

**Oracle® Fusion Applications Asset Lifecycle Management,  
Assets Guide**

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Oracle® Fusion Applications Asset Lifecycle Management, Assets Guide

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# Preface

This Preface introduces the guides, online help, and other information sources available to help you more effectively use Oracle Fusion Applications.

## Oracle Fusion Applications Help

You can access Oracle Fusion Applications Help for the current page, section, activity, or task by clicking the help icon. The following figure depicts the help icon.



You can add custom help files to replace or supplement the provided content. Each release update includes new help content to ensure you have access to the latest information. Patching does not affect your custom help content.

## Oracle Fusion Applications Guides

Oracle Fusion Applications guides are a structured collection of the help topics, examples, and FAQs from the help system packaged for easy download and offline reference, and sequenced to facilitate learning. You can access the guides from the **Guides** menu in the global area at the top of Oracle Fusion Applications Help pages.

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### Note

The **Guides** menu also provides access to the business process models on which Oracle Fusion Applications is based.

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Guides are designed for specific audiences:

- **User Guides** address the tasks in one or more business processes. They are intended for users who perform these tasks, and managers looking for an overview of the business processes. They are organized by the business process activities and tasks.
- **Implementation Guides** address the tasks required to set up an offering, or selected features of an offering. They are intended for implementors. They are organized to follow the task list sequence of the offerings, as displayed within the Setup and Maintenance work area provided by Oracle Fusion Functional Setup Manager.
- **Concept Guides** explain the key concepts and decisions for a specific area of functionality. They are intended for decision makers, such as chief financial officers, financial analysts, and implementation consultants. They are organized by the logical flow of features and functions.

- **Security Reference Manuals** describe the predefined data that is included in the security reference implementation for one offering. They are intended for implementors, security administrators, and auditors. They are organized by role.

These guides cover specific business processes and offerings. Common areas are addressed in the guides listed in the following table.

Guide	Intended Audience	Purpose
Common User Guide	All users	Explains tasks performed by most users.
Common Implementation Guide	Implementors	Explains tasks within the Define Common Applications Configuration task list, which is included in all offerings.
Information Technology Management, Implement Applications Guide	Implementors	Explains how to use Oracle Fusion Functional Setup Manager to plan, manage, and track your implementation projects, migrate setup data, and validate implementations.
Technical Guides	System administrators, application developers, and technical members of implementation teams	Explain how to install, patch, administer, and customize Oracle Fusion Applications.

For guides that are not available from the Guides menu, go to Oracle Technology Network at <http://www.oracle.com/technetwork/indexes/documentation>.

## Other Information Sources

### My Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info> or visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs> if you are hearing impaired.

Use the My Oracle Support Knowledge Browser to find documents for a product area. You can search for release-specific information, such as patches, alerts, white papers, and troubleshooting tips. Other services include health checks, guided lifecycle advice, and direct contact with industry experts through the My Oracle Support Community.

### Oracle Enterprise Repository for Oracle Fusion Applications

Oracle Enterprise Repository for Oracle Fusion Applications provides visibility into service-oriented architecture assets to help you manage the lifecycle of your software from planning through implementation, testing, production,

and changes. In Oracle Fusion Applications, you can use the Oracle Enterprise Repository for Oracle Fusion Applications at <http://fusionappsoer.oracle.com> for:

- Technical information about integrating with other applications, including services, operations, composites, events, and integration tables. The classification scheme shows the scenarios in which you use the assets, and includes diagrams, schematics, and links to other technical documentation.
- Publishing other technical information such as reusable components, policies, architecture diagrams, and topology diagrams.

## Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/us/corporate/accessibility/index.html>.

## Comments and Suggestions

Your comments are important to us. We encourage you to send us feedback about Oracle Fusion Applications Help and guides. Please send your suggestions to [oracle\\_fusion\\_applications\\_help\\_ww\\_grp@oracle.com](mailto:oracle_fusion_applications_help_ww_grp@oracle.com). You can use the **Send Feedback to Oracle** link in the footer of Oracle Fusion Applications Help.



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# Asset Lifecycle Management

## Asset Lifecycle Management: Overview

Oracle Fusion Assets automates asset management and simplifies fixed asset accounting tasks. Using a unified source of asset data (with data from your Oracle Fusion applications as well as external feeder systems), Assets gives you visibility into your assets worldwide and also provides data security and function access. Standard asset management tasks, such as asset additions, asset transfers, disposals, reclassifications, financial adjustments, and legacy data conversions can be streamlined with automated business flows. Standard accounting, operational, and registry reports are available for ease of reconciliation and analysis.

Assets directly integrates with the following applications:

- Oracle Fusion Payables
- Oracle Fusion Project Costing
- Oracle Fusion Subledger Accounting

### Integrating with Payables

You can add assets and cost adjustments directly into Assets from invoice information in Payables. The Create Mass Additions for Assets process sends valid invoice line distributions and associated discounts from Payables to the Mass Additions interface table in Assets. You review the mass addition lines in Assets and determine whether to create assets from them.

### Integrating with Project Costing

You can collect construction-in-process (CIP) costs for capital assets you are building in Project Costing. When you finish building your CIP asset, you can capitalize the associated costs as asset lines in Project Costing and send them to Assets as mass addition lines. When you run the Interface Assets process, Project Costing sends valid capital asset lines to the Mass Additions interface table in Assets. You review the mass addition lines in Assets and determine whether to create assets from them.

If you use Project Costing to build CIP assets, you do not need to create CIP assets in Assets. For costs that originate in Payables, you should send CIP costs to Project Costing and capitalized costs to Assets.

## **Integrating with Subledger Accounting**

Assets is fully integrated with Subledger Accounting for generating accounting entries, transaction drill down, and reporting.

Run the Create Accounting for Assets process to create journal entries for transaction events in Assets. You can choose to transfer and post the journal entries to Oracle Fusion General Ledger.

Use the accounting reports to review accounting information for your assets, and to reconcile to the general ledger.

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## Acquire Assets

### Add Assets

#### Adding Assets: Points to Consider

Asset additions is the process of recording an asset that has been acquired in Oracle Fusion Assets. Assets are usually acquired by purchase or lease. You can add assets using the following methods:

- Manual additions
- Mass additions

##### Manual Additions

Manually add a single asset by entering all required information and any optional information directly into Assets using the Add Assets page or a spreadsheet. Generally, you use the Add Assets page to enter a single asset and a spreadsheet to enter multiple assets.

##### Mass Additions

Add multiple assets automatically from an external source. Create assets from one or more invoice distribution lines in Oracle Fusion Payables, construction-in-process (CIP) asset lines in Oracle Fusion Projects, asset information from another assets system, or information from any other feeder system using the interface. You must prepare the mass additions to become assets before you post them to Assets.

#### Reviewing Journal Entries for Addition Transactions: Example

This example illustrates how a company can record a journal entry that can be used for asset additions.

##### Scenario

Acme Company is growing fast and needs a more powerful server to handle its applications. It is estimated that this new server will satisfy the company

demands for the following four years. However, this server has very strict requirements in terms of temperature and humidity to work properly. As a result, Acme decided to build a new room to meet those conditions. Acme Company purchases the new server computer and assigns it to the Information Technology department. The server will eventually be physically located in the new room that the company is building. It is currently in the old server room where those conditions are barely met.

### Current Period Addition Transaction Details

The new server computer was purchased and placed in service in year 1, quarter 1. The asset is added into Oracle Fusion Assets in the period it was acquired. The recoverable cost is \$4,000 and the depreciation method is straight-line. The asset life is four years.

### Analysis

The asset cost increases by \$4,000. Debit \$4,000 to the Asset Cost account and credit \$4,000 to the Asset Clearing account. The contra account is the clearing account that balances with the payables clearing account. The calculated depreciation for the period is \$250. Debit the Depreciation Expense account and credit the Accumulated Depreciation (reserve) account for that amount.

The calculated depreciation for the period is \$250. The Depreciation Expense account is debited and the Accumulated Depreciation (reserve) account is credited for that amount.

The following journal entry is created from your payables system:

Account	Debit	Credit
Asset Clearing	4,000 USD	
Accounts Payable Liability		4,000 USD

The following journal entry is created from Assets:

Account	Debit	Credit
Asset Cost	4,000 USD	
Depreciation Expense	250 USD	
Asset Clearing		4,000 USD
Accumulated Depreciation		250 USD

In an alternate scenario, the new server computer was purchased and placed in service in year 1, quarter 1. However, the asset is entered into Assets in year 2, quarter 2.

The following journal entry is created from your payables system:

Account	Debit	Credit
Asset Clearing	4,000 USD	
Accounts Payable Liability		4,000 USD

The following journal entry is created from Assets:

Account	Debit	Credit
Asset Cost	4,000 USD	
Depreciation Expense	250 USD	
Depreciation Expense (Adjustment)	1,250 USD	
Asset Clearing		4,000 USD
Accumulated Depreciation		1,500 USD

## Assets Watchlist: Explained

Use watchlists to monitor critical transaction processing progress in real time.

You can view the watchlist in:

- The Welcome tab on the Asset Accounting Dashboard
- The Global menu, which you can access from all Assets work areas

Oracle Fusion Assets provides four watchlist categories. Two of the categories contain predefined items. You can also create new items using the saved search for any of the four categories.

The following watchlist categories are available:

- Additions Watchlist
- Retirements Watchlist
- Financial Transactions Watchlist
- Tracking Watchlist

### Additions Watchlist

The Additions category contains four predefined watchlist items. You can create additional watchlist items for this category.

- Draft assets: Assets that are saved as draft and not yet posted. Selecting this item opens the Additions Work Area Overview page. You can view the draft assets in the Manual Additions region.
- Mass additions in error: Source lines in the Error queue. Selecting this item opens the Additions Work Area Overview page. The Pending Source Lines region displays all source lines in error. You can select the link on the count to view the details and error for each line.
- Ready to post: Source lines in the Post queue. Selecting this item opens the Additions Work Area Overview page. The Pending Source Lines region displays all source lines that are ready to post. You can select the link on the count to view the details for each line.
- Unassigned source lines: Source lines not yet assigned to any preparer. Selecting this item opens the Additions Work Area Overview page. The

Pending Source Lines region displays all source lines not yet assigned. You can select the link on the count to view the details for each line.

### **Retirements Watchlist**

The Retirements Watchlist category contains one predefined watchlist item. You can create additional watchlist items for this category.

Draft retirements: Retirements that are saved and not yet posted to the asset. Selecting this item opens the Retirements Work Area Overview page. The Manual Retirements region displays all draft retirements.

### **Financial Transactions Watchlist**

This category contains no predefined watchlist items, but you can create watchlist items for this category.

### **Tracking Watchlist**

This category contains no predefined watchlist items, but you can create watchlist items for this category.

## **Add Multiple Assets**

### **Mass Additions: Explained**

You can integrate Oracle Fusion Assets with other feeder systems using the Mass Additions interface to automate the asset additions from the information in the other feeder systems. Assets is already integrated with Oracle Fusion Payables; you can easily integrate it with your other payables systems. Assets is also integrated with Oracle Fusion Projects. You can add construction-in-process (CIP) asset lines sent from Projects. You can also use the mass additions process to convert your assets from a legacy system. Plan your conversion carefully and thoroughly, because you cannot undo it.

You can create mass additions from:

- Payables
- Other payables systems
- Projects
- Other asset systems

### **Creating Assets from Payables**

The Create Mass Additions program creates mass additions from invoice information in Payables. The concurrent process places the new mass additions in a holding area (the table FA\_MASS\_ADDITIONS) that is separate from the main Assets tables so that you can review and prepare the mass additions using the Assets user interface or spreadsheet before they become asset additions.

## Creating Asset Additions from Another Payables System

To integrate Assets with another system, develop your own program to add mass additions to the FA\_MASS\_ADDITIONS table. You can use either the Assets user interface or a spreadsheet to review and prepare the mass addition lines before they become assets.

## Creating Assets from Projects

You can collect CIP costs for capital assets you are building in Projects. When you finish building a CIP asset, you can capitalize the associated costs as asset lines in Projects and send them to Assets as mass addition lines. When you run the Transfer Assets to Oracle Fusion Assets process, Projects sends valid capital asset lines to the Mass Additions interface table in Assets. You review these mass addition lines in Assets and determine whether to create assets from them.

## Converting from Other Asset Systems

You can convert the assets in your previous asset system to Assets using the Mass Additions interface. Instead of loading your asset information into multiple Assets tables, load your information into the FA\_MASS\_ADDITIONS table and use the mass additions process to simplify your work.

# Mass Additions Queues: How They Are Set

Mass additions queues indicate the status of mass additions throughout the asset additions process.

## Settings That Affect Asset Status

Queues are set by Oracle Fusion Assets or you according to the current status of an asset addition.

## How Mass Additions Queues Are Set

Each mass addition belongs to a queue that describes its status, and the queue name changes according to the transactions that you perform on the mass addition. You can use the predefined queues or define your own mass additions queues.

The following table describes each Assets mass addition queue name and how it is set:

Queue Name	Definition	Set by
New	New mass addition line created but not yet reviewed.	Set by Assets after a line is brought over from an external source.
On Hold or user-defined hold queue	Mass addition line updated or put on hold by you.	Set by you. Also set by Assets when merging another line into this line or when a new single unit line is created when splitting a mass addition.

Split	Mass addition line already split into multiple lines.	Set by Assets when splitting a multiple-unit mass addition line.
Merged	Mass addition line already merged into another line.	Set by Assets when merging a line into another line.
Cost Adjustment	Mass addition line to be added to an existing asset; ready for posting.	Set by Assets after completion of an Add to Asset transaction.
Post	Mass addition line ready to become an asset.	Set by you.
Posted	Mass addition line already posted.	Set by the Post Mass Additions process.
Delete	Mass addition line to be deleted.	Set by you.

## Splitting Mass Additions: Example

This example uses a single invoice line to illustrate how to split it into multiple mass addition lines. You are asked to split a single mass addition line for invoice #2000 into three new mass addition lines.

### Scenario

#### Transaction Details

Prior to the split, the mass addition line has a queue name of New.

Details for the line are as follows: Invoice #2000, Line 1, \$3000, 3 units, Queue = New, Description = Personal Computer

#### Analysis

After the split, you have four mass addition lines. The original line now has a queue name of Split and cannot be made into an asset. The three new lines have a queue name of On Hold and can become an asset.

As an audit trail after the split, the original line remains. The resulting split mass additions appear with one unit each and with the same existing information from the source system.

Details for the mass addition lines after the split are as follows:

- Invoice #2000, Line 1, \$3000, 3 units, Queue = Split, Description = Personal Computer
- Invoice #2000, Line 1, \$1000, 1 unit, Queue = On Hold, Description = Personal Computer
- Invoice #2000, Line 1, \$1000, 1 unit, Queue = On Hold, Description = Personal Computer
- Invoice #2000, Line 1, \$1000, 1 unit, Queue = On Hold, Description = Personal Computer

# Merging Mass Additions: Example

This example uses multiple invoices to illustrate how to merge separate mass addition lines into a single mass addition line with a single cost.

## Scenario

### Transaction Details

Prior to the merge, the mass addition lines have a queue name of New. Details for the two lines are as follows:

The following are details for line 1:

Line	Invoice	Amount	Units	Queue	Description
1	100	5,000 USD	2	New	Personal Computer

Line 1 contains the following assignments:

Units	Expense Account	Location
2	01-110-7360-0000-000	USA-SAN FRANCISCO

The following are details for line 2:

Line	Invoice	Amount	Units	Queue	Description
2	220	67 USD	1	New	Tax on PC

Line 2 contains the following assignments:

Units	Expense Account	Location
1	01-120-7360-0000-000	USA-SAN FRANCISCO

## Analysis

If you check **Sum Units**, Oracle Fusion Assets uses both the merged parent and child distributions for the new asset created from the merged mass addition line. If you do not check **Sum Units**, Assets uses the distribution of the merged parent for the new asset created from the merged mass addition line.

After the merge, the line for invoice 100 has a queue name of On Hold and can become an asset. The line for invoice 220 has a queue name of Merged and cannot become an asset.

As an audit trail after the merge, the original cost of the invoice line distribution remains on the line. The cost of the parent line is not altered and remains the same. When you post the merged line, the asset cost is the total merged cost.

Details for the two lines after the merge when **Sum Units** is checked are as follows:

The following are merge details for line 1:

Line	Invoice	Amount	Units	Queue	Description	Merged Cost	Merged Units
1	100	5,000 USD	2	On Hold	Personal Computer	5,067 USD	3

Line 1 contains the following distributions:

Units	Expense Account	Location
2	01-110-7360-0000-000	USA-SAN FRANCISCO

The following are merge details for line 2:

Line	Invoice	Amount	Units	Queue	Description
2	220	67 USD	1	Merged	Tax on PC

Line 2 contains the following distributions:

Units	Expense Account	Location
1	01-120-7360-0000-000	USA-SAN FRANCISCO

Details for the two lines after the merge when **Sum Units** is not checked are as follows:

The following are merge details for line 1:

Line	Invoice	Amount	Units	Queue	Description	Merged Cost	Merged Units
1	100	5,000 USD	2	On Hold	Personal Computer	5,067 USD	2

Line 1 contains the following distributions:

Units	Expense Account	Location
2	01-110-7360-0000-000	USA-SAN FRANCISCO

The following are merge details for line 2:

Line	Invoice	Amount	Units	Queue	Description
2	220	67 USD	1	Merged	Tax on PC

Line 2 contains the following distributions:

Units	Expense Account	Location
1	01-120-7360-0000-000	USA-SAN FRANCISCO

The asset is created from invoice 100 with the following information when **Sum Units** is checked.

Description	Cost	Units
Personal Computer	5067 USD	3

The asset contains the following distributions:

Units	Expense Account	Location
2	01-110-7360-0000-000	USA-SAN FRANCISCO
1	01-120-7360-0000-000	USA-SAN FRANCISCO

The asset is created from invoice 100 with the following information when **Sum Units** is not checked.

Description	Cost	Units
Personal Computer	5067 USD	2

The asset contains the following distributions:

Units	Expense Account	Location
2	01-110-7360-0000-000	USA-SAN FRANCISCO

## Posted Mass Additions: How They Are Processed

Run the Post Mass Additions process to create assets from mass addition lines. You can run this process as often as necessary during a period.

## Settings That Affect the Posting Process

To submit the Post Mass Additions process you need to select the corporate book for which you want to post your mass additions. If your corporate book is not listed in the list of values, then one of the following errors may have occurred:

Error	Solution
No mass additions lines in the post queue.	Change the queue to Post for the mass additions that are ready to be posted.
The corporate book is not effective for these mass additions lines.	Check the effective date range of the corporate book on the Edit Book page.
The Calculate Depreciation process has been run with errors.	Fix the errors and resubmit the Calculate Depreciation process. When the Calculate Depreciation process has been run successfully, resubmit the Post Mass Additions process.
The Calculate Depreciation process is currently running for the corporate book.	Wait until The Calculate Depreciation process completes successfully, then resubmit the Post Mass Additions process.

When you run the Post Mass Additions program, mass additions lines are processed according to the mass addition queue they are assigned to.

Queue Name Before Post	Effect of Post Mass Additions	Queue Name After Post
Post	Creates new asset from mass addition line.	Posted
Cost Adjustment	Adds mass addition line to existing asset.	Posted
Merged	Indicates mass addition line already merged.	Posted
Split	Indicates mass addition line already split; post does not affect.	Split
New	Indicates new mass addition line; post does not affect.	New
On Hold or user-defined queue name	Indicates mass addition line on hold; post does not affect.	On Hold
Delete	Indicates mass addition line awaiting deletion; post does not affect.	Delete

## How Mass Additions Lines Are Posted

The Post Mass Additions program creates assets from mass addition lines in the POST queue. The program also adds mass additions in the COST ADJUSTMENT queue to existing assets.

## Payables Source Lines: How They Are Imported

Use mass additions to add assets and cost adjustments directly into Oracle Fusion Assets from invoice information in Oracle Fusion Payables. The Create Mass Additions process sends valid invoice line distributions and associated discounts from Payables to an interface table in Assets. You review the lines in Assets and determine whether to create assets from the lines.

## Settings That Affect the Import Process

For the Create Mass Additions process to import an invoice line distribution to Assets, the following specific conditions must be met:

- The invoice line must be charged to an asset account or to an expense account if it is an expensed asset.
- The asset account must be set up for an existing asset category as either the asset clearing account or the CIP clearing account.
- The line amount can be either positive or negative. The invoice line description will be the mass addition or source line description. Discount line distributions imported to Assets automatically have a description of Discount.

- To default the asset category when creating mass additions:
  - Define a default asset category for items in Oracle Fusion Purchasing or Oracle Fusion Inventory
  - Create purchase orders for those items
  - Receive the items in Purchasing or Inventory
  - Enter invoices in Payables, match them to the outstanding purchase orders, and approve the invoices
  - Post the invoices to Oracle Fusion General Ledger

After you run the Create Mass Additions process, the mass addition line appears with the asset category you specified for the item.

- Track as Asset must be enabled for the invoice line charged to an expense account.
- If you have multiple corporate books in Assets, Payables must be tied to the same ledger as the corporate book for which you want to create mass additions in Assets.

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**Note**

You cannot create mass additions for tax books.

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- The invoice must be approved.
- The invoice line distribution must be posted to General Ledger from Payables.
- The general ledger date on the invoice line distribution must be on or before the date you specify for the Create Mass Additions process.
- If you use the multiple organization feature, your Payables business unit must be tied to the same ledger as the corporate book for which you want to create mass additions.

## How Invoice Line Distributions Are Imported

When you run the Create Mass Additions process in Payables, it sends potential asset invoice line distributions and any associated discount lines to Assets. You can run the Create Mass Additions process as many times as necessary during a period and Payables ensures that it does not import the same line twice.

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**Note**

If you have multiple corporate books always provide the asset book for all invoices created in Payables. This will ensure that invoices are interfaced to the correct corporate book. Verify that you are creating mass additions for the correct corporate book in Assets, because you cannot undo the process and resend them to a different book.

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Use the Post Accounting process assignment definitions in Oracle Fusion Subledger Accounting to determine the line types that should be interfaced to Assets by the Create Mass Additions process.

Payables sends line amounts entered in foreign currencies to Assets in the converted ledger currency. Since Assets creates journal entries for the ledger currency amount, you must clear any foreign currency invoices manually in your general ledger. Review the Create Mass Additions report to see both foreign and ledger currency amounts.

Conversion Rate: 1 EUR = 1.25 USD

In Payables, the amounts are converted to dollars, the ledger currency, and sent to Assets via the Create Mass Additions process. The conversion rate is: 1 EUR = 1.25 USD

Account	Debit Amount	Credit Amount
Asset Clearing	4,000.00 EUR	
Accounts Payable Liability		4,000.00 EUR

Assets creates a journal entry for the asset addition in dollars. The conversion rate is: 1 EUR = 1.25 USD

Account	Debit Amount	Credit Amount
Asset Cost	5,000.00 USD	
Depreciation Expense	312.50 USD	
Asset Clearing		5,000.00 USD
Accumulated Depreciation		312.50 USD

In General Ledger, the Asset Clearing account becomes unbalanced after posting the debit amount in euros and the credit amount in dollars for the asset purchase. The asset purchase journal entry amounts in the Asset Clearing account are included below:

Account	Debit Amount	Credit Amount
Asset Clearing	4,000.00 EUR	
Asset Clearing		5,000.00 USD

In General Ledger, you must manually clear the unbalanced amounts entered in the Asset Clearing account. You can clear these amounts by creating journal entries to reverse the unbalanced amounts, and bring the Asset Clearing account into balance. The journal entries required to balance the Asset Clearing account are included below:

Journal Entry 1

Account	Debit Amount	Credit Amount
Asset Clearing	5,000.00 USD	
Asset Cost		5,000.00 USD

## Journal Entry 2

Account	Debit Amount	Credit Amount
Asset Cost	4,000.00 EUR	
Asset Clearing		4,000.00 EUR

## Projects Source Lines: How They Are Imported

You can collect construction-in-process (CIP) costs for capital assets you are building in Oracle Fusion Projects. When you finish building your CIP asset, you can capitalize the associated costs as asset lines in Projects and send them to Oracle Fusion Assets as mass addition lines.

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### Note

If you use Projects to build CIP assets, you do not need to create CIP assets in Assets. For costs that originate in Oracle Fusion Payables, you should send CIP costs to Projects, and capitalized costs to Assets.

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## Settings That Affect the Import Process

For Projects to send asset lines to Assets, the asset line must meet these specific conditions:

- The actual date in service must fall in the current or a prior Assets accounting period.
- The CIP costs for summarized asset lines must be interfaced to Oracle Fusion General Ledger.
- The CIP costs for supplier invoice adjustments must be interfaced to Payables.
- A CIP asset must be associated with the asset line.

## How Project Lines Are Imported

You run the Transfer Assets to Oracle Fusion Assets process in Projects to send asset lines to Assets. This process creates a mass addition line for each asset line in Projects. It then merges all mass additions for one asset into a single parent mass addition line. The merged children have a status of Merged.

Assets places the parent mass addition in the Post queue if the asset was completely defined in Projects and it is ready for posting. Assets places the parent mass addition in the NEW queue if the asset definition is not complete. In this case you must enter additional information for the mass addition and then update the queue status to POST. You do not need to change the queue status for lines with a status of Merged.

# Converting Assets from a Legacy System to Oracle Fusion Assets: Worked Example

This example shows how to convert your existing assets from a previous legacy assets system to Oracle Fusion Assets.

ABC Company has 100,000 assets listed in its old assets system and now needs to convert these assets into Assets.

## Load Assets into Oracle Fusion Assets

You can easily load the assets into Oracle Fusion Assets using the Create Asset Additions spreadsheet template.

1. From the Additions work area, click **Add Assets in Spreadsheet**.
2. Select your book and template, and click **Go**.
3. Enter your user name and password.
4. Enter the asset information in the spreadsheet.
5. Click **Submit** to save the information.

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### Note

You can also load asset information into the FA\_MASS\_ADDITIONS table using SQL\*Loader.

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## Verify That Asset Lines Are Loaded

View or verify the uploaded asset lines and make changes if necessary.

1. From the Additions work area, click **Prepare Source Lines**.
2. Search for the newly added asset lines.
3. If necessary, select a line and click the **Edit** icon to view or update an asset line.
4. Click **Prepare All in Spreadsheet** to export all lines to a spreadsheet.
5. Review the assets and enter additional information, if necessary.
6. Click **Submit** to save the information.

## Post Assets

After you are satisfied that the asset information you loaded is correct, you can create the assets.

1. From the Additions work area, run the **Post Mass Additions** process to create the assets.
2. Verify the post mass addition results in the Post Mass Additions report.

## Verify Your Assets

1. From the Asset Accounting Dashboard, click **Monitor and Submit Jobs**.

2. On the Monitor Scheduled Processes page, click **Schedule New Process**.
3. On the **Process Name** menu, select Asset Additions Report.
4. Click **OK** to run the Asset Additions report to verify that each asset has the correct depreciation method, life, and date placed in service.
5. Also verify that each asset has the correct cost and accumulated depreciation and that the totals for each asset account are correct.
6. If you find any errors, on the Financial Transactions work area, click **Manage Financial Transactions**.
7. Search for the assets with errors to be fixed.
8. Select the asset and click **Change Financial Details**.
9. Make the necessary changes and click **Submit**.

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**Note**

If you need to make adjustments to large numbers of assets, you can process them using mass financial transactions.

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10. For additional verification, from the Financial Transactions work area, click **What-if Analysis** and verify that the expense projections agree with your estimates, and that the assets are added properly.

## Run Depreciation

1. After you have verified that your assets are correct, from the Financial Transactions work area, run the **Calculate Depreciation** process for the conversion period.

After the Calculate Depreciation process completes, Assets automatically runs the Journal Entry Reserve Ledger report.

2. Use the Journal Entry Reserve Ledger report to verify that the depreciation amounts calculated by Assets are correct.
3. If you find any errors, on the Financial Transactions work area, click **Manage Financial Transactions**.
4. Search for the assets with errors to be fixed.
5. Select the asset and click **Change Financial Details**.
6. Make the necessary changes and click **Submit**.

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**Note**

If you need to make adjustments to large numbers of assets, you can process them using mass financial transactions.

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## Clean Up the Asset Lines

After you have successfully created assets, you can remove the asset lines from the FA\_MASS\_ADDITIONS table.

1. From the Asset Accounting Dashboard, click **Monitor and Submit Jobs**.

2. On the Monitor Scheduled Processes page, click **Schedule New Process**.
3. On the **Process Name** menu, select Delete Mass Additions.
4. Click **OK** to run the Delete Mass Additions report to view the lines that can be deleted.

## Copy Assets to Associated Tax Books

1. Verify that the asset in your corporate book is correct.
2. From the Financial Transactions work area, run either the **Perform Initial Mass Copy** process or the **Perform Periodic Mass Copy** process to copy the assets into your tax books.

You should set up your tax books so that the first period starts at the same time as the associated corporate book. If your import period is the last period of the previous fiscal year, use **Perform Initial Mass Copy**. If your import is the first period of the current fiscal year, use **Perform Periodic Mass Copy** since there is no historical data in Assets.

3. Reconcile your tax books the same way you did your corporate book.
4. If you find any errors, make adjustments in the Financial Transactions work area to correct them.

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### Note

If you need to make adjustments to large numbers of assets, you can process them using mass financial transactions.

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## Acquire Assets FAQs

### What's a CIP asset?

A construction-in-process (CIP) asset is created and maintained as you spend money for raw materials and labor to construct it. Since a CIP asset is not yet in use, it does not depreciate. When you finish building the CIP asset, you can place it in service and start depreciating the asset.

You can track CIP assets in Oracle Fusion Assets, or you can track detailed information about your CIP assets in Oracle Fusion Projects. If you use Projects to track CIP assets, you do not need to track them in Assets.

### How can I fix posting errors?

Open the log file of the Post Mass Additions process and check the Post Mass Additions Execution Report section for details about which mass additions succeeded and failed. Note the source line numbers that failed, correct the errors directly in the source line, and resubmit the Post Mass Additions process.

### How can I save an addition or retirement transaction in draft mode?

If you do not have all the information necessary to process your transaction but you still want to store it in Oracle Fusion Assets, you can save the transaction as

a draft by clicking Save or Save and Close instead of Submit. Assets allows you to store your asset additions or retirements before processing the transactions. You can save a transaction in draft mode as many times as necessary before submitting it for processing. Draft transactions are available from their corresponding work areas for further processing or review. They are also available from the watchlist menu items.



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## Use Assets

### Manage Financial Transactions

#### Adjustments: Explained

In the period that you add an asset or for construction-in-process (CIP) assets, changing financial information does not adjust depreciation because no depreciation has been taken.

A cost adjustment includes any adjustment that affects the recoverable cost, including a change in cost, salvage value, depreciation, depreciation expense, investment tax credit ceilings, or bonus rules. You can manually perform a cost adjustment, or you can automatically perform a cost adjustment by adding a mass addition to an existing asset.

If you change financial information after you have run depreciation, you must choose whether to expense or amortize the adjustment.

#### Expensed Adjustments

For expensed adjustments, Oracle Fusion Assets recalculates depreciation using the new information and expenses the entire adjustment amount in the current period. Expensing the adjustment results in a one-time adjusting journal entry.

#### Amortized Adjustments

For amortized adjustments, Assets spreads the adjustment amount over the remaining life or remaining capacity of the asset. For flat-rate methods, Assets starts depreciating the asset using the new information. You can set up amortized adjustments to have a retroactive start date by changing the default amortization start date (usually the system date) to a date in a previous period. Any adjustment amount missed since the amortization start date is taken in the current period.

If you amortize an adjustment for an asset, you cannot expense any future adjustments for that asset in that book.

- Method Adjustments

- For amortized method changes, Assets does not recalculate accumulated depreciation, but uses the new information for the remaining time that the asset is in service.
- For table and calculated methods, Assets depreciates the cost minus the accumulated depreciation over the remaining life of the asset.
- For diminishing value methods, Assets calculates depreciation based on the recoverable net book value of the asset as of the period that you make the change.
- If, instead, your depreciation method multiplies the flat-rate by the cost, Assets begins using the new information to calculate depreciation.
- Bonus Adjustments
  - For assets with a cost-based depreciation basis, the bonus rate is applied to the cost.
  - For assets with a net book value depreciation method basis, the bonus rate is applied to the cost minus the total reserve (accumulated depreciation and bonus reserve).

## Changing Financial and Depreciation Information: Explained

You can correct an error or update financial and depreciation information for a single asset or for multiple assets. You can also override depreciation information for an asset while adding it.

You can update financial information:

- In the period of addition
- In the period after the period of addition

### Changing Financial Information in the Period of Addition

You can change all financial information during the period in which an asset was added.

### Changing Financial Information in the Period After the Period of Addition

In any period after the one in which you added the asset, you can change the asset cost, salvage value, prorated convention, depreciation method, life, rate, bonus rule, and depreciation ceiling.

You can adjust the same fields on fully reserved assets that you can adjust on assets on which you have run depreciation. If the asset is fully retired, you cannot change any fields. You can choose whether to amortize or expense the adjustment.

## Changing Asset Financial Details: Worked Example

This example shows how to change the depreciation method and amortize the remaining cost over the remaining life of the asset.

ABC Corporation has transferred an asset with the description Crank Shaft Machinery from the light vehicle product line to the heavy vehicle product line. The light vehicle product line depreciates assets under the rate-based depreciation method. The heavy vehicle product line depreciates assets under the straight-line method. In the heavy vehicle product line, the estimated useful life of the asset is six years, and the residual value is \$2,750. The asset accountant needs to change the depreciation method of the asset when it is transferred from the VEHICLE-OWNED STANDARD category to the VEHICLE-OWNED HEAVY category and amortize the remaining cost over the remaining life of the asset.

## Changing Financial Details

1. From the Financial Transactions work area, click **Perform Financial Transactions** to open the Perform Financial Transactions page.
2. On the Perform Financial Transactions page, search for the Crank Shaft Machinery asset and select it.
3. Click **Change Financial Details**.
4. On the Change Financial Details page, complete the fields as shown in the following table.

Field	Value
Depreciation Method	STL
Life in Years	6
Salvage Value Amount	2750.00

5. Click **Submit**.
6. On the Perform Financial Transactions page, click the linked asset number and verify that the depreciation method, life in years, and salvage value have been changed.

## Changing Categories: Explained

Change the category for assets to update information, correct data entry errors, or when consolidating categories. While changing the category you can also enter descriptive flexfield information for the new category. You cannot change the category for fully retired assets.

When changing categories, consider the impact of the following:

- Journal entries
- Depreciation rules

### Journal Entries

When you change the category of an asset in a period after the period you entered it, Oracle Fusion Assets creates journal entries to transfer the cost and accumulated depreciation to the asset cost and accumulated depreciation accounts of the new asset category. This occurs when you create journal entries for your general ledger.

## Depreciation Rules

Changing the category does not default the depreciation rules to the default rules from the new category. You need to manually change the depreciation rules in your books. You can also perform mass adjustments to change the category and the depreciation rules for a large number of assets.

## Source Lines: Explained

Source lines help you track information about where assets came from, including sources such as invoice lines from your accounts payable system and capital assets from Oracle Fusion Projects.

Each source line that came from another system as a mass addition line may include the following information:

- Cost
- Invoice number
- Line
- Description
- Purchase order number
- Source batch
- Project number
- Task number

You can enter source lines manually, or they may come from Oracle Fusion Payables, Projects, or other feeder systems. Source lines from Payables and Projects are linked to the invoice number and project number, respectively. Use these links to view the invoice and project details.

### Changing Source Line Information for CIP Assets

For construction-in-process (CIP) assets, you can change all the information if you manually added the source line. For example, you can manually add a line, adjust the cost of an existing line, or delete a line. However, if the source line comes from a feeder system, you can change only the description and line amount.

### Changing Source Line Information for Capitalized Assets

For capitalized assets, you can change all the information except the line amount. For lines coming from the feeder systems, you can change only the description.

## Transferring Source Lines: Explained

You can transfer individual source lines or multiple source lines between capitalized assets, construction-in-process (CIP) assets, a CIP asset and a capitalized asset, or expensed assets. You cannot transfer source lines from an expensed asset to a CIP or capitalized asset, and vice versa. You can choose

whether to amortize or expense the source line transfer for both source and destination capitalized assets.

When you transfer source lines you adjust the recoverable cost of an asset. Depreciation is calculated based on the asset type. For source lines transferred from capitalized assets to CIP assets, Oracle Fusion Assets removes some of the depreciation from the capitalized asset, because CIP assets do not depreciate. When you transfer source lines from CIP assets to capitalized assets, Assets can process catch-up depreciation for the capitalized asset.

You can transfer multiple source lines in a single transaction by using the mass transfers interface table.

## Suspending and Resuming Depreciation: Explained

Oracle Fusion Assets allows you to suspend or resume the depreciation for an asset. If you suspend depreciation of an asset when the asset is added, Assets expenses the missed depreciation in the period in which the depreciation for the asset is enabled.

Calculation of the missed depreciation varies depending on which of the following types of depreciation methods you use:

- Table and calculated methods
- Flat-rate methods

### Table and Calculated Depreciation Methods

For table and calculated methods, Assets calculates depreciation expense for the asset based on an asset life that includes the periods not depreciated. If depreciation was suspended after an asset started depreciating, Assets catches up the missed depreciation expense in the last period of life.

### Flat-Rate Depreciation Methods

For flat-rate methods, Assets continues calculating depreciation expense for the asset based on the flat-rate. For flat-rate methods that use the net book value, Assets uses the asset net book value at the beginning of the fiscal year in which you resume depreciation. The asset continues depreciating until it becomes fully reserved.

## Unplanned Depreciation: Explained

Unplanned depreciation is primarily used to comply with special depreciation accounting rules in Germany and the Netherlands. However, you also can use unplanned depreciation to handle unusual accounting situations in which you need to adjust the net book value and accumulated depreciation amounts for an asset without affecting its cost.

Enter unplanned depreciation amounts by asset in either the corporate or tax book for any current period during the useful life of an asset. When you enter unplanned depreciation, Oracle Fusion Assets immediately updates the year-to-date and life-to-date depreciation, and the net book value of the asset. You can change the depreciation method after entering unplanned depreciation.

## Unplanned Depreciation Expense

The unplanned depreciation expense you enter must not exceed the current net book value of the asset. If necessary, you can enter multiple unplanned depreciation amounts, both positive and negative, in a single period, as long as the net amount does not exceed the current net book value of the asset. Thus, it is possible to enter unplanned amounts to back out depreciation taken in prior periods, including previously entered unplanned depreciation amounts.

Assets uses the unplanned depreciation amount, in addition to regular depreciation, to calculate depreciation for the period in which you entered the unplanned depreciation. When you create journal entries for the general ledger, Assets posts the expense due to unplanned depreciation to the account you selected when you entered the unplanned depreciation for the asset.

### Restrictions

When entering unplanned depreciation, keep in mind the following restrictions:

- **Expensed adjustments:** You cannot perform expensed adjustments to assets for which you have previously entered unplanned depreciation and have since amortized the amount. You can, however, perform expensed adjustments to the asset until you choose to amortize the unplanned depreciation amount.
- **Assets shared between balancing segments:** You cannot enter unplanned depreciation for assets shared between balancing segments. In other words, you cannot allocate unplanned depreciation amounts to specific distributions of an asset. Assets posts the unplanned depreciation expense only to the depreciation expense account you enter.
- **Table-based depreciation methods:** You cannot enter unplanned depreciation for assets depreciating under table-based methods. If you need to enter unplanned depreciation for an asset depreciating under a table-based method, you must first change the depreciation method to a method that is not table-based.
- **Prior period retirements:** You cannot perform prior period retirements to assets with unplanned depreciation amounts.
- **Mass changes:** You cannot perform a mass change to assets with unplanned depreciation amounts.

## Entering Unplanned Depreciation: Example

This example illustrates how to enter unplanned depreciation without amortizing the unplanned depreciation amount.

### Scenario

Acme Company needs to expand its production level, and therefore, bought a new production stamping press machine called stamping press B. According to their expectations this new stamping press will be productive for the following 5 years and it will reduce the work of the other existing production stamping press called stamping press A. You place stamping press B in service with a life of five

years, and a cost of 120,000 EUR. The depreciation method is straight-line. There is no salvage value. The calendar has four periods per year.

During year 2, quarter 4, the old stamping press A has an unexpected failure and stops its production. Stamping press B covers the production gap, producing in a second additional shift for a temporary time. Engineers estimate that this additional effort increases the depreciation of stamping press B 10,000 EUR.

The following table shows quarterly depreciation amounts for the first seven quarters:

Year of Life	Net Book Value (Start of Period)	Depreciation Expense	Unplanned Depreciation	Accumulated Depreciation
Year 1, Quarter 1	120,000 EUR	6,000 EUR	0 EUR	6,000 EUR
Year 1, Quarter 2	114,000 EUR	6,000 EUR	0 EUR	12,000 EUR
Year 1, Quarter 3	108,000 EUR	6,000 EUR	0 EUR	18,000 EUR
Year 1, Quarter 4	102,000 EUR	6,000 EUR	0 EUR	24,000 EUR
Year 2, Quarter 1	96,000 EUR	6,000 EUR	0 EUR	30,000 EUR
Year 2, Quarter 2	90,000 EUR	6,000 EUR	0 EUR	36,000 EUR
Year 2, Quarter 3	84,000 EUR	6,000 EUR	0 EUR	42,000 EUR

### Transaction Details

In year 2, quarter 4 you enter an unplanned depreciation amount of 10,000 EUR. You choose to not amortize the unplanned amount this period.

### Analysis

Oracle Fusion Assets continues depreciating the stamping press, taking the regular depreciation expense in subsequent periods until you choose to amortize the unplanned depreciation or make an amortized adjustment.

Since you chose not to amortize the unplanned amount, Assets continues depreciating the stamping press according to the originally calculated depreciation expense per period for subsequent periods until you choose to amortize the unplanned depreciation or make an amortized adjustment.

The following table shows quarterly depreciation amounts for the last twelve quarters:

Year of Life	Net Book Value (Start of Period)	Depreciation Expense	Unplanned Depreciation	Accumulated Depreciation
Year 2, Quarter 4	78,000 EUR	6,000 EUR	10,000 EUR	58,000 EUR
Year 3, Quarter 1	62,000 EUR	6,000 EUR	0 EUR	64,000 EUR
Year 3, Quarter 2	56,000 EUR	6,000 EUR	0 EUR	70,000 EUR
Year 3, Quarter 3	50,000 EUR	6,000 EUR	0 EUR	76,000 EUR
Year 3, Quarter 4	44,000 EUR	6,000 EUR	0 EUR	82,000 EUR
Year 4, Quarter 1	38,000 EUR	6,000 EUR	0 EUR	88,000 EUR
Year 4, Quarter 2	32,000 EUR	6,000 EUR	0 EUR	94,000 EUR
Year 4, Quarter 3	26,000 EUR	6,000 EUR	0 EUR	100,000 EUR

Year 4, Quarter 4	20,000 EUR	6,000 EUR	0 EUR	106,000 EUR
Year 5, Quarter 1	14,000 EUR	6,000 EUR	0 EUR	112,000 EUR
Year 5, Quarter 2	8,000 EUR	6,000 EUR	0 EUR	118,000 EUR
Year 5, Quarter 3	2,000 EUR	6,000 EUR	0 EUR	120,000 EUR

## Entering Unplanned Depreciation Amortized Beginning in the Following Period: Example

This example illustrates how to enter unplanned depreciation and begin amortizing the unplanned depreciation amount in the period after entering the unplanned depreciation.

### Scenario

Acme Company needs to expand its production level, and therefore, bought a new stamping press called stamping press B. According to their expectations this new stamping press will be productive for the following 5 years and it will reduce the work of the other existing production stamping press called stamping press A. You place stamping press B in service with a life of five years, and a cost of 120,000 EUR. The depreciation method is straight-line. There is no salvage value. The calendar has four periods per year.

### Transaction Details

You enter an unplanned depreciation amount of 10,000 EUR in year 2, quarter 4. You choose to amortize the unplanned depreciation expense over the remaining life of the asset, starting in the period following the unplanned depreciation.

### Analysis

The depreciation expense per period equals the net book value divided by the remaining periods in the life of the asset. In year 3, quarter 1, the quarter after the unplanned depreciation was entered, the monthly depreciation expense is 5,167 EUR, which is the net book value of 62,000 EUR divided by 12.

The asset is fully reserved at the end of the useful life.

The following table shows the quarterly depreciation amounts:

Year of Life	Net Book Value (Start of Period)	Depreciation Expense	Unplanned Depreciation	Accumulated Depreciation
Year 2, Quarter 1	96,000 EUR	6,000 EUR	0 EUR	30,000 EUR
Year 2, Quarter 2	90,000 EUR	6,000 EUR	0 EUR	36,000 EUR
Year 2, Quarter 3	84,000 EUR	6,000 EUR	0 EUR	42,000 EUR
Year 2, Quarter 4	78,000 EUR	6,000 EUR	10,000 EUR	58,000 EUR
Year 3, Quarter 1	62,000 EUR	5,167 EUR	0 EUR	63,167 EUR
Year 3, Quarter 2	56,833 EUR	5,167 EUR	0 EUR	68,334 EUR
Year 3, Quarter 3	51,666 EUR	5,167 EUR	0 EUR	73,501 EUR
Year 3, Quarter 4	46,499 EUR	5,166 EUR	0 EUR	78,667 EUR
Year 4, Quarter 1	41,333 EUR	5,167 EUR	0 EUR	83,834 EUR

Year 4, Quarter 2	36,166 EUR	5,167 EUR	0 EUR	89,001 EUR
Year 4, Quarter 3	30,999 EUR	5,167 EUR	0 EUR	94,168 EUR
Year 4, Quarter 4	25,832 EUR	5,166 EUR	0 EUR	99,334 EUR
Year 5, Quarter 1	20,666 EUR	5,167 EUR	0 EUR	104,501 EUR
Year 5, Quarter 2	15,499 EUR	5,167 EUR	0 EUR	109,668 EUR
Year 5, Quarter 3	10,332 EUR	5,167 EUR	0 EUR	114,835 EUR
Year 5, Quarter 4	5,165 EUR	5,165 EUR	0 EUR	120,000 EUR

In an alternate scenario, due to a seasonal shortage in production, stamping press B production was reduced and engineers determined that this change should be reflected as a reduction in the depreciation of 5,000 EUR. You enter another unplanned depreciation amount of -5,000 EUR in year 4, quarter 4. This unplanned depreciation amount partially reverses the previous unplanned depreciation. Oracle Fusion Assets amortizes the unplanned depreciation amount from the current period since you chose to amortize the unplanned depreciation from year 2, quarter 4 for the same asset.

In year 5, quarter 1, the monthly depreciation expense is 6,167 EUR, which is the net book value of 24,666 EUR divided by the four remaining periods.

The following table shows quarterly depreciation amounts for years 4 and 5:

Year of Life	Net Book Value (Start of Period)	Depreciation Expense	Unplanned Depreciation	Accumulated Depreciation
Year 4, Quarter 1	41,333 EUR	5,167 EUR	0 EUR	83,834 EUR
Year 4, Quarter 2	36,166 EUR	5,167 EUR	0 EUR	89,001 EUR
Year 4, Quarter 3	30,999 EUR	5,167 EUR	0 EUR	94,168 EUR
Year 4, Quarter 4	25,832 EUR	6,166 EUR	<5,000> EUR	95,334 EUR
Year 5, Quarter 1	24,666 EUR	6,167 EUR	0 EUR	101,501 EUR
Year 5, Quarter 2	18,499 EUR	6,167 EUR	0 EUR	107,668 EUR
Year 5, Quarter 3	12,332 EUR	6,167 EUR	0 EUR	113,835 EUR
Year 5, Quarter 4	6,165 EUR	6,165 EUR	0 EUR	120,000 EUR

## Perform Periodic Mass Copy Process: Explained

Run the Perform Periodic Mass Copy process each period to keep your tax book up to date with your corporate book.

Oracle Fusion Assets copies new assets and transactions entered in the corporate book during one accounting period in the current fiscal year into the open period of the tax book. You can run the Perform Periodic Mass Copy process as often as necessary. If you run the process daily, tax books can be synchronized daily with the corporate book activity.

If you have a large volume of transactions to be copied to the tax book, you can set up Assets to submit multiple Perform Periodic Mass Copy processes, which will run in parallel. This reduces processing time.

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### Note

You can run the Perform Periodic Mass Copy process sequentially without skipping periods. When running the Perform Periodic Mass Copy process, only the last period run and the following period are available in the period list of values.

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When running the Perform Periodic Mass Copy process, you must consider the impact of:

- Fiscal years
- Period date ranges

### Fiscal Years

Associated tax books can have different fiscal years than their corporate books. For example, the corporate book can have a fiscal year from January through December, but the associated tax book can have a fiscal year from April through March.

Retirements and reinstatements are not allowed if a retirement with a transaction date in the current fiscal year in the corporate book falls into a prior year in the fiscal year of the tax book.

For example, consider the following retirement scenarios:

Book	Fiscal Year
Corporate	July to June
Tax	January to December

In these scenarios, the books are synchronized in March 2010.

- Scenario 1: In the corporate book in March 2010, an asset retirement is backdated to December 2009 (fiscal 2010).  
This transaction is possible because both December 2009 and March 2010 are in same fiscal year in the corporate book.
- Scenario 2: In the tax book in March 2010, the retirement from scenario 1 is copied to the tax book by the Perform Periodic Mass Copy process.  
This transaction fails because December 2009 and March 2010 are not in the same fiscal year in the tax book. Therefore, the retirement crosses a fiscal year boundary in the tax book, which is not currently allowed.

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### Note

Retire the asset as of January 2010 in the tax book. Because January is the first period of the open fiscal year in the tax book, January is the earliest period to which a retirement can be backdated in the tax book.

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Consider the following reinstatement scenario:

Book	Fiscal Year
Corporate	July to June

Tax	January to December
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In this scenario, the books are synchronized in December 2009.

Book	Date	Action
Corporate	December 2009	Retire asset.
Tax	December 2009	Copy retirement to the tax book by using the Perform Periodic Mass Copy process.
Corporate	January 2010	Reinstate the retirement.
Tax	January 2010	Copy reinstatement to tax book by using the Perform Periodic Mass Copy process.

The transaction fails because December 2009 and January 2010 are not in the same fiscal year in the tax book. Therefore, the reinstatement crosses a fiscal year boundary in the tax book, which is not allowed.

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#### Note

A reinstatement is not possible in this case. The cost can be manually adjusted to effectively reinstate the cost, but the retirement transaction, including gain or loss and reserve, cannot be reversed.

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#### Period Date Ranges

If the tax book has a different date range than the corporate book for individual periods, the gap between the periods can cause certain transactions to be ignored. Transactions that do not have a transaction date within or prior to the tax period into which they are being copied are rejected. For example, transactions dated in February cannot be mass copied into a tax book in which the open period ends in January. The transactions can be copied into a subsequent month in the tax book. These scenarios can be managed by the sequence and periods for which mass copy is run.

The following is an example of a future transaction in which the corporate period overlaps the tax period:

- Books are synchronized in January 2010.
- Corporate book period range: December 29, 2009 through February 1, 2010
- Tax book period range: January 1, 2010 through January 31, 2010

Book	Date	Action
Corporate	January 2010	Add, adjust, or retire an asset with a transaction date of February 1, 2010. Any transaction subject to mass copy will be affected.
Tax	January 2010	Run the Perform Periodic Mass Copy process for January 2010.

The January period in the tax book ends on January 31, 2010, so transactions dated on February 1, 2010, are not copied. After closing the January 2010 period in the tax book, rerun the Perform Periodic Mass Copy process for the January 2010 period (copy January 2010 from the corporate book into February 2010 in the tax book). The Perform Periodic Mass Copy process picks up the previously rejected transactions dated February 1, 2010, because these transactions now fall into the current open tax period.

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**Note**

The January 2010 rerun of the Perform Periodic Mass Copy process must be completed before running the process again for February 2010. The first time that you run the Perform Periodic Mass Copy process for February 2010, January 2010 will no longer be available in the parameters.

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The following is an example of a future transaction in which the tax period overlaps the corporate period:

- Books are synchronized in January 2010.
- Corporate book period range:
  - January: January 1, 2010, through January 31, 2010
  - February: February 1, 2010, through February 28, 2010
- Tax book period range:
  - January: December 30, 2009, through February 1, 2010
  - February: February 2, 2010, through March 1, 2010

Book	Date	Action
Corporate	January 2010	Perform transactions for the month of January.
Tax	January 2010	Run the Perform Periodic Mass Copy process for January 2010.  The two previous transactions to which mass copy applies are successfully copied because the transaction dates are through January 31, 2010, which is included in the open tax period.
Corporate	January 2010	Close period. (Leave the period in the tax book open.)  At this stage, you would normally close the tax book to keep the periods synchronized. However, the tax period extends through February 1, 2010. To copy the February 1, 2010, transactions into the corporate book, complete the following two actions.

Corporate	February 2010	Enter transactions dated on February 1, 2010.
Tax	January 2010	Because the Perform Periodic Mass Copy process is allowed for the open corporate period, run the Perform Periodic Mass Copy process and copy the February corporate book into the January tax book immediately after the transactions for February 1, 2010, are complete in the corporate book. Transactions with a transaction date of February 1, 2010, are copied to the January tax period.

The following is an example of a transaction sequence in which the corporate period overlaps the tax period:

- Books are synchronized in January 2010.
- Corporate book period range: December 29, 2009, through February 4, 2010
- Tax book period range: January 1, 2010, through January 31, 2010
- An existing asset was added in the prior year to both books.

Book	Date	Action
Corporate	January 2010	Adjust the cost of the asset with a January 31, 2010, transaction date.
Corporate	January 2010	Adjust the cost of the asset with a February 1, 2010, transaction date.
Corporate	January 2010	Retire the asset with a January 31, 2010, transaction date.
Tax	January 2010	Run the Perform Periodic Mass Copy process for January 2010.

The January period in the tax book ends on January 31, 2010, so transactions dated on February 1, 2010, will not copy. Therefore, the transaction on line 2 fails to copy, and the transactions on lines 1 and 3 copy successfully.

Because the cost adjustment on line 2 was not copied, the result is that the retirement on line 3 is applied to a different cost in the tax book than in the corporate book. This distribution occurs because multiple transactions are entered in the overlap period with transaction dates that do not all fall into the same tax period. You can avoid this result by changing the transaction sequence.

---

**Note**

If all of the transactions were entered with transaction dates backdated prior to the end date of the open tax period, then all transactions would copy, and there would be no issue with the transaction sequence.

---

The following is an example of transaction grouping:

Typically each transaction in the corporate book that is subject to mass copy is copied as a separate transaction into the tax book. In the case of addition transactions, the state of the asset in the corporate book as of the close of the period of addition is used to create a single addition transaction in the tax book.

The ability to run the Perform Periodic Mass Copy process before the period is closed means that the addition can be copied before adjustments in the period of addition. Therefore, depending on the timing and the number of times that the Perform Periodic Mass Copy process is run, the tax book may reflect a different number of transactions than the corporate book.

Consider these transaction grouping details:

- Books are synchronized in January 2010
- Corporate book period: January
- Tax Book Period: January

Book	Date	Action
Corporate	January 2010	Add asset.
Tax	January 2010	Run the Perform Periodic Mass Copy process for January 2010.
Corporate	January 2010	Perform cost adjustment 1.
Corporate	January 2010	Perform cost adjustment 2.
Corporate	January 2010	Perform cost adjustment 3.
Tax	January 2010	Run the Perform Periodic Mass Copy process for January 2010.

If the Perform Periodic Mass Copy process is run after each cost adjustment, then the tax book reflects all three of the adjustments. If the Perform Periodic Mass Copy process is run after several adjustments (as in the previous example), then the adjustments are grouped in the tax book into a single adjustment transaction.

## Running the Perform Periodic Mass Copy Process: What Gets Copied

The Perform Periodic Mass Copy process copies addition, adjustment, retirement, and reinstatement transactions to your tax book from the current period in the associated corporate book.

The Perform Periodic Mass Copy process copies all qualifying transactions for an asset one at a time. The process does not combine transactions; the process only copies transactions from an accounting period in the associated corporate book.

Because tax books share the category and assignments with their associated corporate book, you do not need to copy reclassifications or transfers from your corporate book to your tax books. The Perform Periodic Mass Copy process does not copy any transactions on construction-in-process (CIP) assets or expensed

items. You can set up Oracle Fusion Assets to automatically copy CIP assets and their transactions to a tax book when they are entered in the associated corporate book.

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**Note**

You can use the Perform Periodic Mass Copy process to populate a new tax book if you added all your assets to the corporate book in the period for which you are running the Perform Periodic Mass Copy process.

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## Settings That Affect the Perform Periodic Mass Copy Process

When setting up your tax books, you can control which of the following are copied from your corporate book to your tax books.

- Additions
- Adjustments
- Retirements
- Changes when the cost is not synchronized
- Amortized additions and adjustments as expensed transactions
- Salvage value
- Group asset additions
- Member asset assignments

When you use the same calendar in both the tax and the corporate book, the Perform Periodic Mass Copy process copies asset transactions into your tax book just as these transactions appear in your corporate book. If two transactions that fall into separate corporate periods fall into the same tax period, the Perform Periodic Mass Copy process may copy the transactions differently.

## How the Perform Periodic Mass Copy Process Copies Transactions

Transactions are copied according to the type of transaction.

- **Additions:** If you add an asset in one period and adjust the asset several times in the following period in your corporate book, and these two periods fall into the same tax book period, Assets modifies the transactions in your tax book. Assets changes the addition transaction and all the adjustments, except the last one, to transactions of the Addition and void type. The last adjustment transaction in the corporate book becomes the addition transaction in the tax book.

For example, you use the Perform Periodic Mass Copy process to copy an addition to your quarterly tax book. The next month in your corporate book, you would adjust the cost of the asset. When you run the Perform Periodic Mass Copy process, Assets would void the addition and create a new addition transaction that reflects the cost adjustment.

If you use different calendars in the tax and the corporate books, some prior period additions in your corporate book might be current period additions in your tax book. Assets treats an addition in your tax book as prior period only if the date the asset was placed in service is before the first day of the current tax book accounting period.

- **Capitalizations:** The Perform Periodic Mass Copy process treats CIP asset capitalization transactions exactly the same way that it treats addition transactions because the CIP asset is not already in the tax book.
- **Adjustments:** Assets copies adjustments from your corporate book to your tax book if you enable the **Copy Adjustments** option in your tax book. Assets copies all adjustments, whether the tax book periods are the same as the corporate book periods or longer. Assets copies adjustment transactions in the corporate book to the tax book as Adjustment, Addition, or Addition and void transaction types, depending upon the transactions in the accounting period.

Assets copies salvage value adjustments if you enabled the **Copy salvage value** option in your corporate book. Assets copies adjustments only if the salvage value before the adjustment in the corporate book and the current salvage value in the tax book are the same.

- **Retirements:** Assets copies full and partial retirement and reinstatement transactions from the corporate book to the tax books if you enabled the **Copy retirements** option in your tax book.

Assets does not allow partial unit retirements in tax books, so Assets translates partial unit retirements in the corporate book into partial cost retirements for the tax books.

For partial cost retirements, if the asset cost is not the same in the two books, Assets retires an amount from the tax book that is proportional to the cost retired in the corporate book, using this formula:

$$\text{Tax Cost Retired} = (\text{Corporate Cost Retired} / \text{Total Corporate Cost}) * \text{Total Tax Cost}$$

Assets copies full retirements, even when the cost is different in the tax book. If you have fully retired an asset in your tax book, Assets does not copy over any more transactions for the asset unless you reinstate the asset.

Assets copies reinstatement transactions into tax books, unless you already performed the reinstatement in the tax book.

Assets treats retirements in tax books as prior period only if the asset's retirement date is before the first day of the current tax book accounting period.

## Running the Perform Initial Mass Copy Process: What Gets Copied

Run the Perform Initial Mass Copy process to initially populate your tax book by adding existing assets to a tax book.

The Perform Initial Mass Copy process copies all the assets added to your corporate book before the end of the current tax fiscal year into the open accounting period in your tax book.

## Settings That Affect the Perform Initial Mass Copy Process

When running the Perform Initial Mass Copy process for the first time in your tax book, you can run it as many times as necessary for the first period to copy all existing assets. When you rerun the process, the process looks at only those assets that the process did not copy into the tax book during previous attempts so that no data is duplicated.

If you want to run multiple processes at once to reduce processing time, Oracle Fusion Assets can be set up to run this process in parallel.

## How the Perform Initial Mass Copy Process Works

The current fiscal year in the tax book determines which assets that the Perform Initial Mass Copy process copies into the tax book. If the current fiscal year of the tax book is 2010, the Perform Initial Mass Copy process copies all assets into the tax book as they appeared at the end of 2010 in the corporate book, even if 2011 is the current fiscal year of the corporate book.

The Perform Initial Mass Copy process does not copy assets retired before the end of that year or assets added after the end of that year. You do not need to copy any adjustments or partial retirements that you performed before the end of the fiscal year. When you close this initial period, Assets calculates the net book value of your assets that have zero accumulated depreciation in the tax book and opens the next period.

When the Perform Initial Mass Copy process copies an asset into a tax book, the following basic financial information comes from the corporate book:

- Cost
- Original cost
- Units
- Date placed in service
- Capacity and unit of measure, for units of production assets
- Salvage value, if you choose to copy the salvage value for the tax book

The remaining depreciation information comes from the default category information for the tax book according to the asset category and the date placed in service. You must set up asset categories with default information for the tax book before you run the Perform Initial Mass Copy process.

Because tax books share the category and assignments with their associated corporate book, you do not need to copy reclassifications or transfers from one book to another.

The Perform Initial Mass Copy process does not copy any transactions on construction-in-process (CIP) assets or expensed items.

For subcomponent assets, copy the parent asset first. Then copy the subcomponent asset, defaulting the asset life according to the subcomponent life rule that you defined for the tax category and the parent asset life. You must set up the depreciation method for the subcomponent asset life before you can use the method and life. If your subcomponent asset uses straight-line depreciation, Assets sets up the depreciation method for the calculated life for you. If the depreciation method is not straight-line, and not already set up for the subcomponent life rule default, Assets uses the asset category default life.

Group and member assets are copied like any other asset in Assets. As with any asset in Assets, group assets must exist in a corporate book before these assets are added to the associated tax book. The Perform Initial Mass Copy process copies group assets from a corporate book to the associated tax book only if the same category exists in both books.

## Mass Transactions: Explained

Oracle Fusion Assets provides interface tables that allow you to populate transaction information for a large volume of assets, and submit a process to post these transactions to the respective assets. You can also use the interface tables to integrate with an external source system to receive and process the asset changes from external applications.

Assets allows the following types of mass transactions:

- Mass financial transactions
- Mass retirements
- Mass transfers

### Mass Financial Transactions

Perform mass financial transactions for the following types of transactions:

- **Adjustments:** Perform adjustments to change information such as the asset cost, salvage information, and depreciation information.
- **Category reclassifications:** Change the asset category along with its descriptive flexfield information.
- **Source lines adjustments:** Change all information for manual source lines. For source lines from other applications such as Oracle Fusion Payables and Oracle Fusion Projects, you can change only the description.
- **Reserve transfers:** Move reserve from one group asset to another group asset.
- **Unplanned depreciation transactions:** Enter the negative or positive unplanned depreciation for the current open period.
- **Change group asset transactions:** Assign a standalone asset as a member of a group asset, transfer member assets from one group asset to another group asset, or make a member asset a standalone asset.

- Source line transfers: Transfer source lines between capitalized assets, construction-in-process (CIP) assets, capitalized and CIP assets, and CIP and capitalized assets.
- Capitalization transactions: Capitalize CIP assets that are placed in service and need to begin depreciating.
- Reverse capitalization transactions: Reverse the capitalization to correct capitalization errors.

### Mass Retirements

Perform mass retirements for the following types of transactions:

- Cost retirements: Partially or fully retire multiple assets in the corporate or tax book by cost.
- Unit retirements: Partially or fully retire multiple assets in the corporate book by units.
- Source line retirements: Partially or fully retire multiple assets in the corporate or tax book by source line.

### Mass Transfers

You can perform mass transfers for the following types of transactions:

- Transfers: Change one or more assignments for multiple assets. You can also adjust the unit assignments for the existing assignments of the assets.
- Unit adjustments: Change the units assigned to one or more distributions for multiple assets.

## Running the Create Accounting for Assets Process: Worked Example

The asset accountant at ABC Corporation needs to determine the estimated gain and loss amounts for retirement transactions processed through March 15, 2011, and provide to her manager the approximate impact on the company's profits. The asset accountant needs to run a draft version of accounting for retirement transactions so does not want journal entries transferred or posted to Oracle Fusion General Ledger.

### Running the Create Accounting for Assets Process

1. From the Financial Transactions work area click **Create Accounting**.

---

#### Note

The **Create Accounting** task is available from all Oracle Fusion Assets work areas.

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2. On the Parameters page, complete the fields, as shown in the following table.

Field	Value
Book	ABC CORP
Subledger Application	Assets
Process Category	Retirement
End Date	3/15/2011
Accounting Mode	Draft
Process Events	All
Report Style	Summary
Transfer to General Ledger	No
Post in General Ledger	No
Journal Batch	Leave blank
Include User Transaction Identifiers	No

3. Click **Submit**.

## Track Assets

### Transferring Assets: Explained

You can transfer assets between employees, depreciation expense accounts, and locations.

Consider the following when transferring assets:

- You can change the transfer date to a date in a prior period for a particular transfer, but the transfer must occur within the current fiscal year.
- You can change the transfer date of an asset to a prior period only once per asset.
- You cannot transfer an asset to a future period.

---

#### Note

You cannot transfer assets from one corporate book to another corporate book.

---

#### Transferring a Single Asset or Multiple Assets in One Transaction

Oracle Fusion Assets allows you to transfer a single asset or multiple assets in one transaction. Transfer multiple assets by populating the Mass Transfers interface table and running the Post Mass Transfers process.

You can transfer assets between expense accounts, locations, and employees.

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## Note

If you transfer an asset during the period in which it was added, the transfer date automatically defaults to the asset's date placed in service and you cannot change it.

---

## Transferring Between Expense Accounts

You can transfer an asset from an existing expense account to a new expense account by adding a new row and specifying the new expense account.

## Transferring Between Locations and Employees

You can transfer an asset between two locations, for example from the New York office to the Dallas office. You can also transfer assets between employee name and number. For example, you can transfer an asset from Robert Smith (employee 103) to Janet Jones (employee 214).

# Changing Asset Assignments: Worked Example

This example shows you how to change the descriptive details of an asset; transfer assets to different employees, expense accounts, and locations; and adjust the number of units of an asset.

In this example ABC Corporation purchased 20 laptops for the Finance Department. After purchasing the laptops, some descriptive details were not available and could not be entered by the asset accountant until later. The asset accountant accidentally entered the number of units as 21 instead of 20 and assigned the asset to the Marketing Department instead of the Finance Department. The asset accountant needs to make the following updates to assignments:

- Enter additional descriptive details.
- Change the number of units from 21 to 20.
- Change the expense account from the Marketing Department expense account to the Finance Department expense account.

## Changing Descriptive Details

1. On the Tracking work area, click **Manage Assignments** to open the Manage Assignments page.
2. On the Manage Assignments page, in the Book drop down, select the corporate book that contains the assets whose assignments you want to change.
3. Click **Search**.
4. Select the asset in the Search Results table.

5. From the **Actions** menu, click **Change Descriptive Details** to open the Change Descriptive Details page.
6. On the Change Descriptive Details page, complete the fields as shown in this table.

Field	Value
Serial Number	123456
Manufacturer	Dell
Ownership	Owned
Bought	New

7. Click **Save and Close**.

### Adjusting Units

1. On the Tracking work area, click **Manage Assignments** to open the Manage Assignments page.
2. On the Manage Assignments page, in the Book drop down, select the corporate book that contains the assets whose assignments you want to change.
3. Click **Search**.
4. Select the asset in the Search Results table.
5. On the Manage Assignments page, from the Actions menu, click **Adjust Units** to open the Adjust Units page.
6. On the Adjust Units page, the current units shown are 21. Enter 20 in the **New Units** field.
7. Click **Submit**.

### Transferring Assets

1. On the Tracking work area, click **Manage Assignments** to open the Manage Assignments page.
2. On the Manage Assignments page, in the Book drop down, select the corporate book that contains the assets whose assignments you want to change.
3. Click **Search**.
4. Select the asset in the Search Results table.
5. On the Actions menu, select **Transfer Asset** to open the Transfer Asset page.
6. On the Transfer Asset page, enter 0 in the **New Units** column for the existing distribution.
7. Click the **Add Row** icon.
8. Enter the new distribution, which includes the finance department expense account, the employee and the location.
9. Click **Submit**.

# Capitalize CIP Assets

## Construction-in-Process Assets: Explained

A construction-in-process (CIP) asset is an asset you construct over a period of time. You create and add expenses to your CIP assets as you incur expenses for construction costs including raw materials and labor. Since the CIP assets are not in use, you do not depreciate them. When the CIP asset is completed, place it in service and begin depreciation.

You can:

- Track CIP assets
- Automatically add CIP assets to tax books
- Capitalize finished assets
- Reverse capitalize assets

### Tracking CIP Assets

You can track CIP assets in Oracle Fusion Assets, or you can track detailed information about your CIP assets in Oracle Fusion Projects. If you use Projects to track CIP assets, you do not need to track them in Assets.

Use the asset key to group and track your CIP assets. The asset key is a set of identifying information defined for each CIP asset, for example, project name or number. These key words help you when you inquire on your assets or select them for processing.

### Automatically Adding CIP Assets to Tax Books

You can set up Assets to automatically copy CIP assets to a tax book when a CIP asset is added to the corporate book.

After you allow Assets to automatically add CIP assets to your tax book, all CIP assets you add to your corporate book will automatically be added to your tax book at the same time. When you capitalize these CIP assets in your corporate book, the same assets will automatically be capitalized in your tax book, even if the corporate and tax books are in different accounting periods.

If you allow CIP assets to be copied to your tax books and then change the option, the assets already copied remain in the tax book. These copied assets are capitalized when their original assets are capitalized in the corporate book.

---

#### Note

If your corporate and tax books' accounting periods are not in the same fiscal year, and you add and capitalize a CIP asset in the corporate book, the same CIP asset may be added and capitalized in a different fiscal year in the tax book.

---

Although CIP assets can now appear in your tax books, you cannot perform any transactions directly to CIP assets in tax books. You can only perform transactions on CIP assets in your corporate book, and these transactions will automatically be replicated to the tax book.

### **Capitalizing CIP Assets**

Capitalize CIP assets when you are ready to place them in service.

When capitalizing an asset, Assets makes the following updates to the asset:

- Changes the asset type from CIP to Capitalized
- Changes the date placed in service to the date you enter
- Sets the cost to the sum of all source lines for the asset
- Defaults the depreciation rules from the asset category
- Creates an addition transaction for an asset you added in a prior period or changes the CIP addition transaction to an addition for an asset you added in the current period

### **Reverse Capitalizing Assets**

You can reverse capitalize an asset only in the period you capitalized it, and only if you did not perform any transactions on it.

When reverse capitalizing an asset, Assets makes the following updates to the asset:

- Changes the asset type from Capitalized to CIP
- Changes the addition transaction to an addition and void transaction for an asset you added in a prior period, or changes the addition transaction to a CIP addition for an asset you added in the current period.
- Creates a CIP reverse transaction for assets you capitalized in a prior period

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#### **Note**

The date placed in service is unchanged.

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## **Depreciate Assets**

### **Depreciation: How It Is Calculated**

Run the Calculate Depreciation process to calculate depreciation for all assets in a book for a period. If depreciation is not calculated successfully for any assets, the log file created by Oracle Fusion Assets for the depreciation process request lists these assets and the reason that depreciation failed.

When you run depreciation, Assets gives you the option to close the current period automatically after running depreciation. If all of your assets depreciate successfully, Assets closes the period and opens the next period. If you do not choose the close period option, the period remains open.

---

**Note**

Ensure that you have entered all transactions for the period before you run depreciation. Once the process closes the period, you cannot reopen it.

---

## Settings That Affect Depreciation Calculation

Depreciation calculation is affected by the following:

- **Prorate date:** Assets prorates the depreciation taken for an asset in its first fiscal year of life according to the prorate date. Assets calculates the prorate date when you initially enter an asset. The prorate date is based on the date placed in service and the asset prorate convention. 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 that 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 that you hold an asset in its first fiscal year of life. In this case, your prorate convention has 12 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 that you added the asset. Thus, your prorate convention contains 365 prorate periods, one for each day of the year.

- **Calculation basis:** Assets calculates depreciation using either the recoverable cost or the recoverable net book value as a basis. If the depreciation method uses the asset cost, Assets calculates the fiscal year depreciation by multiplying the recoverable cost by the rate. If the depreciation method uses the asset net book value, Assets calculates the fiscal year depreciation by multiplying the recoverable net book value as of the beginning of the fiscal year, or after the latest amortized adjustment, by the rate.
- **Prorate period:** Assets uses the prorate date to choose a prorate period from the prorate calendar. For life-based methods, the prorate period and asset age then determine which rate Assets selects from the rate table. The Calculate Depreciation process calculates the asset age from the date placed in service as the number of fiscal years that you have held the asset. If two assets are placed in service at different times, but have the

same depreciation method and life, Assets uses the same rate table, but may choose a different rate from a different column and row in the table. Flat-rate methods use a fixed rate and do not use a rate table.

- Depreciation rate: For life-based depreciation methods, Assets uses the depreciation method and life to determine which rate table to use. Then, Assets uses the prorated period and year of life to determine which of the rates in the table to use. Note that the life of an asset has more fiscal years than its asset calendar life if it is placed in service during a fiscal year. Flat-rate depreciation methods determine the depreciation rate using fixed rates, including the basic rate, adjusting rate, and bonus rate.

## How Depreciation Is Calculated

Calculated and table-based methods calculate annual depreciation by multiplying the depreciation rate by the recoverable cost or net book value as of the beginning of the fiscal year. Flat-rate methods calculate annual depreciation as the depreciation rate multiplied by the recoverable cost or net book value, multiplied by the fraction of the year that the asset was held.

After calculating the annual depreciation amount, Assets uses the depreciation calendar and the options chosen for dividing depreciation and depreciating when an asset is placed in service to determine how much of the fiscal year depreciation to allocate to the period for which you ran depreciation.

If you choose to allocate depreciation evenly to each of your accounting periods, Assets divides the annual depreciation by the number of depreciation periods in your fiscal year to get the depreciation per period. If, however, you choose to allocate depreciation according to the number of days in each period, Assets divides the annual depreciation by the number of days that the asset depreciates in the fiscal year and multiplies the result by the number of days in the appropriate accounting period.

Assets allocates the periodic depreciation to the assignments to which you assigned the asset. Assets does this according to the fraction of the asset units that is assigned to each depreciation expense account.

## Default Subcomponent Rules: Points to Consider

Specify a default subcomponent rule at the asset category level to default the life of a subcomponent asset based on the category and the life of the parent asset.

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### Note

To properly default the subcomponent life, add the parent asset before the subcomponent.

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To apply default rules to subcomponent assets choose one of the following options:

- Same End Date (specifying a minimum life)
- Same End Date (without specifying a minimum life)

- Same Life
- None

### **Same End Date (Specifying a Minimum Life)**

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, Oracle Fusion 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 End Date (Without Specifying a Minimum Life)**

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 defaults the subcomponent asset life to one month.

### **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.

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### **Note**

You must set up the depreciation method for the subcomponent asset life before you can use the method for that life. If the depreciation method is not already set up for the subcomponent life rule default, Assets uses the asset category default life.

---

### **None**

There is no connection between the life of the subcomponent asset and the parent asset life. Assets defaults the subcomponent asset life from the asset category.

## **Deferred Depreciation: Explained**

Your reporting and tax regulations may require you to account for temporary differences in expenses between the corporate book and the tax book. The temporary difference in depreciation expense between the corporate book and the tax book is called deferred depreciation.

These temporary differences in depreciation expense occur when you use different depreciation methods in the corporate and tax books. The depreciation calculation reduces, and eventually eliminates, the temporary difference as the asset becomes fully reserved.

For example, in the corporate book, you may depreciate assets using a straight-line method. However, for tax purposes, you may use an accelerated depreciation method to take more depreciation in the early years of an asset's life and less in the later years. The higher depreciation expense in the early years reduces your taxes at that time. Your reporting and tax regulations may require that you create a liability on your balance sheet to account for the tax payment delay.

In Oracle Fusion Assets you can calculate deferred depreciation and create deferred depreciation journal entries for your general ledger. You can also project depreciation expense and use those values to determine future income tax liability. Your tax book and associated corporate book must use the same number of periods per fiscal year and the general ledger period for which you want to create journal entries must be open.

---

**Note**

You cannot roll back deferred journal entries and you cannot run the Deferred Create Journal Entries process multiple times.

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## What-if Analysis: Explained

Use what-if analysis to forecast depreciation for groups of assets in different scenarios. The information you enter is for analysis purposes only and does not affect your Oracle Fusion Assets data. You can run what-if analysis on assets defined in Assets or on hypothetical assets that are not yet defined in Assets. Depreciation projections are only estimates of actual depreciation expense. For every asset you specify, Assets computes depreciation data for the specified number of periods. The results of an analysis will not overwrite the results of previous analyses.

You can project depreciation expense for any depreciation book.

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**Note**

You can use what-if analysis to project depreciation for a group asset but you cannot create a hypothetical group asset.

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You can forecast depreciation for either:

- Existing assets
- Hypothetical assets

### Forecasting Depreciation for Existing Assets

To forecast depreciation for assets that exist in Assets, you enter a combination of parameters for a set of assets and run what-if analysis based on these parameters. If all parameters are blank, then Assets projects depreciation using all the current parameters. Assets automatically launches a report from which you can review the results of the analysis. You can run what-if analysis for as many scenarios as you like. Each time you run what-if analysis, Assets launches a separate report.

## Forecasting Depreciation for Hypothetical Assets

To forecast depreciation based on assets that are not yet defined in Assets, specify the category, date placed in service, cost, and optionally enter the depreciation reserve. You can also enter the depreciation rules you want applied to the analysis. If you do not enter any depreciation rules, Assets applies the rules already set up in Assets.

## Reconcile Assets

### Inquiring On an Asset: Worked Example

This example demonstrates how to search for assets. At OPS Corporation, assets are assigned to certain employees. It is the responsibility of these individuals to take physical care and ensure regular maintenance of the assets assigned to them. One such employee is Gary Smith. He was recently relocated to a different location and the asset accounting manager needs to find out the details of the assets assigned to Gary Smith.

The asset accounting manager asks the asset accountant to provide all of the available details of the assets assigned to Gary Smith. She then can arrive at a decision as to who will take over the responsibilities of the asset.

Search for the assets assigned to an employee and view one of the assets in detail.

### Inquiring On an Asset

1. On the Inquire Assets page, complete the fields, as shown in this table.

Field	Value
Book	OPS CORP
Asset Type	Capitalized
Employee	Gary Smith

2. Click **Search**.

The Search Results region contains three assets: asset 100101 (desk), asset 100102 (computer), asset 100103 (mobile phone).

3. Select asset 100101.
4. In the Books region, view the books the asset is assigned to.
5. In the Books region, select Descriptive Details, Source Lines, and Assignments on the **View** menu to view the corresponding information for the asset.
6. Return to the Books region by selecting Books on the **View** menu.

7. In the Financial Details region, view the financial details of the asset.
8. In the Financial Details region, select Cost History, Depreciation Details, and Transactions on the **View** menu to view the corresponding information for the asset.
9. To save your search, click **Save**.
10. Enter the name Gary Smith Inquiry.
11. Uncheck **Set as Default**.
12. Check **Run Automatically**.
13. Uncheck **Save Results Layout**.
14. Click **OK**.

## Viewing Transaction Accounting Information for an Asset: Worked Example

At OPS Corporation, new machinery was ordered to replace existing machines. An old supplier ABC Incorporated is willing to purchase the old machinery at a discounted rate. The machines are in good working order and OPS Corporation agrees to sell them to ABC Incorporated at a negotiated price per machine. All the assets sold are retired from the books and the asset accountant makes the relevant entries. The finance manager wants to know the profit or loss made on the entire sale and the accounts that are affected by this sale. He asks the asset accounting manager to provide a detailed breakdown of the profit or loss made, including the details of the accounts that are impacted.

### Viewing Transaction Accounting Information

1. On the Inquire Transactions page, complete the fields, as shown in this table:

Field	Value
Book	OPS CORP
Transaction Type	Full retirement
From Period	January 2009
To Period	March 2009

2. To view accounting information for a particular transaction, select the transaction in the search results and click **View Accounting**.
3. On the Accounting Lines page, select the first accounting line and click **View T-Accounts**.
4. Repeat for each of the accounting lines shown on the Accounting Lines page.
5. Click **Save** to save your search.
6. On the Create Saved Search popup window, enter Adjustment Transactions.

7. Check **Set as Default**; uncheck **Run Automatically** and **Save Results Layout**.
8. Click **OK**.

## Use Assets FAQs

### How can I capitalize a CIP asset?

On the Financial Transactions work area, click **Capitalize CIP Assets**. On the Capitalize CIP Assets page, search for the construction-in-process (CIP) asset you want to capitalize, select it, and click **Capitalize**. To capitalize multiple CIP assets at the same time, highlight all of the assets you want to capitalize and click **Capitalize**.

### How can I reverse capitalize an asset that should not have been capitalized?

On the Financial Transactions work area, click **Capitalize CIP Assets**. On the Capitalize CIP Assets page, search for the capitalized asset you want to reverse capitalize, select it, and click **Reverse Capitalize**. To reverse capitalize multiple assets at the same time, highlight all of the assets you want to reverse capitalize and click **Reverse Capitalize**.

### How can I view unplanned depreciation amounts?

On the Inquire Assets page, search for the asset for which you want to view unplanned depreciation amounts. On the Financial Details region, select Depreciation Details from the **View** menu. The Depreciation Details region shows unplanned depreciation amounts as depreciation adjustment amounts for the period. Oracle Fusion Assets includes unplanned depreciation amounts in the current and prior period accumulated depreciation, year-to-date depreciation, and net book value amounts of the asset.

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#### Note

In the period an asset is added, Assets does not track unplanned depreciation as an adjustment transaction.

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Select Transactions from the **View** menu on the Depreciation Details region to review the unplanned depreciation type and the unplanned depreciation expense account for each unplanned amount.

### How can I change the asset category?

In the Financial Transactions work area, select **Perform Financial Transactions**. Query the asset whose category you want to change. Highlight the asset and select **Change Category**. Enter the new category in the **New Category** field.

### What's a subcomponent asset?

A subcomponent asset is linked to a parent asset, but it can be separately tracked and managed apart from the parent asset. For example, you can track

a monitor as a subcomponent of its parent asset, a computer. When adding a subcomponent asset, specify the parent asset in the **Parent Asset Number** field on the Add Asset page.

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**Important**

The parent asset must be in the same corporate book as the subcomponent asset.

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**Note**

When you perform a transaction on a parent asset, Oracle Fusion Assets does not automatically perform the same transaction on the subcomponent assets.

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**How can I review the depreciation calculated for each period?**

On the Inquire Assets page, enter the book and asset number for which you want to view depreciation and click the **Search** button. In the Financial Details region, select Depreciation Details in the **View** menu to view depreciation details for the asset.

**How can I view accounting information in another currency?**

On the Inquire Transactions page, search for a transaction. Select the transaction line and click **View Accounting**. On the Accounting Lines page, select the applicable reporting ledger to view the converted accounting lines in the reporting currency.

**How can I view asset information in another currency?**

On the Inquire Assets page, search for an asset. View the asset details in another currency by selecting the respective currency from the **Currency** menu in the Books region. The cost and transaction details are converted using the applicable rates and displayed on the Inquire Assets page.

**When does Oracle Fusion Assets convert transactions into the reporting currency?**

Oracle Fusion Assets converts transactions at the journal entry level and processes converted transactions when they are submitted.

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**Note**

As a general rule, if you need to report in different currencies other than the primary currency, but there is no difference in the chart of accounts other than the currency, you should use reporting currencies rather than setting up a secondary ledger.

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**What happens when I run the Create Accounting for Assets process?**

The Create Accounting for Assets process creates journal entries for transaction events in Oracle Fusion Assets. The journal entries can be transferred to and

posted in Oracle Fusion General Ledger. You can transfer the journal entries to General Ledger before running the process or you can transfer journal entries to General Ledger at a later time.

### **How can I execute additional transactions after processing depreciation?**

Normally you close the period after processing depreciation. However, if you need to execute additional transactions for a period, you need to process depreciation without closing the period. When you execute additional transactions for a particular asset, depreciation is rolled back for that asset. After ensuring that you have entered all the required transactions for a period, you process depreciation and close the period.



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## Retire Assets

### Retiring Assets: Points to Consider

Retire an asset when it is no longer in service, for example, if it was stolen, lost, damaged, sold, or returned.

When retiring assets you can retire an asset completely if the entire asset is no longer in service or you can retire part of an asset if only a portion of the asset is no longer in service. Retire assets using one of the following methods:

- Full retirement
- Partial retirement

There are three retirement types:

- Unit retirement
- Cost retirement
- Source line retirement

#### Performing a Full Retirement

You can retire an asset completely either by retiring all the units of a multiple unit asset or by retiring the entire asset cost. You can perform full cost retirements on construction-in-process (CIP) assets. Unit retirements of CIP assets are not allowed.

#### Performing a Partial Retirement

You can retire part of an asset either by retiring a specified number of units of a multiple unit asset or by retiring a portion of the asset cost. When you retire an asset by cost, the units remain unchanged and the retired cost is spread evenly among all assignment lines. If you retire an asset by units, Oracle Fusion Assets automatically calculates the retired cost. You cannot perform partial retirements on CIP assets.

#### Performing a Unit Retirement

You can retire an asset by units. The cost retired is automatically calculated for each unit retired. You can perform both full and partial unit retirements. You cannot retire assets by units in tax books.

## Performing a Cost Retirement

You can retire an asset by entering the retired cost. The units remain unchanged and the retired cost is spread evenly among the units. You can perform cost retirements on corporate and tax books.

## Performing a Source Line Retirement

You can retire an asset that was imported as a source line by retiring the asset cost based on the source line. Source lines usually are from invoice lines from Oracle Fusion Payables. You can perform both partial and full source line retirements.

# Mass Retirements: How They Are Processed

Retire a group of assets by populating an external interface table with these assets, setting the line status to Post, and running the Post Mass Retirements process.

Assets allows both partial cost and partial unit retirements. However, retirements can only be grouped using a batch number, which restricts you from fully utilizing the benefit of the mass retirements feature.

## Settings That Affect Mass Retirements

The following business rules affect mass retirements:

- The review status should be initially set to New, On Hold or Post by an external system.
- A review status of New indicates that the data is new and may require additional information before retirement can take place in the Post Mass Retirements process.
- A review status of On Hold indicates that the data should remain unprocessed by the Post Mass Retirements process until it is set to a review status of Post.
- A review status of Post indicates that the data is ready for retirement to take place in the Post Mass Retirements process.
- A review status of Error indicates that the data was invalid and will not be submitted for retirement in the Post Mass Retirements process. You can set these records with errors to Delete if they need to be removed from the database. Remove them by running the Purge Mass External Retirements program.
- A review status of Delete indicates that the data will not be submitted for retirement in the Post Mass Retirements process.
- All displayed data passed from an external system or Oracle Fusion Projects is subject to modification.

## How Mass Retirements Are Processed

To process cost, unit, or source line retirements for the external retirement batch, you must populate the mass retirement interface tables with the correct retirement batch.

## Depreciation for Retirements: How It Is Calculated

Oracle Fusion Assets calculates depreciation for a current period retirement and automatically backs out any excess depreciation resulting from any prior period retirement.

## Settings That Affect Depreciation for Retirements

Assets uses the retirement convention and depreciation method to determine how much depreciation to take in the year retired based on the retirement date.

## How Depreciation for Retirements Is Calculated

If you perform a full retirement on an asset and its depreciation method does not depreciate it in the year of retirement, Assets reverses the year-to-date depreciation of the asset, and computes the gain or loss using the resulting net book value. If you perform a partial retirement and the asset's depreciation method does not depreciate it in the year of retirement, Assets reverses the appropriate fraction of the year-to-date depreciation and computes the gain or loss using the appropriate fraction of the resulting net book value.

If the depreciation method takes depreciation in the year of retirement, Assets uses the retirement convention to determine whether the asset is eligible for additional depreciation in that year or whether some of that year's depreciation must be reversed.

When you perform a partial retirement, Assets depreciates the portion of the asset you did not retire based on the method you use. If the depreciation method multiplies a flat-rate by the cost, Assets depreciates the asset cost remaining after a partial retirement. For assets that use a diminishing value method, Assets depreciates the remaining fraction of the asset's net book value as of the beginning of the fiscal year.

## Reviewing Journal Entries for Retirement Transactions: Example

This example illustrates how a company can record a journal entry that can be used for retirements. When the company retires an asset and creates journal entries for that period, Oracle Fusion Assets creates journal entries for your general ledger for each component of the gain or loss amount.

Assets creates journal entries for either the gain or the loss accounts for the following components: proceeds of sales, cost of removal, and net book value

retired. Assets also creates journal entries to clear the proceeds of sale and cost of removal. If the company sets up distinct gain and loss accounts for each component of the gain or loss amount, Assets creates multiple journal entries for these accounts. Assets allows different sets of retirement accounts for retirements that result in a gain and retirements that result in a loss.

### Scenario

Acme Company purchased a machine and put it in service in year 1, quarter 1. The asset cost is \$4,000, the useful life of the asset is 4 years. The asset depreciates using a straight-line depreciation method.

### Journal Entries for Retirements

The asset is retired and sold for \$2,000.00. The cost to remove the asset is \$500.

### Analysis

Debit the Accounts Receivable account \$2,000 and credit the Proceeds of Sales Clearing account \$2,000.

Debit the Cost of Removal Clearing account \$500 and credit the Accounts Payable account \$500.

Since Acme set different accounts for the net gain or loss in the transaction, it realizes a gain with this transaction. Debit the asset retirement cost, the gain from the proceeds, and the removal clearing accounts by \$2,000, \$4,000, and \$500, respectively. Debit the accumulated depreciation \$2,500 to net out the existing account balance. The Proceeds of Sale Clearing account balances with the prior Proceeds of Sale Clearing account. The Cost of Removal Gain account reflects the cost of removing the asset and the Net Book Value Retired Gain account indicates the book asset value net of depreciation.

## Resulting Journal Entries

The following table shows the journal entry created for the proceeds of sale of the asset:

Account	Debit	Credit
Accounts Receivable	2,000 USD	
Proceeds of Sales Clearing		2,000 USD

The following table shows the journal entry created for the cost of removal of the asset:

Account	Debit	Credit
Cost of Removal Clearing	500 USD	
Accounts Payable		500 USD

The following table shows the journal entries created for the accumulated depreciation, proceeds of sale and cost of removal gain, and the net book value retired gain of the asset:

Account	Debit	Credit
Accumulated Depreciation	2,500 USD	
Proceeds of Sale Clearing	2,000 USD	
Cost of Removal Gain	500 USD	
Net Book Value Retired Gain	1,500 USD	
Asset Cost		4,000 USD
Proceeds of Sale Gain		2,000 USD
Cost of Removal Clearing		500 USD

If the company enters the same account for each gain and loss account, Oracle Fusion Assets creates a single journal entry for the net gain or loss as shown in the following table:

Account	Debit	Credit
Accumulated Depreciation	2,500 USD	
Proceeds of Sale Clearing	2,000 USD	
Asset Cost		4,000 USD
Cost of Removal Clearing		500 USD

## Depreciation for Reinstatements: How It Is Calculated

When you reinstate a retired asset, Oracle Fusion Assets calculates additional depreciation expense that was missed during the period the asset was retired.

## Settings That Affect Depreciation for Reinstatements

The retirement convention, date retired, and period in which you reinstate an asset control how much depreciation Assets calculates when you reinstate an asset.

## How Depreciation for Reinstatements Is Calculated

In the period when you reinstate an asset, Assets calculates the additional depreciation expense that would have been taken if you had not retired the asset.

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### Note

No additional depreciation expense is calculated if you perform the reinstatement in the same period that you retired the asset.

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Sometimes a reinstatement results in a reversal of depreciation. This occurs if the retirement convention caused some additional depreciation to be calculated when you retired the asset, and then you reinstate the asset before the retirement prorate date. In this case, Assets reverses the extra depreciation that it took

at retirement, and waits until the appropriate accounting periods to calculate depreciation.

## Reviewing Journal Entries for Reinstatement Transactions: Example

This example illustrates how a company can record a journal entry that can be used for reinstatements.

Oracle Fusion Assets creates journal entries for the reinstatement to debit the asset cost, credit accumulated depreciation, and reverse the gain or loss you recognized for the retirement. Assets reverses the journal entries for the proceeds of sale, cost of removal, and net book value retired. Assets also reverses the journal entries you made to clear the proceeds of sale and cost of removal.

Assets also creates journal entries to recover the depreciation not charged to the asset and for the current period depreciation expense.

### Scenario

Acme Company discovers that it incorrectly retired an asset. The error was discovered in the same period that the asset was retired.

### Journal Entries for Reinstatements

Acme needs to debit back the original asset cost, record the current period depreciation expense, restore the accumulated depreciation, and balance the clearing accounts for proceeds of sale and cost of removal.

### Analysis

Debit the asset cost of \$4,000 to the Asset Cost account. Record the current period depreciation expense as a debit of \$250 to the Depreciation Expense account. Credit \$2,750 to the Accumulated Depreciation account (\$2,500 for the original accumulated depreciation before the asset was retired and \$250 for the current period depreciation). The cost of removal of the asset was \$500. Debit \$500 to the Cost of Removal Clearing account. The proceeds of sale of the asset was \$2,000. Credit \$2,000 to the Proceeds of Sale Clearing account.

## Resulting Journal Entries

The following table shows the journal entries created when using this example:

Account	Debit	Credit
Asset Cost	4,000 USD	
Cost of Removal Clearing	500 USD	
Depreciation Expense	250 USD	
Accumulated Depreciation		2,750 USD
Proceeds of Sale Clearing		2,000 USD

## Retire Assets FAQs

### What's a reinstatement?

Reinstatements are reversals of retirements, which correct retirement errors by undoing the retirement of an asset and reinstating it.

You can reinstate both individual and mass retirement transactions. You cannot reinstate assets retired in the previous fiscal year. You can reinstate only the most recent or processed retirement.

### What happens to subcomponent assets if I retire a parent asset?

If you are retiring a parent asset, choose **View Subcomponents** on the Retire Assets page to view the subcomponents assets affected by the retirement transaction. You can separately retire these subcomponent assets if necessary.

