



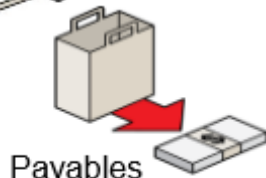
ORACLE®

Oracle Fusion Assets

Fusion Assets

A day in the life

Purchasing



Payables

Invoices



Procure-to-Pay to Assets

➤ Asset invoice distributions transferred to Assets.

Project Costing to Assets

➤ Project capitalization and retirements transferred to Assets



Human Capital Management

HCM to Assets

➤ Information related to employees used by Assets for asset assignments



Assets

Projects



Accounting Events



General Ledger



Subledger Accounting



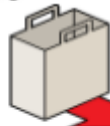
Assets to SLA and GL

➤ Accounting events and journal entries transferred to Subledger Accounting and General Ledger

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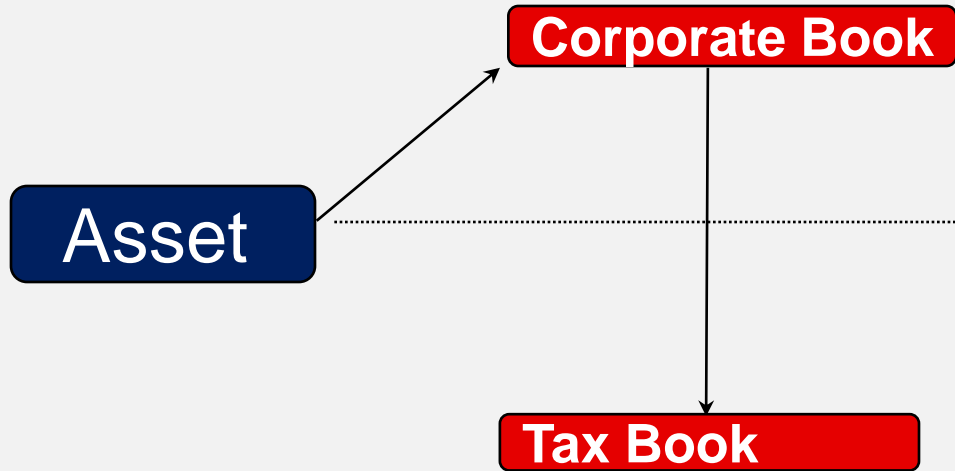


Assets to SLA and GL

➤ Accounting events and journal entries transferred to Subledger Accounting and General Ledger

Fusion Assets

From a security perspective, equivalent to a Business Unit / GL Ledger)



Recoverable Cost 1000

Life: 5 years

Method: straight line

Currency: USD

Recoverable Cost: 800

Life: 4 years

Method: accelerated

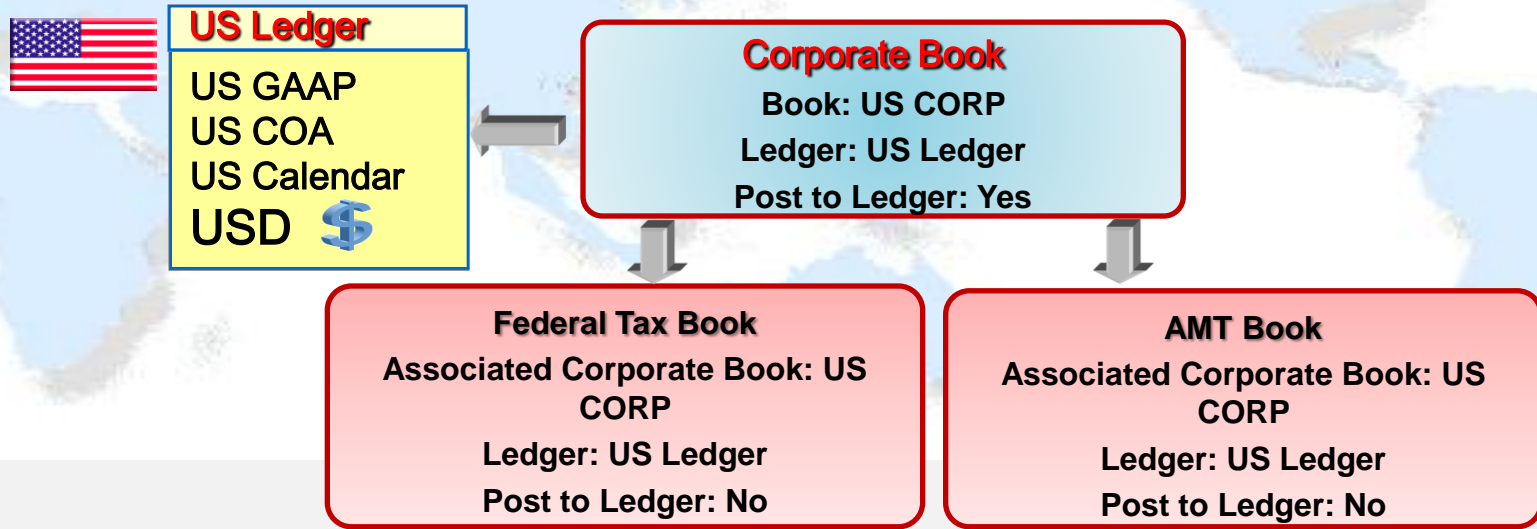
Currency: USD



Asset Book Architecture – Use Case

Business Requirement: A company with operations in United States needs to prepare financial statements for reporting purposes. The Tax department has special depreciation requirements for taxation (IRS) purposes.

Recommendation: Create a corporate book and 2 associated tax books



Asset Book Architecture – Use Case

Business Requirement: A company with operations in United States needs to prepare its financial statements under both US GAAP and IFRS.

Recommendation: Create a corporate book for the US GAAP primary ledger and an associated tax book for the IFRS secondary ledger.



Ledger Primary

FASB Rules
Corp COA
Corp Calendar
USD



CORP Book
Primary Ledger
Post to Ledger: Yes

Ledger Secondary*

IFRS Rules
Corp COA
Corp Calendar
USD



IFRS Tax Book
Assoc. with CORP BOOK
Secondary Ledger
Post to Ledger: Yes

***Data Conversion Level: Subledger**

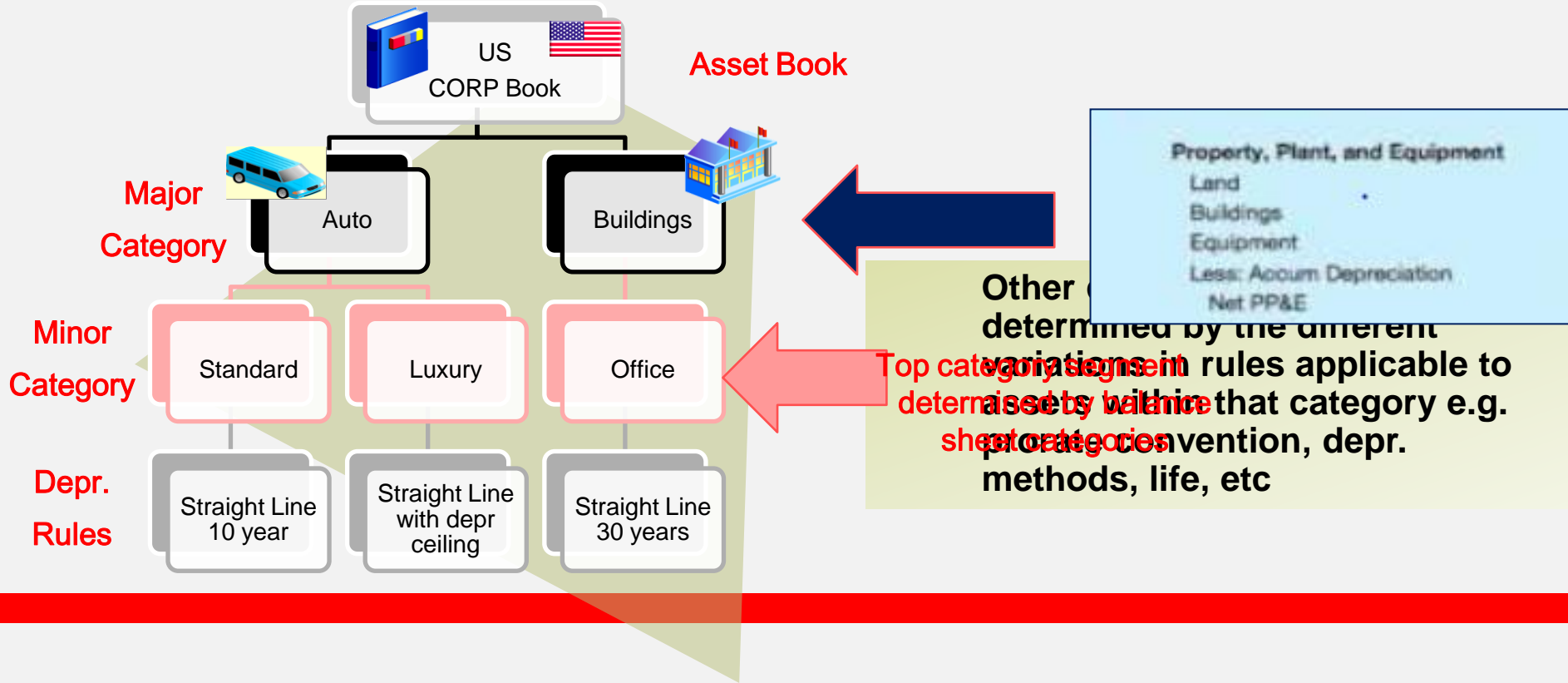
Subledger Accounting Options - Assets

Subject to Validation Method: Yes

Subledger Accounting Enabled: Yes

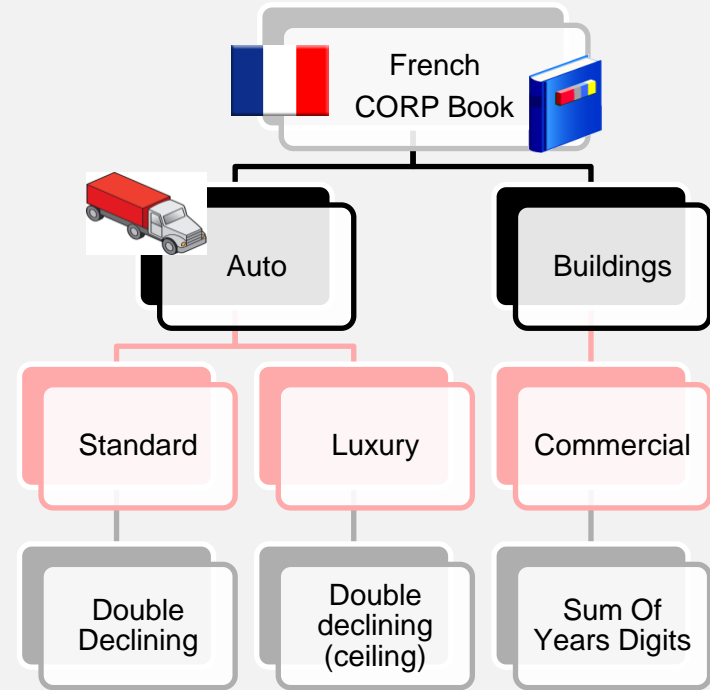
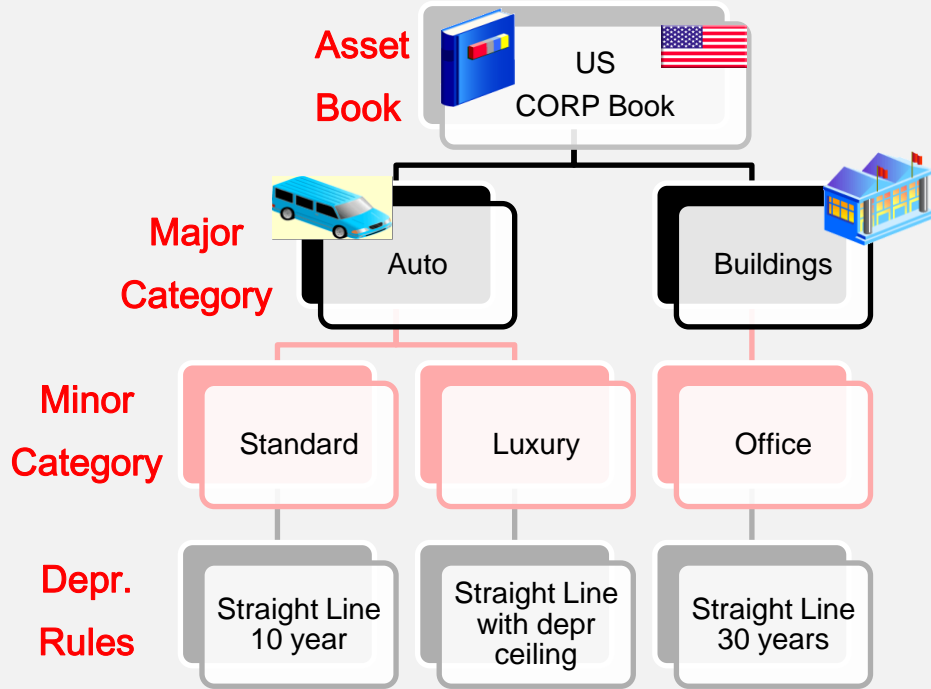
Asset Book and Category

Depreciation Rule Assignments



Asset Book and Category

Depreciation Rule Assignments





Depreciation Rules

Depreciation Rules and Factors

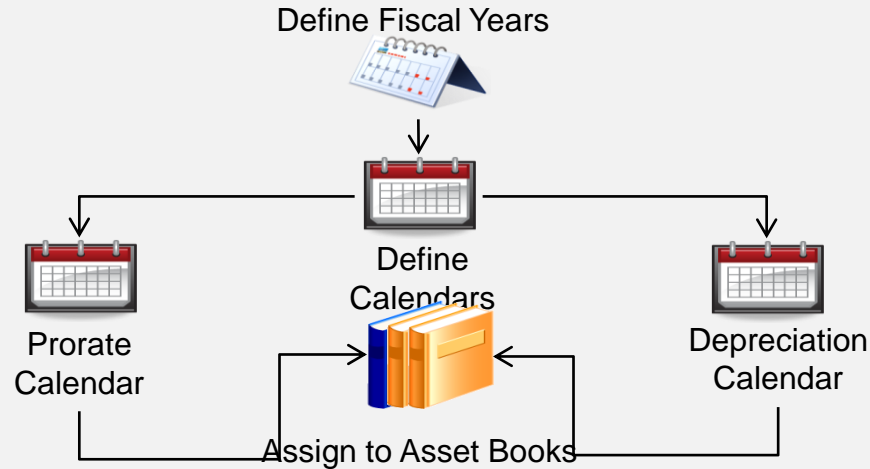


- Reference Data Sets allows reuse of depreciation elements for different books
- Bonus depreciation accommodates additional depreciation in the early fiscal years of an asset life. Occasionally used in US for Tax books
- Depreciation ceilings based on depreciation allowance or recoverable cost
- Depreciation limits restrict the depreciation for an asset such as a luxury car
- Unplanned depreciation adjusts depreciation for an asset without affecting its cost
- Suspend and resume depreciation capability for depreciable assets
- Robust and flexible depreciation engine. Allows you to create your own depreciation method

Depreciation Methods

Depreciation Methods	
Method Type	Description
Calculated	For straight-line depreciation, the depreciation program calculates the annual depreciation rate by dividing the life (in years) into one. Numerous seeded methods available out of the box
Flat-rate	It depreciates the asset over time using a fixed rate. Either recoverable cost or the recoverable net book value can be used for calculation
Table	Assets gets the annual depreciation rate from a rate table
Formula based	You can define specific formulas to derive annual depreciation rates for your assets
Production	Units of production estimates the depreciation based on the actual usage of the item

Fiscal Year, Depreciation and Prorate Calendar



- Fiscal year groups your accounting periods and calendars are based on fiscal years
- Depreciation Calendar: Determines the number of accounting periods in a fiscal year
- Prorate Calendar: Determines what rate is used to calculate annual depreciation by mapping each date to a prorate period

Prorate Convention

Prorate Conventions and Calendar	
Convention	Prorate Calendar
Month	12 Period Calendar
Mid-Month	24 Period Calendar
Daily	365 Period Calendar

Example: Mid-Month Prorate Convention

- Book: US CORP
- Depreciation Calendar – Monthly
- Prorate Calendar – 24 Periods Semi Monthly
- Depreciation Method – STL 2 Years
- Period 1 – (1st Jan 2010 to 15th Jan 2010)
 - Prorate Date 1st Jan 2010
- Period 2 – (16th Jan 2010 to 31st Jan 2010)
 - Prorate Date 16th Jan 2010



Asset A:

- Cost \$ 24,000.00
- DPIS: 10th Jan 2010
- Depreciation for Jan 2010 - \$ 1,000.00

Asset B:

- Cost \$ 24,000.00
- DPIS: 20th Jan 2010
- Depreciation for Jan 2010 - \$ 500.00

Bonus Rules



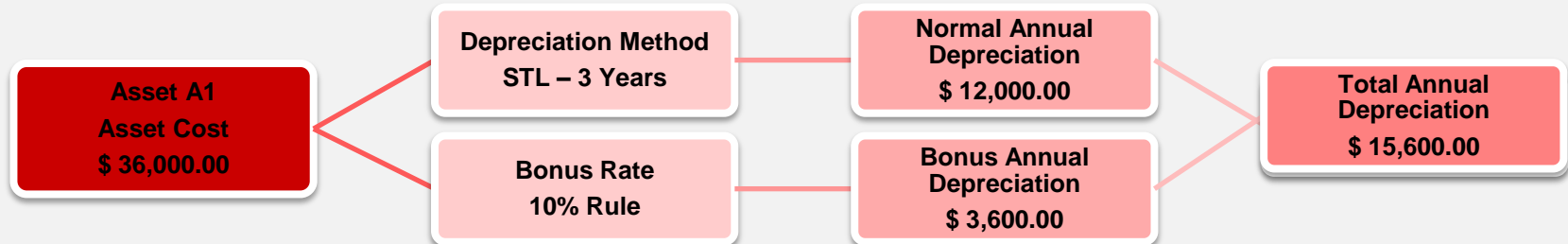
How to provide for additional depreciation expense specific to a region and keep track of it? E.g. US Tax Special Depreciation Allowance

- Use Bonus rules to take additional depreciation expense for assets.
- You can charge bonus expense and reserve to an account that is different from the normal depreciation expense and reserve. This way you can keep track of additional depreciation expense.



How does bonus rules work?

Bonus Expense = Depreciable Basis * Bonus Rate
STL Method : Depreciation Basis = Asset Cost
Flat Rate Method : Depreciation Basis = NBV



Depreciation Ceiling



How to limit the annual depreciation expense for certain type of assets? E.g. Luxury cars

- You can limit the annual depreciation expense using Depreciation Ceilings.



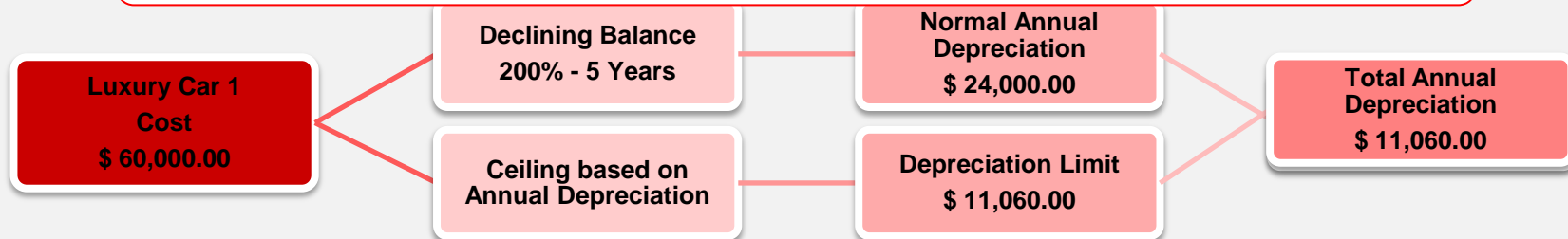
What kind of limits are allowed?

- Ceilings can limit the annual amount of depreciation expense or the recoverable cost of an asset.



How does depreciation ceiling work?

Example: For tax purposes, depreciation amount for luxury cars in the US is limited to \$11,060 for the first year for assets placed in service after 12/31/2009 and before 1/1/2011.



Implementation Considerations

Category Setup

1. Only one category structure is supported. It must be used for all asset books.
2. Carefully decide how many segments your category structure needs based on present and future business requirements.
3. Depreciation rules and accounts are tied to the category.
4. Depr. rules should be defined with care for each category, since they will be automatically defaulted to assets.
5. Assign the accounts carefully to the asset category as they cannot be changed once it is in use.
6. Carefully decide the clearing accounts for the categories. Only Payables invoices distributed to these clearing accounts will be transferred to Assets.

Payables to Assets

1. Payables Business Unit and Asset Book are related through the ledger.
2. Multiple Payables Business Units tied to the same ledger can interface to a single corporate book or multiple corporate books.
3. Create Items in Item Master with default asset category and category's Clearing Account as charge Account.

Implementation Considerations

Corporate Books & Ledgers

1. It is possible to define more than one Corporate Book for each Primary Ledger.
2. Usually, one corporate book is defined for a primary ledger to record and track assets across multiple companies that are modeled as balancing segment values for the ledger.
3. Data security in Assets is by Asset Book. Define multiple corporate books associated to a primary ledger to secure assets by company/BSV.
4. Reference Data Set allows sharing of setup data across books or to restrict by book.
5. Fusion Assets does not allow asset transfers across Books. This restriction should be carefully considered while designing the Book/ BSV Structure.

Tax Books & Ledgers

1. Multiple depreciation and accounting representations available for assets using the Tax Book.
2. Multiple Tax Books can be associated to a Corporate Book.
3. Tax Book can be mapped to the corporate book's primary ledger or its secondary ledger. It must have the same COA and Currency as the Corp Book. Calendar and Sub-ledger accounting method may be different.
4. An asset **must** exist in Corporate Book before it is added to Tax Book.
5. Accounting entries may be optionally posted to GL.

Implementation Considerations

General Recommendations

1. Asset Key setup is required even though it is not mandatory information to be captured during entry.
2. If there is no requirement for asset key flexfield, define a “one segment flexfield” without any validation and with a default value.
3. Fiscal years should be defined from the oldest Date Placed in Service through the current fiscal year
4. All calendar periods have to be set up from the period corresponding to the oldest date placed in service to the last day of current fiscal year.
5. At least one period has to be setup after the current period. This is necessary to close the current period.
6. The state segment of the location key flexfield facilitates property tax reporting

System Controls

1. It is mandatory to setup the category, location and asset key flexfields prior to defining the system controls.
2. Automatic numbering of assets begins with the starting number mentioned in system controls, hence care should be taken prior to confirming the starting number.
3. Enterprise name is displayed on all reports hence care should be taken to enter the appropriate name.



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