Oracle

Financials Cloud
Implementing Assets

Release 12

ORACLE®

Oracle® Financials Cloud Implementing Assets

Part Number E73071-02

Contents

Preface

This preface introduces information sources that can help you use the application.

Oracle Applications Help

Use the help icon ❓ to access Oracle Applications Help in the application. If you don't see any help icons on your page, click the Show Help icon ❓ in the global header. Not all pages have help icons. You can also access Oracle Applications Help at https://fusionhelp.oracle.com.

Using Applications Help

▶ **Watch:** This video tutorial shows you how to find help and use help features.

Additional Resources

- **Community:** Use **Oracle Applications Customer Connect** to get information from experts at Oracle, the partner community, and other users.

- **Guides and Videos:** Go to the **Oracle Help Center** to find guides and videos.

- **Training:** Take courses on Oracle Cloud from **Oracle University** .

Documentation Accessibility

For information about Oracle's commitment to accessibility, see the **Oracle Accessibility Program** .

Comments and Suggestions

Please give us feedback about Oracle Applications Help and guides! You can send e-mail to: oracle_fusion_applications_help_ww_grp@oracle.com.

ORACLE®

ORACLE®

1 **Assets Flexfields**

Asset Category Key Flexfield: Explained

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 Fusion 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.

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

Related Topics

- Flexfields and Oracle Applications Cloud Architecture: How They Work Together

- Key Flexfields: Explained

- Value Sets: Explained

Asset Key Flexfield: Explained

Use the Asset Key flexfield in Oracle Fusion 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.

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

Related Topics

- Flexfields and Oracle Applications Cloud Architecture: How They Work Together

- Value Sets: Explained

- Key Flexfields: Explained

Location Flexfield: Explained

Oracle Fusion 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.

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

Related Topics

- Flexfields and Oracle Applications Cloud Architecture: How They Work Together
- Value Sets: Explained

Oracle Fusion Assets Descriptive Flexfields: Explained

Oracle Fusion Assets allows you to record and track all standard asset information on the Assets pages. However, there may be additional information you need to record for your assets that needs to be tracked for reporting purposes. You can set up descriptive flexfields to record and track additional information in Assets. 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

Descriptive Flexfield	Associated Assets Page
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
	Edit Prorate Convention
Fiscal Year	Create Fiscal Year
	Edit Fiscal Year
Flat Rates	Create Depreciation Method

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

Related Topics

- Flexfields and Oracle Applications Cloud Architecture: How They Work Together

- Value Sets: Explained

- Descriptive Flexfields: Explained

Asset Category Descriptive Flexfield: Explained

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).

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

Related Topics

- Flexfields and Oracle Applications Cloud Architecture: How They Work Together

- Value Sets: Explained

- Descriptive Flexfields: Explained

System Controls: Explained

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 Fusion 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 flexfields 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 are not reserved for automatic asset numbering, since the automatic numbers are a numerical sequence.

If you are converting from another system, 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 system. For example, if you are 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).

2 **Asset Books**

Creating or Modifying Asset Books: Points to Consider

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 Fusion 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

ORACLE®

Defining 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.

Defining 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, as long as both calendars uses the same fiscal year. 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 Fusion Subledger Accounting and set Use Primary Ledger Amounts to No in the accounting options of the secondary ledger setup.
- Enable Assets for Subledger Accounting for the secondary ledger.

Note: When setting up a tax book that is linked to a secondary ledger, the chart of accounts and currency must be the same as the primary ledger that is linked to the corporate book.

Creating a Corporate Book: Worked Example

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

Creating 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

ORACLE®

Field	Value
	Note: When you define a corporate book, the name of the corporate book you are 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
Proceeds of Sale Clearing	15930
Cost of Removal Gain	78530
Cost of Removal Loss	78540
Cost of Removal Clearing	24220

ORACLE®

Field	Value
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**.

Creating a Tax Book: Worked Example

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

Creating 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
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

ORACLE®

Field	Value
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
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**.

ORACLE®

Fiscal Years: Explained

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 reportable 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

The fiscal year should be the same for a corporate book and all its associated tax books. In other words, the calendar for a tax book must use the same fiscal year name as the calendar for its associated corporate book.

Creating Calendars: Points to Consider

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 must use the same fiscal year name as the calendar for the associated tax book.

  ⚠ **Important:** 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 Fusion 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.

ORACLE®

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.

> ⓘ **Important:** 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 is used to choose the depreciation rate.

Creating an Asset Calendar: Worked Example

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

Creating 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:

ORACLE®

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

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

> ✏️ **Note:** The values for Period Number, Start Date, and End Date are entered automatically. You only need to enter the first three 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: Explained

Oracle Fusion 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.

> ❗ **Important:** 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 is 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.

3 Depreciation Methods

Depreciation Methods: Explained

Depreciation methods specify how to allocate the asset cost.

You can use:

- Oracle Fusion Assets predefined depreciation methods.
- Custom 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

Custom 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 is 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 are not 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.

> ⚠ **Important:** You must plan and thoroughly test your custom depreciation formulas to ensure that your assets will depreciate correctly. Otherwise, custom 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.

Setting Up a Life in Periods Depreciation Method: Worked Example

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

Setting 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**.

Using a Life in Periods Depreciation Method: Example

Oracle Fusion 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 will not be tracked for assets depreciating under this method. 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).

4 Asset Categories

Asset Categories: Explained

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 Fusion 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. Oracle Fusion Assets defaults the depreciation rules when

ORACLE®

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:

  o 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.
  o 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:

  Salvage Value = Cost * Default Percentage

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

- Depreciation ceiling: Specifies the depreciation expense limit to be used for assets in this tax book and category.

- Capital gains threshold: Specifies the minimum time you must hold an asset for Assets to report it as a capital gain when you retire it.

- Mass property eligible: Specifies whether assets added to this category are eligible to be mass property assets. A mass property asset contains multiple assets with the same category, book, and fiscal year combination.

Tax Book Depreciation Rules

The following depreciation rules are specific only to tax books:

- Straight line for retirements: Specifies that a straight-line depreciation method is used to 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.

Creating an Asset Category: Worked Example

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

Prerequisites

This worked example assumes that the following have been defined:

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

Creating an Asset Category

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

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

4. Check the following check boxes:
   - Capitalized
   - Enabled

          o 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.

ORACLE®

5 Optional Setup Steps

Defining Cash-Generating Units: Worked Example

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

Defining 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**.

Using a Cash-Generating Unit: Example

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

Using 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 cannot 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: Explained

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 Fusion 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 via 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.

Creating a Price Index: Worked Example

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

Creating 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

ORACLE®

Period Name	Value
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**.

Oracle Fusion Assets Profile Options: Critical Choices

Set profile options to specify how Oracle Fusion 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

ORACLE®

Profile Option Display Name	Default Value	Effect
		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	Cache is reset after every 20 assets

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
		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.	

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: Explained

FAQs for Define 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.