Manual Asset Additions

Overview

Manual Asset Additions
Effective mm/dd/yy

Page 1 of 28
www.focusthread.com

EDU34BDY
Rev 1

System References

None

Distribution

Oracle Assets

Job Title[*]

Ownership

The Job Title [list@YourCompany.com?Subject=EDUxxxxx] is responsible for ensuring that this document is necessary and that it reflects actual practice.

Manual Asset Additions
Effective mm/dd/yy
Page 2 of 28
www.focusthread.com
EDU34BDY
Rev 1

Manual Asset Additions

Release 12 Oracle Asset Management Fundamentals

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Manual Asset Additions
Effective mm/dd/yy
Page 3 of 28
www.focusthread.com
EDU34BDY
Rev 1

Objectives

Objectives

After completing this module, you should be able to do the following:

- Discuss how manual asset additions fits into the Oracle Assets process
- Discuss the two options for adding assets manually – QuickAdditions and Detail Additions
- List the required fields to add an asset
- Discuss the difference between a QuickAddition and a Detail Addition
- Explain the requirements to complete an asset QuickAddition (accept defaults)

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Manual Asset Additions
Effective mm/dd/yy   Page 4 of 28   EDU34BDY
                                                                                              Rev 1
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Objectives

- Discuss the requirements to complete an asset Detail Addition (descriptive details, depreciation rules (books), assignments, and source lines)
- Explain the accounting transactions when adding assets manually

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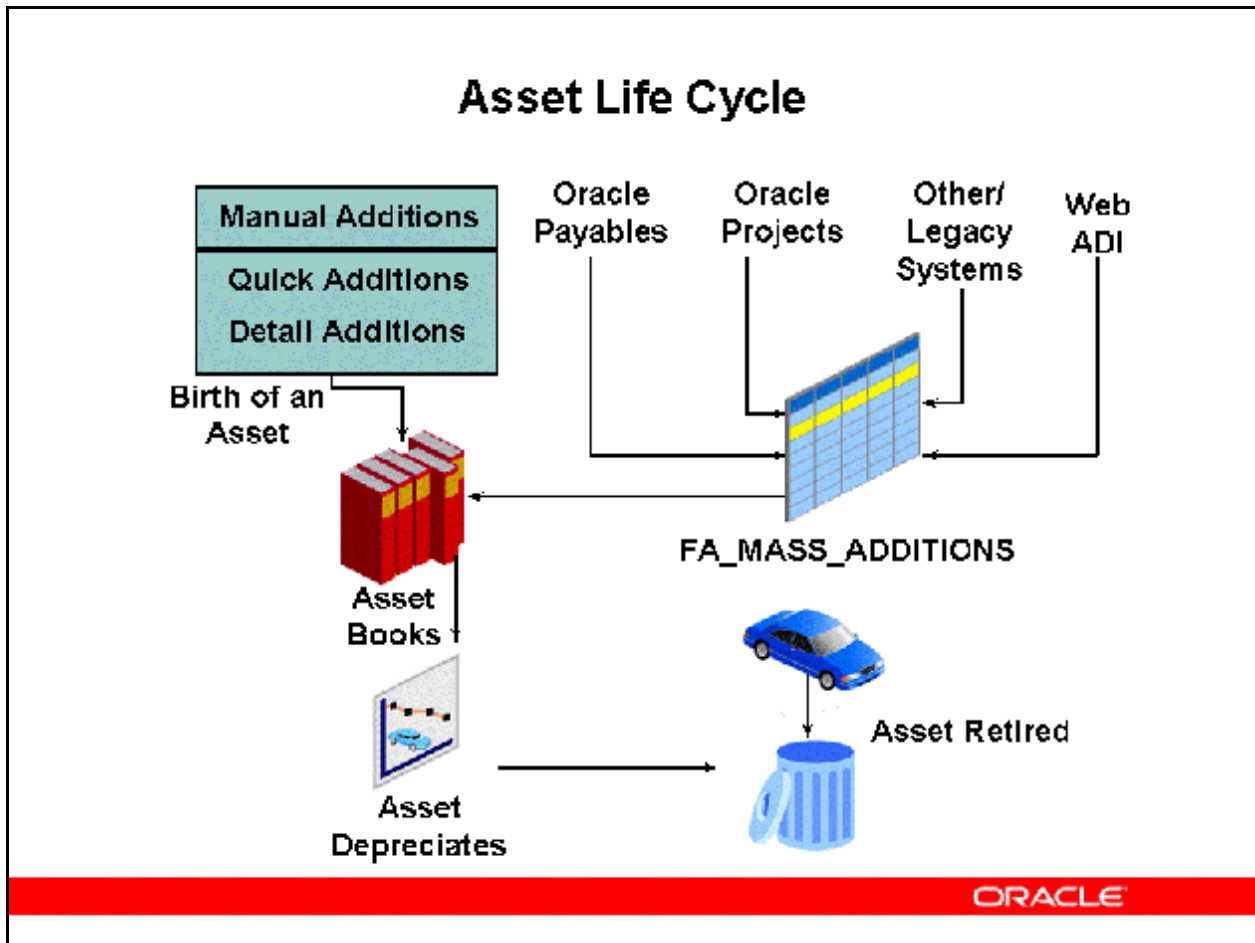Manual Asset Additions
Effective mm/dd/yy
Page 5 of 28
www.focusthread.com
EDU34BDY
Rev 1

Agenda

- Asset Life Cycle
- Asset Additions Required Data
- QuickAdditions
- Detail Additions
- Manual Asset Additions Journal Entries

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Manual Asset Additions
Effective mm/dd/yy
Page 6 of 28
www.focusthread.com
EDU34BDY
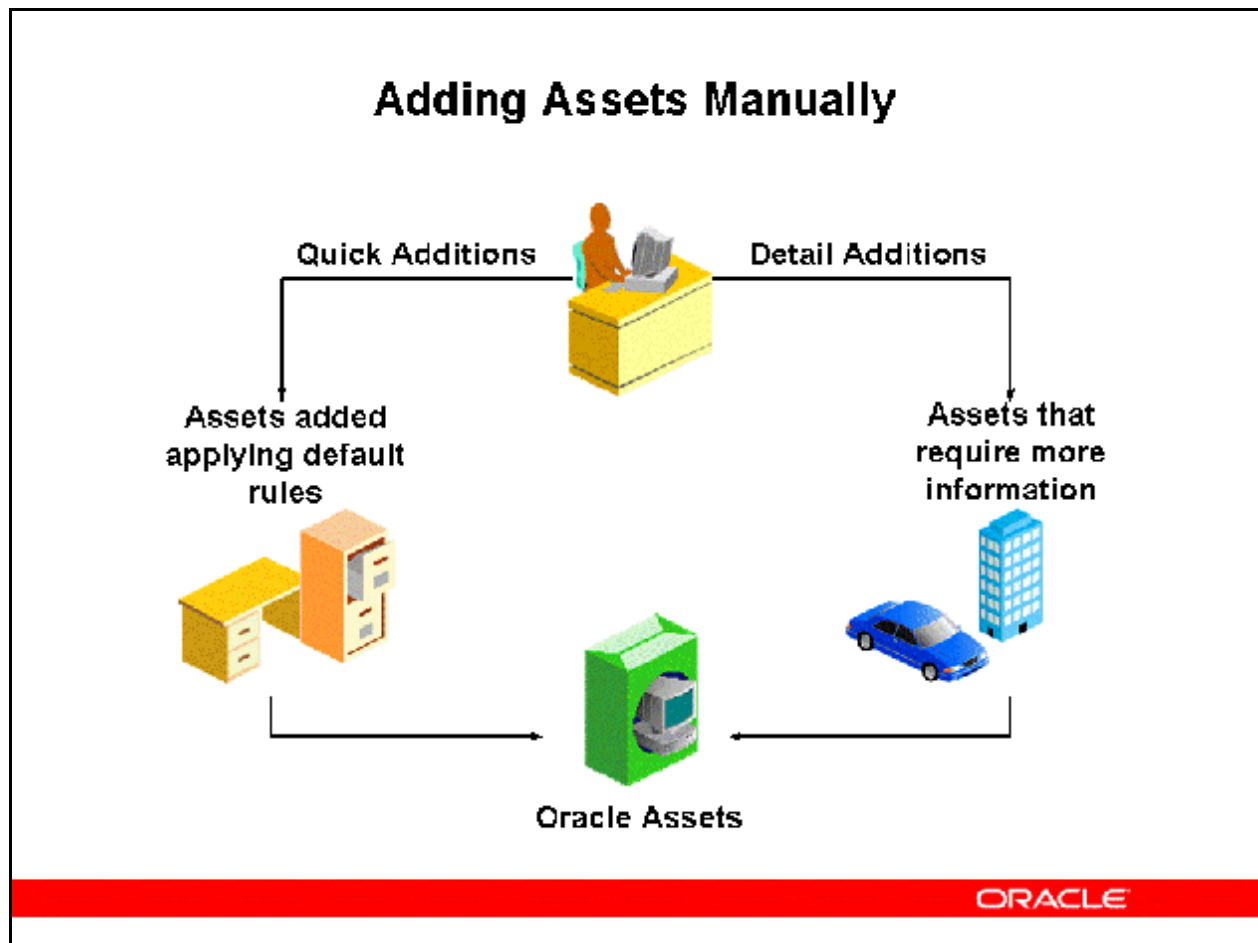Rev 1

Asset Life Cycle

Assets are added to the Oracle Assets system either via manual additions or through transactions that flow through the FA_MASS_ADDITIONS table. Assets added through the FA_MASS_ADDITIONS table are discussed in the *Release 12 Oracle Asset Management Fundamentals Mass Asset Additions* module.

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 7 of 28   Rev 1
                                               www.focusthread.com

Adding Assets Manually

You use QuickAdditions or Detail Additions to add assets manually. All assets added to the primary asset book are automatically converted to the reporting currencies asset books when you save the transaction. Based on the asset date placed in service, Oracle Assets retrieves an exchange rate to convert the asset cost and depreciation reserve.

Using Quick Additions

Use the QuickAdditions process to quickly add ordinary assets. When you enter minimal information in the QuickAdditions window, the remaining asset information defaults from the asset category, asset corporate book, and the date placed in service.

Using Detail Additions

Use the Detail Additions process to manually add complex assets, which the QuickAdditions process does not handle:

- Assets that have a salvage value
- Assets with more than one assignment
- Assets with more than one source line
- Assets to which the category default depreciation rules do not apply

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Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 8 of 28   Rev 1
www.focusthread.com

- Subcomponent assets
- Leased assets and leasehold improvements
- Assets assigned to warranties

Manual Asset Additions
Effective mm/dd/yy
Page 9 of 28
www.focusthread.com
EDU34BDY
Rev 1

Asset Additions Required Data

To add an asset, the following fields require data:

- ✓ Asset Number
- ✓ Description
- ✓ Category
- ✓ Asset Type
- ✓ Units
- ✓ Book
- ✓ Cost
- ✓ Date Placed in Service
- ✓ Depreciation Expense Account
- ✓ Location

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Manual Asset Additions
Effective mm/dd/yy
Page 10 of 28
www.focusthread.com
EDU34BDY
Rev 1

QuickAddions

Quick Additions

(N) Assets > Asset Workbench (B) QuickAdditions

Implementer's considerations for QuickAdditons data fields:

Asset Number

- When you add an asset, you can enter the asset number or leave the field blank to use automatic asset numbering. If you enter an asset number, it must be unique and not in the range of numbers reserved for automatic asset numbering. You can enter any number that is less than the number in the Starting Asset Number field in the System Controls window or you can enter any non–numeric value.

Description

- Use list of values to choose a standard description you defined in the QuickCodes window, or enter your own.

Category

- All assets are required to have an asset category. Asset categories group assets that share financial accounts and usually depreciate using the same rules. Oracle Assets uses this information to provide default values at the time an asset is entered into the system.

Manual Asset Additions
Effective mm/dd/yy
Page 11 of 28
www.focusthread.com
EDU34BDY
Rev 1

Tag Number

- If you enter a tag number, it must be unique. A tag number provides an additional way to uniquely identify an asset. Many organizations use this field to record barcoded asset tags.

Asset Category Descriptive Flexfield

- For each asset category, you can set up a descriptive flexfield to prompt you for additional information based on the asset category you enter. For example, you might want to track the license number for automobiles or the square footage for buildings.

Asset Key

- The asset key allows you to group assets or identify groups of assets quickly. It does not have financial impact; rather it can be used to track a group of assets in a different way than the asset category. For example, use an asset key to group assets by project.

Asset Type

- Valid asset types are:
  - Capitalized: Assets included on the company balance sheet. Capitalized assets usually depreciate (spread the cost expense over time). Charged to an asset cost clearing account.
  - CIP (Construction–In–Process): Unfinished assets being built, not yet in use and not yet depreciating. Once you capitalize a CIP asset, Oracle Assets begins depreciating it. Charged to a construction–in–process clearing account.
  - Expensed: Items that do NOT depreciate; the entire cost is charged in a single period to an expense account. Oracle Assets tracks expensed items, but does not create journal entries for them.

Units

- The number of units represents the number of components included as part of an asset. Use units to group together identical assets. For example, you might add an asset that is composed of ten separate but identical chairs. If you are adding an asset, accept the default value of one or enter a different number of units.

Book

- An asset can belong to any number of depreciation books, but must belong to only one corporate depreciation book. You must assign a new asset to a corporate depreciation book before you can assign it to any tax books.

Cost

- The current cost can be positive, zero, or negative.

Date Placed in Service

- If the current date is in the current open period, the default date placed in service is the calendar date you enter the asset. If the calendar date is before the current open period, the default date is the first day of the open period. If the calendar date is after the current open period, the default date is the last day of the open period.
- You cannot enter a date placed in service before the oldest date placed in service you specified in the System Controls window.

Manual Asset Additions
Effective mm/dd/yy
Page 12 of 28
www.focusthread.com
EDU34BDY
Rev 1

- You can change the date placed in service at any time. If you change the date placed in service after depreciation has been processed for an asset, Oracle Assets treats it as a financial adjustment, and the accumulated depreciation is recalculated accordingly.

Depreciation Expense Account

- Assign assets to depreciation expense accounts. Oracle Assets charges depreciation expense to the asset using this expense account. Many Oracle Assets reports use the cost center segment value from this account as their primary sort.

Even if you add an asset using QuickAdditions and accept most defaults, you can always change the asset's information by going to the Asset Workbench and choosing the appropriate form.

Refer to *Demonstration - Add Assets Using QuickAdditions [LAB0354Y]*

Refer to *Practice - Add an Asset Using QuickAdditions [LAB037CY]*

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 13 of 28   Rev 1
www.focusthread.com
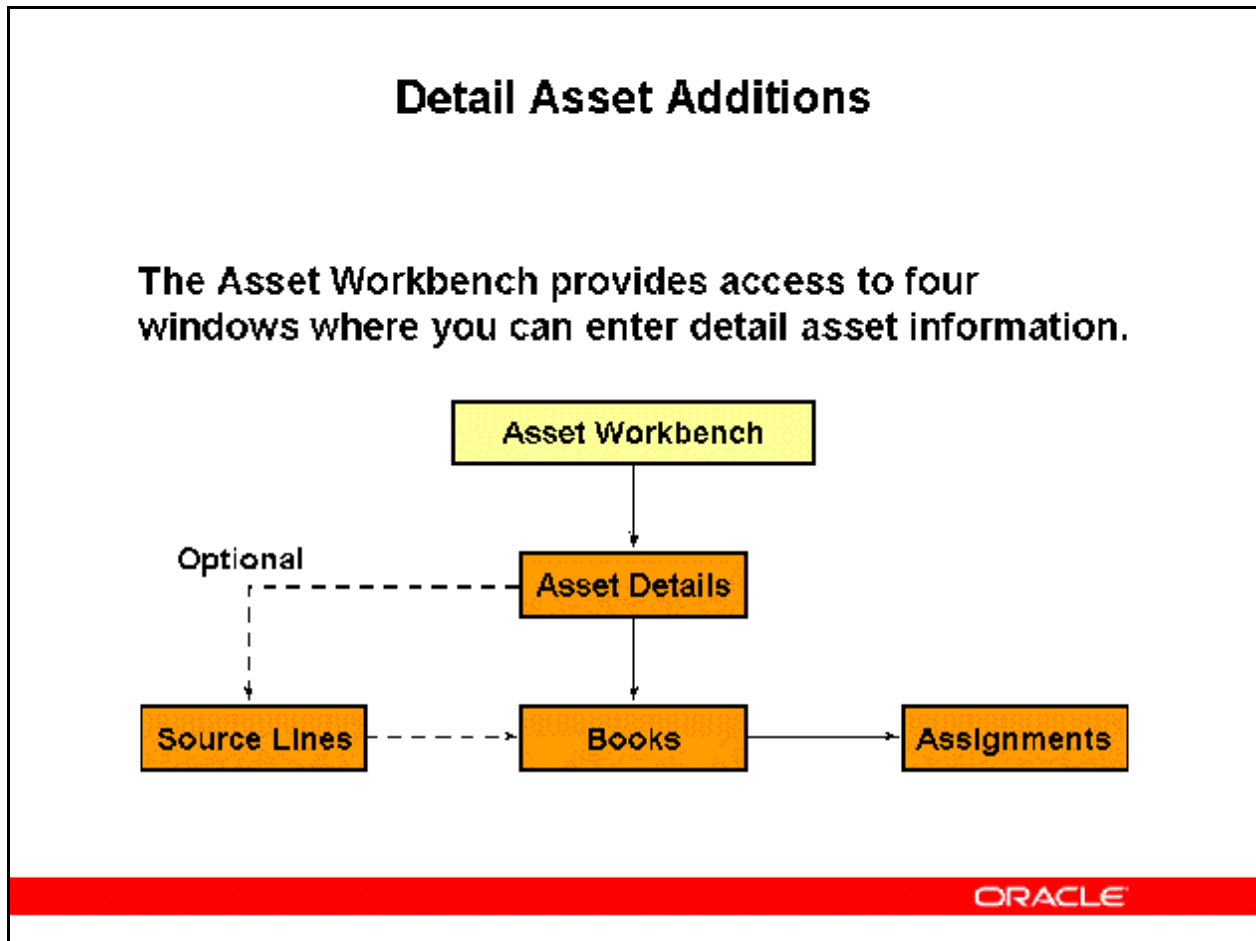
Detail Asset Additions

Use the Detail Additions process to add complex assets that the QuickAdditions process cannot handle. Override default depreciation rules if necessary. Provide descriptive, financial, and assignment information. Enter purchasing information as needed.

Using the Asset Details Window

- Enter descriptive information in the Asset Details window to query assets at a future time. The following database tables are updated:
  - FA_ADDITIONS
  - FA_ASSET_HISTORY

Using the Books Window

- Enter financial information in the Books window. The following database table is updated:
  - FA_BOOKS

Using the Assignments Window

- Enter distribution information in the Assignments window. The following database table is updated:

Manual Asset Additions
Effective mm/dd/yy
Page 14 of 28
www.focusthread.com
EDU34BDY
Rev 1

- FA_DISTRIBUTION_HISTORY

Using the Source Lines Window (optional)

- Enter purchasing information as needed in the Source Lines window. The following database table is updated:
    - FA_INVOICE_DETAILS

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 15 of 28   Rev 1
www.focusthread.com

Detail Additions - Asset Details Window Fields

(N) Assets > Asset Workbench (B) New

Implementer's considerations for optional data fields found in the Asset Details window:

Parent Asset

- You can separately track and manage detachable asset components, while still automatically grouping them to their parent asset. For example, a monitor can be tracked as a subcomponent of its parent asset, a computer.

- Enter the parent asset to which your asset belongs if you are adding a subcomponent asset. The parent asset must be in the same corporate book.

- Oracle Assets does not automatically perform the same transaction on a subcomponent asset when you perform it on the parent asset. Use the Parent Asset Transactions Report to review the transactions that you have performed on parent assets during a period.

Warranty Number

- You can set up and track manufacturer and supplier warranties online. Each warranty has a unique warranty number. Use the list of values or enter a previously defined warranty number to assign the asset to the coinciding warranty.

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 16 of 28   Rev 1
www.focusthread.com

Lease Information

- You can enter lease information only for an asset assigned to a leased asset category.
- You must define the lessor as a valid supplier in the Suppliers window, and define leases in the Lease Details window, before you can attach a lease to an asset you are adding in the Asset Details window.
- If you are entering a leasehold improvement and you completed the Parent Asset field in the Asset Details window, Oracle Assets displays the related lease information from the parent asset. You cannot provide separate lease information for the leasehold improvement.

In Use Checkbox

- The In Use check box is for your reference only. It indicates whether the asset is in use. It has no effect on calculation of depreciation for the asset.

Physical Inventory Checkbox

- When you check the In Physical Inventory check box, it indicates that this asset will be included when you run the Physical Inventory comparison.

Property Type/Class

- These fields are used primarily in the United States for special reporting required by the U.S. Internal Revenue Code.

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 17 of 28   Rev 1
                                                          www.focusthread.com

Detail Additions - Books Window

(N) Assets > Asset Workbench (B) New (B) Continue

Implementer's considerations for optional data fields found in the Books window:

Amortize Adjustment Checkbox

- You can choose to amortize certain asset adjustments by selecting this checkbox. Typically, this checkbox is not utilized when first adding an asset but rather when adjustments are made following the period the asset was added, such as a change in asset cost.

- Select the Amortize Adjustment checkbox to amortize the expense adjustment over the remaining life of the asset or leave it clear to expense the adjustment in the current period.

- You cannot expense adjustments after amortizing an adjustment for that asset. You must amortize all future adjustments.

Amortize NBV Over Remaining Life

- Oracle Assets supports straight-line depreciation over remaining useful life. This method employs the net book value as the depreciable basis. Assets subjected to this method of

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 18 of 28   Rev 1
www.focusthread.com

depreciation in legacy systems can continue to use this method in Oracle Assets. This feature eliminates the effort of changing the cost basis during legacy asset data conversions. The checkbox is only available when adding a new asset record.

Salvage Value

- The salvage value cannot exceed the asset cost, and you cannot enter a salvage value for credit (negative cost) assets.

Revaluation Options

- You can only enter revaluation amounts if you allow revaluation in the Book Controls window. Revaluation options are discussed in detail in the *Release 12 Asset Management Advanced* learning path.

Depreciation Methods

- Defaults to method and life from the Asset Category assigned to this asset.
- Depending on the type of depreciation method you enter in the Books window, Oracle Assets provides additional fields so you can enter related depreciation information. For example, if you enter a Calculated or Table depreciation method, you must also enter a life for the asset. In contrast, for a units of production depreciation method, you must enter a unit of measure and capacity.

Amortization Start Date

- When you choose to amortize an adjustment, Oracle Assets uses the Amortization Start Date to determine the amount of catchup depreciation to take in the current open period. The remaining depreciation is spread over the remaining life of the asset.

Short Fiscal Year Options

- These fields are utilized when adding assets into a short fiscal year. Special depreciation rules and methods usually apply to these short year assets. Short years options are discussed in detail in the *Release 12 Oracle Asset Management Advanced* learning path.

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 19 of 28   Rev 1
www.focusthread.com

Asset Cost Terminology

Current Cost

The current cost can be positive, zero, or negative. Oracle Assets defaults a cost of zero for construction–in–process (CIP) assets and you cannot change it.

Original Cost

Oracle Assets displays the original cost of the asset and updates it if you make a cost adjustment in the period you added the asset. After the first period, Oracle Assets does not update the original cost.

Recoverable Cost

The recoverable cost is the portion of the current cost that can be depreciated. It is the current cost less the salvage value less the Investment Tax Credit basis reduction amount. If you specify a depreciation cost ceiling and if the recoverable cost is greater than that ceiling, Oracle Assets uses the cost ceiling instead.

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 20 of 28   Rev 1
www.focusthread.com

Accumulated Depreciation Considerations

Entering Amounts In the Accumulated Depreciation (A/D) Field

If you enter:	The Oracle Assets System:
Zero A/D	Catches up all prior depreciation in the current period
Too little A/D	Books depreciation shortage in last period of asset's life
Too much A/D	Asset becomes fully reserved before the end of its life
Just right A/D	No depreciation adjustment required

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Accumulated Depreciation Considerations

You normally enter zero accumulated depreciation for new capitalized assets. If you are adding an asset that you have already depreciated, you can enter the accumulated depreciation as of the last depreciation run date for this book, or let Oracle Assets calculate it for you.

If you enter a value other than zero, Oracle Assets uses that amount as the accumulated depreciation as of the last depreciation run date.

- If you enter too little accumulated depreciation, Oracle Assets adjusts depreciation to the correct amount for the current fiscal year. If you enter too much accumulated depreciation, the asset becomes fully reserved before the end of its life.

- If you enter zero accumulated depreciation, Oracle Assets calculates the accumulated depreciation for you based on the date placed in service. You can have a different accumulated depreciation for each depreciation book.

- If the asset is placed in service in the current fiscal year, the accumulated depreciation amount and the year–to–date depreciation amount must be the same.

- For Oracle Assets to recognize an asset as fully reserved when you add it, enter an accumulated depreciation amount equal to the recoverable cost.

Manual Asset Additions
Effective mm/dd/yy
Page 21 of 28
www.focusthread.com
EDU34BDY
Rev 1

- **You cannot change the accumulated depreciation after the period in which you added the asset.** You can, however, change the depreciation taken for prior fiscal years in your tax books using the Tax Reserve Adjustments window.

- You cannot enter year–to–date or life–to–date depreciation when you add a units of production asset. Instead, enter the asset with zero accumulated depreciation, and enter the total life–to–date production as production for the current period to catch up depreciation.

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 22 of 28   Rev 1
www.focusthread.com

Depreciate Checkbox Actions

- If you decide not to depreciate an asset at the time you add it, do not select the Depreciate check box. If you select the Depreciate check box later, Oracle Assets calculates the depreciation from the date placed in service to the present and expenses any adjustment.
- If you select the Depreciate check box and later clear and reselect it, Oracle Assets takes the skipped depreciation in the last period of the asset's life.

Manual Asset Additions
Effective mm/dd/yy
Page 23 of 28
www.focusthread.com
EDU34BDY
Rev 1

Detail Additions - Assignments Window

(N) Assets > Asset Workbench (B) Continue (B) Continue

Distribution Set

You can use the Distribution Set to choose a predefined distribution set for an asset. A distribution set allows you to automatically assign a predefined set of one or more distributions (employee name, depreciation expense account, location) to an asset. When you choose a distribution set, Oracle Assets automatically enters the distributions for you.

Units to Assign

Oracle Assets displays the number of units you must assign. The Units to Assign value automatically updates to reflect the assignment you enter or update. It must be equal to zero before you can save your work.

Manual Asset Additions
Effective mm/dd/yy
Page 24 of 28
www.focusthread.com
EDU34BDY
Rev 1

Detail Additions - Source Lines Window

Optionally enter the following information when adding an asset:

Invoice Number	Line	Description	Supplier		
			Name	Number	PO Number
12345	1	Laptop	ABC Corp	7896	456963

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Detail Additions - Source Lines Window

(N) Assets > Asset Workbench (B) New (B) Source Lines

- You can track information about where assets came from, including sources such as invoice lines from your accounts payable system and capital assets from Oracle Projects.
- You change invoice information for a line using the Source Lines window only if you manually added the source line.
- You cannot change invoice information if the line came from another system through Mass Additions.
- If the source of the line is Oracle Projects, choose the Project Details button to view detail project information for the line in the Asset Line Details window.
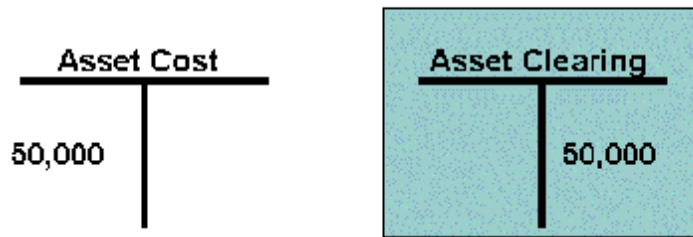
Refer to *Demonstration - Add an Asset Using Detail Additions [LAB0355Y]*

**Refer to** *Practice - Add an Asset Using Detail Additions [LAB037DY]*

Manual Asset Additions
Effective mm/dd/yy
Page 25 of 28
www.focusthread.com
EDU34BDY
Rev 1

Manual Asset Additions Journal Entries

The journal entry created when manually adding an asset.

Asset Cost		Asset Clearing
50,000		50,000

You must create a manual journal entry in General Ledger to clear the Asset Clearing Account.

Asset Clearing	Appropriate Acct
50,000	50,000
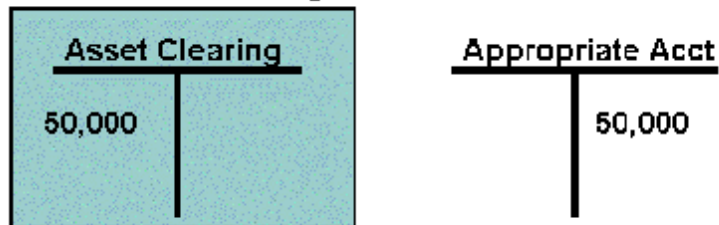
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Manual Asset Additions Journal Entries

Example:

An invoice for 50,000 was incorrectly charged to telephone expense. To correctly record the expenditure as an asset, you decide to perform a manual addition. The journal entry to record the manual addition would be:

> DR   Asset Cost   50,000
> CR   Asset Clearing   50,000

To clear the Asset Clearing account, a manual journal entry would have to be entered in the General Ledger application as follows:

> DR   Asset Clearing   50,000
> CR   Telephone Expense   50,000

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 26 of 28   Rev 1
www.focusthread.com

Summary

In this module, you should have learned how to:

- Discuss how manual asset additions fits into the Oracle Assets process
- Discuss the two options for adding assets manually – QuickAdditions and Detail Additions
- List the required fields to add an asset
- Discuss the difference between a QuickAddition and a Detail Addition
- Explain the requirements to complete an asset QuickAddition (accept defaults)

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Manual Asset Additions
Effective mm/dd/yy
Page 27 of 28
www.focusthread.com
EDU34BDY
Rev 1

Summary

Summary

- Discuss the requirements to complete an asset Detail Addition (descriptive details, depreciation rules (books), assignments, and source lines)
- Explain the accounting transactions when adding assets manually

Manual Asset Additions   EDU34BDY
Effective mm/dd/yy   Page 28 of 28   Rev 1
www.focusthread.com