

Oracle Fusion Cloud Financials

Implementing Assets

24B



Oracle Fusion Cloud Financials
Implementing Assets

24B

F92671-01

Copyright © 2011, 2024, Oracle and/or its affiliates.

Author: Gail D'Aloisio

Contents

Get Help

i

1 Overview of Assets Implementation 1

| | |
|---|---|
| Overview of Assets Rapid Implementation | 1 |
| Implement Assets | 2 |

2 Assets Flexfields 5

| | |
|---|----|
| Asset Category Key Flexfield | 5 |
| Asset Key Flexfield | 5 |
| Location Flexfield | 6 |
| Assets Descriptive Flexfields | 6 |
| Derive the Assets Location from the Payables Invoice Ship-to Location | 9 |
| Create a Location Mapping | 9 |
| Asset Category Descriptive Flexfield | 10 |
| System Controls | 11 |

3 Asset Books 13

| | |
|---|----|
| Guidelines for Creating or Modifying Asset Books | 13 |
| Create a Corporate Book | 14 |
| Create a Tax Book | 16 |
| Guidelines for Transferring Asset Invoices Using Rule-Based Accounting | 18 |
| Example of an Asset Book Using the Primary Balancing and Natural Account Segments | 19 |
| Set Up Group Assets in the Corporate Book | 21 |
| Fiscal Years | 21 |
| Considerations for Creating Calendars | 22 |
| Create an Asset Calendar | 23 |
| Prorate and Retirement Conventions | 24 |
| Overview of Capitalization Threshold Amounts | 25 |
| Enable Capitalization Thresholds | 26 |
| Set Capitalization and Low Value Thresholds | 27 |
| Validate Capitalization Threshold Results | 28 |

| | | |
|----------|--|-----------|
| 4 | Depreciation Methods | 31 |
| | Depreciation Methods | 31 |
| | Set Up a Life in Periods Depreciation Method | 33 |
| | Use a Life in Periods Depreciation Method | 34 |
| 5 | Asset Categories | 35 |
| | Overview of Asset Categories | 35 |
| | Create an Asset Category | 38 |
| | Create a Lease Category | 40 |
| 6 | Optional Setup Steps | 43 |
| | Define Cash-Generating Units | 43 |
| | Use a Cash-Generating Unit | 43 |
| | Price Indexes | 44 |
| | Create a Price Index | 44 |
| | Assets Profile Options | 45 |
| | Segregation of Transaction Entry and Posting Duties | 48 |
| | FAQs for Assets Configuration | 51 |
| | What's a cash-generating unit? | 51 |
| | Why can't I change a cash-generating unit's assignments? | 51 |

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

Use help icons  to access help in the application. 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.

Get Support

You can get support at [My Oracle Support](#). For accessible support, visit [Oracle Accessibility Learning and Support](#).

Get Training

Increase your knowledge of Oracle Cloud by taking courses at [Oracle University](#).

Join Our Community

Use [Cloud Customer Connect](#) to get information from industry experts at Oracle and in the partner community. You can join forums to connect with other customers, post questions, suggest *ideas* for product enhancements, and watch events.

Learn About Accessibility

For information about Oracle's commitment to accessibility, visit the [Oracle Accessibility Program](#). Videos included in this guide are provided as a media alternative for text-based topics also available in this guide.

Share Your Feedback

We welcome your feedback about Oracle Applications user assistance. If you need clarification, find an error, or just want to tell us what you found helpful, we'd like to hear from you.

You can email your feedback to oracle_fusion_applications_help_ww_grp@oracle.com.

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:

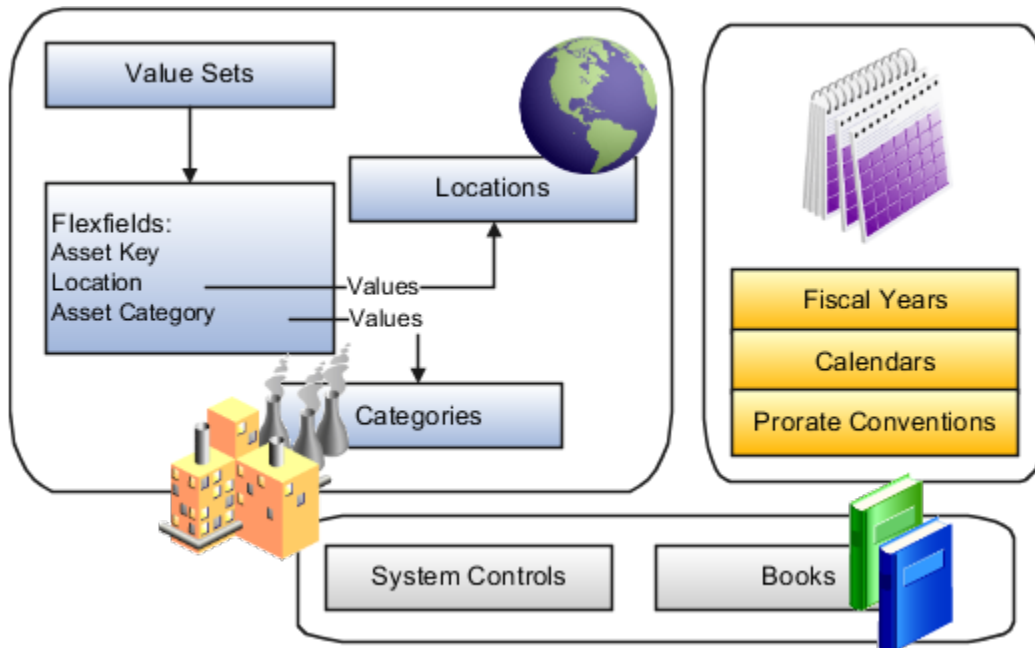
| Task | Description |
|--|--|
| Create Fixed Assets Configuration in Spreadsheet | Downloads the rapid implementation Excel integrated workbook template. You must use this template only for initial configuration. Do not use it to make additional changes. |
| Update Fixed Assets Configuration in Spreadsheet | 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.
 - o 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.
 - o See: Oracle Applications Cloud Configuring and Extending Applications guide.
2. Update Fixed Assets Configuration in Spreadsheet.
 - o 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

- [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 |
| Convention Types | Create Prorate Convention |

| Descriptive Flexfield | Associated Assets Page |
|-----------------------|--|
| | 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 Transfer Asset |

| Descriptive Flexfield | Associated Assets Page |
|-----------------------|--|
| | 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](#)

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 and the ship-to 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 ship-to 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. Enter the Assets location and HR location code in the Location Mapping worksheet.
4. Upload the generated .csv file in the File Export Import page.
5. 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 code 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 Note: 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 check boxes:

- 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 check boxes.
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 Note: 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 check boxes:
 - **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 check boxes.
8. In the Tax Rules region, check the **Allow mass copy** check box.
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.

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 |

| Field | Value |
|-------|-------|
| | |

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 letter 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 Type | Description |
|----------------|-------------|
| | |

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 |

| Field | Value |
|-------------|--------------------------|
| Enabled | Check the check box |
| 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"> o Cost: When you select this value the total cost of the asset or source line is compared with the capitalization threshold limit. o Unit: When you select this value the per unit cost of the asset is compared with the capitalization threshold limit. |
| Threshold Currency | <p>Currency in which the capitalization threshold is maintained, which may be different than the functional currency of the ledger.</p> <p>Note: This field is available only if you opt into the Capitalization Threshold in Foreign Currency feature.</p> |
| Threshold Conversion Rate Type | <p>Rate type used to convert the capitalization threshold amount to the functional currency of the associated ledger.</p> <p>Note: This field is available only if you opt into the Capitalization Threshold in Foreign Currency feature.</p> |
| 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 check box 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 check box 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 check box, 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 check box 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 radio button | 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).

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 have set up bonus rates. If you do not 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 do not 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 does not 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** check box specifies whether assets are normally depreciated in this book and category.

Note: Expensed assets are not depreciated, even if the **Depreciate** check box 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 are 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:

$$\text{Salvage Value} = \text{Cost} * \text{Default Percentage}$$

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 determine 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 is 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 determined 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.

Group Asset Depreciation Rules

The following depreciation rules are specific only to group assets and their member assets:

- Recognize gain or loss: Specifies that gain and loss is not recognized at the time of the retirement. This option applies only to member assets that are members of a group asset.
- Terminal gain or loss: Specifies whether to recognize terminal gain and loss immediately, at the end of the year, or not at all. 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 accumulate depreciation balance in the group asset is the terminal gain or loss amount.
- Recapture excess reserve: Specifies whether the excess group asset accumulated depreciation should be recaptured and recognized as a gain.
- Limit net proceeds to cost: Specifies that the amount of proceeds that may be added to accumulated depreciation is limited to the recoverable cost of the retiring member asset. This rule is available only if you specified that gain and loss is not recognized.

- Tracking Method
 - Allocate group amount: 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.
 - Calculate member asset amount: Specifies if depreciation is calculated at the member asset level.
- Group asset: Specifies the group asset to which all assets added to this category will be assigned. If you enter a group asset number in this field, all capitalized and construction-in-process (CIP) assets using this category will be 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 |

| Field | Value |
|----------------|---------------|
| Property Class | 1245 property |

4. Check the following check boxes:
 - 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 |
| 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. |
| 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:

- Payment Types Excluded from Liability
- 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) | Cache is reset after every asset Note: 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. | 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"> • Create all types of asset transactions in draft mode, including additions, adjustments, transfers, and retirements. • Set the status to Review. • Create impairment and revaluation transactions and set the posting status to Review after the transactions have been previewed. <p>Note: The Submit button is disabled for the transaction preparer.</p> |
| Transaction Reviewer | <ul style="list-style-type: none"> • Review transactions in Read Only mode. • Post all types of asset transactions, including additions, adjustments, transfers, retirements, impairments, and revaluations. • Review and post suspend or resume depreciation transactions only through an ADFdi spreadsheet. • Send a transaction back to the preparer if it requires corrections by changing the queue status to New. <p>Note: 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** check boxes 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**.

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.

