset is in. You may also want to include segments for state, city, and site.
- You use barcodes and want to track asset locations in more detail, so you add segments for the building and room number.

The location name (all segments concatenated) appears on forms and reports, which display only a limited number of characters. You may want to abbreviate some location segment values.

**Note:** Plan your flexfield carefully. Once you begin entering assets using the flexfield, you cannot change it.

*Related Topics*

- [Asset Locations](#)
- [How Flexfields Work with Oracle Application Cloud Architecture](#)
- [Overview of Value Sets](#)

## Assets Descriptive Flexfields

You can record and track all standard asset information on the Assets pages. However, for additional asset information that you need to record for reporting purposes you can set up descriptive flexfields to record this information.

You can set up a descriptive flexfield for each asset category to collect information relevant to your business. For example, you can track the license number for cars and the square footage for buildings. When you assign a new asset to a category, you can enter the additional information in a descriptive flexfield.

The following table lists the descriptive flexfields available in Assets and their corresponding Assets pages:

Descriptive Flexfield	Associated Assets Page
Asset Category	Add Asset Edit Source Line Add Assets and Prepare Source Lines spreadsheets
Assets Invoices	Add Asset Edit Source Line Add Source Lines Change Source Lines Source Line Retirement Add Assets and Prepare Source Lines spreadsheets
Bonus Rates	Create Bonus Rule Edit Bonus Rule
Bonus Rules	Create Bonus Rule Edit Bonus Rule
Book Controls	Create Book Edit Book
Calendar Types	Create Calendar Edit Calendar
Categories	Create Category Edit Category
Category Books	Create Category Edit Category
Category Book Defaults	Create Category Edit Category
Ceilings	Create Ceiling Edit Ceiling

Descriptive Flexfield	Associated Assets Page
Convention Types	Create Prorate Convention Edit Prorate Convention
Fiscal Year	Create Fiscal Year Edit Fiscal Year
Flat Rates	Create Depreciation Method Edit Depreciation Method
Locations	Manage Locations
Methods	Create Depreciation Method Edit Depreciation Method
Retirements	Cost Retirement Unit Retirement Source Line Retirement
System Controls	Manage System Controls
Transactions	Add Asset Edit Source Line Preview Add to Asset Change Financial Details Suspend Depreciation Add Source Lines Change Source Lines Transfer Source Lines Change Category Perform Unplanned Depreciation Transfer Reserve Change Group Asset Cost Retirement Source Line Retirement Unit Retirement

Descriptive Flexfield	Associated Assets Page
	Transfer Asset Adjust Units Add Assets and Prepare Source Lines spreadsheets

#### Related Topics

- [How Flexfields Work with Oracle Application Cloud Architecture](#)
- [Overview of Value Sets](#)
- [Overview of Descriptive Flexfields](#)

## Configurable Attributes for Asset Assignment Information

Use descriptive flexfields to configure extended attributes, which you can use to capture information unique to your business asset assignments.

The additional information contained in descriptive flexfields enables you to:

- Optimize asset tracking, reconciliation, and high value operational analysis.
- Eliminate the need to create multiple assets by storing descriptive flexfield information at the asset distribution level.
- Capture information unique to your business for your asset assignments.

You must enable the Configurable Attributes to Enrich Fixed Assets Assignments Information feature on the Edit Features page before using this functionality.

You can enter descriptive flexfield information for an asset in user interface pages, ADFdi spreadsheets, and file-based data import spreadsheets.

- Oracle Assets user interface pages
  - Add Asset
  - Edit Source Line
  - Transfer Asset
  - Adjust Units
  - Update Assignment Descriptive Details
- Assets ADFdi spreadsheets
  - Create Asset Additions
  - Transfer Assets
  - Adjust Units
- Assets file-based data import templates
  - Fixed Asset Mass Additions Import

- Fixed Asset Mass Transfers Import
- Fixed Asset Mass Retirement Import (Unit Adjustment)

When creating descriptive flexfields for your asset assignments, consider these points:

- Deploy the Assignment flexfields after creating the flexfield segments in the Manage Descriptive Flexfields page.
- Update the asset assignment details when you transfer the asset only for the new distribution line.
- To update the descriptive details information without updating the assignment details of the asset, use the Update Descriptive Details page or the Post Mass Update Descriptive Details file-based data import template.
- Select the transaction type as Update Assignment Descriptive Details from the list of values while creating a batch in the Mass Transfer Assets page.

## Set Up Descriptive Flexfields for Asset Assignments

This task shows you how to set up descriptive flexfields for asset assignments.

To enable the feature, complete these steps:

1. Navigate to **Setup and Maintenance > Financials**.
2. Click **Change Feature Opt In**.
3. In the Fixed Assets row, click the **Edit** icon in the Features column.
4. Click the **Enable** option.

To add descriptive flexfields, complete these steps:

1. Navigate to the Setup and Maintenance work area.
2. Search for the Manage Descriptive Flexfields task.
3. In the Manage Descriptive Flexfields page, enter FA\_DISTRIBUTION\_HISTORY in the Flexfield Code field and click **Search**.
4. Click the **Edit** icon.
5. On the Edit Descriptive Flexfield page, define your descriptive flexfield segments.
6. On the Create Segment page, enter required information for your descriptive flexfield.
7. Click **Save and Close**.
8. On the Edit Descriptive Flexfield page, click **Save and Close**.
9. On the Manage Descriptive Flexfields page, click **Deploy Flexfield**.

## Asset Locations

Create asset locations to track the physical location of assets.

You can report on and transfer assets based on their locations.

- Define locations based on the current and expected future assignments of assets.
- Ideally, use standardized location names or abbreviations where the names are too long, because locations are used for grouping, tracking, and reporting purposes.

An asset can be in multiple locations based on its quantity. For example, let's say you have an asset named Computers, and you have 50 units of this asset. The 50 computers are in many different locations throughout your office buildings. You can use asset locations to easily track where each unit is located.

*Related Topics*

- [Location Flexfield](#)

## Create an Asset Location

This task shows you how to create an asset location.

1. In the Setup and Maintenance work area, select:
  - Offering: Financials
  - Functional Area: Fixed Assets
  - Task: Manage Asset Locations
2. In the Manage Asset Locations page, click the **Add** icon.
3. Select your country, state or county, city, and building from you Location flexfield segment values.
4. Optionally enter an effective start and end date.
5. Enable the checkbox in the Enabled column.
6. Click **Save and Close**.

## Derive the Assets Location from the Payables Invoice Ship-to Location

You can derive the asset location from the Payables invoice ship-to location by creating a mapping between the HR location, which is the ship-to location on the invoice, and the Assets location.

Before you can derive the asset location from the Payables invoice ship-to location you must ensure that:

- The HR location and Assets location both exist.
- There are Assets invoices in Payables with a ship-to location.

To create a mapping between the Assets location and the HR location, use one of these methods:

- Update Fixed Assets Configuration in Spreadsheet setup task.
- Asset Location Export and Import Setup Service.

To derive the Assets location from the Payables invoice ship-to location:

- Create a mapping between the HR location and the Assets location.
- Click **View Mapped Location** in the Manage Asset Locations page to view the mapping of the Assets location and the HR location.
- Create Assets Invoices in Payables with the ship-to location.
- Use the Create Mass Additions process to send valid invoice line distributions and ship-to locations from Payables. The Prepare Assets Transaction Data automated process derives the mapped asset location.

- Verify that the Assets location was automatically derived in the Edit Assets page.

## Create a Location Mapping

Follow these steps to create a location mapping using either the Update Fixed Assets Configuration spreadsheet or the Export/Import service.

### Create a Location Mapping Using the Update Fixed Assets Configuration Spreadsheet

1. Navigate to the Setup and Maintenance page.
2. Search for the task Update Fixed Assets Configuration in Spreadsheet and download the spreadsheet.
3. Select the Location Mapping worksheet.
4. For an Assets location, enter either an HR location code or a customer site.

**Note:** Enter two separate rows to map an asset location to both an HR location and a customer location, because each row can map to only one type of location.

5. Upload the generated .csv file in the File Export Import page.
6. Run the Upload Fixed Assets Configuration process from the Scheduled Processes page.

### Create a Location Mapping Using the Export/Import Service

1. Navigate to the Setup and Maintenance page and select the Financials offering.
2. Select **Fixed Assets** and search for the Manage Asset Locations task.
3. From the **Actions** menu, click **Export from .csv** and download the Manage Asset Locations .zip file.
4. Edit the ORA\_FA\_ASSET\_LOCATION\_TO\_HR\_LOCATION\_MAPPING.csv file and enter the Assets location and HR codes and compress the file.
5. From the **Actions** menu, click **Import from .csv** file and select **Create New**.
6. Browse and attach the .zip file and click **Submit**.

## Asset Category Descriptive Flexfield

Set up the Asset Category descriptive flexfield to store additional information based on the asset category.

- Enter the category code as the reference field to base the descriptive flexfield structure on the value of your Asset Category flexfield.
- Define your context field values (structure names) to exactly match your concatenated Asset Category Flexfield combinations.

For example, your Asset Category Flexfield combination is BUILDING.OFFICE. You define BUILDING.OFFICE as your context value.

**Note:** The segment separator, spelling, and case must exactly match your Category Flexfield combination.

You don't need to define a descriptive flexfield structure for each combination of your Asset Category flexfield. Define structures only for those categories in which you want to capture additional information (such as the license number or insurance policy number).

**Note:** Plan your flexfield carefully. Once you begin entering assets using the flexfield, you can't change it.

#### Related Topics

- [How Flexfields Work with Oracle Application Cloud Architecture](#)
- [Overview of Value Sets](#)
- [Overview of Descriptive Flexfields](#)

## System Controls

System controls provide information about the structure of your company.

Define system controls by identifying:

- Your enterprise (company) name
- The oldest date placed in service
- Your flexfield structures
- Your asset numbering scheme

### Enterprise Name

The enterprise name establishes the name that appears on Oracle Assets reports.

### Oldest Date Placed in Service

The oldest date placed in service controls what dates are valid to place assets in service and on what date to begin your calendars. You can only update the oldest date placed in service before you assign any calendars to depreciation books.

### Flexfield Structures

Define your company's Category, Location, and Asset Key flexfield structures, which will be used to record transactions.

Configure flexfield segments to capture data that represents the values of attributes. You can define any number of segments for each flexfield, but Assets supports only one structure. The administrator must choose a structure for each key flexfield that will be used to record transactions.

### Automatic Asset Numbering

The starting asset number defines the number to begin automatically numbering your assets. Note that some asset numbers may be skipped.

When you use automatic numbering, then manual numbering must be less than the starting asset number that you have established. In other words, if you start automatic numbering at 50,001, manual numbering must be between 1

and 50,000. Asset numbers with a letter in them aren't reserved for automatic asset numbering, since the automatic numbers are a numeric sequence.

If you're converting from another application, you can enter a starting number greater than the number of assets you want to convert so converted assets keep the same number from the previous application. For example, if you're converting 75,000 assets, you can enter 100,001 as the starting number to reserve the numbers 1 to 100,000 for manual asset numbering. Note that adding the 75,000 assets will increment the automatic numbering sequence by 75,000 (automatically numbered assets will begin at 175,001).

If you want Assets to always generate the asset number automatically when assets are added, enable the **Prevent user entered asset number** option. Enabling this option prevents users from entering or changing the asset number and ensures that asset numbers are only generated automatically by the application.

*Related Topics*

- [Asset Key Flexfield](#)
- [Asset Category Descriptive Flexfield](#)
- [Location Flexfield](#)

# 3 Asset Books

## Guidelines for Creating or Modifying Asset Books

You can set up an unlimited number of independent asset books. Each book has its own set of depreciation rules, accounts, and calendars to organize and implement your fixed assets accounting policies more effectively.

You must set up your asset books before you can add assets to them.

An asset can have different financial information and depreciation rules in each book. For example, you can make the asset cost in your tax book different from the cost in the associated corporate book. Because the books are independent, you can run depreciation for each book on a different schedule.

In Oracle Assets, user access to the data is secured at the asset book level. Each user can view and update the assets only in the asset book to which they have access.

While defining your asset books you need to select the reference data set for the following set up and lookup objects:

- Bonus Rules
- Depreciation Ceilings
- Depreciation Methods
- Descriptions
- Prorate Convention
- Queue Name
- Retirement Type
- Unplanned Type

While defining these set up and lookup objects, you need to use the same reference data set value that you assigned to the book for which these are created. While adding an asset or performing any transaction on an asset in the book, you will see only the setup object values that share the reference data set with this book.

Before you can set up an asset book, you must have completed setting up the following:

- Define ledgers
- Define asset accounts
- Define system controls
- Define fiscal years
- Define calendars
- Define prorate conventions
- Define reference data sets

You can define the following types of asset books:

- Corporate
- Tax

## Corporate Books

An asset can belong to any number of tax books, but must belong to only one corporate book. New or existing assets must first be added to a corporate book and then can be easily copied to all the associated tax books.

You can set up multiple corporate books that create journal entries for different ledgers, or for the same ledger. In either case, you must run depreciation and create journal entries for each book. For each corporate book, you can set up multiple tax books and associate all of them to the corporate book.

## Tax Books

A tax book must be associated with a corporate book so that the assets and transactions are easily copied from the corporate book. This helps to maintain multiple accounting and depreciation representations for assets with minimal effort.

Tax books can have different calendars than their associated corporate books. The calendar for the tax book can use the same fiscal year or a different fiscal year as the calendar for its associated corporate book. You can use the tax rules to control what transactions need to be copied from the corporate book to the tax book.

You can associate the tax book to ledger of its corporate book or to a different ledger. You can also optionally create journal entries and transfer to your general ledger. The different ledger must be a secondary ledger of the ledger assigned to the corporate book and the following conditions must be satisfied:

- Enable Oracle Subledger Accounting and set the **Valuation Method Ledger** option to No in the accounting options of the secondary ledger setup.
- Enable Assets for Subledger Accounting for the secondary ledger.

## Create a Corporate Book

This example shows how to create a corporate book in Oracle Assets.

### Create a Corporate Book

1. Navigate to the Manage Books page.
2. Click the **Create** icon.
3. On the Create Book page, complete the fields as shown in this table:

Field	Value
Name	INF USA CORP
Description	InFusion USA Corporate Book
Book Class	Corporate

Field	Value
	Note: When you define a corporate book, the name of the corporate book you're defining is populated automatically into the Associated Corporate Book field.
Ledger	InFusion USA PL
Depreciation Calendar	MTH CAL
	<b>Note:</b> The Fiscal Year Name is populated automatically.
Prorate Calendar	MTH CAL
Current Period	Enter the current month and year.
Divide Depreciation	Evenly
Last Depreciation Run	Enter the last date of the previous month.

4. Check the following checkboxes:

- Depreciate if retire in the first year
- Allow amortized changes
- Allow cost sign changes
- Allow ledger posting

5. In the Accounts region, enter the following account information:

Field	Value
Enter Account Defaults	101.10.78990.000.000.000
Net Book Value Retired Gain	78530
Net Book Value Retired Loss	78540
Proceeds of Sale Gain	78510
Proceeds of Sale Loss	78520

Field	Value
Proceeds of Sale Clearing	15930
Cost of Removal Gain	78530
Cost of Removal Loss	78540
Cost of Removal Clearing	24220
Deferred Depreciation Expense	68800
Deferred Depreciation Reserve	16800

6. In the Rules region, Reference Data Groups tab, accept the default Reference Data Set Code for all reference data objects.
7. In the Rules region, Group Rules tab, check all checkboxes.
8. Click **Save and Close**.
9. Click **Done**.

## Create a Tax Book

This example shows how to create a tax book in Oracle Assets.

### Create a Tax Book

1. Navigate to the Manage Books page.
2. Click the **Create** icon.
3. On the Create Book page, complete the fields as shown in this table:

Field	Value
Name	INF USA TAX
Description	InFusion USA Tax Book
Book Class	Tax

Field	Value
Associated Corporate Book	INF USA CORPORATE
Ledger	InFusion USA PL
Depreciation Calendar	QUARTER CAL
	<p><b>Note:</b> The Fiscal Year Name is populated automatically.</p>
Prorate Calendar	MTH CAL
Current Period	Enter the current month and year.
Divide Depreciation	Evenly
Last Depreciation Run	Enter the last date of the previous month.

4. Check the following checkboxes:

- o **Depreciate if retire in the first year**
- o **Allow amortized changes**
- o **Allow cost sign changes**
- o **Allow ledger posting**

5. In the Accounts region, enter the following account information:

Field	Value
Enter Account Defaults	101.10.78990.000.000.000
Net Book Value Retired Gain	78530
Net Book Value Retired Loss	78540
Proceeds of Sale Gain	78510
Proceeds of Sale Loss	78520

Field	Value
Proceeds of Sale Clearing	15930
Cost of Removal Gain	78530
Cost of Removal Loss	78540
Cost of Removal Clearing	24220
Deferred Depreciation Expense	68800
Deferred Depreciation Reserve	16800

6. In the Rules region, Reference Data Groups tab, accept the default Reference Data Set Code for all reference data objects.
7. In the Rules region, Group Rules tab, check all check boxes.
8. In the Tax Rules region, check the **Allow mass copy** checkbox.
9. Click **Save and Close**.
10. Click **Done**.

## Guidelines for Transferring Asset Invoices Using Rule-Based Accounting

You can assign a default asset book to source lines transferred from Payables based on the qualified segments of the asset clearing account including balancing segment, cost center, and natural account.

When you have multiple asset books for a primary ledger, you must have a unique asset clearing account for each asset book to transfer Payables invoices to the correct asset book.

To accomplish this Assets considers either:

- The Primary Balancing segment, Cost Center segment, and the Natural Account segment.
- The Primary Balancing segment or Cost Center segment, along with the Natural Account segment.

The Create Mass Additions process transfers invoices to an asset book when the natural account segment value in the invoice distribution account matches the asset clearing account of any asset category set up for the asset book.

You enable these rules in the Invoice Rules tab in the Rules section of the Create Asset Book page or Edit Asset Book page:

- Natural Account: Enabled by default and can't be disabled
- Primary Balancing: Can be enabled or disabled at any time

- Cost Center: Can be enabled or disabled at any time

Specify any of these combinations of options:

Clearing Account Segments	Usage
Natural Account	Enabled by default and provides the existing behavior. The Natural Account segment alone is considered in deciding the book.
Natural Account and Primary Balancing	Use these options when you set up an asset book for each balancing segment. You must set up at least one asset category for each primary balancing segment based on the assets that are transferred to the book.
Natural Account and Cost Center	Use these options when you set up an asset book for each cost center. You must set up at least one asset category for each cost center segment based on the assets transferred to the book.
Natural Account, Primary Balancing, and Cost Center	Use these options when you set up an asset book for each balancing segment and cost center combination. You can set up at least one asset category for each primary balancing and cost center combination based on the assets transferred to the book.

**Note:** You can use different rules for each book in a ledger, but you must ensure that the asset categories are set up for each book with all of the possible asset clearing account combinations that are required according to the invoice rules enabled. If the Natural Account alone is enabled for any book, all lines will be transferred to that asset book only.

When the Create Mass Additions process transfers invoices to Assets:

- It determines whether the selected invoice distribution line is eligible for transfer to Assets by considering the Natural Account segment alone. The line is eligible if the Natural Account segment of the invoice distribution matches the asset clearing account of any category set up for the asset books that belong to the same primary ledger.
- If an invoice line is eligible, then the Create Mass Additions process transfers the invoices that match the invoice rules of the selected asset book.

## Example of an Asset Book Using the Primary Balancing and Natural Account Segments

In this example, the Vision Operation (USA) ledger has two balancing segment books and an asset book is set up for each balancing segment value.

For the purpose of this example:

- Segment 1 is the Primary Balancing segment
- Segment 2 is the Cost Center segment
- Segment 3 is the Natural Account segment

This table lists values for the invoice rules in the asset book:

Book Name	Natural Account	Primary Balancing	Cost Center
OPS CORP	Enabled	Enabled	Disabled
VISION CORP	Enabled	Enabled	Disabled

Here's an example of the categories that are set up for the books:

Book Name	Category	Cost Clearing Account	CIP Clearing Account
OPS CORP	COMPUTER-PC	01-000-1570-0000-000	01-000-1580-0000-000
OPS CORP	BUILDING-OFFICE	01-000-1570-0000-000	01-000-1580-0000-000
OPS CORP	FURNITURE-DESKS	01-000-1570-0000-000	01-000-1580-0000-000
VISION CORP	COMPUTER-PC	02-000-1570-0000-000	02-000-1580-0000-000
VISION CORP	BUILDING-OFFICE	02-000-1570-0000-000	02-000-1580-0000-000
VISION CORP	FURNITURE-DESKS	02-000-1570-0000-000	02-000-1580-0000-000

This table shows examples of the invoices created in Payables:

Business Unit	Invoice Number	Distribution Account	Track as Asset Option
AP_BU_1	AP_INV_01	01-100-1570-0000-000	Yes
AP_BU_1	AP_INV_02	02-110-1580-0000-000	Yes
AP_BU_2	AP_INV_03	02-110-1580-0000-000	Yes
AP_BU_2	AP_INV_04	01-000-1570-0000-000	Yes
AP_BU_2	AP_INV_05	03-000-1570-0000-000	Yes

Here's an example of how the Create Mass Additions process transfers the invoices:

Invoices	Transferred To
AP_INV_01 and AP_INV_04	Asset book OPS CORP, when you run the process for this book.
AP_INV_02 and AP_INV_03	Asset book VISION CORP, when you run the process for this book.
AP_INV_05	Not yet transferred.

Invoice AP\_INV\_05 is eligible for transfer to Assets because the Natural Account segment is an asset clearing account, but the process couldn't find an asset clearing account with a Primary Balancing segment of 03 for any asset book category setup. You can transfer this line at any time once you set up an asset category for any book with an asset clearing account with these segment values. When you enable the Primary Balancing segment rule, then you must set up asset categories for all of your balancing segments without any gap.

If you enabled the Cost Center segment, the Create Mass Additions process considers the Cost Center segment along with the Natural Account to decide which book to transfer the invoice lines to.

## Enable the Allow Group Asset Lookup for Your Book

To enable group asset functionality for your book, you must first enable the Allow Group Asset lookup.

1. In the Setup and Maintenance work area, search for the Manage Fixed Assets Lookups task.
2. Click the **Manage Fixed Assets Lookups** link.
3. In the Manage Fixed Assets Lookups page, enter ORA\_FA\_ALLOW\_GROUP in the Lookup Type field.
4. Click **Search**.
5. Click the **Create** icon in the Financials Generic Lookup Type section.
6. Enter the book name in the Lookup Code column for the book in which you want to enable group asset functionality.
7. Enter the reference data set.
8. Ensure the **Enabled** option is checked for the book.
9. Enter the book name in the Meaning field.
10. Click **Save and Close**.

After you enable the Allow Group Asset lookup, the **Allow group depreciation** option becomes visible in the Advanced Rules section on the Create or Edit Book page.

## Guidelines for Defining Group Asset Rules in Your Corporate Book

You define group asset rules in Oracle Assets according to your business needs. Here are the group asset rules you need to define in your corporate book:

Rule	Description	Where Enabled	Required for Group Depreciation
Allow amortized changes	You must enable this option for a book in which group depreciation is enabled, because all additions and adjustments to a group or member asset are amortized adjustments.	Header section of the Edit Book page.	Required
Allow group depreciation	You must enable this option for a book to enable the group asset functionality. When you enable this checkbox, Group is listed as an option in the list of values for Asset Type in the user interface.	Advanced Rules subsection of the Rules section in the Edit Book page.	Required
Allow CIP members	This option allows CIP member assets to be added to a group asset. Note that the cost of the CIP asset isn't included in the	Advanced Rules subsection of the Rules section in the Edit Book page.	Optional

Rule	Description	Where Enabled	Required for Group Depreciation
	<p>depreciation calculation for the group asset until you capitalize the CIP asset, unless you also enable the Allow CIP depreciation checkbox.</p> <p>Once you enable this option and save your changes, you can't disable it.</p>		
Allow CIP depreciation	<p>This option allows depreciation of CIP assets as a part of the group asset cost.</p> <p>Note that you must also enable the <b>Depreciate in Group</b> option in the Fixed Asset Mass Adjustments Import template for specific source lines to include the cost of the source line in the group asset's depreciation basis.</p>	Advanced Rules subsection of the Rules section in the Edit Book page.	Optional
Allow member tracking	<p>This option allows tracking at the member asset level. For group assets, depreciation is calculated and tracked at the group asset level, but for reporting and auditing purposes, you can choose to track depreciation at the member asset level as well by enabling this option.</p>	Advanced Rules subsection of the Rules section in the Edit Book page.	Optional
Allow intercompany member	<p>This option allows member assets to have different balancing segments than the balancing segment value of the group asset. Intercompany journal entries are created to balance the balancing segment within a single journal entry batch posted to Oracle General Ledger.</p> <p>If you don't enable this option, your member assets must have the same balancing segment as the group asset.</p>	Advanced Rules subsection of the Rules section in the Edit Book page.	Optional

## Set Up Group Assets in the Corporate Book

Before creating group assets, you need to configure your corporate book to allow group assets.

1. Navigate to the Edit Book page.
2. In the **Book Class** field, select Corporate.
3. Enable the **Allow amortized changes** option.
4. Click the Advanced Rules tab.
5. Enable the **Allow group depreciation** option.

6. If your company needs to add CIP assets to group assets, enable the **Allow CIP members** option.  
**Note:** Note: Once you enable the Allow CIP members option and save it, you can't disable it.
7. If you need to allow CIP member assets to depreciate, enable the **Allow CIP depreciation** option.  
**Note:** If you don't enable the Allow CIP members option, you can't enable the Allow CIP depreciation option.
8. If you want member assets tracked by depreciation book, enable the **Allow member tracking** option. Once you enable and save this option, you can't disable it.
9. If your company requires member assets to have balancing segment values that are different than the balancing segment value of the group asset, enable the **Allow intercompany member** option.

## Fiscal Years

A fiscal year is a standard set of periods used to prepare annual financial statements for reporting and tax purposes.

Fiscal years:

- Usually represent twelve monthly periods, but this varies by business and country.
- Can also be referred to as a financial year or a budget year.

When setting up fiscal years, you need to:

- Define the start date and end date for each of your fiscal years starting from the earliest date placed in service through at least one fiscal year beyond the current fiscal year.
- Define at least one calendar for each fiscal year to break the fiscal year into multiple report periods, such as months.

**Note:** Depreciation fails if the current fiscal year is the last fiscal year you set up.

## Multiple Fiscal Years

You can set up multiple fiscal years and assign different fiscal years to your different corporate books to meet the various reporting and tax requirements.

## Tax Books

A corporate book and all its associated tax books can use the same fiscal year or a different fiscal year. In other words, the calendar for a tax book can use the same fiscal year or a different fiscal year as the calendar for its associated corporate book.

## Considerations for Creating Calendars

Calendars break down your fiscal year into accounting periods. Define your calendars with as many periods as necessary for your reporting and tax regulation requirements.

Each book you set up requires a depreciation calendar and a prorate calendar. You can use one calendar for multiple depreciation books and as both the depreciation and prorate calendar for a book.

Corporate books can share the same calendar. A tax book can have a different calendar than its associated corporate book. The calendar for a tax book can use the same fiscal year or a different fiscal year as the calendar for its associated corporate book.

**Note:** You must initially set up all calendar periods from the period corresponding to the oldest date placed in service to the last day of the current fiscal year. You must set up at least one period before the current period. At the end of each fiscal year, Oracle Assets automatically sets up the periods for the next fiscal year.

Define calendars according to your needs. For example, to define a 4-4-5 calendar, set up your fiscal years, depreciation calendar, and prorate calendar with different start and end dates, and fill in the uneven periods. You can divide annual depreciation proportionately according to the number of days in each period or evenly in each period.

Before you can set up a calendar, you must have completed setting up the following:

- System controls
- Fiscal years

## Depreciation Calendar

The depreciation calendar determines the number of accounting periods in your fiscal year.

**Note:** If you assign the depreciation calendar to a book from which you create journal entries and transfer it to your general ledger, you must set up your depreciation calendar with the same period names you set up in your general ledger.

## Prorate Calendar

The prorate calendar determines what rate Assets uses to calculate annual depreciation by mapping each date to a prorate period, which corresponds to a set of rates in the rate table.

The Depreciation process uses the prorate calendar to determine the prorate period that's used to choose the depreciation rate.

### Related Topics

- [Prorate and Retirement Conventions](#)
- [Guidelines for Creating or Modifying Asset Books](#)

## Create an Asset Calendar

This example shows how to create a monthly calendar in Oracle Assets.

### Create an Asset Calendar

1. Navigate to the Manage Calendars page.

2. Click the **Create** icon.
3. On the Create Calendar page, complete the fields as shown in this table.

Field	Value
Name	MTH CAL
Description	Monthly Calendar
Fiscal Year Name	FIS YR
Periods per Year	12
Period Suffix	Calendar

4. Click the **Add Row** icon.
5. In the Periods region, enter information for the first period as shown in this table:

Field	Value
Period Name	JAN-12
Period Number	1
Start Date	1/1/12
End Date	1/31/12

6. Click the **Add Row** icon to enter another period.

**Note:** The values for Period Number, Start Date, and End Date are entered automatically. You only need to enter the first three letters of the month in the **Period Name** field: FEB.

7. Continue adding periods until you have entered all 12 periods.
8. Click **Save and Close**.
9. Click **Done**.

# Prorate and Retirement Conventions

Oracle Assets uses prorate and retirement conventions to determine how much depreciation to take in the first and last year of an asset's life.

To determine depreciation, set up:

- Prorate conventions
- Retirement conventions

## Prorate Conventions

Define prorate conventions to determine depreciation in the first and last year of an asset's life, based on when you place the asset in service. Since assets can be acquired at any time in a given period, prorate conventions must account for every date in the fiscal year for assets to depreciate properly. The prorate convention and the date placed in service determine the prorate date. Assets uses the prorate date to determine the prorate period in your prorate calendar.

**Note:** You must initially set up all your prorate conventions from the convention period corresponding to the oldest date placed in service through the end of the current fiscal year. At the end of each fiscal year, Assets automatically sets up your prorate conventions for the next fiscal year.

Assets prorates the depreciation taken for an asset in its first fiscal year of life according to the prorate date. For example, if you use the half-year prorate convention, the prorate date of all assets using that convention is simply the midpoint of your fiscal year. So assets acquired in the same fiscal year take the same amount (half a year's worth) of depreciation in the first year. If however, you use the following month prorate convention, the prorate date is the beginning of the month following the month placed in service, so the amount of depreciation taken for assets acquired in the same fiscal year varies according to the month they were placed in service.

Your reporting authority's depreciation regulations determine the amount of depreciation to take in the asset's first year of life. For example, some governments require that you prorate depreciation according to the number of months you hold an asset in its first fiscal year of life. In this case, your prorate convention has twelve rate periods, one for each month of the year. Other reporting authorities require that you prorate depreciation according to the number of days that you hold an asset in its first year of life. This means that the fiscal year depreciation amount would vary depending on the day you added the asset. Thus, your prorate convention contains 365 prorate periods, one for each day of the year.

## Retirement Conventions

If you do business in a country that requires you to use a different prorate convention for retirements than for additions, set up retirement conventions to determine how much depreciation to take in the last year of life, based on the retirement date.

If you retire the asset before it's fully reserved, then Assets uses the prorate date from the retirement convention to determine how much depreciation to take in the asset's last year of life.

# Overview of Capitalization Threshold Amounts

You can specify capitalization threshold amounts to automatically capitalize assets based on the defined capitalization threshold.

Optionally specify the low value threshold amount for each asset category so that these low value assets are fully reserved using the specified method and life.

You can enter the capitalization threshold amount in any currency other than the ledger currency of the asset book. When you transfer invoices from Oracle Payables or load assets from the Mass Additions File-Based Data Import template into the corporate book, the Prepare Asset Transaction Data process determines whether the asset should be expensed or capitalized based on the specified threshold values in the ledger currency. The application calculates the capitalization threshold amount in the ledger currency using the threshold conversion rate type and the conversion rate on the date placed in service. This helps ensure a uniform capitalization threshold across various currencies, without the need to adjust the threshold amount due to fluctuations in the currency rates.

The capitalization threshold limit specified in the Edit Asset Book page validates the threshold for all assets in all categories in a currency other than the ledger currency. To override threshold validation in the ledger currency, specify the threshold limit in the Edit Categories page.

To enforce capitalization thresholds in currencies other than the ledger currency, you must opt into the Capitalization Threshold in Foreign Currency feature. To opt in, navigate to:

- **Setup and Maintenance > Financials > Change Feature Opt In > Fixed Assets > Edit Feature > Capitalization Threshold in Foreign Currency**

## Threshold Types

Threshold types determine how the Prepare Asset Transaction Data process performs capitalization validation.

Threshold Type	Description
Asset Cost	<p>Total cost of the asset or source line is compared with the capitalization threshold limit.</p> <p>For example, in 2018 a company with a capitalization threshold of \$5000 purchased seven pieces of asset X at \$4,400 each, for a total cost of \$30,800. The company now wants to create a single asset with seven units. Since the total cost of the asset (\$30,800) is greater than the threshold of \$5000, the asset type will be Capitalized.</p>
Unit Cost	<p>Per unit cost of the asset is compared with the capitalization threshold limit.</p> <p>Using the previous example, since the per unit cost of the asset (\$4,400) is less than the threshold limit of \$5000, the asset type will be Expensed.</p>

## Threshold Amounts

You can specify two types of threshold amounts.

- Capitalization Threshold

The Capitalization threshold specifies the minimum cost of an asset to be eligible for automatic capitalization. If the asset cost is less than the capitalization threshold, the asset is automatically expensed.

- Low Value Threshold

The Low Value threshold specifies the maximum cost of an asset that is considered to be a low-value asset. A low value asset is an asset that needs to be capitalized but it must also be fully depreciated either in the period of acquisition or in the first year of life.

Assets are capitalized using a Low Value Asset depreciation rule if the asset cost is equal to or more than the capitalization threshold, but less than the low value threshold.

For example, if the Capitalization threshold is \$3,000 and the Low Value threshold is \$5,000:

- Asset cost is less than \$3,000: Asset is Expensed
- Asset cost is between \$3,000 and \$4,999.99: Low value asset will be fully depreciated in the period of addition
- Asset cost is \$5,000 or more: Asset is Capitalized

## Enable Capitalization Thresholds

Before you can add capitalization thresholds, you need to update your setup so that capitalization threshold fields are visible on the Advanced Rules tab on the Manage Books page.

To enable the capitalization threshold fields in the Advanced Rules tab:

1. Go to Setup and Maintenance > Setup: Financials > Fixed Assets > Manage Fixed Assets Lookups.
2. Search for: Lookup Type: ORA\_FA\_ALLOW\_CAP\_THRESHOLD.
3. Click the **Create** icon in the Financials Generic Lookup Type: ORA\_FA\_ALLOW\_CAP\_THRESHOLD section.
4. Complete the fields as shown in this table:

Field	Value
Lookup code	Your book name
Reference Data Set	Common Set
Display Sequence	1
Enabled	Check the checkbox

Field	Value
Start Date	Today's date
Meaning	Your book name
Description	A meaningful description

5. Click **Save**.

## Set Capitalization and Low Value Thresholds

This task shows you how to set capitalization and low value thresholds.

1. Go to Setup and Maintenance > Setup: Financials > Fixed Assets > Manage Asset Books > Advanced Rules tab.
2. Enter values in this table:

Field	Description
Capitalization Threshold Type	<ul style="list-style-type: none"><li>○ Cost: When you select this value the total cost of the asset or source line is compared with the capitalization threshold limit.</li><li>○ Unit: When you select this value the per unit cost of the asset is compared with the capitalization threshold limit.</li></ul>
Threshold Currency	Currency in which the capitalization threshold is maintained, which may be different than the functional currency of the ledger.  <b>Note:</b> This field is available only if you opt into the Capitalization Threshold in Foreign Currency feature.
Threshold Conversion Rate Type	Rate type used to convert the capitalization threshold amount to the functional currency of the associated ledger.  <b>Note:</b> This field is available only if you opt into the Capitalization Threshold in Foreign Currency feature.
Capitalization Threshold Amount	The lowest amount an asset should cost to be capitalized. Assets with a cost that is less than this amount are expensed.
Low Value Threshold Amount	Low value assets are assets that need to be capitalized, but must be fully depreciated either in the period of acquisition or in the first year of life. If the low value threshold isn't required for your setup, enter the same amount for the capitalization threshold and the low value threshold.

3. Click **Save**.

## Set Low Value Asset Depreciation Rules for Categories

You can also specify threshold amounts by category if you need different threshold amounts for different categories.

**Note:** If you specify threshold amounts by category, the category threshold amounts override the threshold amounts defined for an asset book.

- Navigate to: Setup and Maintenance > Setup: Financials > Fixed Assets > Manage Asset Categories > Select a category > Edit > Accounting Rules section > Default Rules tab.
- In the Low Value Asset section of the Edit Category page, enter the capitalization threshold amount, low value threshold amount, depreciation method, life, and prorate convention.
- Click **Save**.

## Validate Capitalization Threshold Results

If you use capitalization thresholds, you need to validate the thresholds after you add assets.

Here's how:

1. Add assets using the Mass Additions File-Based Data Import template or from Payables.
2. Navigate to Assets -> Additions Infotile -> Actions -> Prepare Additions Automatically.
3. Run the Prepare Asset Transaction Data process. This process determines whether to expense or capitalize assets, based on the specified threshold values.
4. After the Prepare Asset Transaction Data process completes, view the validation results in the Edit Source Line page.

## Best Practices for Working with Threshold Validation Results

After you run the Prepare Asset Transaction Data process, check the validation results and make any necessary updates.

- Note whether the Evaluation checkbox is enabled:
  - Enabled: validation is complete
  - Not enabled: no validation was done for that line
- You can continue to make changes to a source line after threshold validation, but the threshold validation can't be done again.
- If the threshold validation process identifies an asset addition line as a low value asset, it automatically enables the Low value asset checkbox in the Financial Details tab in the Edit Source Line page. The process also enters the depreciation method and prorate convention specified for low value assets in the category default rules.  
You can update the checkbox, depreciation method, and prorate convention, but the threshold validation can't be done again for this line.
- If you perform a cost adjustment immediately after you add an asset, the cost of the asset may be greater than or less than the capitalization threshold. Oracle Assets doesn't automatically change an asset to a low value asset or change a low value asset to a non-low value asset. You decide whether to change it to a non-low value asset or to continue to treat it as a low value asset.

- To change an asset to a non-low value asset, perform an adjustment transaction to disable the Low value checkbox and change the depreciation method. This change is treated as a normal depreciation method change and depreciation is recalculated.
- For a tax book, the Mass Copy process evaluates the capitalization and low value thresholds. The process copies the transaction from the corporate book to the tax book, regardless of whether the asset type is the same in the corporate and tax books.



# 4 Depreciation Methods

## Depreciation Methods

Depreciation methods specify how to allocate the asset cost.

You can use:

- Oracle Assets predefined depreciation methods.
- Company-defined depreciation methods you define to accommodate your financial and accounting needs.

### Predefined Depreciation Methods

Assets provides the following predefined depreciation methods:

- Straight-Line
- 150 Declining Balance with Straight-Line Switch
- 200 Declining Balance with Straight-Line Switch
- ACRS: Low-Income Foreign
- ACRS: Personal Foreign
- ACRS: Real Foreign Mid-Month Convention
- ACRS: Low-Income
- ACRS: Low-Income Mid-Month Convention
- ACRS: Personal Straight-Line
- ACRS: Real
- ACRS: Real Mid-Month Convention
- ACRS: Real Straight-Line
- ACRS: Real Straight-Line Mid-Month Convention
- Alternative Minimum Tax: Half-Year Convention
- Alternative Minimum Tax: Mid-Quarter Convention
- MACRS: Half-Year Convention
- MACRS: Mid-Quarter Convention
- MACRS: Straight-Line Half-Year Convention
- MACRS: Straight-Line Mid-Month Convention
- MACRS: Straight-Line Mid-Quarter Convention
- Sum of Years Digits

### Company-Defined Depreciation Methods

You may need to set up additional depreciation methods other than the predefined methods Assets includes.

This may be required, for example, when you're using a depreciation method already that needs to be modified. You can't modify a depreciation method that's in use, so you need to define a new depreciation method.

You can define the following types of depreciation methods:

Depreciation Method	Description
Calculated (straight-line)	Calculates the annual depreciation rate by dividing the life (in years) into one. Calculated methods spread the asset value evenly over the life of the asset.
Table-based	Calculates the annual depreciation using the depreciation method and life to determine which rate table to use. Then, it uses the prorate period and year of life to determine which of the rates in the table to use.
Flat-rate	Calculates the annual depreciation as the depreciation rate multiplied by the recoverable cost or net book value, multiplied by the fraction of a year the asset was held.

## Formula-Based Depreciation Methods

Define formula-based depreciation methods when the existing methods aren't adequate to handle your company's depreciation requirements.

Assets provides predefined variables and functions you use to create formula-based depreciation methods. Any formulas you create are saved for later use.

**Note:** You must plan and thoroughly test your company-defined depreciation formulas to ensure that your assets will depreciate correctly. Otherwise, company-defined depreciation formulas can cause unexpected and incorrect depreciation rates.

## Bonus Depreciation Rules

Use bonus rules to increase the annual depreciation expense for assets in the early years of an asset's life using the following methods:

- Flat-rate
- Straight-line
- Table-based
- Formula-based

A bonus rule can use a different bonus rate for each year of the asset's life.

You can:

- Modify the rate at any time for current and future fiscal years.
- Use bonus rules with corporate books as well as tax books.
- Set up negative bonus rates to amortize bonus reserve.

**Note:** You can't remove the bonus rule from an asset. You can only change the bonus rule. If the asset isn't required to take additional depreciation then you need to change the bonus rule to another rule with rate of zero.

## Depreciable Basis Rules

Assets provides depreciable basis rules to accommodate depreciation method setup requirements that aren't met by the cost or net book value calculation basis types. The combination of the depreciable basis rule and the depreciation method determine how the depreciable basis is derived.

## Set Up a Life in Periods Depreciation Method

This example demonstrates how to set up a depreciation method that depreciates assets based on the life in periods.

### Set Up a Life in Periods Depreciation Method

1. Navigate to the Manage Depreciation Methods page.
2. Click the **New** icon.
3. On the Create Depreciation Method page, complete the fields, as shown in this table:

Field	Value
Name	LIP
Description	Life in Periods
Reference Data Set	Enterprise Set
Method Type	Calculated
Life in periods option	Selected
Life in Periods	24

4. Click **Save and Close**.

# Use a Life in Periods Depreciation Method

Oracle Assets lets you to enter and maintain the life of assets by the number of asset calendar periods rather than calendar years and months. The asset cost will be amortized equally over the calendar period life.

You can also depreciate subcomponent assets by periods.

When you perform an asset inquiry on the asset, the results show the asset life and remaining life in periods.

## Scenario

In this example:

- Has a fiscal year from January to December with 13 periods
- Acquired machinery for \$7800.00
- The estimated useful life of the machinery is 39 periods
- The periodic depreciation is  $7800/39 = \$200$

**Note:** The life in years and months won't be tracked for assets that use this method for depreciation. Standard reports show the life in years and months with a decimal (for example, 12.00) and the life in periods without a decimal (for example, 39).

# Overview of Annuity Depreciation Methods

Configure and assign an annuity depreciation method to fixed assets using a formula-based depreciation method. Oracle Assets calculates depreciation expense and interest expense for the interest lost on the opportunity cost of capital.

The annuity depreciation method amortizes the cost of a fixed asset over its useful life and calculates the amount of interest lost on the capital expenditure. In every period, Assets calculates both the depreciation expense and interest expense.

You can change the depreciation method, life, interest rate, or all at any time after you add an asset. These changes are either expensed or amortized.

- Amortized changes are effective from the amortization date you provide.
- Expensed changes are effective from the date placed in service by default.

If this change is effective from a past period, Oracle Assets calculates the catch-up depreciation to adjust the depreciation expense and annuity interest for the past periods. The net adjustment for the past periods is accounted for as part of the adjustment transaction.

You can enable this feature for select asset books that require fixed assets to depreciate under an annuity depreciation method.

Use the Opt In UI to enable this feature.

# Enable Annuity Depreciation

This task shows you how to enable annuity depreciation for your book.

1. From the Setup and Maintenance work area, click **Fixed Assets > Manage Asset Books**.
2. In the Manage Asset Books page, search for your book or create a new book.
3. In the Create Book or Edit Book page, ensure that the depreciation calendar and prorate calendar are set to Monthly.
4. Enable the **Allow annuity depreciation** option.

**Note:** You must opt into the feature before enabling this option.
5. Click **Save and Close**.

# Create an Annuity Depreciation Method

This task shows you how to create a formula-based annuity depreciation method for a life of four years.

1. In the Setup and Maintenance work area, click **Fixed Assets > Manage Depreciation Methods**.
2. Click the **Create** icon.
3. In the Create Depreciation Method page, enter this information:

Field	Value
Name	ANNUITY
Description	Enter a description of your annuity depreciation method.
Reference Data Set	Common Set
Method Type	Formula
Calculation Basis	NBV
Depreciation Basis Rule	Period End Balance
Depreciate in year retired checkbox	Enabled
Life in Years	4
Life in Months	0
Annuity depreciation method checkbox	Enabled

4. In the Depreciation Formula section, click the **Create** icon.
5. In the Define Formula dialog box, enter this information for the formula:  $(( <\text{Annuity compound interest rate}> * \text{Power} (1 + <\text{Annuity compound interest rate}>, <\text{Remaining life from current period}>) ) / ( \text{Power} (1 +$

$<\text{Annuity compound interest rate}>, <\text{Remaining life from current period}> - 1) * 12 - ( <\text{Annuity compound interest rate}> * 12 )$

6. Click **OK**.
7. Click **Save**.

**Note:** To add another life in years and life in months for the ANNUITY method, enter the above information again with a new life in years and life in months.

## Assign Annuity Depreciation Attributes to Categories

When you assign asset categories to your asset book, ensure you enter the required annuity depreciation attributes in the Create Category or Edit Category page.

1. In the Accounts tab in the Accounting Rules section, enter account values for the following:
  - o Annuity Interest
  - o Annuity Revenue
2. In the Default Rules tab in the Accounting Rules section, select the annuity method you created as the depreciation method.
3. Enter the annuity interest rate.
4. Click **Save**.

## How You Add Assets With an Annuity Depreciation Method and Interest Rate

When you add assets to a corporate book, the depreciation method and annuity interest rate defaults from the asset category. You can override the category defaults if necessary.

If you convert assets from a legacy application, you can add assets with year-to-date depreciation, depreciation reserve, year-to-date annuity interest, and life-to-date annuity interest amounts with an amortization date as of the first day of the current open period.

Add the assets to your tax book using one of these two methods:

- Run the Perform Initial Mass Copy or Perform Periodic Mass Copy process to copy the assets from the corporate book to the tax book. These processes add the assets with the depreciation method, life, and annuity interest rate from the tax book's category default rules.
- Add assets directly to the tax book.

When adding an asset with an annuity depreciation method, keep the following points in mind:

- The annuity interest rate must be a positive value.
- The annuity interest rate must be a whole number. For example:
  - o For an annuity interest rate of 8 percent, enter 8 in the Edit Asset Category, Add Asset, Edit Source Line, and Change Financial Details pages, and in the Add Asset and Adjust Assets spreadsheets.

- For file-based data import templates and Setup Data Export and Import files, enter the annuity interest rate of 8 percent as 0.08.

## Example of Annuity Depreciation and Interest Calculation

This example shows you how assets with an annuity depreciation method, a life of 24 months, and an annuity interest rate of 8 percent depreciate each period.

For these assets:

- Calculation Basis: The monthly depreciation expense amount and annuity interest amount is calculated by applying the rate on the net book value at the end of the month.
- Net Book Value: Cost minus Depreciation Reserve minus Impairment Reserve.

**Note:** The annuity interest amount isn't included in the net book value calculation.

In this example, you add an asset and it depreciates until the end of its life.

This table shows the cost and depreciation information for the asset:

Asset Details	Value
Cost	70,000.00
Life in Months	24
Annual Interest Rate	8%
Monthly Interest Rate	0.00643403
Depreciation	3,157.01
Total Depreciation	75,768.24
Present Value at 8%	70,000.00
Present Value at 0%	75,768.24
Total Interest	5,768.24

This table shows how an asset depreciates over 24 months.

Month	Remaining Life in Months	Opening NBV	Depreciation	Depreciation Reserve	Annuity Interest	LTD Annuity Interest	Depreciation + Interest
1	24	70000.00	2706.62	2706.62	450.38	450.38	3157

Month	Remaining Life in Months	Opening NBV	Depreciation	Depreciation Reserve	Annuity Interest	LTD Annuity Interest	Depreciation + Interest
2	23	67293.38	2724.04	5430.66	432.97	883.35	3157
3	22	64569.34	2741.56	8172.22	415.44	1298.79	3157
4	21	61827.78	2759.2	10931.42	397.8	1696.59	3157
5	20	59068.58	2776.96	13708.38	380.05	2076.64	3157
6	19	56291.62	2794.82	16503.2	362.18	2438.82	3157
7	18	53496.8	2812.81	19316.01	344.2	2783.02	3157
8	17	50683.99	2830.9	22146.91	326.1	3109.12	3157
9	16	47853.09	2849.12	24996.03	307.89	3417.01	3157
10	15	45003.97	2867.45	27863.48	289.56	3706.57	3157
11	14	42136.52	2885.9	30749.38	271.11	3977.68	3157
12	13	39250.62	2904.47	33653.85	252.54	4230.22	3157
13	12	36346.15	2923.15	36577	233.85	4464.07	3157
14	11	33423	2941.96	39518.96	215.04	4679.11	3157
15	10	30481.04	2960.89	42479.85	196.12	4875.23	3157
16	9	27520.15	2979.94	45459.79	177.07	5052.3	3157
17	8	24540.21	2999.11	48458.9	157.89	5210.19	3157
18	7	21541.1	3018.41	51477.31	138.6	5348.79	3157
19	6	18522.69	3037.83	54515.14	119.18	5467.97	3157
20	5	15484.86	3057.38	57572.52	99.63	5567.6	3157
21	4	12427.48	3077.05	60649.57	79.96	5647.56	3157
22	3	9350.43	3096.84	63746.41	60.16	5707.72	3157
23	2	6253.59	3116.77	66863.18	40.24	5747.96	3157
24	1	3136.82	3136.82	70000	20.28	5768.24	3157
Totals	N/A	N/A	70,000.00	N/A	5768.24	N/A	75,768

In this example, you add an asset, perform cost adjustments, and the asset depreciates until the end of its life:

- Asset is added in month 1
- Positive cost adjustment in month 15

- Negative cost adjustment in month 20

This table shows the depreciation and annuity interest calculation after performing these transactions.

Asset Details	Addition	Positive Adjustment	Negative Adjustment	Total
Cost	70000	10000	-5000	75000.00
Remaining Life in Months	24	10	5	N/A
Annual Interest Rate	8%	8%	8%	N/A
Monthly Interest Rate	0.00643403	0.00643403	0.00643403	N/A
Monthly Depreciation	\$3,157.01	\$1,035.73	(\$1,019.38)	N/A
Total Depreciation	\$75,768.24	\$10,357.30	(\$5,096.90)	N/A
Present Value at 8%	\$70,000.00	\$10,000.00	(\$5000.00)	\$75,000.00
Present Value at 0%	\$75,768.24	\$10,357.30	(\$5,096.90)	\$81,028.64
Total Interest	\$5,768.24	\$357.30	(\$96.90)	\$6,028.64

This table shows how an asset depreciates over 24 months and the effects of the positive and negative cost adjustments.

Month	Remaining Life in Months	Opening NBV	Depreciation	Depreciation Reserve	Annuity Interest	LTD Annuity Interest	Depreciation + Interest
1	24	70000.00	2706.62	2706.62	450.38	450.38	3157
2	23	67293.38	2724.04	5430.66	432.97	883.35	3157
3	22	64569.34	2741.56	8172.22	415.44	1298.79	3157
4	21	61827.78	2759.2	10931.42	397.8	1696.59	3157
5	20	59068.58	2776.96	13708.38	380.05	2076.64	3157
6	19	56291.62	2794.82	16503.2	362.18	2438.82	3157
7	18	53496.8	2812.81	19316.01	344.2	2783.02	3157
8	17	50683.99	2830.9	22146.91	326.1	3109.12	3157
9	16	47853.09	2849.12	24996.03	307.89	3417.01	3157
10	15	45003.97	2867.45	27863.48	289.56	3706.57	3157
11	14	42136.52	2885.9	30749.38	271.11	3977.68	3157
12	13	39250.62	2904.47	33653.85	252.54	4230.22	3157
13	12	36346.15	2923.15	36577	233.85	4464.07	3157
14	11	33423	2941.96	39518.96	215.04	4679.11	3157

Month	Remaining Life in Months	Opening NBV	Depreciation	Depreciation Reserve	Annuity Interest	LTD Annuity Interest	Depreciation + Interest
15	10	40481.04	3932.28	43451.24	260.46	4939.57	4193
16	9	36548.76	3957.58	47408.82	235.16	5174.73	4193
17	8	32591.18	3983.04	51391.86	209.69	5384.42	4193
18	7	28608.14	4008.67	55400.53	184.07	5568.49	4193
19	6	24599.47	4034.46	59434.99	158.27	5726.76	4193
20	5	15565.01	3073.2	62508.19	100.15	5826.91	3173
21	4	12491.81	3092.97	65601.16	80.37	5907.28	3173
22	3	9398.84	3112.88	68714.04	60.47	5967.75	3173
23	2	6285.96	3132.9	71846.94	40.44	6008.19	3173
24	1	3153.06	3153.06	75000	20.45	6028.64	3173
Totals	N/A	N/A	75000	N/A	6028.64	N/A	81028

This table shows the accounting entry for the depreciation and annuity interest amount:

Account	Debit	Credit
Depreciation Expense account	2706.62	
Depreciation Reserve account		2706.62
Annuity Interest account	450.38	
Annuity Revenue account		450.38
Totals	3157	3157

# 5 Asset Categories

## Overview of Asset Categories

Asset categories let you define information that is common to a group of assets, such as the depreciation method and the prorate convention.

General category information includes a description of the category, and default information such as whether assets in this category are leased or owned, personal or real property, and whether they are capitalized. You can also specify if assets by default are in physical inventory or are enabled in Oracle Assets.

Asset categories also contain:

- General Ledger accounts
- Default depreciation rules
- Tax book depreciation rules
- Default subcomponent depreciation rules
- Group asset depreciation rules

### General Ledger Accounts

You assign General Ledger accounts to your category during category setup.

Assign the following General Ledger accounts when defining asset categories:

- Asset Cost account: Reconcile asset costs to your general ledger. Assets creates journal entries for this account to reflect additions, retirements, cost changes, transfers, reclassifications, and capitalizations.
- Asset Clearing account: Reconcile your payables system and Assets for manual asset additions and cost adjustments. For mass additions, Assets uses the complete account combination that comes over with a mass addition line to reconcile the asset addition or cost adjustment with your payables system.
- Depreciation Expense account: Charge depreciation for assets in this category and book to this account.
- Accumulated Depreciation account: Use this account as the contra account for the asset cost account for this category.
- Bonus Expense account: Use this account if you've set up bonus rates. If you don't enter a value in the bonus expense account, it defaults to the depreciation expense account.
- Bonus Reserve account: Use this account to post bonus reserves. If you don't enter a value for the bonus reserve account, it defaults to the accumulated depreciation account.
- CIP Cost account: Reconcile construction-in-process (CIP) asset costs to your general ledger.
- CIP Clearing account: Use this account if you entered a CIP cost account.
- Unplanned Depreciation Expense account: Charge unplanned depreciation for assets in this category and book to this account.

## Default Depreciation Rules

Set up default depreciation rules for each category in each book. The default depreciation rules that you set up for a category also depend upon the date placed in service ranges you specify. Assets defaults the depreciation rules when you add an asset, to help you add assets quickly. If the default doesn't apply, you can override many of the defaults for an individual asset.

Set up the following default depreciation rules when defining asset categories:

- Placed in service range: When you add an asset, the depreciation rules default according to the date placed in service of the asset, the category, and the book. You can specify as many ranges of default depreciation rules as you need. If you leave the end date blank, Assets uses that set of depreciation rules indefinitely.
- Depreciate: The **Depreciate** checkbox specifies whether assets are normally depreciated in this book and category.

**Note:** Expensed assets are not depreciated, even if the **Depreciate** checkbox is checked.

- Method: Specifies the default depreciation method for assets in this book and category:
  - If you enter a life-based method, you must enter the asset life in years and months. The table-based method you enter must have the same number of periods as the prorate calendar for this book.
  - If you enter a flat-rate method, you must enter default values for the basic rate and adjusted rate that you normally use to depreciate assets in this book and category. If you're defining this category for a tax book, you also can enter a bonus rule.
- Depreciation limit type: Specifies whether to depreciate an asset beyond the recoverable cost in the years following the useful life of the asset.
- Bonus rule: Specifies the default bonus rule for assets in this book and category. You can use bonus rules for corporate books and tax books, using all depreciation methods.
- Prorate convention and retirement convention: Specifies the default prorate and retirement conventions assigned to assets in this book and category.
- Default salvage value: Specifies a default salvage value percentage for this category, book, and range of dates placed in service. This rule is valid only if you chose to use the default percentage from the salvage value for this book.

For example, if you want the salvage value to default to 10 percent of the cost, enter 10. When you perform transactions affecting asset cost, Assets uses this default percentage to calculate the salvage value according to the following formula:

Salvage Value = Cost \* Default Percentage

For tax books, optionally enter either a depreciation expense or cost ceiling.

- Depreciation ceiling: Specifies the depreciation expense limit to be used for assets in this tax book and category.
- Capital gains threshold: Specifies the minimum time you must hold an asset for Assets to report it as a capital gain when you retire it.
- Mass property eligible: Specifies whether assets added to this category are eligible to be mass property assets. A mass property asset contains multiple assets with the same category, book, and fiscal year combination.

## Tax Book Depreciation Rules

The following depreciation rules are specific only to tax books:

- Straight line for retirements: Specifies that a straight-line depreciation method is used to identify the gain or loss resulting from the retirement of 1250 (real) property.
- Method: Specifies the default depreciation method for assets in tax books.
- Life: Specifies the default number of years and months for assets in tax books.

## Default Subcomponent Depreciation Rules

The following depreciation rules are specific only to assets that are subcomponent assets of parent assets:

- Rule: Specifies the default life of the subcomponent asset based on the life of the parent asset.
  - None (leave field blank): There's no connection between the life of the subcomponent asset and the parent asset. Assets defaults the subcomponent asset life from the asset category.
  - Same end date (no minimum life specified): The subcomponent asset becomes fully depreciated on the same day as the parent asset or at the end of the category default life, whichever is sooner. The default subcomponent asset life is based on the end of the parent asset life and the category default life. If the parent asset is fully reserved, Assets gives the subcomponent asset a default life of one month.
  - Same end date (minimum life specified): The subcomponent asset becomes fully depreciated on the same day as the parent asset, unless the parent asset life is shorter than the minimum life you specify. The subcomponent asset's life is identified based on the end of the parent asset's life, the category default life, and the minimum life. If the parent asset's remaining life and the category default life are both less than the minimum life you enter, Assets uses the minimum life for the subcomponent asset. Otherwise, it uses the lesser of the parent asset's remaining life and the category default life.
  - Same life: The subcomponent asset uses the same life as the parent asset. It depreciates for the same total number of periods. If the subcomponent asset is acquired after the parent asset, it depreciates beyond the end date of the parent asset life.
- Minimum life (years and months): Specifies the minimum life of subcomponent asset when you choose same end date for the subcomponent life rule. If the parent asset's remaining life and the category default life are both less than the minimum life you enter, Assets uses the minimum life for the subcomponent asset. Otherwise, it uses the lesser of the parent asset's remaining life and the category default life.

### Related Topics

- [Group Asset Options](#)
- [Create an Asset Category](#)

## Group Asset Options

Set up these rules for your asset categories. These depreciation rules are specific only to group assets and their member assets.

## Recognize Gain or Loss

This rule specifies that gain and loss isn't recognized at the time of the retirement. This option applies only to assets that are members of a group asset. Select one of these options in the Recognize Gain or Loss field:

- Do not recognize: When you select this option, the application doesn't recognize gain and loss at the time of retirement. For each member asset, the retirement proceeds of sale, cost of removal, and retired cost are adjusted with the group reserve. No gain or loss is recognized.
- Immediately when retired: When you select this option, the application recognizes gain and loss when the member asset is retired, and the cost and reserve of the retiring member asset is removed from the group. You must first identify the retiring member asset's reserve amount before calculating gain and loss. The reserve amount is usually proportionate to the retiring member asset's cost in the group. Here's the formula used to calculate gain and loss:

Retiring member asset reserve = (Member asset cost / Group asset cost) \* Group asset reserve

You can also enter the retiring member asset's reserve manually if the reserve amount retired is required to be a different figure than the proportionate reserve amount. In this case, the application uses the manually entered reserve amount to calculate the gain and loss upon retirement.

## Terminal Gain or Loss

This rule specifies when to recognize terminal gain or loss. Terminal gain or loss occurs when the last member asset in a group asset is retired, and no additional assets will be added to the group asset. The remaining accumulated depreciation balance in the group asset is the terminal gain or loss amount. Select one of these options in the Terminal Gain or Loss field:

- Recognize at end of year: The recognition of terminal gain or loss is postponed until the last period of the current fiscal year. However, if you add an asset to the group before the end of the current fiscal year, terminal gain and loss is no longer valid. Therefore, the application won't recognize terminal gain or loss.
- Do not recognize: The application doesn't recognize terminal gain or loss and the reserve amount remains in the group. In this case, the group will have a negative net book value.
- Immediately when retired: The application recognizes the terminal gain or loss immediately in the period when it occurred. That is, the application recognizes the terminal gain or loss upon retirement of the last member in the group asset.

## Recapture Excess Reserve

This rule specifies whether the excess group asset accumulated depreciation should be recaptured and recognized as a gain. This rule also dictates whether a group asset can have a negative net book value (NBV). In this case, the NBV is reduced to zero and the depreciation stops for the group. You can update this option only if the Over Depreciate field is set to Do not allow for your group asset.

## Limit Net Proceeds to Cost

This rule specifies that the amount of proceeds that can be added to accumulated depreciation is limited to the recoverable cost of the retiring member asset. You can enable this option only if the Recognize Gain or Loss rule is set to Do not recognize gain and loss. When you enable this option, the net proceeds from an asset retirement are added to the group reserve until it's equal to the adjusted cost of the retiring asset. Any additional amounts are recognized as a gain.

The application uses this formula to calculate net book value retired amount:

- Net proceeds (Proceeds of Sale - Cost of Removal) – Cost

## Tracking Method

This rule specifies that depreciation is calculated and tracked at the member asset level, in addition to the group level. Select one of these tracking methods:

- Allocate group amount: This option specifies whether to allocate the calculated group depreciation amount to its member assets. The allocation is based on the depreciable basis of the member assets.

When you select the Allocate group amount tracking method, these three options become visible:

- Allocate to fully retired and reserved assets: If you enable this option, the application allocates depreciation to fully retired and fully reserved member assets, thus bypassing all validation done for fully reserved and retired assets when calculating depreciation. Once you enable this option, the **Distribute excess** and **Reduce excess** options are disabled.
- Distribute excess: Select this option if you want the excess amount to be redistributed between the other member assets of the group that aren't fully reserved, based on the depreciation basis of the remaining member assets.

**Note:** This option isn't available if you select the **Allocate to fully retired and reserved assets** option.

- Reduce excess: Select this option if you want the excess amount to be reduced from the depreciation expense charged to the group asset for the period.

**Note:** This option isn't available if you select the **Allocate to fully retired and reserved assets** option.

- Calculate member asset amount: This option specifies whether depreciation is calculated at the member asset level. When you select the Calculate member asset amount tracking method, the Depreciate By option becomes visible.

## Depreciate By

- Group method: The application uses the depreciation method of the group asset to calculate depreciation for member assets. When you select this method, the total of member and group depreciation expense is always the same, because the depreciation method used for both is the same.
- Member method: The application uses the depreciation method of the member asset to calculate the member asset depreciation. With this method, the total depreciation expense amount of the member asset might be different from the total depreciation expense amount of the group asset. In this situation, group depreciation amounts are booked at the group asset level and member asset amounts are for tracking purposes only.

## Group Asset Number

This option specifies the group asset that all assets added to this category are assigned to. If you enter a group asset number in this field, all capitalized and construction-in-process (CIP) assets using this category are automatically assigned to the group asset entered.

# Create an Asset Category

This example demonstrates how to create an asset category in Oracle Assets.

## Before You Start

This worked example assumes that the following have been defined:

- Category flexfield segment values
- Depreciation methods
- Prorate conventions
- Natural accounts

## Create an Asset Category

1. Navigate to the Manage Asset Category page.
2. Click the **Create** icon.
3. On the Create Category page, complete the fields, as shown in this table:

Field	Value
Major Category	COMPUTER
Minor Category	PC
Description	PC
Category Type	Non-lease
Ownership	Owned
Property Type	Personal
Property Class	1245 property

4. Check the following checkboxes:

- Capitalized
- Enabled

- In physical inventory

5. In the Books region, click the **Add Row** icon.
6. Enter the following in the **Book** field: INF USA CORP
7. On the Accounts tab, enter the following account information:

Account	Value
Asset Cost	101.10.15170.000.000.000
Asset Clearing	101.10.15910.000.000.000
Depreciation Expense	101.10.68170.121.000.000
Depreciation Reserve	101.10.16170.000.000.000
Bonus Depreciation Expense	101.10.68170.121.000.000
Bonus Depreciation Reserve	101.10.16170.000.000.000
CIP Cost	101.10.15400.000.000.000
CIP Clearing	101.10.15930.000.000.000
Unplanned Depreciation Expense	101.10.68170.121.000.000
Impairment Expense	101.10.68170.121.000.000
Impairment Reserve	101.10.68170.121.000.000

8. On the Default Rules tab, click the **Add Row** icon and complete the fields, as shown in this table:

Field	Value
Method	STL
Life in Years	5
Life in Months	0

Field	Value
Prorate Convention	IF CAL MTH
Retirement Convention	IF CAL MTH
Default Salvage Percent	10

9. Click the **Save** button.
10. Click the **Done** button.

## Create a Lease Category

In this example, you create a lease category in Oracle Assets.

### Create a Lease Category

1. Navigate to the Create Category page.
2. On the Create Category page, enter these values:

Field	Value
Major Category	VEHICLE
Minor Category	LEASE
Category Type	Lease
Ownership	Leased

3. In the Books section, click the **Create** icon.
4. Select your lease-enabled book. For example, OPS CORP.
5. Enter the Asset Cost, Depreciation Expense, and Depreciation Reserve accounts.
6. Enter all required lease default accounts:

Account Name	Account Type	Description
Lease Liability	Only liability accounts are allowed.	Initial lease liability, periodic interest on lease liability, and periodic lease payments are charged to this account.

Account Name	Account Type	Description
Lease Interest Expense	Only expense accounts are allowed.	For finance lease assets, the interest on lease liability is charged to this account.
Operating Lease Expense	Only expense accounts are allowed.	For operating lease assets, operating lease expense that is calculated to allocate the cost of the lease over the lease term is charged to this account.
Gain or Loss on Leased Asset	Only expense and revenue type accounts are allowed.	Gain or loss arising from the termination and scope change are charged to this account.
Lease Clearing	Only asset accounts are allowed.	Periodic lease payments that reduces the lease liability are credited to this account. The credit is reversed when the lease payment invoice is accounted in your payables system. The excess of cost over the lease liability in a leased asset addition is also charged to this account. For example, initial direct costs incurred to negotiate or arrange a lease are not included in lease liability, but they are included in the leased asset's cost. When you create invoices in Payables to make lease-related payments that need to be included in the leased asset cost but not in the lease liability calculation, use this account as the distribution account for the invoices.
Lease Currency Rate Gain or Loss	Only expense and revenue type accounts are allowed.	This account is required for asset books with a reporting currency. Gain or loss on lease liability due to change in the currency rate is charged to this account.

7. Enter the impairment and revaluation accounts if these transactions are enabled for this book.
8. Click the Default Rules tab to specify rules that are applied automatically when you create leases on the Manage Leases page. Because payments such as variable lease payments and initial direct costs are normally not included in lease liability and cost calculations, you must specify the lease payments to be excluded from lease liability and cost calculation in these fields:
  - o Payment Types Excluded from Liability
  - o Payment Types Excluded from Cost



# 6 Optional Setup Steps

## Define Cash-Generating Units

This example demonstrates how to create a new cash-generating unit.

### Define a Cash-Generating Unit

1. Navigate to the Manage Cash Generating Units page.
2. Click the **Add Row** icon.
3. Complete the fields as shown in the following table:

Field	Value
Book	OPS CORP
Name	Manufacturing CGU
Description	Manufacturing Division Cash-Generating Unit

4. Click **Save and Close**.

## Use a Cash-Generating Unit

The following example illustrates how to use cash-generating units for a mining enterprise.

### Use a Cash-Generating Unit for a Mining Enterprise

A mining enterprise owns a private railway to support its mining activities. The private railway can be sold only for scrap value and the private railway doesn't generate cash inflows from continuing use that are largely independent of the cash inflows from the other assets of the mine.

Problem	Solution	Implementation
It isn't possible to estimate the recoverable amount of the private railway because its value in use can't be determined, and probably is different from its value as scrap.	The entity needs to estimate the recoverable amount of the cash generating unit to which the railway provides service (the mine as a whole).	Create a cash-generating unit representing the entire mining enterprise so that the impairment loss can be calculated for the mine as a whole and allocated to all assets in that cash-generating unit.

Create a cash-generating unit representing the entire mining enterprise so that the impairment loss can be calculated for the mine as a whole and allocated to all assets in that cash-generating unit.

## Price Indexes

A price index is a normalized average (typically a weighted average) of prices for a given class of goods or services in a given region, during a given interval of time.

Price indexes help to compare how these prices, taken as a whole, differ between time periods or geographical locations.

Oracle Assets uses the changes in price index values to revalue:

- The asset cost
- The net book value

A price index is associated to an asset through its asset category. By default, Assets uses the price index assigned to the asset's category to calculate revaluation amounts, but you can override the default price index and recalculate the revaluation amounts for an asset. Assets assigned to categories without a default price index should be excluded from revaluation.

### Related Topics

- [Create a Price Index](#)

## Create a Price Index

This example shows how to create a price index you use to calculate revaluation amounts.

### Create a Price Index

1. Navigate to the Manage Asset Price Indexes page.
2. Click the Create icon.
3. Enter the information shown in this table:

Field	Value
Name	Machinery and Equipment Price Index
Description	Machinery and Equipment Price Index
Calendar Name	Monthly

4. Click the **Add Row** icon.
5. Enter the Fiscal Year 2013 and click **Next**.
6. Enter index values as shown in this table:

Period Name	Value
Jan-13	132.149
Feb-13	133.237
Mar-13	133.586
Apr-13	133.444
May-13	133.660
Jun-13	133.930
Jul-13	133.947
Aug-13	134.120
Sep-13	134.261
Oct-13	133.902
Nov-13	133.601
Dec-13	133.546

7. Click **Save and Close**.

## Assets Profile Options

Set profile options to specify how Oracle Assets controls access to and processes data, such as:

- The number of requests you can run in parallel
- The timing diagnostic message value

- The amount of database information retained in a concurrent process
- The cache reset value
- The batch size used for bulk processing in mass processes
- The book selected by default in Assets pages

## Parallel Request Number

This profile option controls the number of requests you can run in parallel for Assets processes that can run in parallel. For example, use this profile option to run parallel depreciation processes.

Profile Option Display Name	Default Value	Effect
Parallel Request Number	1	You can enter a number between 1 and 20 to specify the maximum number of parallel requests you want to allow. If you set a value that is greater than 1, you can run multiple processes at the same time. For example, if you set the value to 5, you can run multiple Depreciation processes.

## Timing Diagnostics

You set whether timing diagnostic messages are printed in concurrent program log files. Support personnel can use this profile option as a tool to identify problems with the code.

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
Timing Diagnostics	No value (No)	Enables printing of timing information	Disables printing of timing information

## Cache Sizing Factor

This profile option controls the amount of database information retained in concurrent process for performance improvement.

Profile Option Display Name	Default Value	Effect
Cache Sizing Factor	25	You can set a value from 0 to 25. The number you enter controls the amount of information that can be stored in the cache. If you enter a value of 0, only one record is retained in the cache. If you enter a value of 25, a large amount of data is retained in the cache. In general, a small cache size works better for a very simple data structure. A large cache size works well for a more complex data structure, for example, setup data that uses many depreciation methods, bonus rules, depreciation ceilings, and retirement conventions.

## Depreciation Single

This profile option controls the caching buffer used when you run the Depreciation process.

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
Depreciation Single	No value (No)	<p>Cache is reset after every asset</p> <p><b>Note:</b> Set this profile to Yes only temporarily if some assets failed previously when running the Depreciation process. In this case, rerun the Depreciation process for any set of 20 assets that failed depreciation. When this profile option is set to Yes, the log file provides information on each asset so that you can determine which asset failed. When the assets have depreciated successfully, reset the profile option to No. Running depreciation with the profile option set to Yes can slow performance considerably.</p>	Cache is reset after every 20 assets

## Batch Size

This profile option sets the batch size for the Mass Transactions process.

Profile Option Display Name	Default Value	Effect
Batch Size	200	The value indicates the number of records in a batch. For example, if you use the default value of 200, each batch contains 200 records. The value can be between 1 and 10,000.

## Default Book

This profile option specifies the book that appears by default on Assets pages.

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
Default Book	None	The default book appears as the value in all Assets pages where the Book field appears.	You must select a book from the menu in all Assets pages where the Book field appears.

## Related Topics

- [Hierarchy in Profile Levels](#)

## Segregation of Transaction Entry and Posting Duties

You can configure the application so that one type of user prepares and enters transactions, and another type of user reviews and posts the transactions.

If your business practices require that users who review and post asset transactions are different from those who create the transactions, segregating the duties for these two types of users helps enforce this requirement.

Using this feature is optional. You can use the predefined roles and privileges for some users and restrict the roles for other users. For example, you can configure the application so that:

- Some users have either transaction preparer privileges or transaction reviewer privileges.
- Other users have access to both transaction preparer and reviewer functions.

Using this feature also helps:

- Eliminate errors when recording transactions because they're prepared and reviewed by two different users.
- Ensure that transactions are verified and reviewed before they're posted.
- Enable easy preparation and review of a large volume of transactions using an ADFdi spreadsheet.

This table lists the duties that can be performed by each user:

User Type	Duties
Transaction Preparer	<ul style="list-style-type: none"><li>• Create all types of asset transactions in draft mode, including additions, adjustments, transfers, and retirements.</li><li>• Set the status to Review.</li><li>• Create impairment and revaluation transactions and set the posting status to Review after the transactions have been previewed.</li></ul> <p><b>Note:</b> The <b>Submit</b> button is disabled for the transaction preparer.</p>
Transaction Reviewer	<ul style="list-style-type: none"><li>• Review transactions in Read Only mode.</li><li>• Post all types of asset transactions, including additions, adjustments, transfers, retirements, impairments, and revaluations.</li><li>• Review and post suspend or resume depreciation transactions only through an ADFdi spreadsheet.</li><li>• Send a transaction back to the preparer if it requires corrections by changing the queue status to New.</li></ul> <p><b>Note:</b> Transaction reviewers can't create or edit transactions.</p>

For Add to Asset cost adjustments, the transaction reviewer can review and post these transactions only after the transaction preparer changes the posting status to Review. Before changing the posting status to Review, the transaction preparer must first add the asset addition line to an existing asset by clicking the **Add to Asset** button in the Assets landing page or the Prepare Source Lines page.

For mass transactions done through a File-Based Data Import (FBDI) template, the transaction must be entered in the template and reviewed thoroughly before importing it into Oracle Assets. The transaction preparer loads the transaction data in Post status and the transaction reviewer can simply run the post process.

You can't segregate duties between the transaction preparer and transaction reviewer for these types of transactions:

- Adjust retirement, transfer reserve, and other group asset transactions
- Capitalize CIP assets
- Change descriptive details
- Delete assets

To use this feature, you must first opt into the Segregation of Asset Transaction Entry and Transaction Posting Duties feature.

## Define Roles for Transaction Preparers

This task shows you how to set up roles for users who are designated as transaction preparers.

1. Create a custom job role by copying the predefined Asset Accounting Manager job role (ORA\_FA\_ASSET\_ACCOUNTING\_MANAGER\_JOB).
2. Delete the predefined duty role Fixed Asset Transaction Management from the copied custom job role.
3. Create the Custom Asset Transaction Entry Duty custom duty role by copying the predefined Fixed Asset Transaction Management duty role (ORA\_FA\_FIXED\_ASSET\_TRANSACTION\_MANAGEMENT\_DUTY).
4. Remove the following functional privileges for the Custom Asset Transaction Entry Duty role to disable post privileges:
  - Post Fixed Asset Online Transactions (FA\_POST\_FIXED\_ASSET\_ONLINE\_TRANSACTIONS)
  - Post Mass Fixed Asset Financial Transactions (FA\_POST\_MASS\_FIXED\_ASSET\_FINANCIAL\_TRANSACTIONS)
  - Post Mass Fixed Asset Retirement (FA\_POST\_MASS\_FIXED\_ASSET\_RETIREMENT)
  - Post Mass Additions (FA\_POST\_MASS\_ADDITIONS)
  - Post Mass Fixed Asset Assignment (FA\_POST\_MASS\_FIXED\_ASSET\_ASSIGNMENT)
5. Add the custom duty role Custom Asset Transaction Entry Duty to the custom job role.

## Define Roles for Transaction Reviewers

This task shows you how to set up roles for users who are designated as transaction reviewers.

1. Create a custom job role by copying the predefined Asset Accounting Manager job role (ORA\_FA\_ASSET\_ACCOUNTING\_MANAGER\_JOB).
2. Create a custom duty role called Custom Asset Transaction Review Duty.
3. Add the following functional privileges for the Custom Asset Transaction Review Duty user:
  - View Fixed Asset Addition (FA\_VIEW\_FIXED\_ASSET\_ADDITION\_PRIV)

- View Fixed Asset Adjustment (FA\_VIEW\_FIXED\_ASSET\_ADJUSTMENT\_PRIV)
- View Fixed Asset Transfer (FA\_VIEW\_FIXED\_ASSET\_TRANSFER\_PRIV)
- View Fixed Asset Retirement FA\_VIEW\_FIXED\_ASSET\_RETIREMENT\_PRIV)

4. Add the custom duty role Custom Asset Transaction Review Duty to the custom job role.

## Create and Enable the Asset Impairment Preparer Profile Option

For impairment transactions, the transaction preparer role is identified through a profile option and not through the Custom Asset Transaction Entry Duty custom duty role.

To restrict impairment transactions for the transaction preparer, you must create a new Asset Impairment Preparer profile option:

1. Sign in as the Application Implementation Consultant.
2. In the Setup and Maintenance work area, go to the Manage Profile Options task.
3. On the Manage Profile Options page, click **Actions > New**.
4. Enter these details on the Create Profile Option page:

Field	Value
Profile Option Code	FA_IMPAIRMENT_PREPARER
Profile Display Name	Asset Impairment Preparer
Application	Assets
Module	Assets
Start Date	Enter the date when this profile option is effective.

5. Click **Save and Close**.
6. On the Manage Profile Options page, search for the Asset Impairment Preparer profile option.
7. In the Profile Option Levels section, select the **Enabled** and **Updatable** checkboxes in the User row.
8. Click **Save and Close**.
9. From the Setup and Maintenance work area, navigate to the Manage Fixed Assets Profile Options page.
10. Search for the profile option code FA\_IMPAIRMENT\_PREPARER.
11. In the Profile Values section, click the **Add** icon.
12. Select User for the profile level.
13. Select the transaction preparer user in the User Name field and set the profile value to Y.
14. Click **Save and Close**.

## Enable the Allow Depreciation Override Lookup

To enable your book to override depreciation, you must first enable the Allow Depreciation Override lookup.

1. In the Setup and Maintenance work area, search for the Manage Fixed Assets Lookups task.
2. Click the **Manage Fixed Assets Lookups** link.

3. In the Manage Fixed Assets Lookups page, enter ORA\_FA\_ALLOW\_OVERRIDE in the Lookup Type field.
4. Click **Search**.
5. Click the **Create** icon in the Financials Generic Lookup Type section.
6. Enter the book name in the Lookup Code column for the book that you want to enable override depreciation for. Note that the book name you enter must be identical in case and syntax to the book name you entered when you created the book.
7. Enter the reference data set.
8. Ensure the **Enabled** option is checked for the book.
9. Enter the book name in the Meaning field.
10. Click **Save and Close**.

## Enable Depreciation Override for Your Asset Book

To override depreciation, you must enable the Allow depreciation override option for your book.

1. In the Setup and Maintenance work area, navigate to the Manage Asset Books task.
2. In the Manage Asset Books page, enter your book in the Name field and click **Search**.
3. Click the link to your book.
4. In the Edit Book page, click Advanced Rules in the Rules section.
5. Click the **Allow depreciation override** checkbox.
6. Click **Save and Close**.

### Related Topics

- [Guidelines for Creating or Modifying Asset Books](#)

## Enable the Allow Asset Revaluation Lookup

This task shows you how to enable the Allow Asset Revaluation lookup so that you can create revaluation transactions.

1. Navigate to: **My Enterprise > Setup and Maintenance > Setup: Financials > Assets > Show: All Tasks > Manage Fixed Assets Lookups**.
2. In the Manage Fixed Assets Lookups page, enter ORA\_FA\_ALLOW\_REVAL in the Lookup Type field.
3. Click **Search**.
4. In the Financials Generic Lookup Type section, click the **Create** icon.
5. Enter the information in this table in the newly created row:

Field	Value
Lookup Code	Your book name
Reference Data Set	Common Set
Display Sequence	1
Enabled	Yes (Checked)

Field	Value
Start Date	Today's date or the date when you want the Allow Asset Revaluation lookup to be enabled.
Meaning	Your book name
Description	Your book name

6. Click **Save and Close**.

## Enable Revaluation for Your Book

This task shows you how to enable the Allow revaluation option for your corporate book.

1. Navigate to: My Enterprise > Setup and Maintenance > Setup: Financials > Assets > Show: All Tasks > Manage Asset Books.
2. Select the Associated Corporate Book.
3. Click **Search**.
4. Click the book you want to allow revaluation for.

**Note:** You must first enable the Allow Asset Revaluation lookup before you can enable this option.

5. In the Rules section, click the Revaluation tab.
6. Enable the **Allow revaluation** option.
7. Enable Cost, Net book value, or both, depending on the revaluation method you want to use.
8. Define other revaluation rules according to your business rules.
9. Click **Save**.

### Related Topics

- [Asset Revaluation Rules](#)

## Enable Aliases for Asset Key Flexfields

You can create and use aliases for asset key flexfield combinations, including locations, asset categories, and asset keys.

Use aliases for asset key flexfield combinations, such as asset physical locations or asset categories. Using aliases can reduce data entry errors and improve the usability of asset flexfields. For example, you can create an alias named HQ to represent the physical location of your company's headquarters. All the Assets transaction pages and spreadsheets support aliases for the asset key flexfields.

1. In the Setup and Maintenance work area, go to the **Manage Key Flexfields** task.

2. On the Manage Key Flexfields page, enter one of these values in the Key Flexfield Code field, depending on the type of alias you want to enable:

Code	Alias Type
Your Category flexfield code, for example: CAT#	Category
Your Asset Key flexfield code, for example: KEY#	Asset Key
Your Location flexfield code, for example: LOC#	Location

3. Click **Search**.
4. Click the **Manage Structure Instances** button.
5. On the Manage Key Flexfield Structure Instances page, select Asset Key Flexfield in the **Structure Name** field.
6. Click **Search**.
7. In the Search Results section, click the **Edit** icon.
8. In the Edit Key Flexfield Structure Instance page, enable the **Shorthand alias enabled** option.
9. Click **Save and Close**.
10. Click **Done**.
11. On the Manage Key Flexfields page, click **Deploy Flexfield**.
12. Click **OK** when the deployment is complete.
13. Click **Done**.

## Create an Asset Key Alias

This task shows you how to create an alias for an asset key.

1. In the Setup and Maintenance work area, go to the **Manage Asset Key Aliases** task.
  - Offering: Financials
  - Functional Area: Fixed Assets
  - Task: **Manage Asset Key Aliases**
2. In the Manage Asset Key Aliases page, click **Search**.
3. Click the **Add** icon.
4. Enter the name of your alias in the **Name** field.
5. Select your asset key in the **Asset Key** field.
6. Click **Save and Close**.

You can now select your alias from the list of values next to the **Asset Key** field on the Add Asset page.

### Related Topics

- [Asset Key Flexfield](#)

## Create a Category Alias

This task shows you how to create an alias for a category.

1. In the Setup and Maintenance work area, go to the **Manage Asset Category Aliases** task.
  - o Offering: Financials
  - o Functional Area: Fixed Assets
  - o Task: **Manage Asset Category Aliases**
2. In the Manage Asset Category Aliases page, click **Search**.
3. Click the **Add** icon.
4. Enter the name of your alias in the **Name** field.
5. Select your category in the **Major Category** and **Minor Category** fields.
6. Click **Save and Close**.

You can now select your alias from the list of values next to the Category field in the Add Asset dialog box.

### Related Topics

- [Asset Category Key Flexfield](#)
- [Overview of Asset Categories](#)

## Create a Location Alias

This task shows you how to create an alias for a location.

1. In the Setup and Maintenance work area, go to the **Manage Asset Location Aliases** task.
  - o Offering: Financials
  - o Functional Area: Fixed Assets
  - o Task: **Manage Asset Location Aliases**
2. In the Manage Asset Location Aliases page, click **Search**.
3. Click the **Add** icon.
4. Enter the name of your alias in the **Name** field.
5. Select your location in the **Country**, **State/County**, **City**, and **Building** fields.
6. Click **Save and Close**.

You can now select your alias from the list of values next to the Location field in the Add Asset dialog box.

### Related Topics

- [Asset Locations](#)
- [Location Flexfield](#)

## FAQs for Assets Configuration

### What's a cash-generating unit?

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use and is largely independent of the cash inflows from other assets or groups of assets.

### Why can't I change a cash-generating unit's assignments?

If an impairment transaction occurred for an asset in the current period, then the cash-generating unit assignment cannot be changed in the current period unless you roll back the impairment.

