CST Education Network A Division of CHI-STAR TECHNOLOGY

Managing Global Asset Transfers

(Oracle EBS – Assets)

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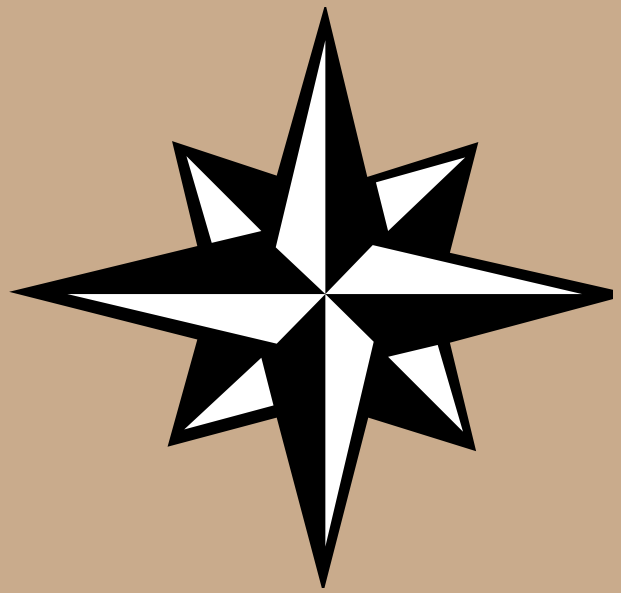
High-Level Overview



- Transfer Process (Current)
  - Asset Identification
  - Asset Documentation
  - Asset Retirement
  - Asset Translation Calculation
    - Translation Rate Identification
  - Asset Addition Considerations
    - Process Options
    - Financial Options
    - Life Options
  - Asset Addition
  - Reclass Journal Entries
  - Tax Book Considerations
    - Tax Basis
    - Tax Life
- Transfer Process (Automated)
- Great Sources for Information

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Transfer Process (Current)

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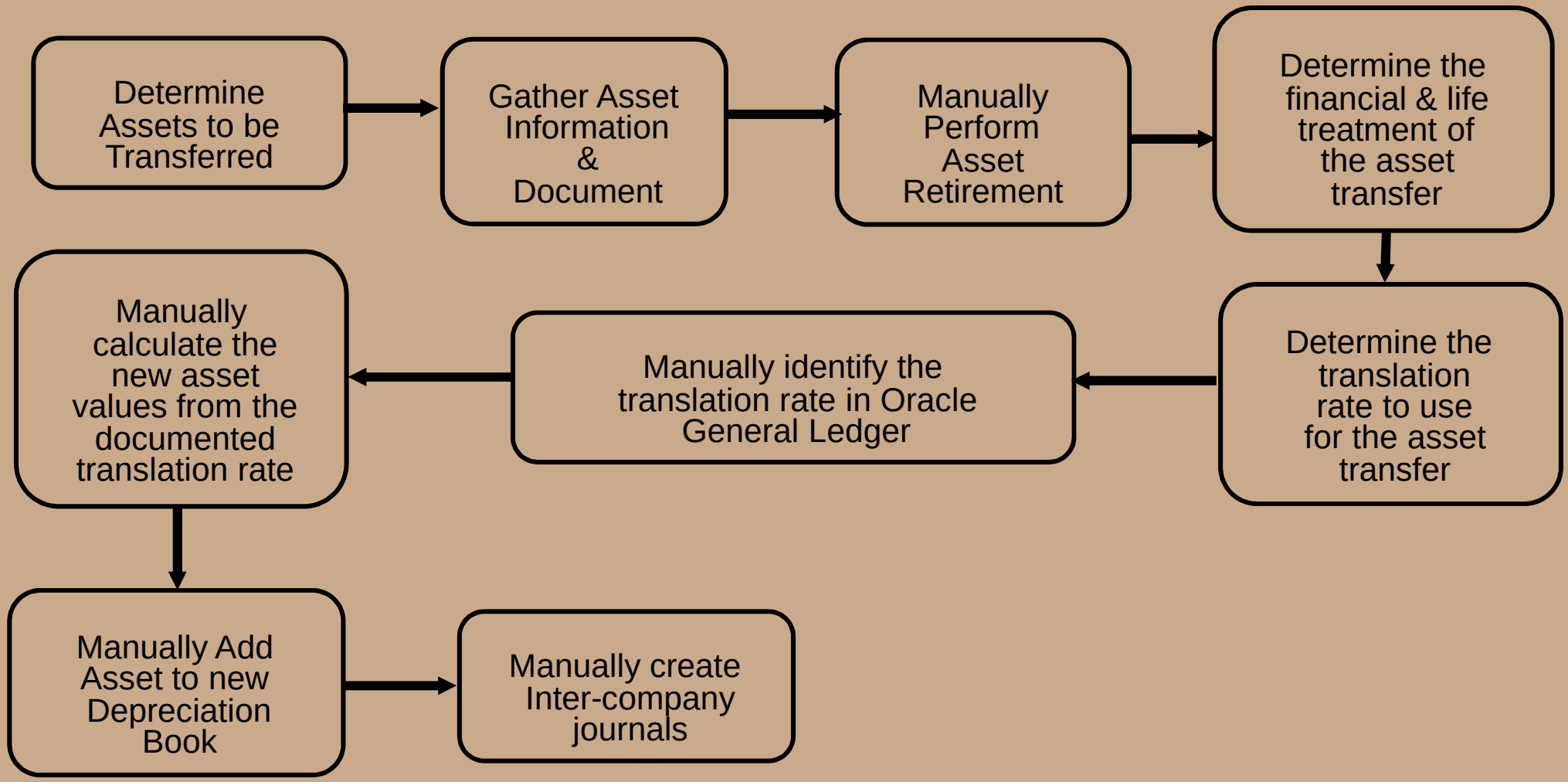
Transfer Process Flow



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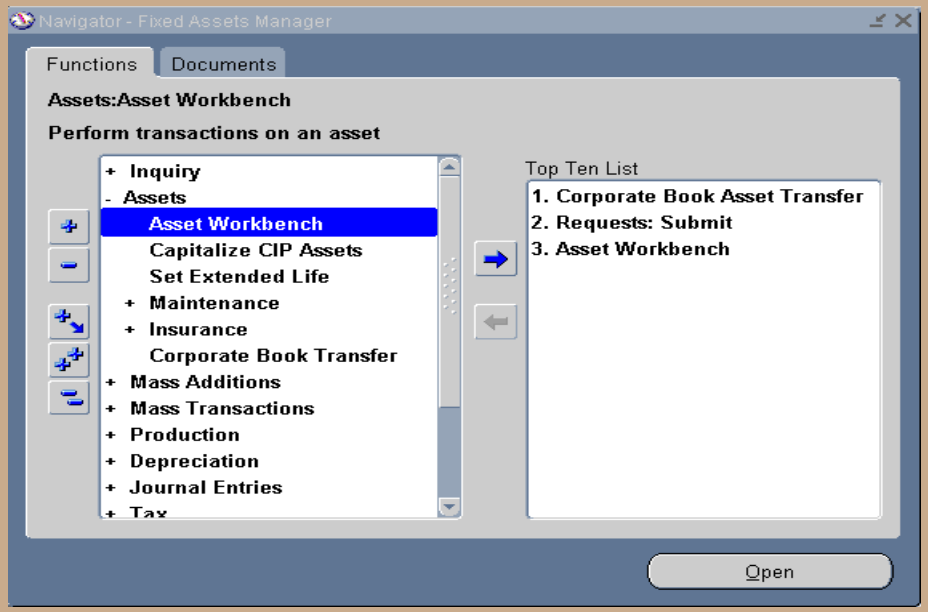
Determine Assets to be Transferred

Query asset(s) in Oracle. Search for assets by multiple fields.

Navigator: Assets > Asset Workbench



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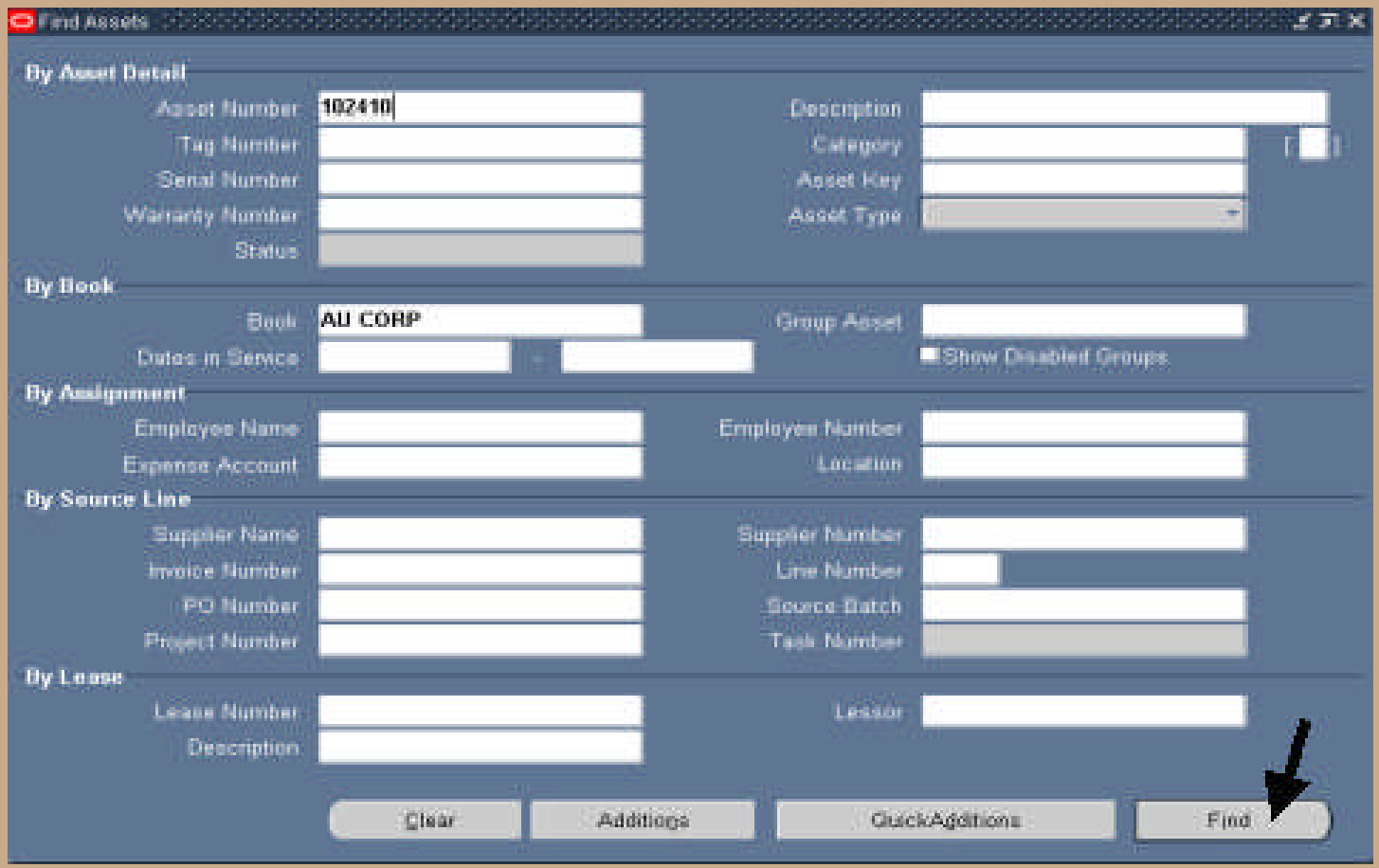
Determine Assets to be Transferred



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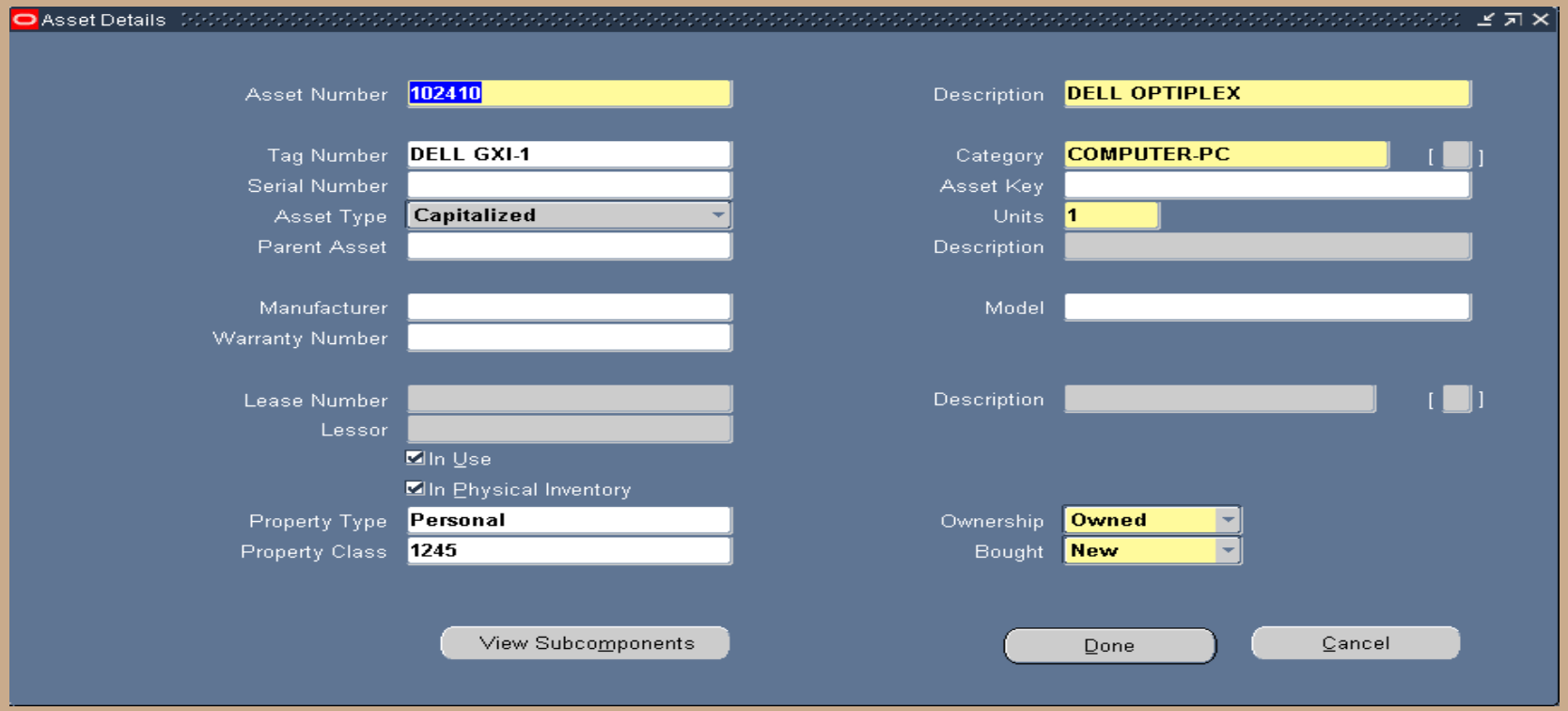
Gather Asset Information

In order to properly add the asset back to the receiving depreciation book, document the asset details by screen shots.

Asset Details – Open (Button)



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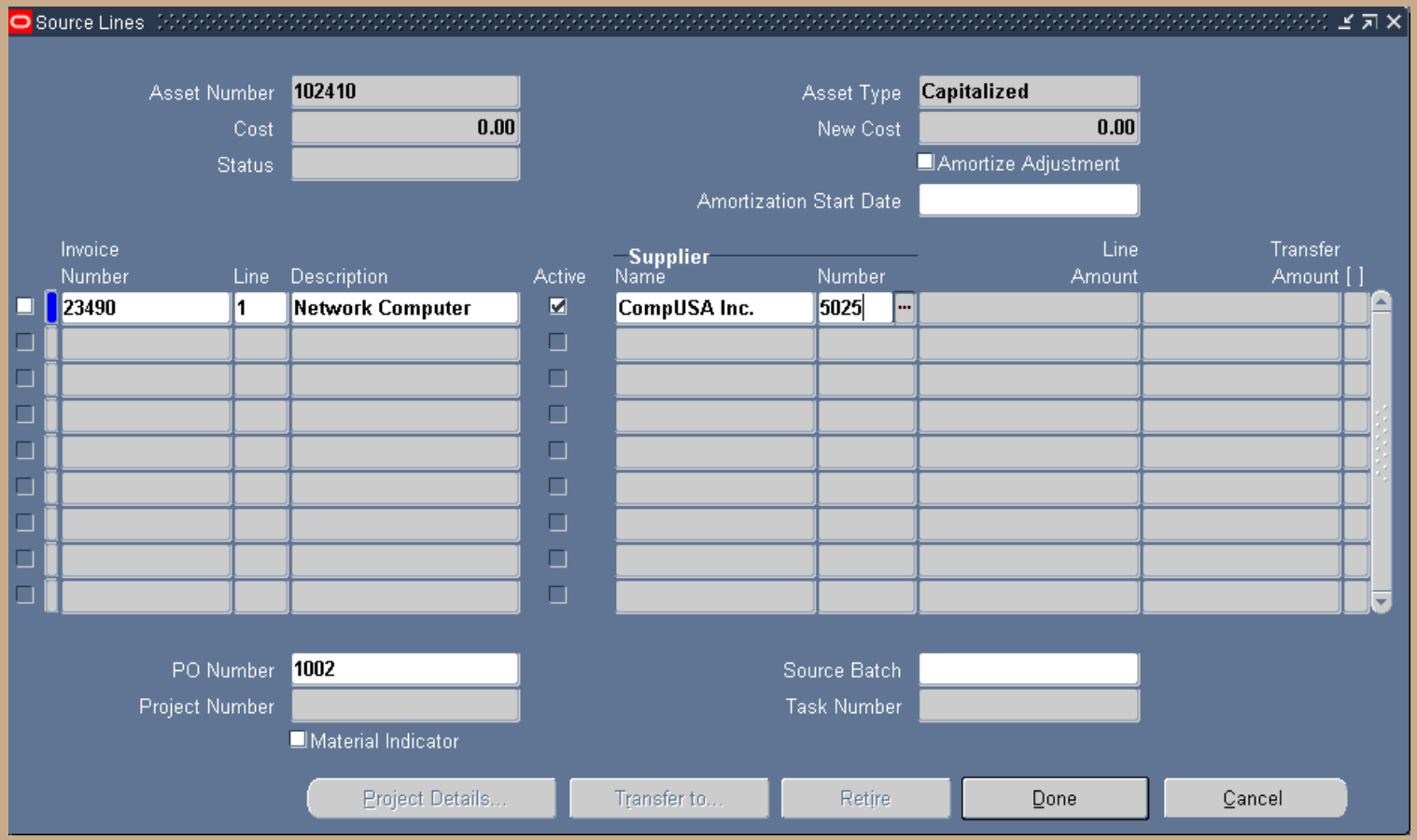
Gather Asset Information

Source Lines Details – Source Lines (Button)



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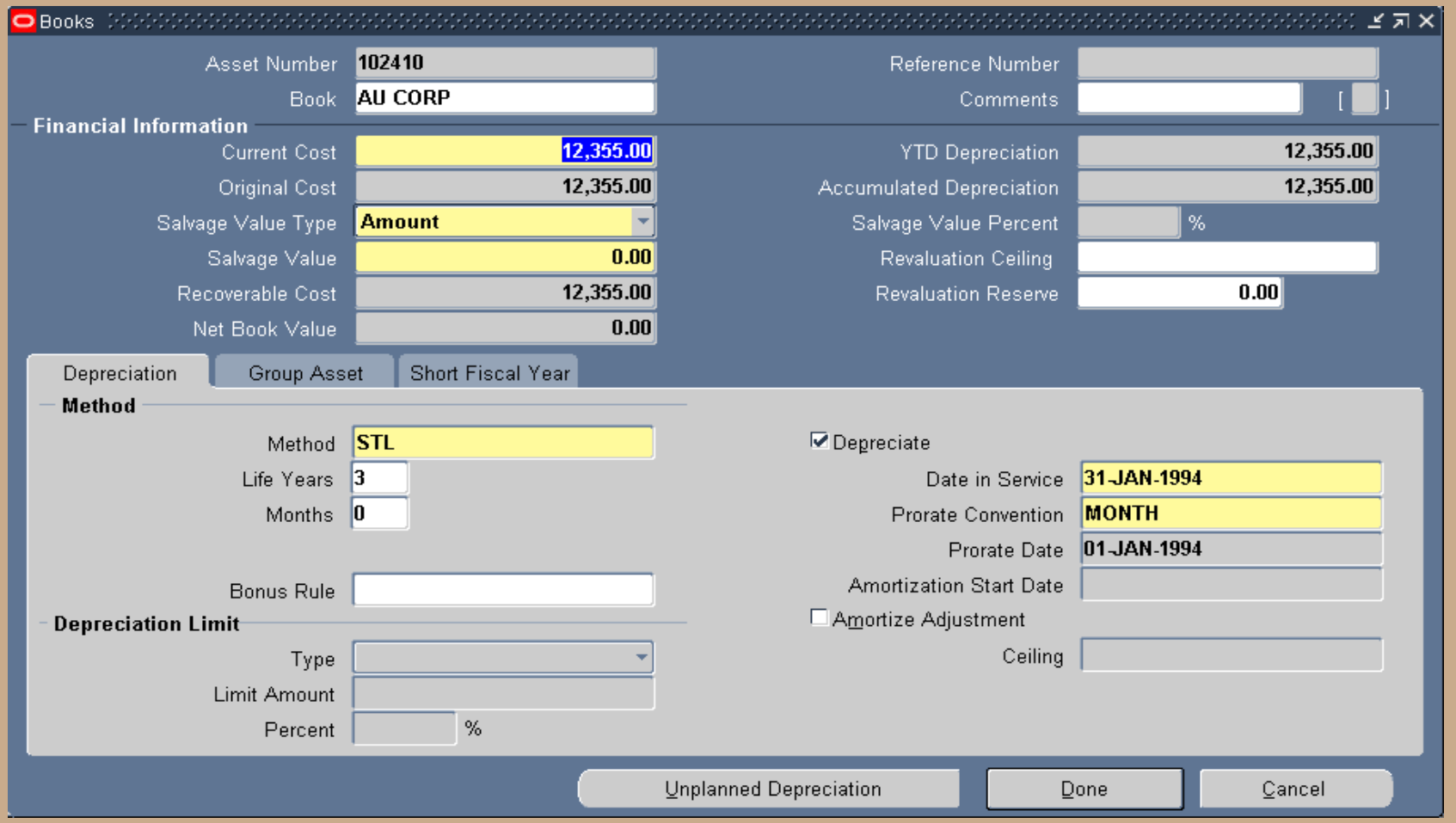
Gather Asset Information

Financial Details – Books (Button)



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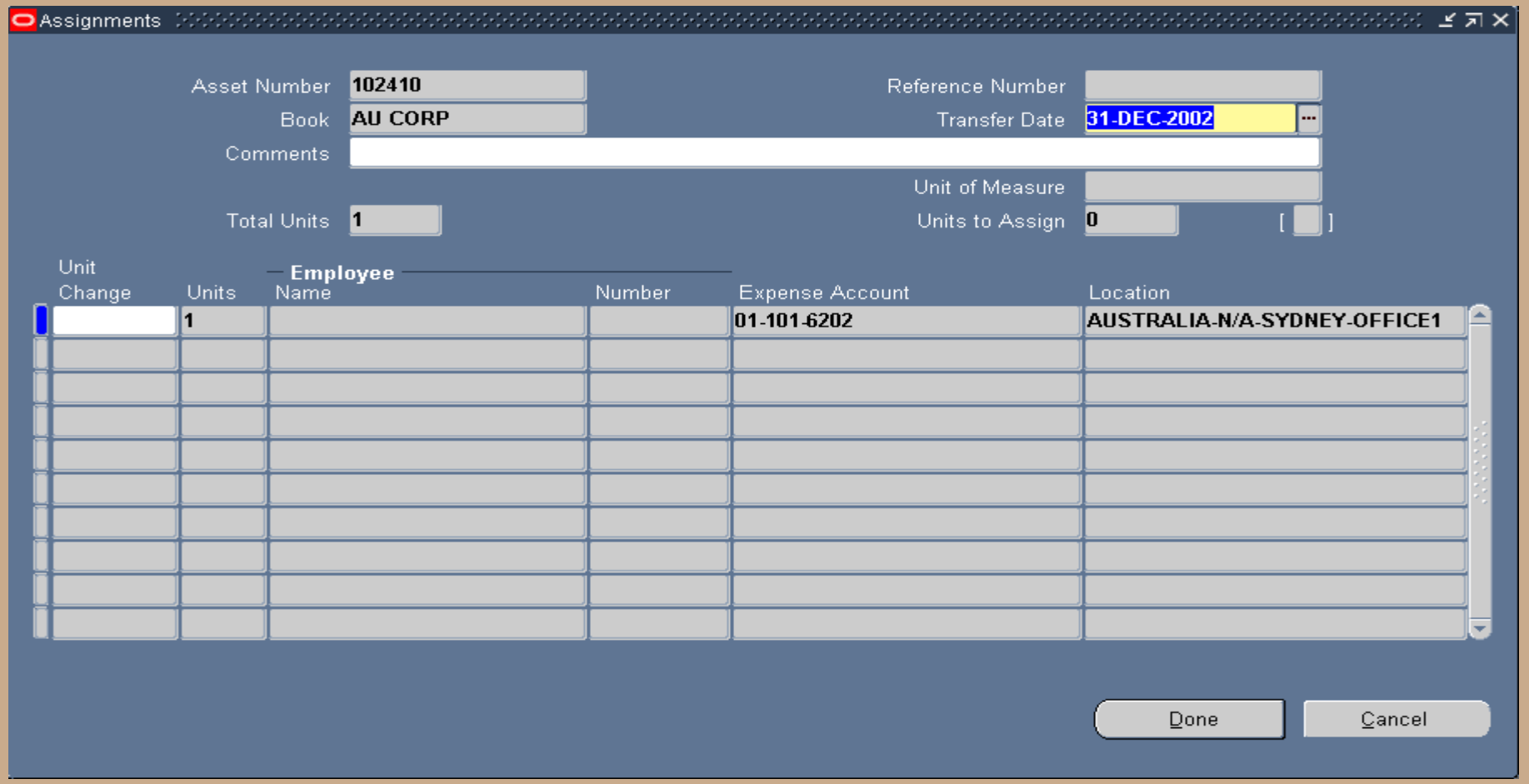
Gather Asset Information

Distribution Details – Assignments (Button)



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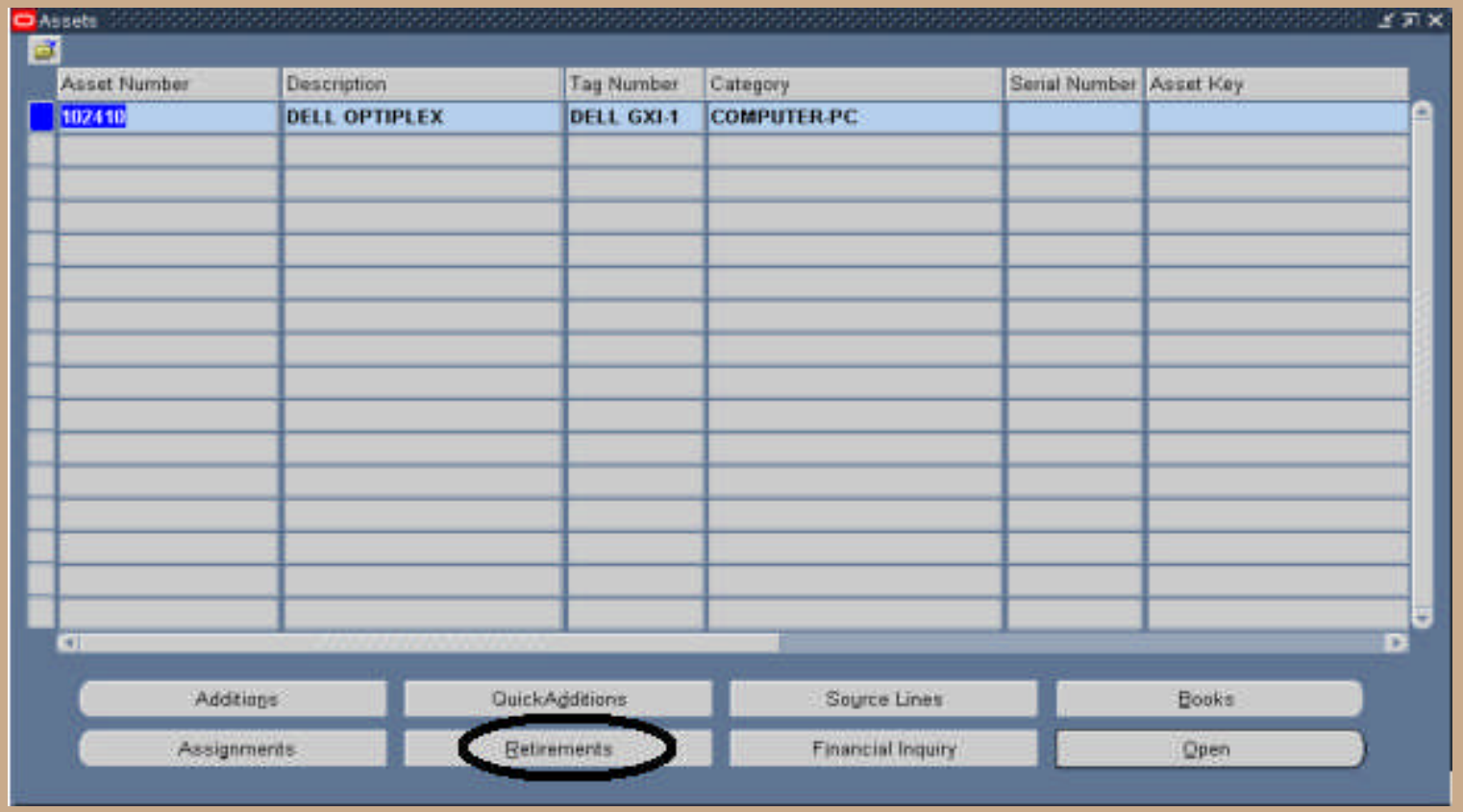
Asset Retirement

Sending Book is required to retire the asset:



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Asset Retirement

- Enter the depreciation book and retirement date (Transfer date)
- Determine how much to retire
  - Full asset transfer
  - Partial asset transfer based on units
  - Partial asset transfer based on cost
- Enter the following retirement details
  - Units or Cost to be retired
  - Retirement Type (unique value to exclude during year-end reporting)
  - Proceeds of Sale (if applicable)
  - Cost of Removal (if applicable)
- Save Retirement (Done Button)

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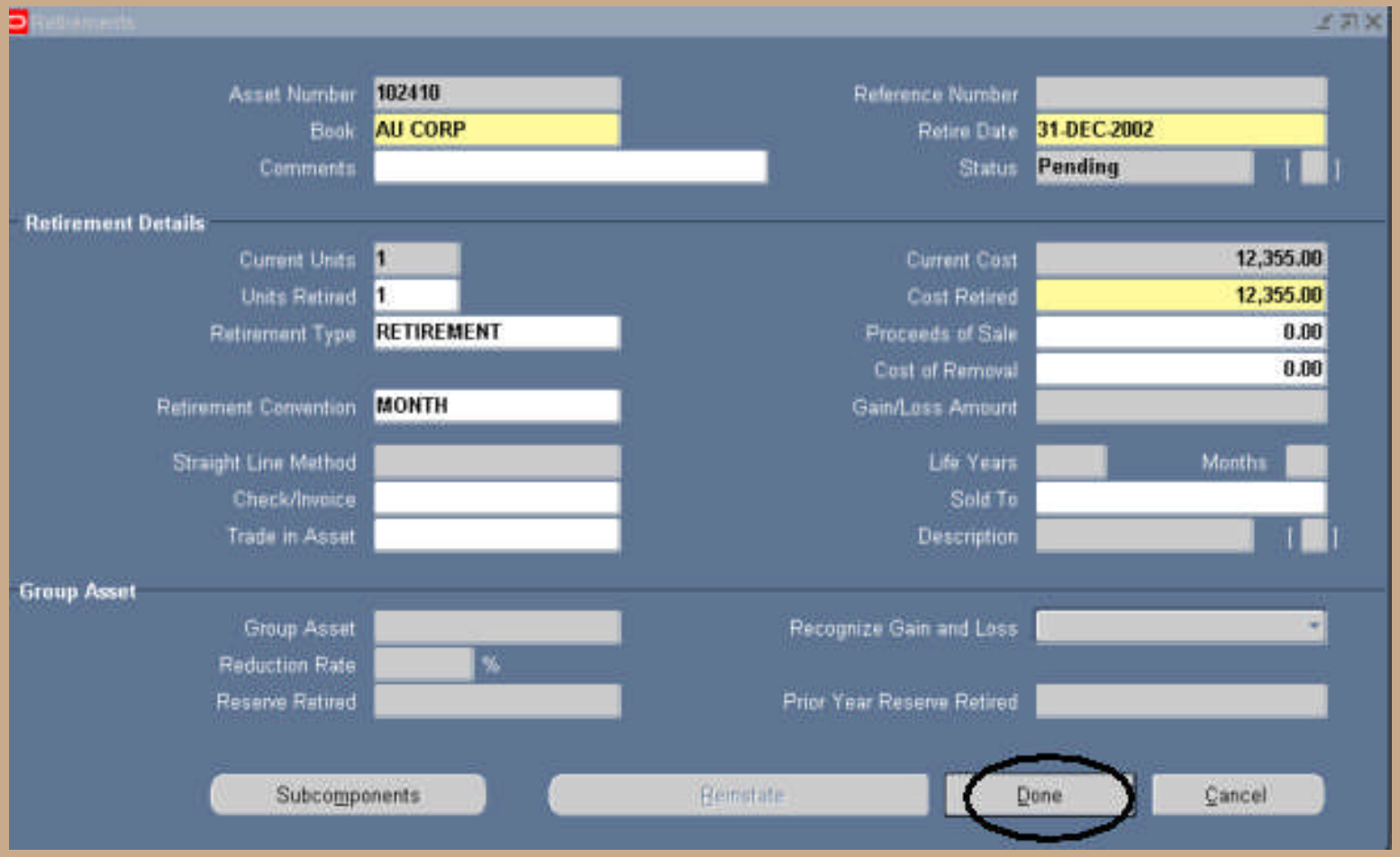
Asset Retirement



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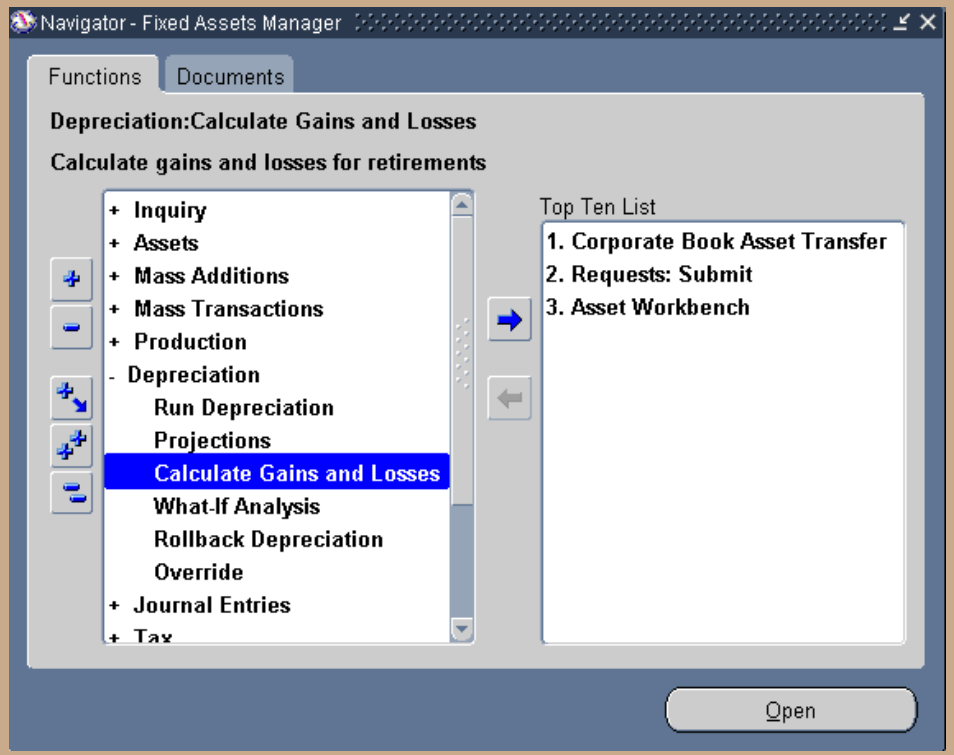
Asset Retirement

Process the retirement:

- ❑ **Navigate to the Calculate Gains and Loss program**
- ❑ **Enter parameters**
- ❑ **Submit program**



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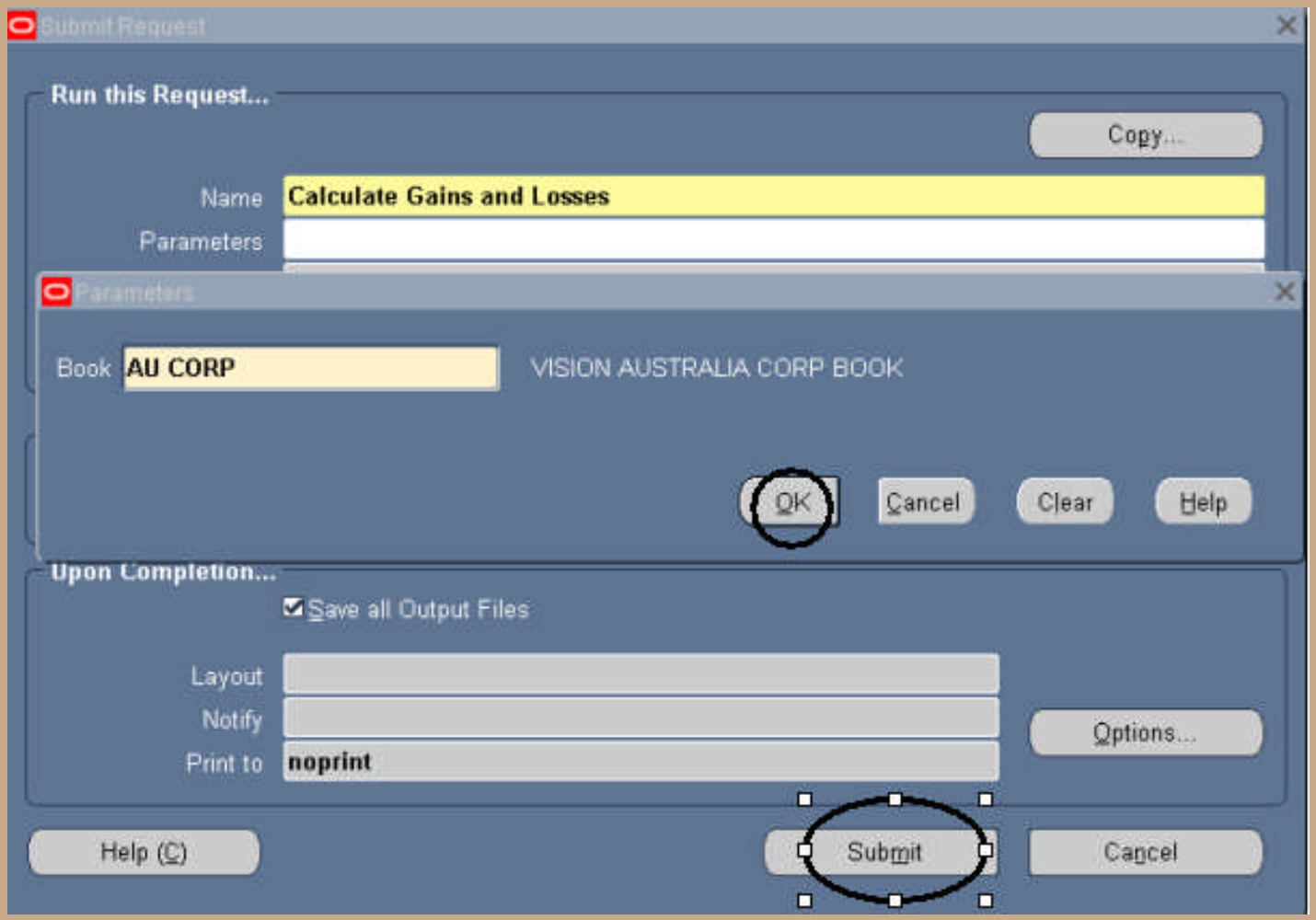
Asset Retirement



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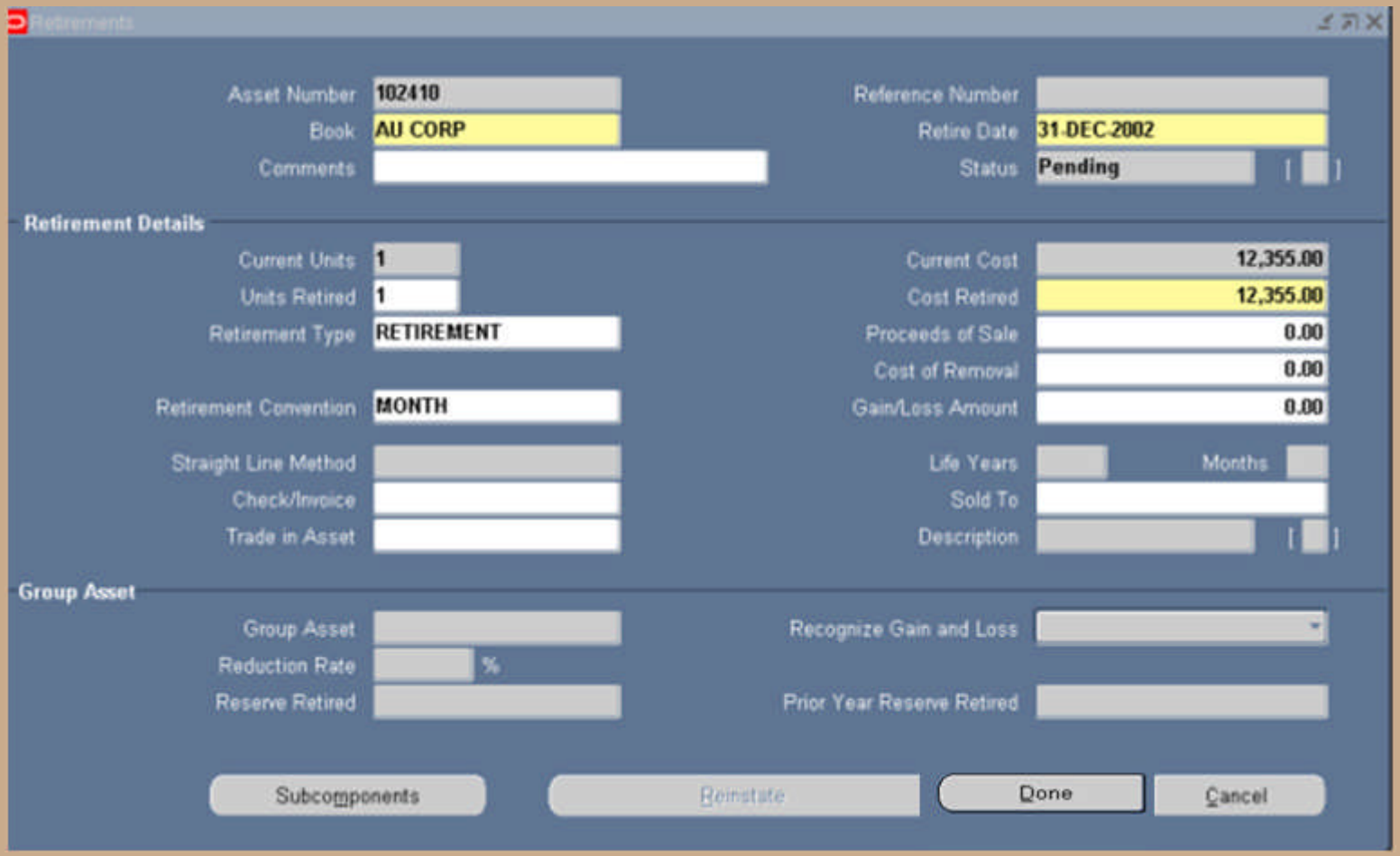
Asset Retirement

Document the retirement, take screen shot.



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Determine Financial & Life Options

Determine how to financially transfer the asset to the new depreciation book:

- ❑ **Transfer Cost, YTD Depreciation, and Accumulated Depreciation**
- ❑ **Transfer Cost only**
- ❑ **Transfer NBV**
- ❑ **Transfer Amortized NBV**

Determine how to transfer the asset life to the new depreciation book:

- ❑ **Transfer the original life with the asset**
- ❑ **Transfer the remaining life with the asset**
- ❑ **Default the life to the life associated with the asset category for the new depreciation book**

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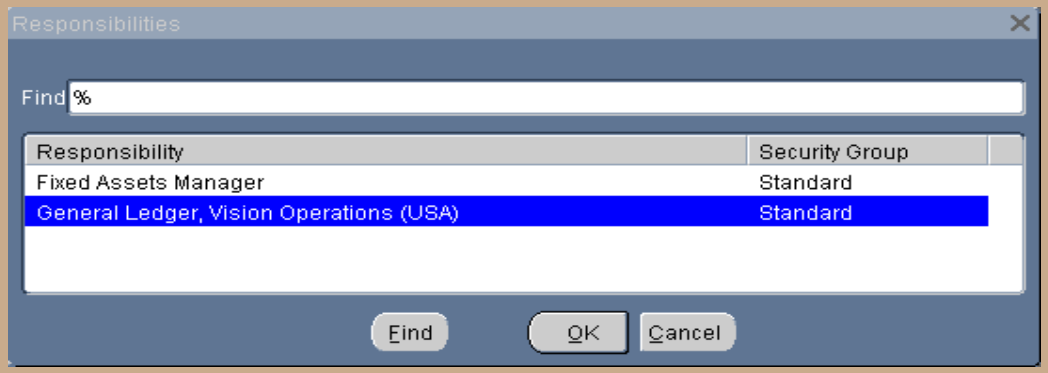
Determine Translation Rate

If the sending and receiving depreciation books have different currencies, then a translation rate is required.

Capture translation rate to be used for the transaction:

1. **Require access to the General Ledger rate table**



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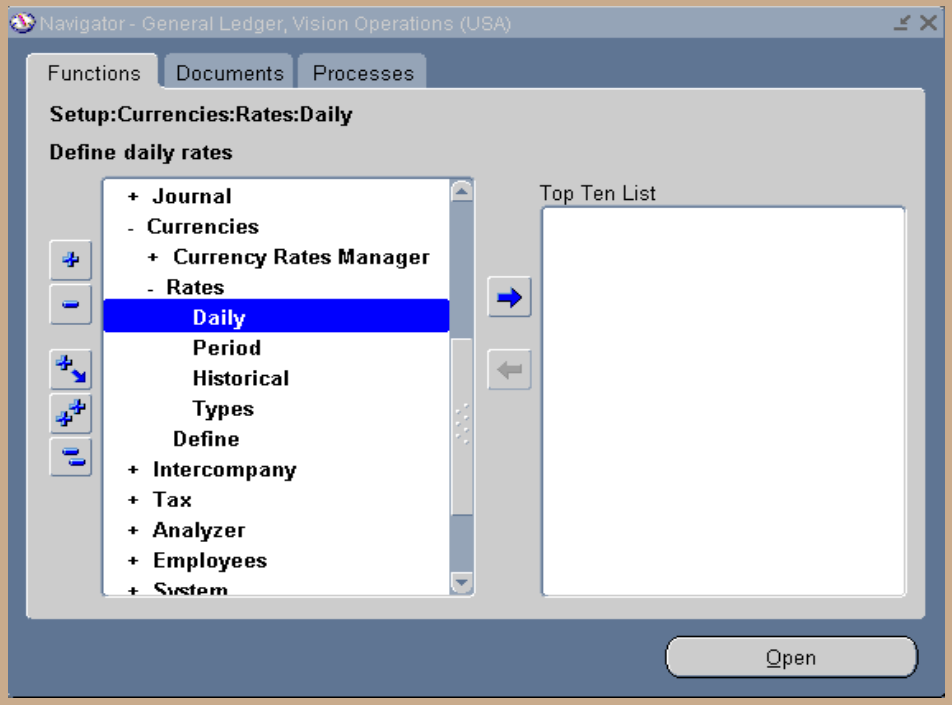
Determine Translation Rate

2. Navigate to the rate daily table



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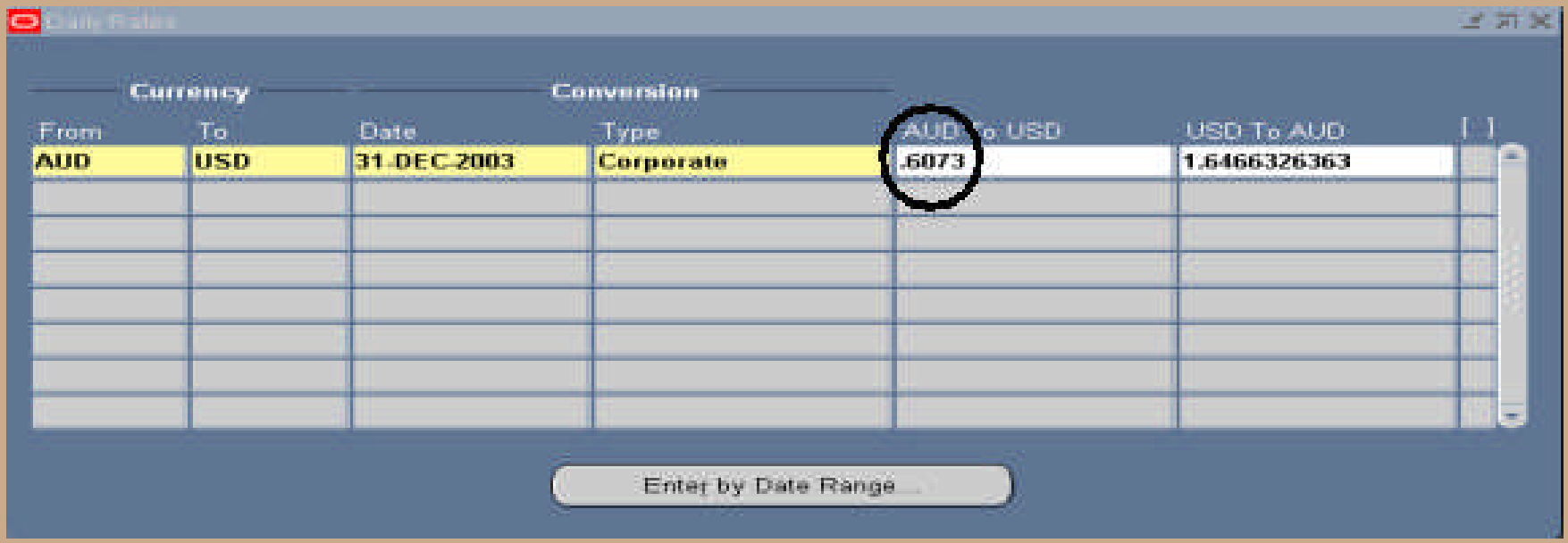
Determine Translation Rate

3. **Query the appropriate rate by entering the following:**
   - ❑ **Transaction date**
   - ❑ **From currency (currency associated to the sending depreciation book)**
   - ❑ **To currency (currency associated to the receiving depreciation book)**
4. **Document the translation rate**



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Determine Translation Rate

5. **Calculate the new asset values**
   - **Asset Cost – sending depreciation book (asset cost * translation rate)**
     [12,355 * .6073 = 7,503.19]
   - **YTD Depreciation – sending depreciation book (YTD depreciation * translation rate)**
   - **Accumulated Depreciation – sending depreciation book (accumulated depreciation * translation rate)**
6. **This detail needs to be sent to the person responsible for data entry into the receiving depreciation book**

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Asset Additions

Determine Addition Approach:

- Quick Additions – one form to enter asset details
- Additions (Detail Form) – multiple forms to enter descriptive, financial, source lines, and assignment details
- ADI Additions – spreadsheet tool to enter and upload asset details (may need to modify standard template to accommodate transaction)

Determine New Asset Numbering Schema:

- Auto Asset Numbering – using this approach will not maintain an audit trail back to the retired asset
- Manual Numbering – using this approach a smart asset number could be manually entered to create a soft audit trail back to the retired asset.

  A soft audit trail means that a user would be able to identify the origin of the asset and would be able to query the originating asset for further details.

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Asset Addition

Enter asset descriptive details:

- Asset Number (depending on the numbering schema to be used)
- Tag Number (must be unique)
- Asset Description [Required]
- Asset Type [Required – Defaults to Capitalized]
- Asset Category [Required – select a category associated to receiving book]
- Asset Key
- Units [Required – Defaults to 1]
- Serial Number
- Model Number
- Manufacturer

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Asset Addition

Quick Additions Form (Top Select = Descriptive Details):

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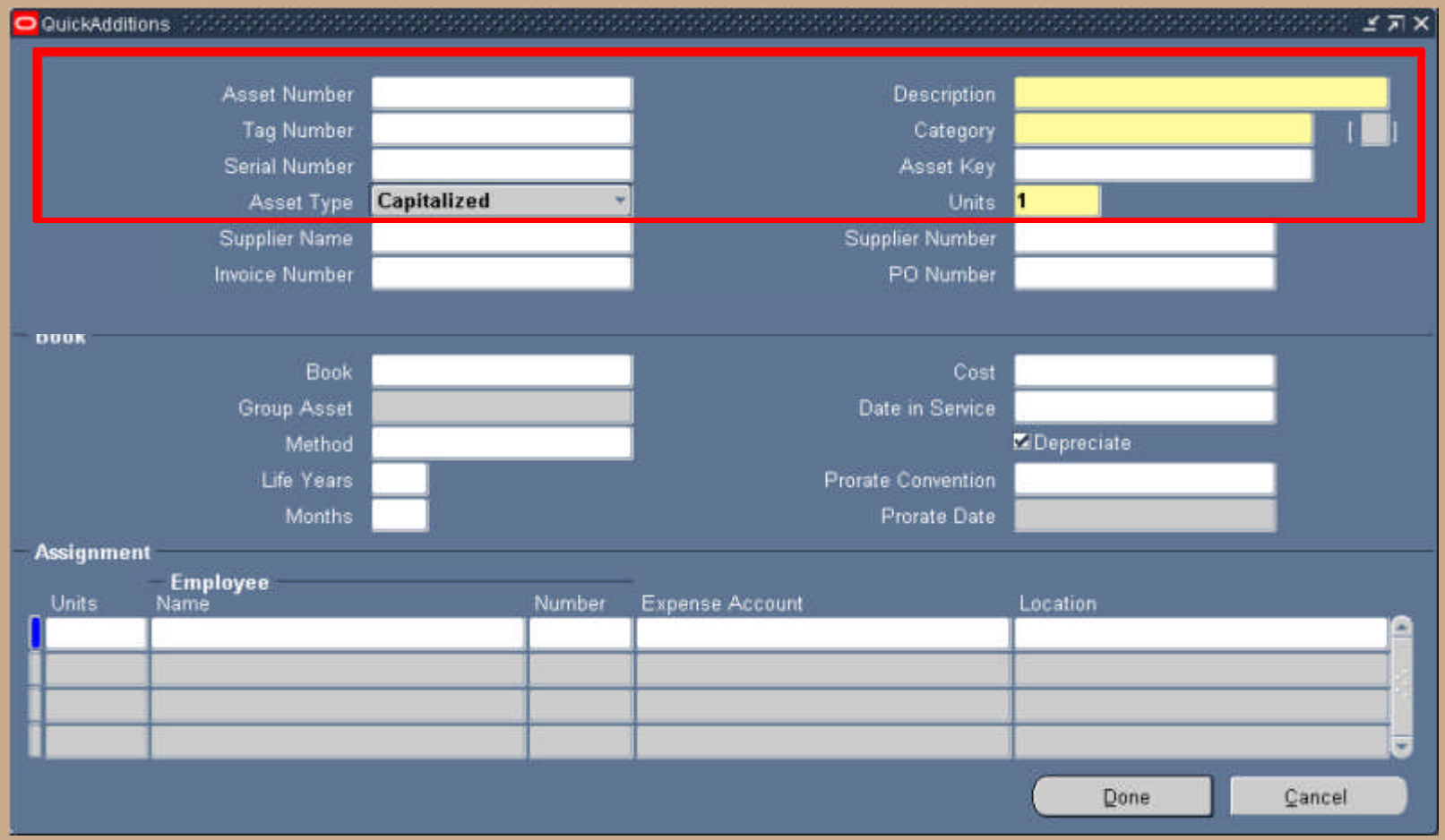
Asset Addition

Quick Additions Form (Descriptive Details):



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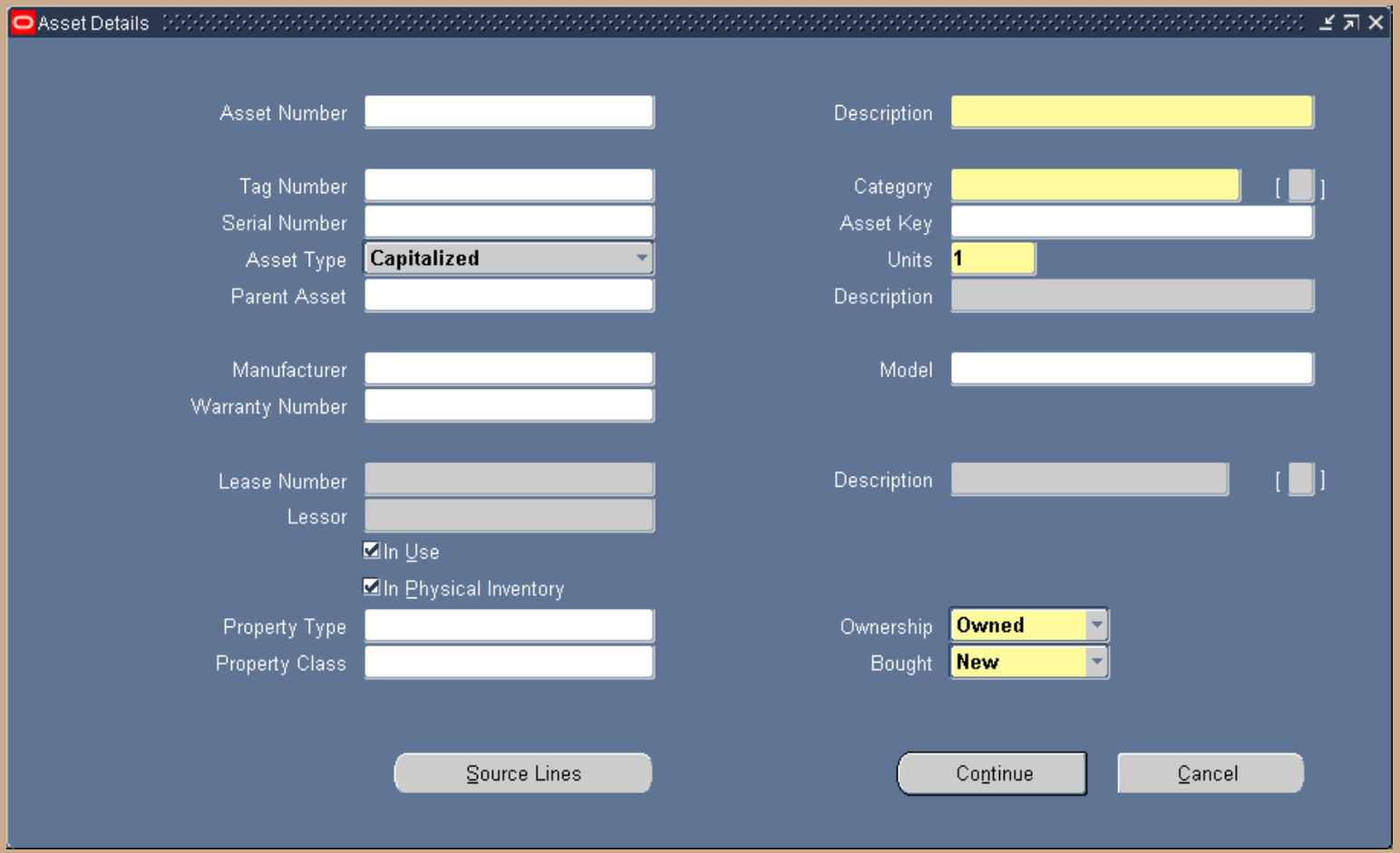
Asset Addition

Additions Form (Detail Additions):



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Asset Addition

Enter source line details:

- **Enter Purchase Order Number**
- **Enter Invoice Number**

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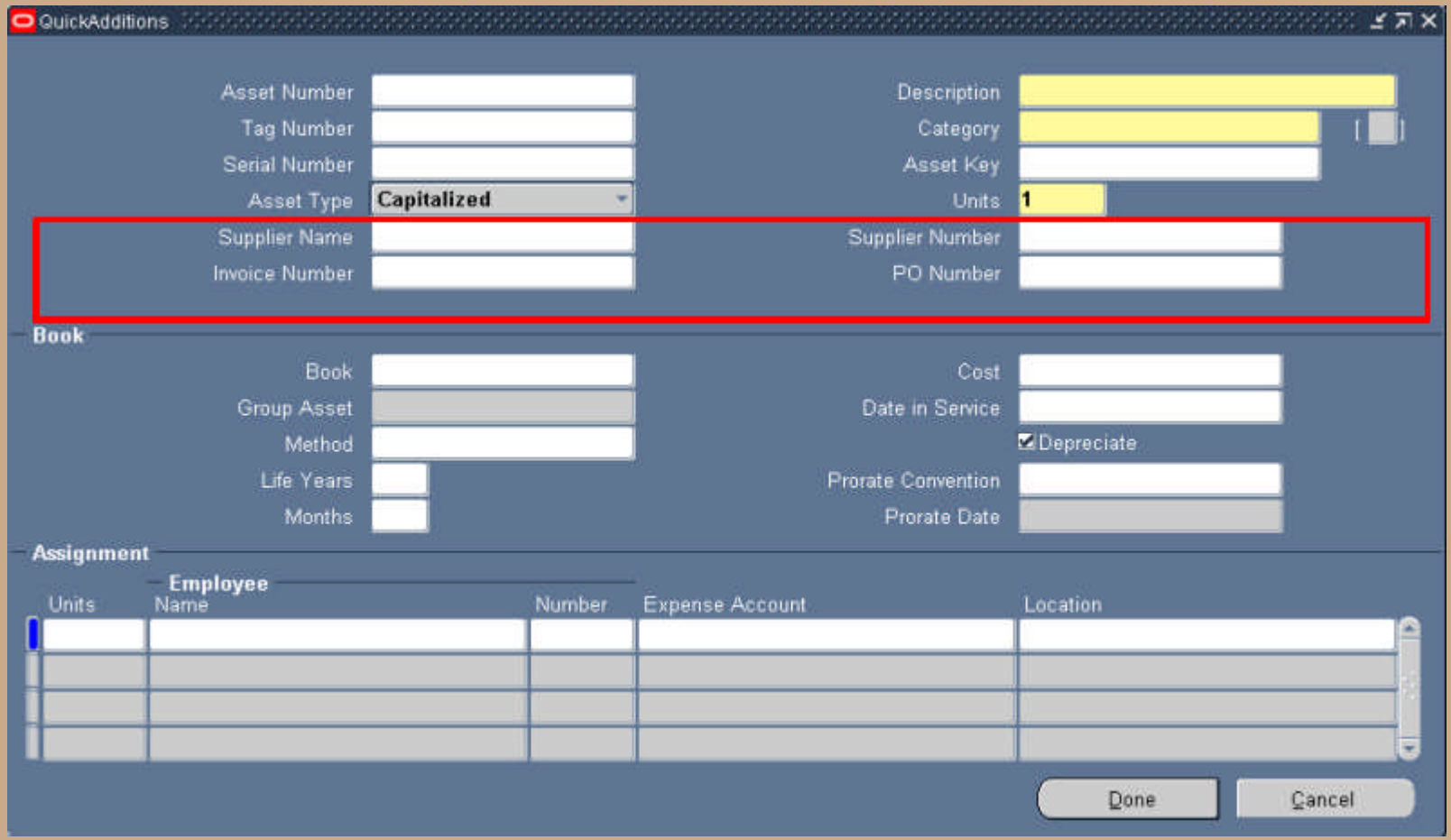
Asset Addition

Quick Additions Form (Source Line Details):



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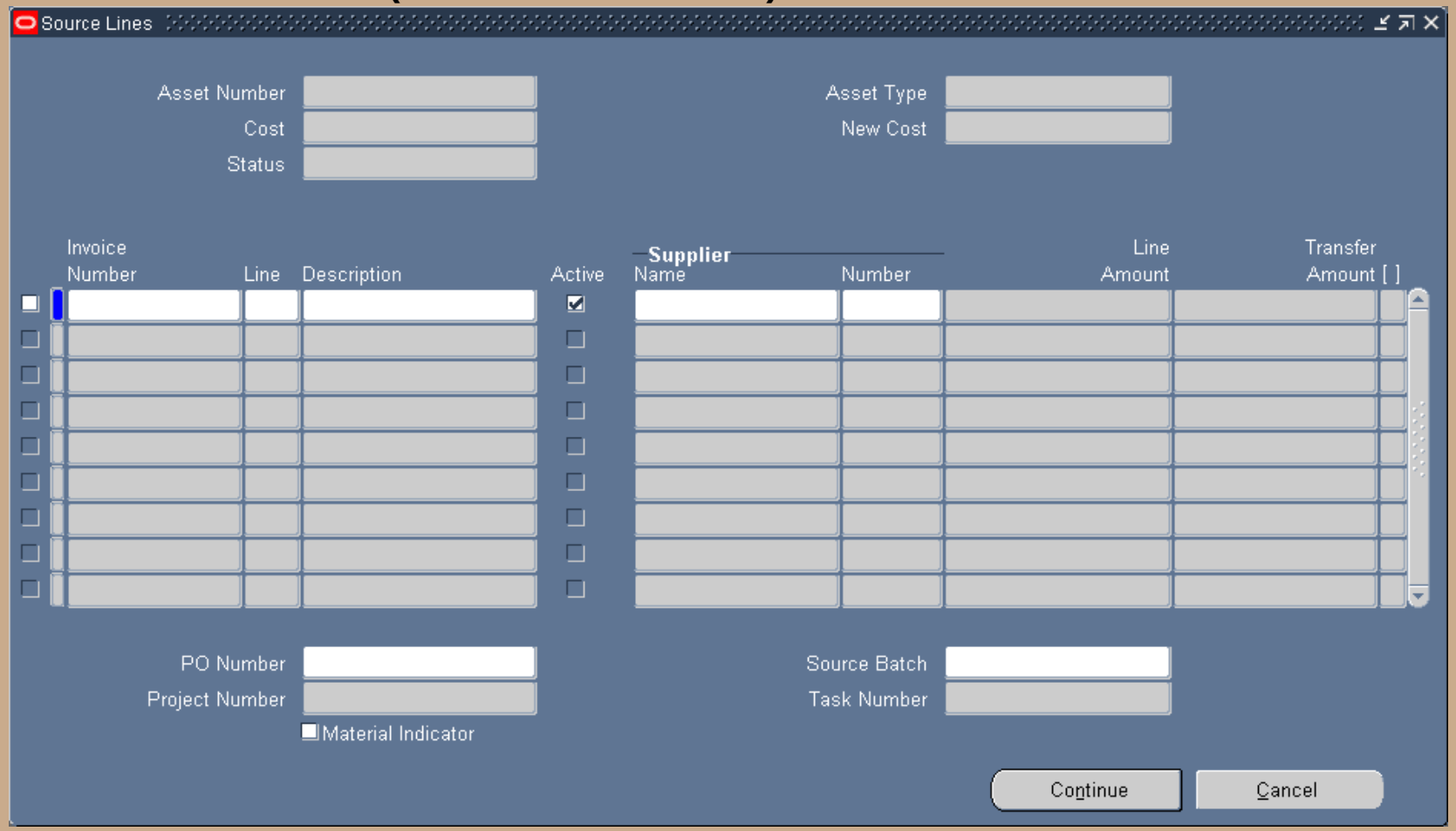
Asset Addition

Asset Additions Form (Source Lines Details):



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Asset Addition

Enter financial details (based on the financial and life options):

- Asset Cost (translated value)
- YTD Depreciation (translated value) – if applicable
- Accumulated Depreciation (translated value) – if applicable
- Date Placed in Service (DPIS)
  - DPIS should equal the original DPIS if transferring option:
    - Cost Only
    - Cost, YTD Depreciation, Accumulated Depreciation [Carry Over]
    - Amortize NBV
  - DPIS should equal the transaction date if transferring option:
    - Net Book Value (NBV)
- Depreciation Method – determine to default to the method associated to the asset category or carry over the method
- Depreciation Life
  - Life should be equal to the original or default life if transferring option:
    - Cost Only
    - Cost, YTD Depreciation, Accumulated Depreciation [Carry Over]
    - Amortize NBV
  - Life should equal the remaining life if transferring option:
    - Net Book Value (NBV)
- Prorate Convention – usually defaults

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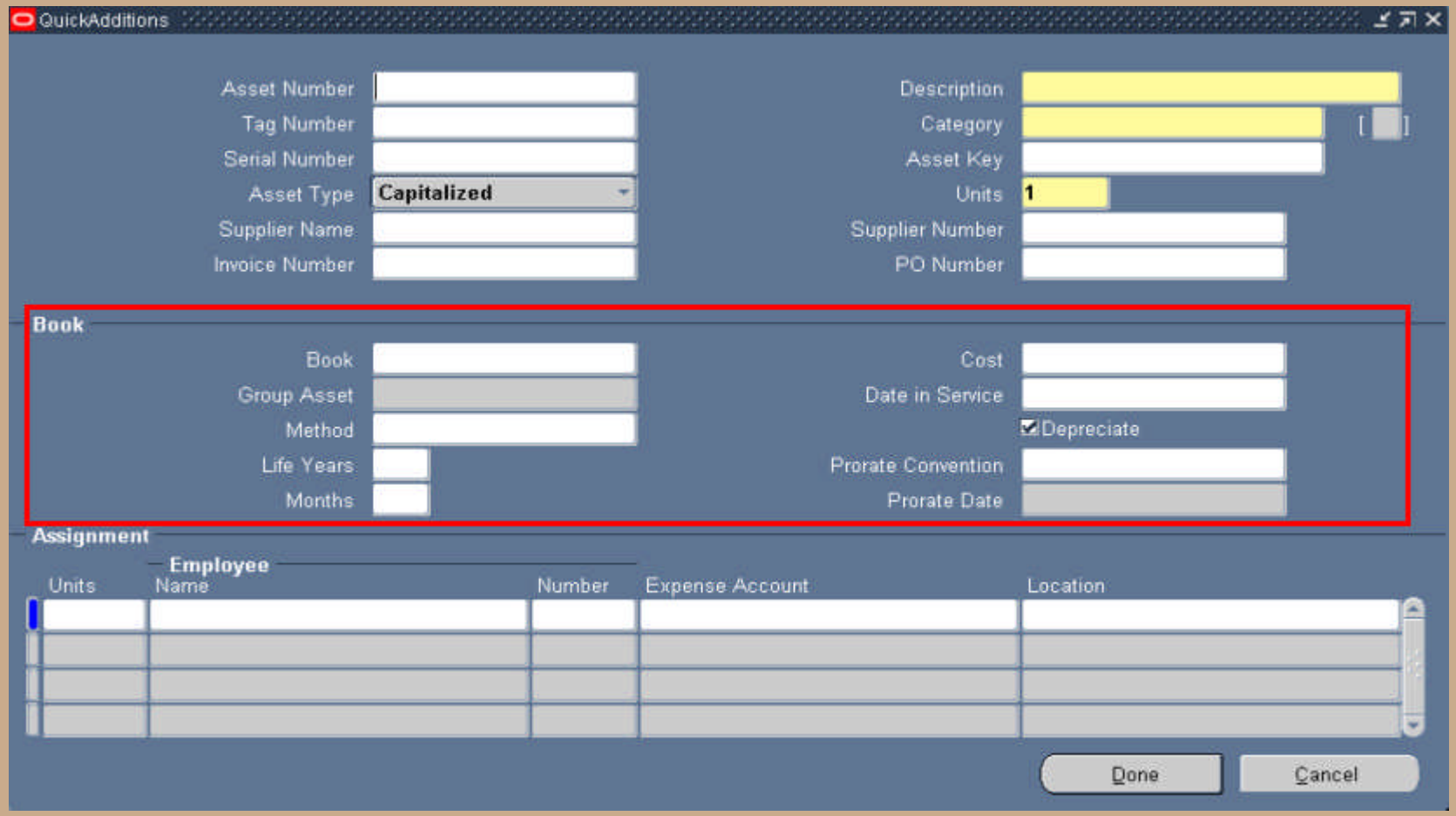
Asset Addition

Quick Additions Form (Financial Details):



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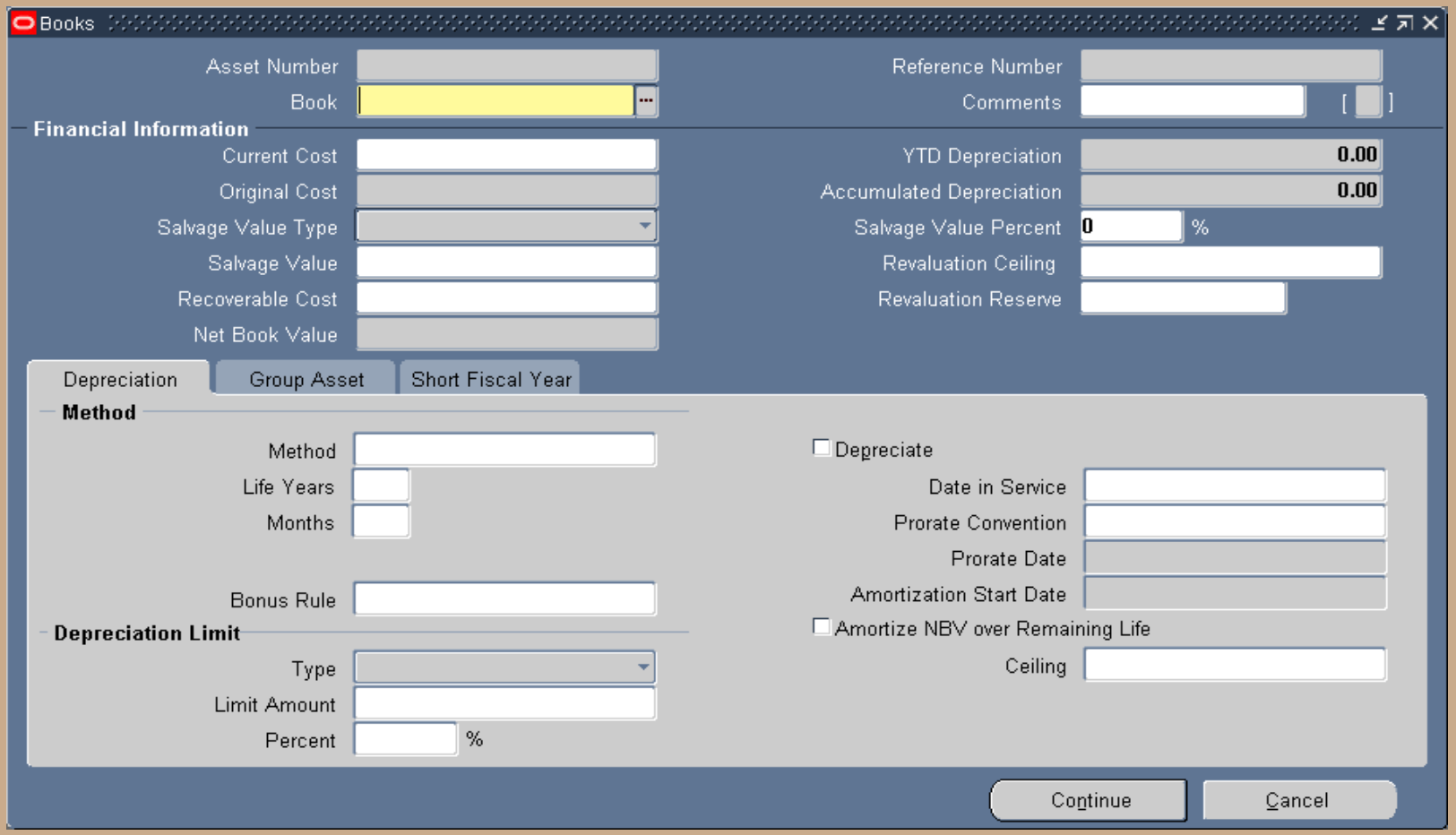
Asset Addition

Asset Additions Form (Financial Details):



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Asset Addition

Enter assignment details:

- **Assign asset to an employee (optional)**
- **Assign the depreciation expense account combination**
- **Assign the asset location**

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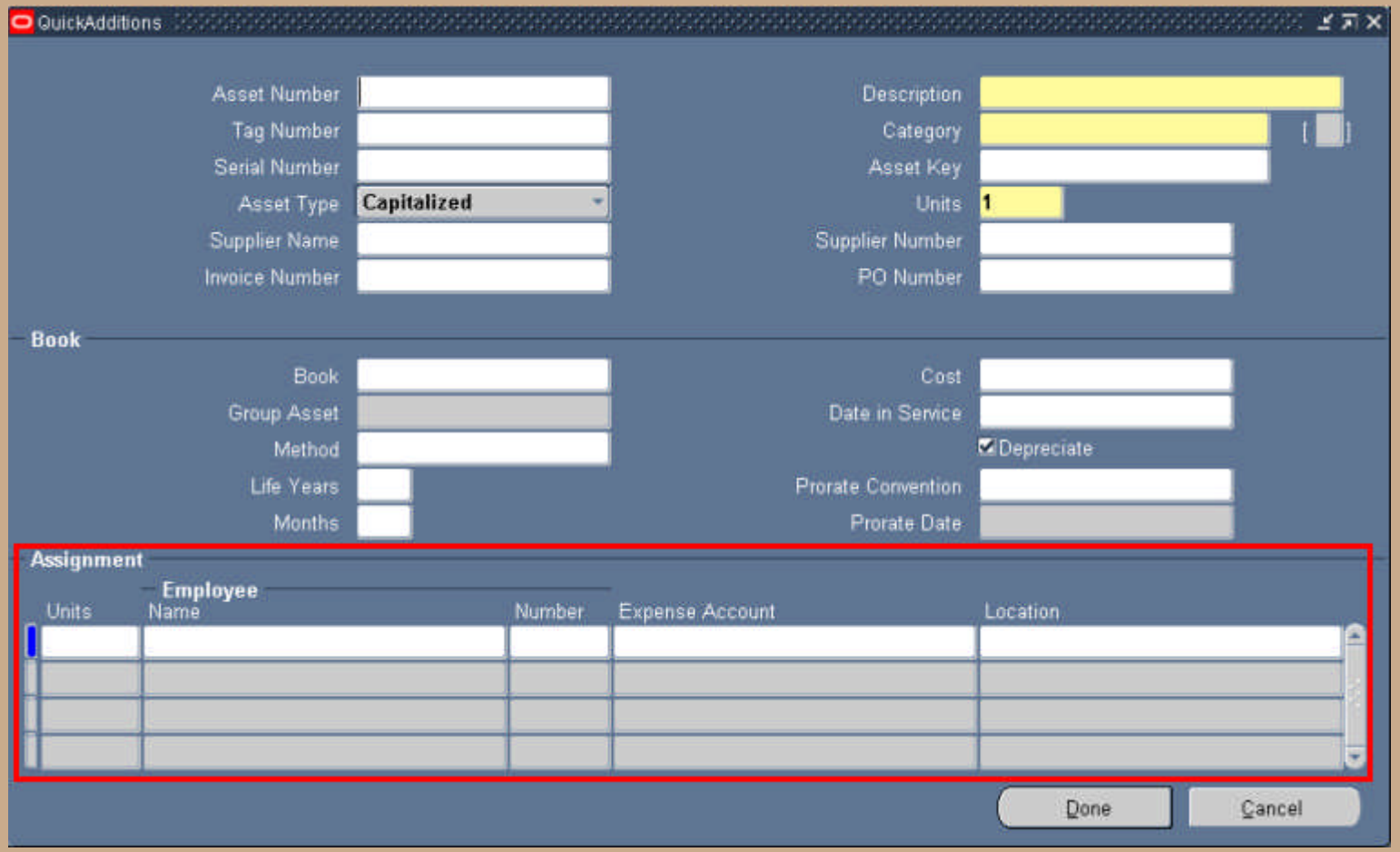
Asset Addition

Quick Additions Form (Distribution Details):



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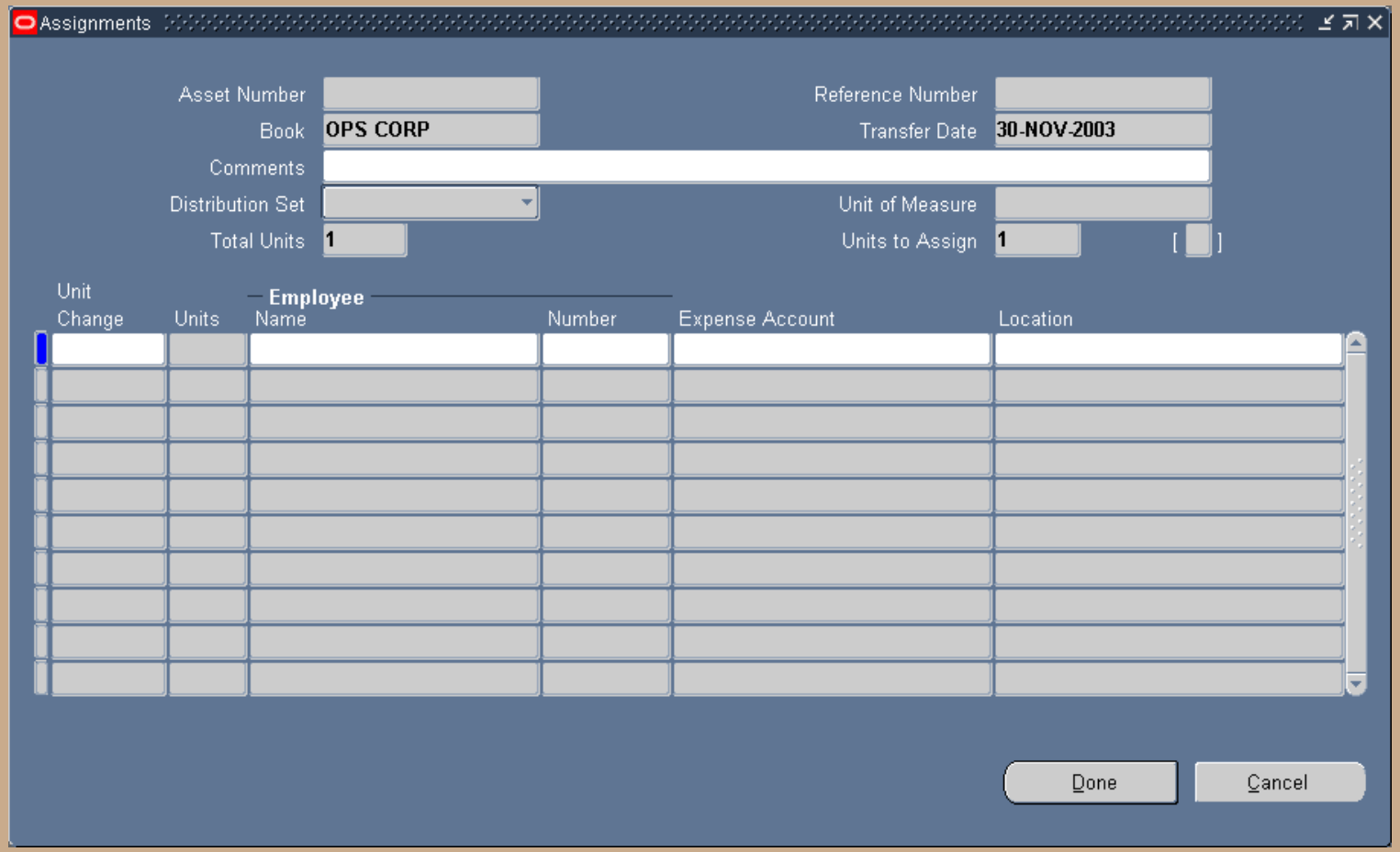
Asset Addition

Asset Additions Form (Distribution Details):



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Create Inter-Company Accounting

Sending Depreciation Book:

- Oracle will generate the following journal entry for the retirement:
  - Debit: Accumulated Depreciation
  - Debit: Gain/Loss
    - Credit: Asset Cost

- Manually off-set the Gain/Loss and book to the inter-company account:
  - Debit: Inter-company Receivables
    - Credit: Gain/Loss

Receiving Depreciation Book:

- Oracle will generate the following journal entry for the addition:
  - Debit: Asset Cost
    - Credit: Asset Clearing

- Manually off-set the Asset Clearing and book to the accumulated depreciation and inter-company accounts:
  - Debit: Asset Clearing
    - Credit: Accumulated Depreciation
    - Credit: Inter-company Payables

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Other Asset Transfer Options

The above process utilize Oracle standard features:

- **Oracle process retirement naturally**
- **Oracle process additions naturally**
- **Oracle creates journals naturally**
- **Manually book inter-company journals**

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Other Asset Transfer Options

Oracle Metalink Transfer Process:

Use a fixed assets responsability

1. Go to Assets/Asset Workbanch menu, find the old asset. Press on Books button and manually update cost to 0 and save the transaction
2. Go to Assets/Asset Workbanch menu, find again the old asset. Press on Retirements button and retire the asset for the old book
3. Go to Depreciation/Calculate Gain and Losses menu and run calculate gain and loss for the old book in order to fix the retirement
4. Go to Assets/Asset Workbanch menu, press on Additions button and add the new asset that should be attached to the new book. Use the same cost, date placed in service, life in months, depreciation method, location and category as for the old asset. Also take the depreciation reserve of the old asset and use it for the new one. Save the new asset.

Thank you and regards,
Dan
Oracle Support

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Other Asset Transfer Options

Oracle Metalink Transfer Suggestion:

- **Benefit:**
  - **No Gain or Loss is book on this option**

- **Cons:**
  - **When the asset cost is reduced to zero – Oracle will reverse all of the depreciation ever taken on the asset**
  - **In current month negative depreciation will be generated by Oracle**
  - **Inter-company journals still required manually**
  - **In the suggestion the sending book will receive a negative depreciation in current month (how do you correct this)**
  - **In the suggestion the receiving book would enter the accumulated depreciation**

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Tax Book Considerations

Like the financial books, determine the tax value and life of the asset:

- **Tax Treatment**
  - **Consider the type of transfer**
    - **Legally how can the companies involve interact with each other (sale / pass through, etc.)**

- **Tax Value**
  - **Based on the new financial cost**
  - **Based on original tax value**
  - **Based on original financial cost**

- **Tax Life**
  - **Based on default life**
  - **Based on original life**

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Current Transfer Process Questions?

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Transfer Process (Automated)

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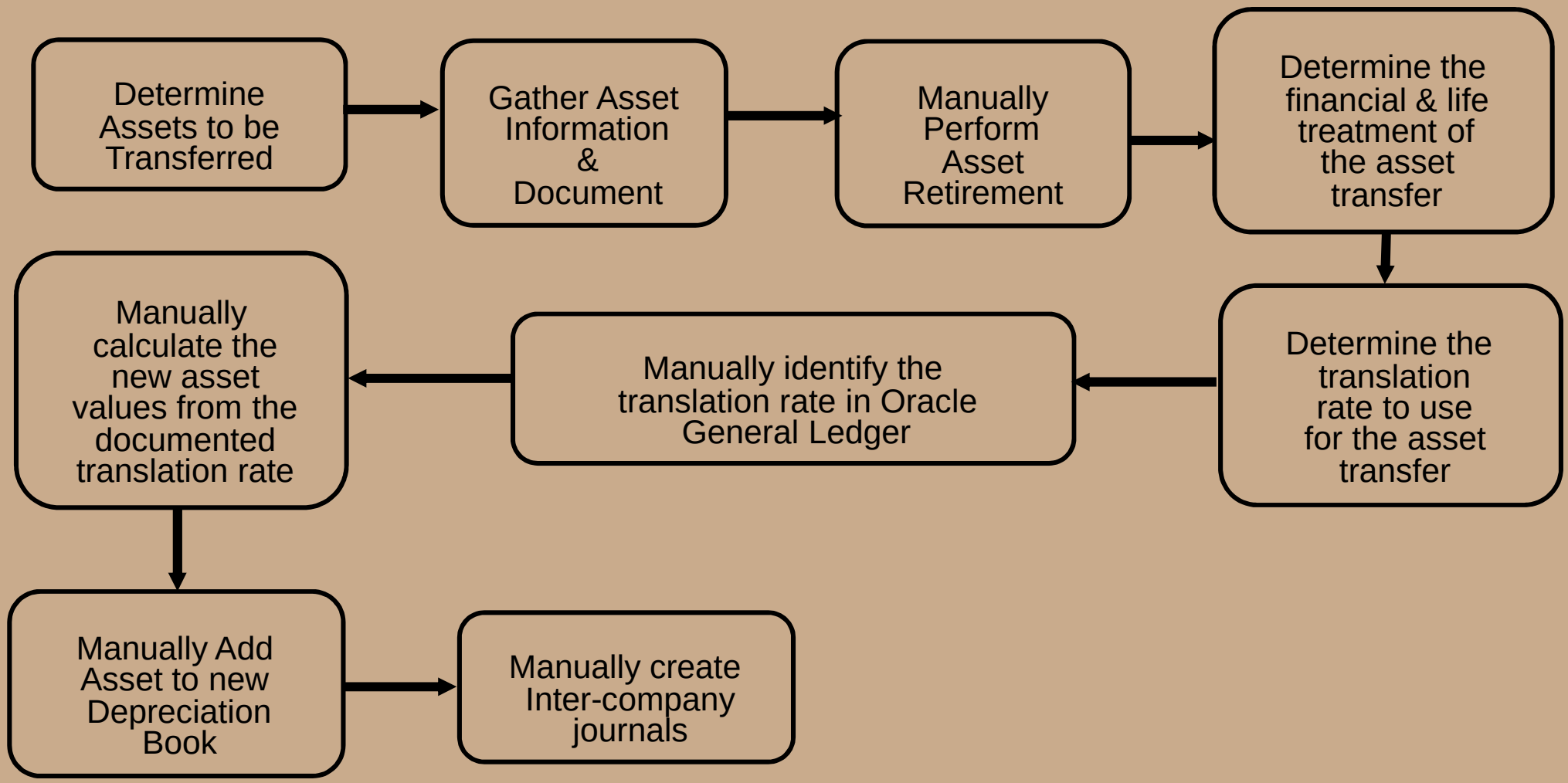
Transfer Process Flow



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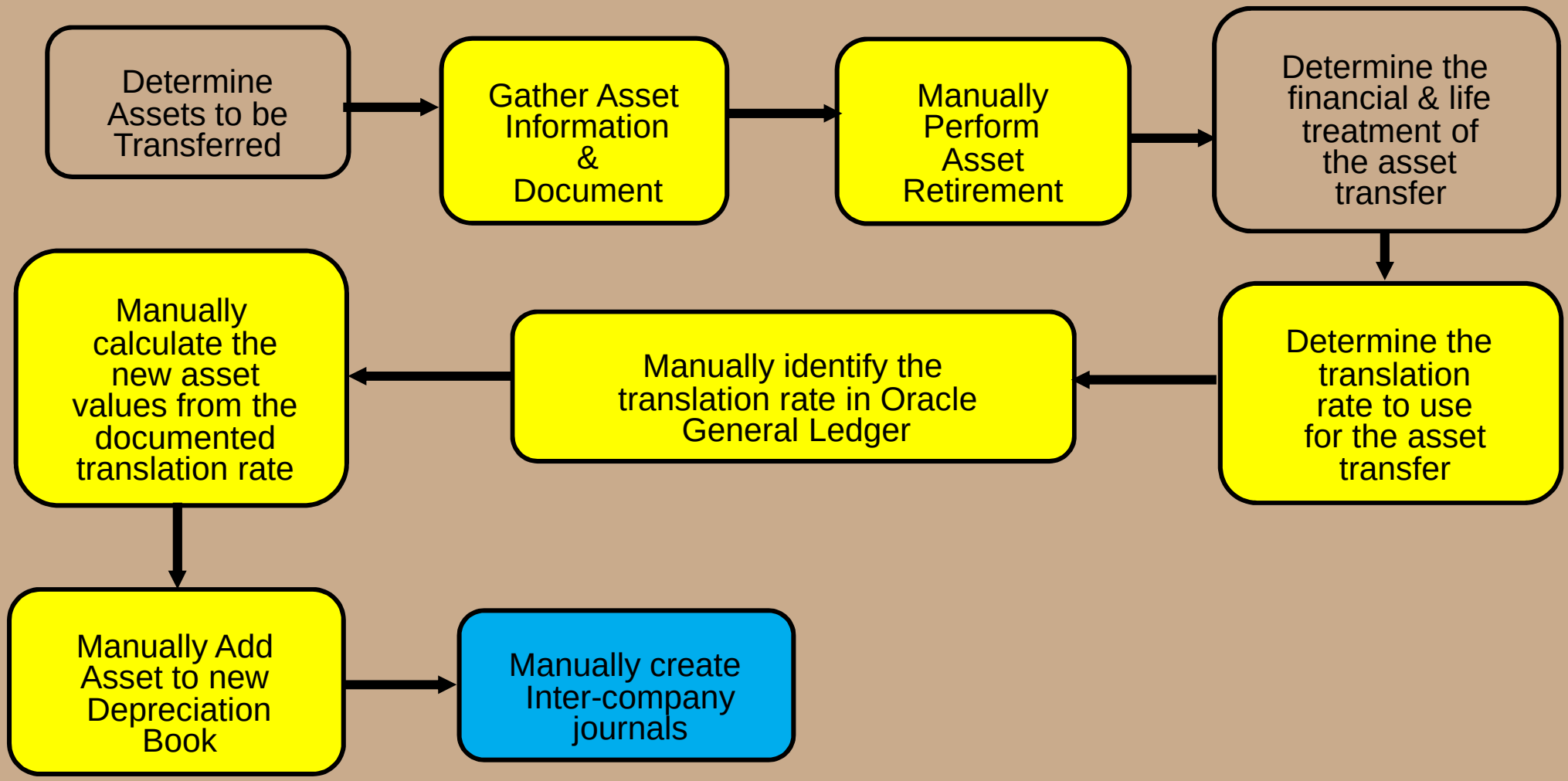
Solution Overlay on Current Process



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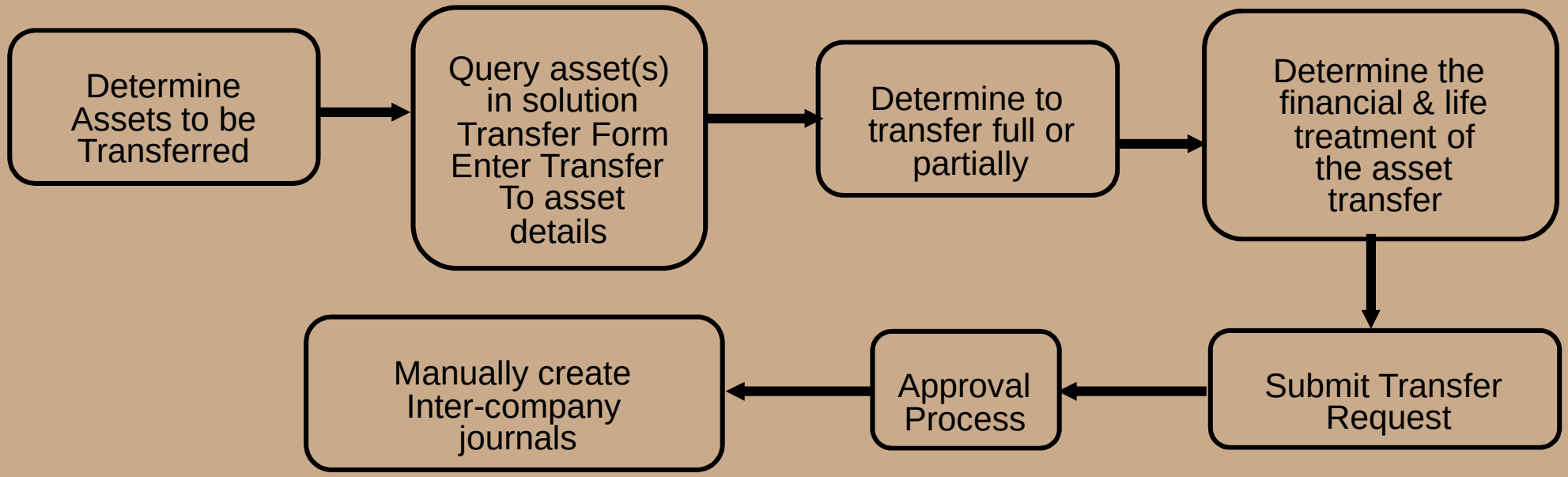
Solution Transfer Process



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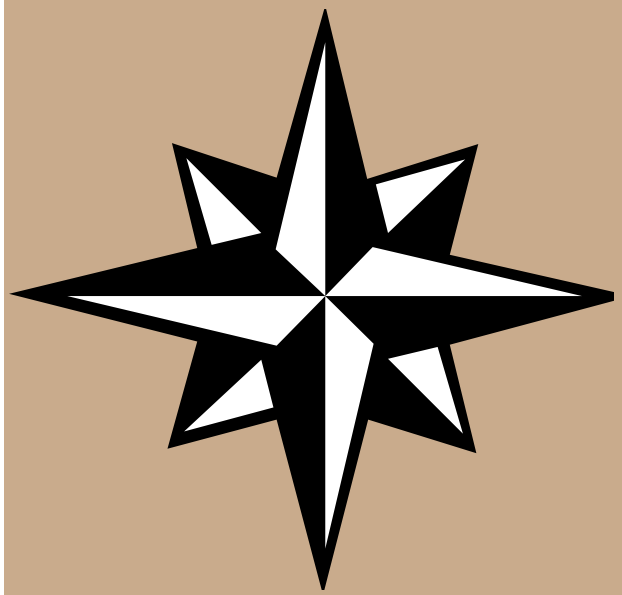
Solution High-Level Overview



Solution Functionality:

- **Transfer single or multiple assets between corporate depreciation books, regardless of:**
  - Currencies
  - Chart of account structures/values
  - Asset Categories values
- **Transfer assets at:**
  - Cost or
  - Cost, YTD, and Accumulated Depreciation (CarryOver) or
  - NBV or
  - Amortized NBV
- **Transfer asset life at:**
  - Original Life (CarryOver)
  - Default (defaults to the life associated to the asset category for the receiving book)
  - Remaining Life
- **Translate transferred values to the receiving depreciation book's currency**
- **Transfer full or partial (cost or units) assets**
- **Maintains audit trail between the asset being transferred and the new asset created**
- **Built-in approval process**

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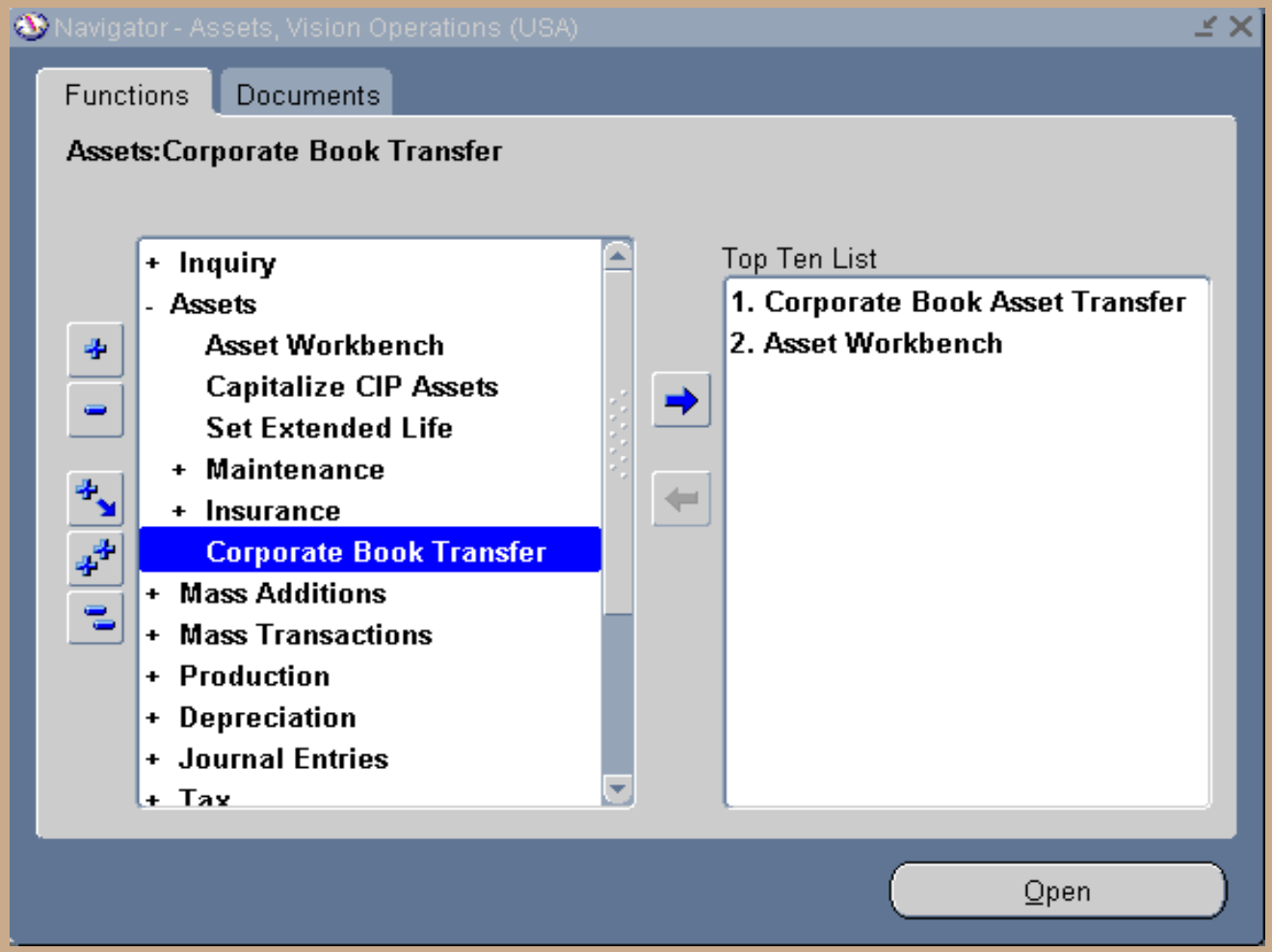
Using the Navigator Window



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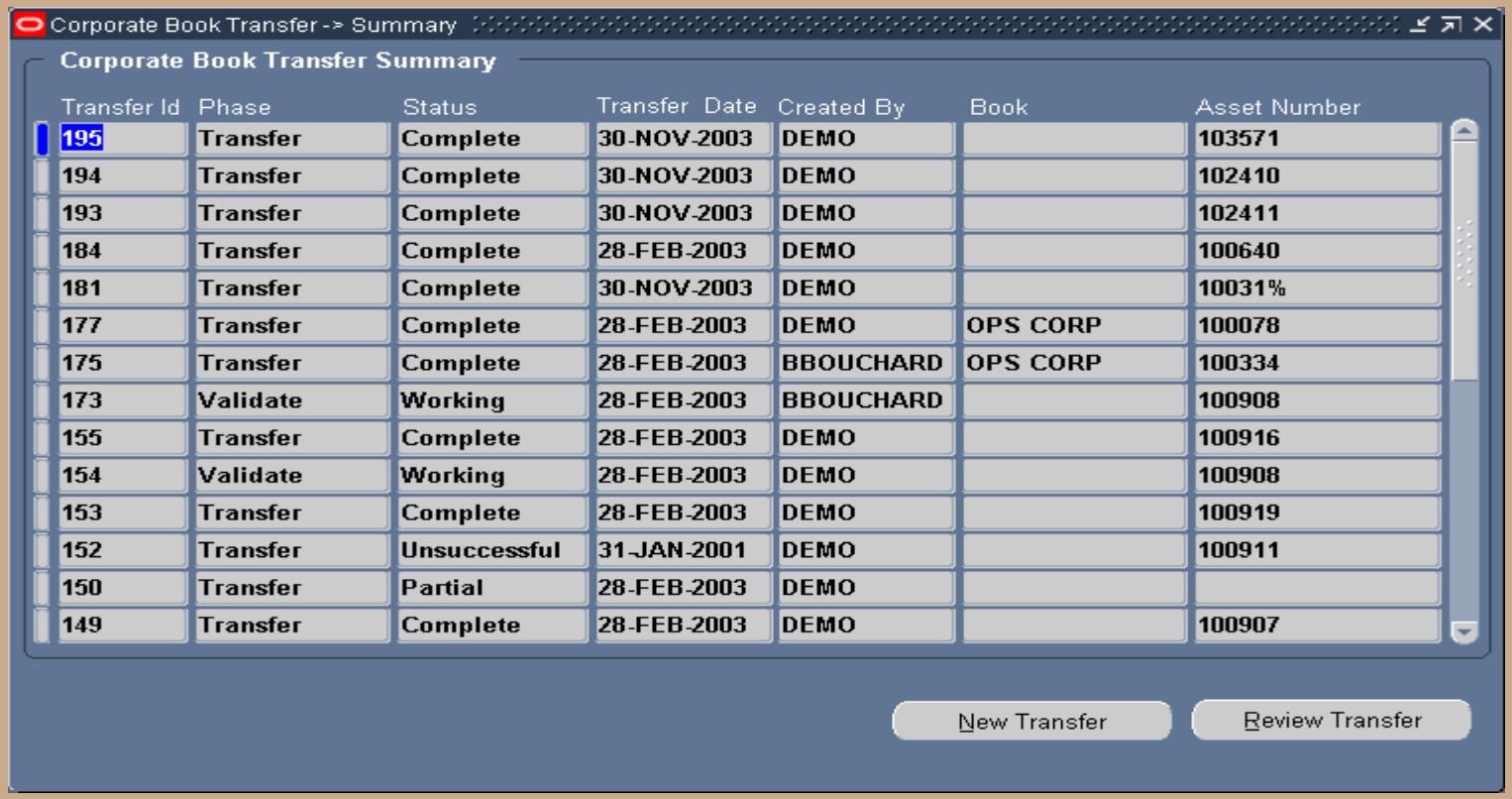
View Transfer Summary

- View transfer summary and choose to
  - View existing transfer(s)
  - Complete a started and saved transfer
  - Create a new transfer



Transfer Id	Phase	Status	Transfer Date	Created By	Book	Asset Number
195	Transfer	Complete	30-NOV-2003	DEMO		103571
194	Transfer	Complete	30-NOV-2003	DEMO		102410
193	Transfer	Complete	30-NOV-2003	DEMO		102411
184	Transfer	Complete	28-FEB-2003	DEMO		100640
181	Transfer	Complete	30-NOV-2003	DEMO		10031%
177	Transfer	Complete	28-FEB-2003	DEMO	OPS CORP	100078
175	Transfer	Complete	28-FEB-2003	BBOUCHARD	OPS CORP	100334
173	Validate	Working	28-FEB-2003	BBOUCHARD		100908
155	Transfer	Complete	28-FEB-2003	DEMO		100916
154	Validate	Working	28-FEB-2003	DEMO		100908
153	Transfer	Complete	28-FEB-2003	DEMO		100919
152	Transfer	Unsuccessful	31-JAN-2001	DEMO		100911
150	Transfer	Partial	28-FEB-2003	DEMO		
149	Transfer	Complete	28-FEB-2003	DEMO		100907

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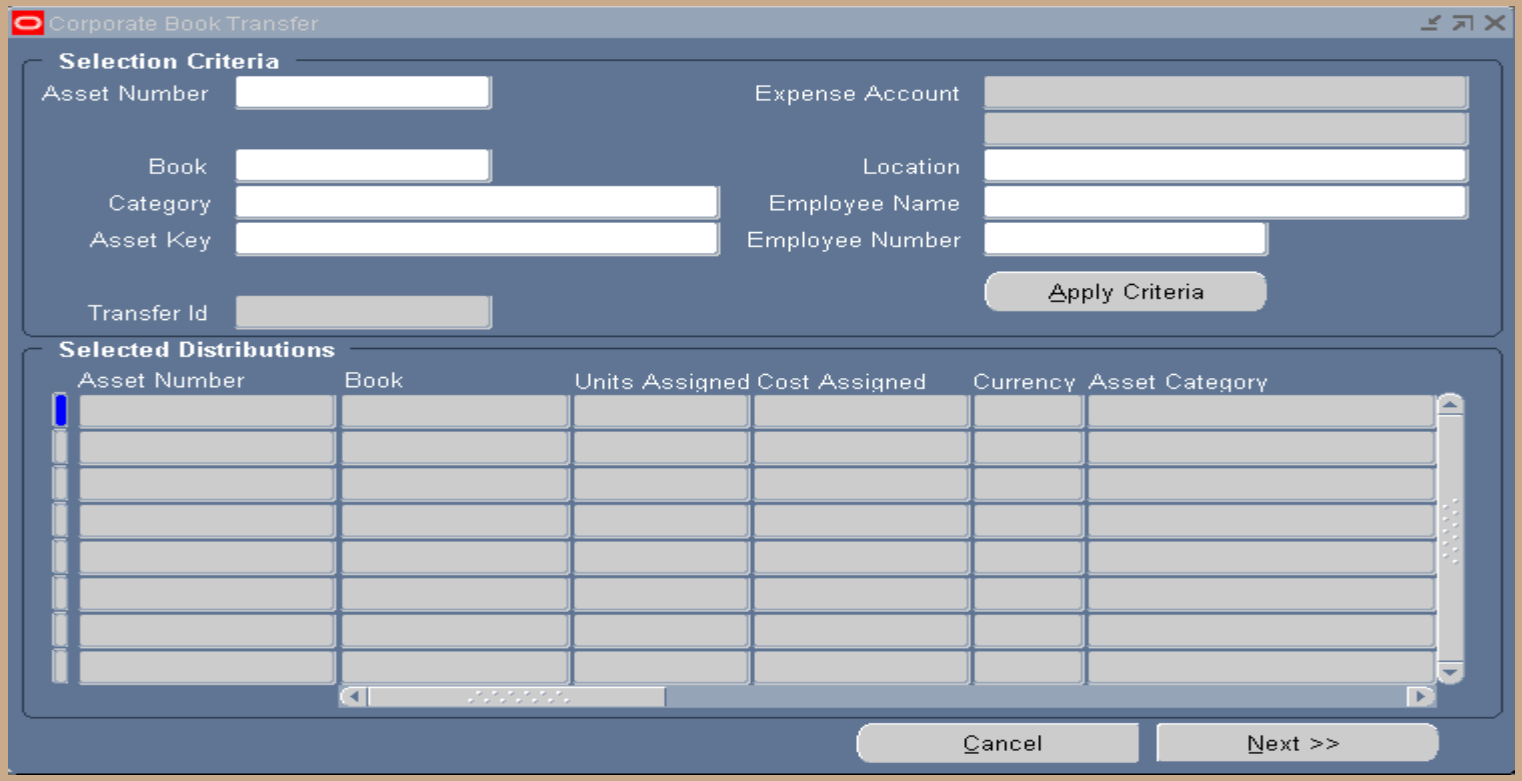
Selecting Assets To Transfer

- Query a Single asset or Group of assets , choose to enter command data for all assets in the Selection Criteria section
- Select the Apply Criteria button to apply the command data elements to select all assets.
- Select Next to move forward in the process



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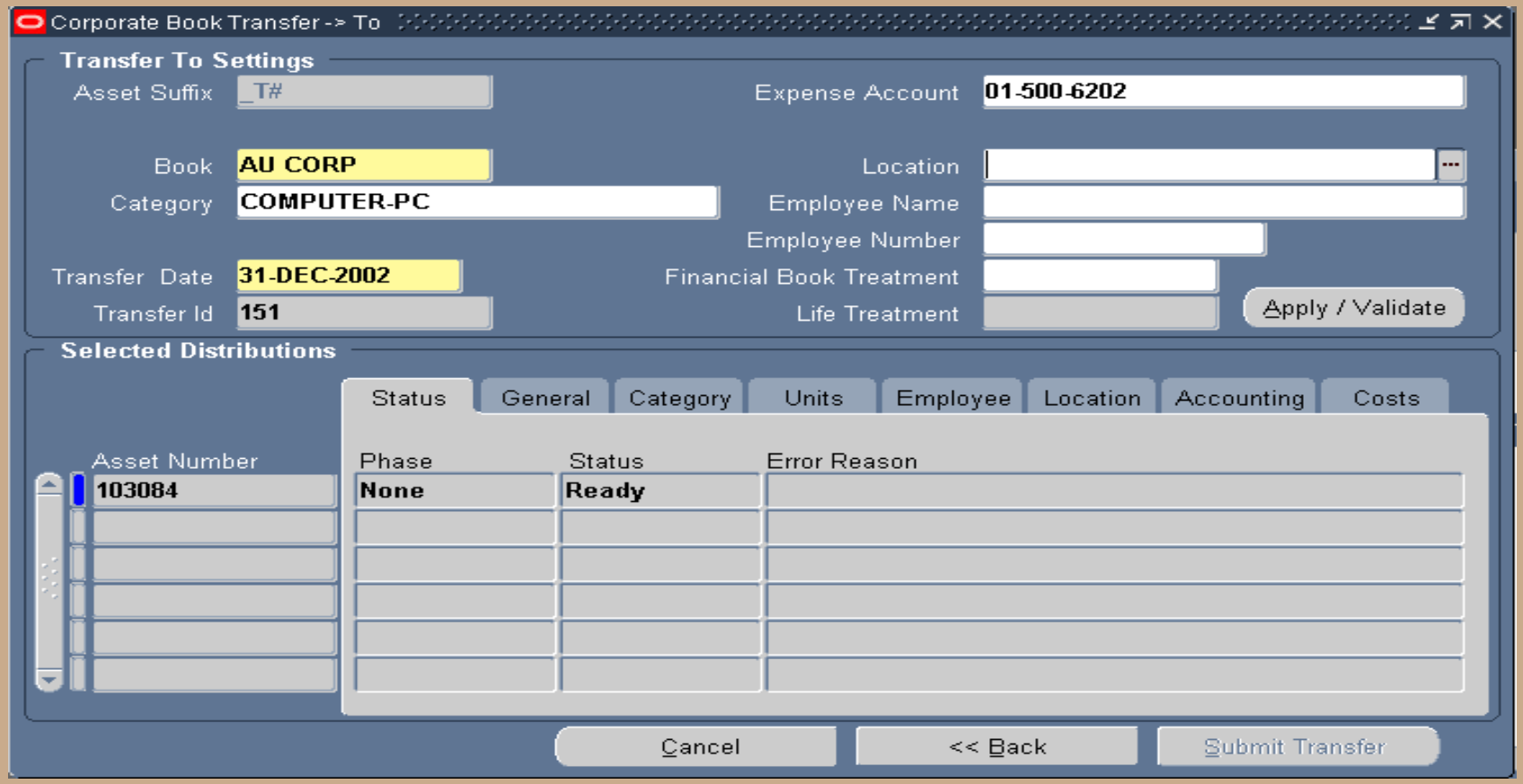
Asset Transfer To Settings

- Enter the Transfer To details (enter the common details for all assets in the transaction).
- Select the Apply/Validate button to apply the details to each asset.



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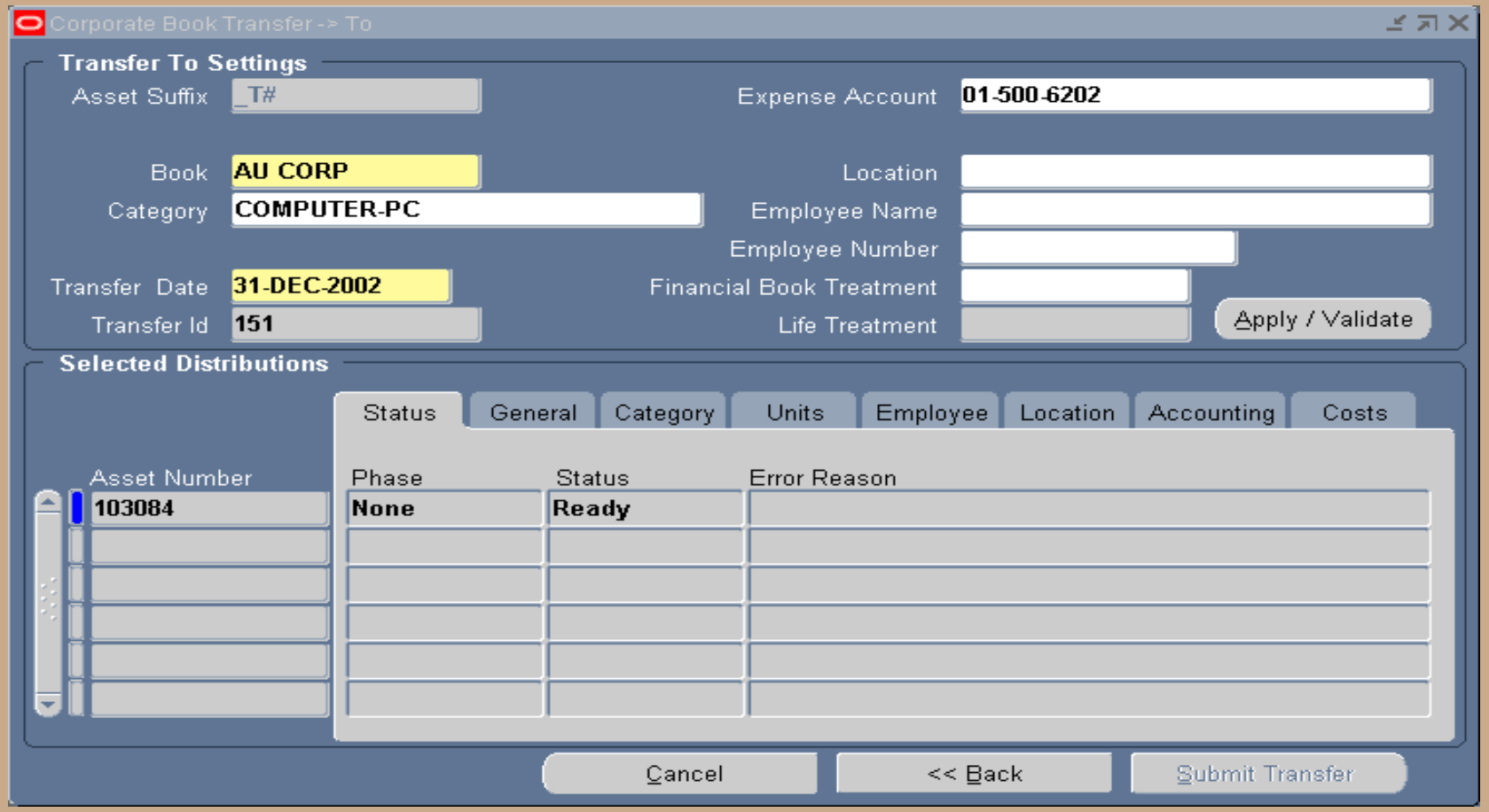
Asset Transfer Status

- Throughout the process the Status tab will identify where the transaction is in the process and note errors.



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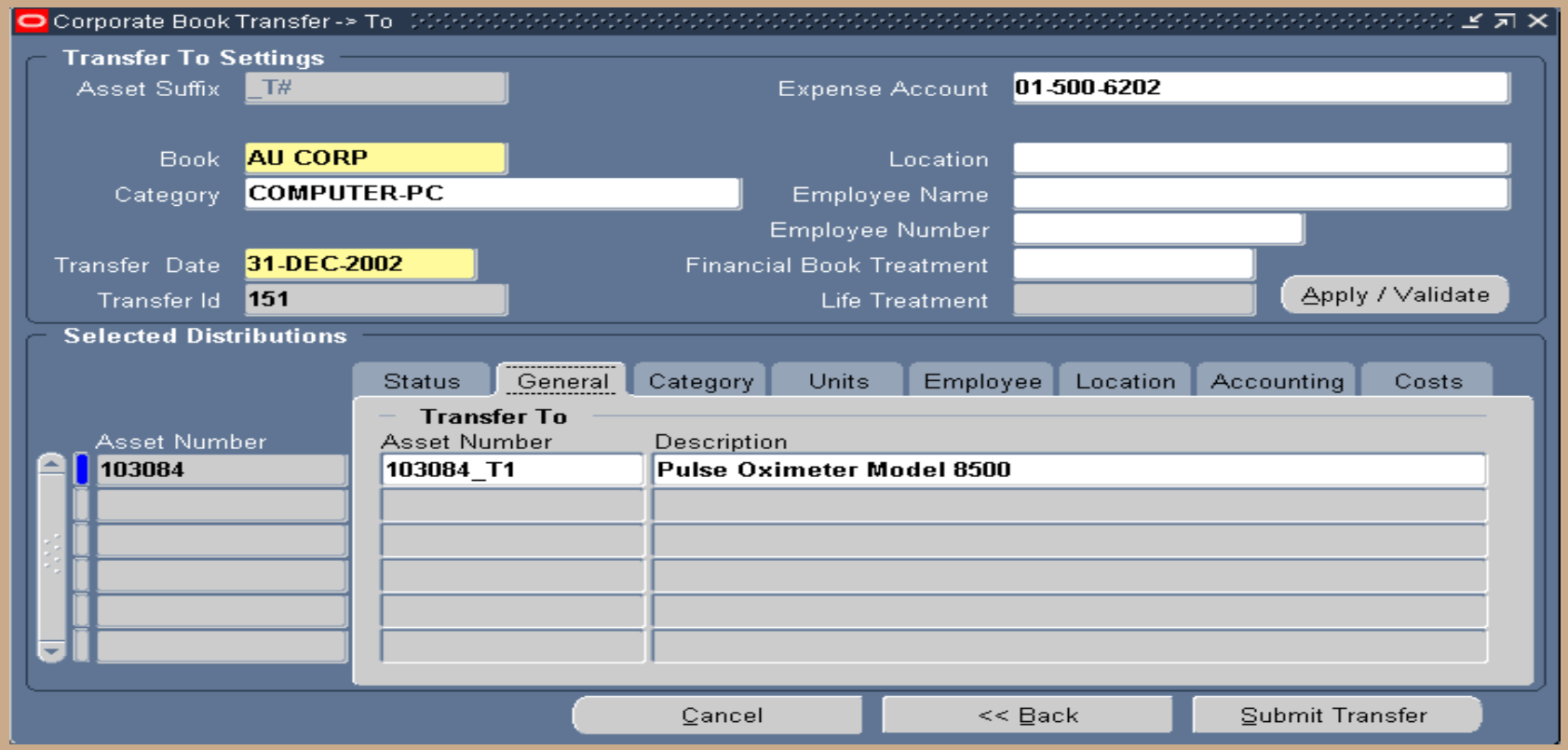
View General Information

- View the new asset number(s), description will default to the description of the transferring assets, choose to override the description.
- Enter Transfer To Setting common data for all selected assets, select the Apply Settings button to apply the new data values to the asset(s) to be transferred.



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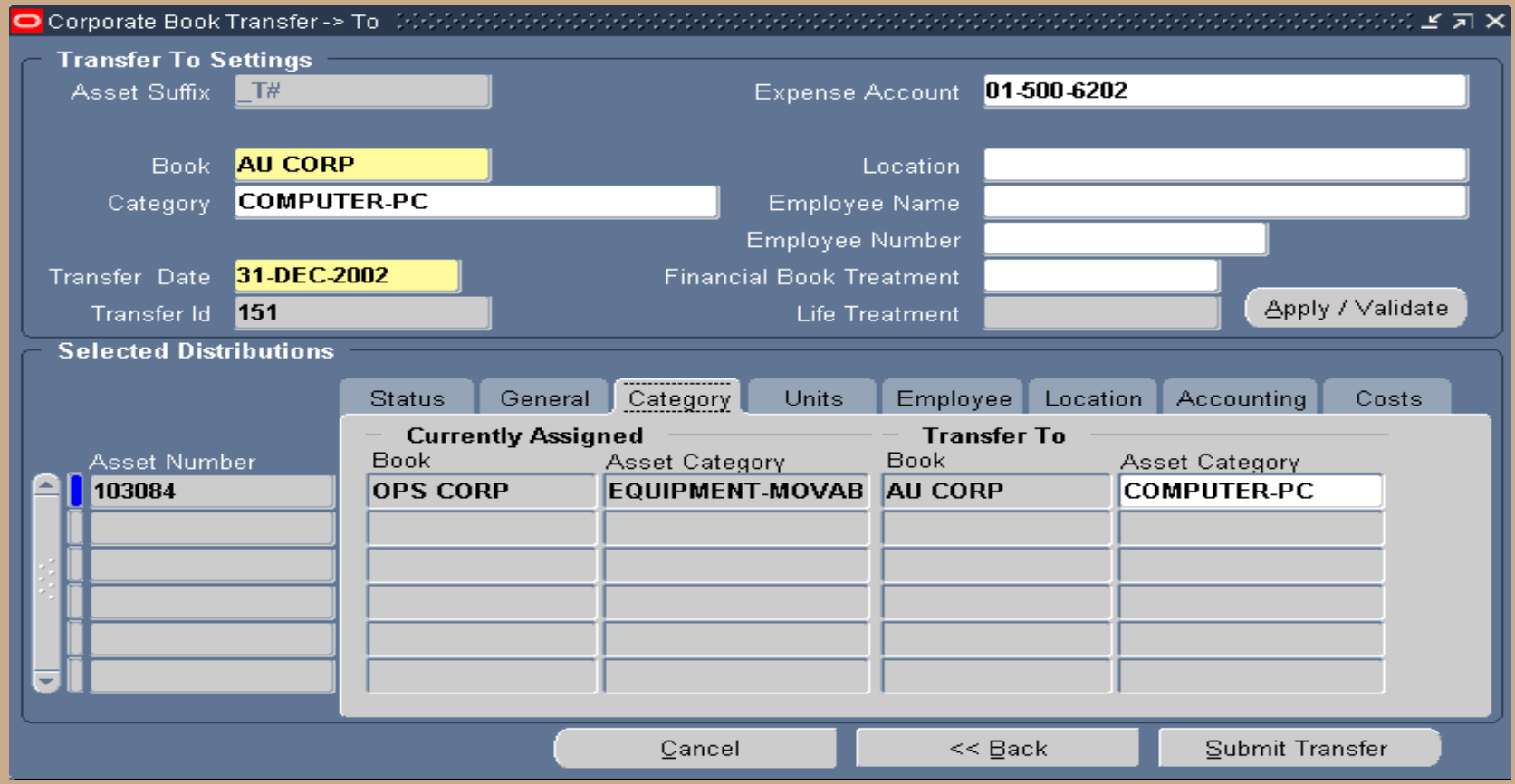
View Asset Category

- View the Asset Category assigned to the assets, choose the enter new Asset Categories for the receiving depreciation book. Select from a list of Asset Category values only assigned to the receiving depreciation book.



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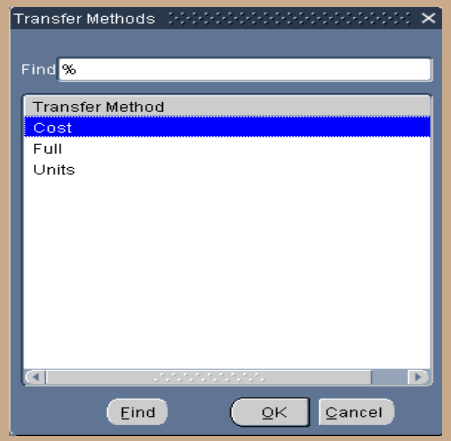
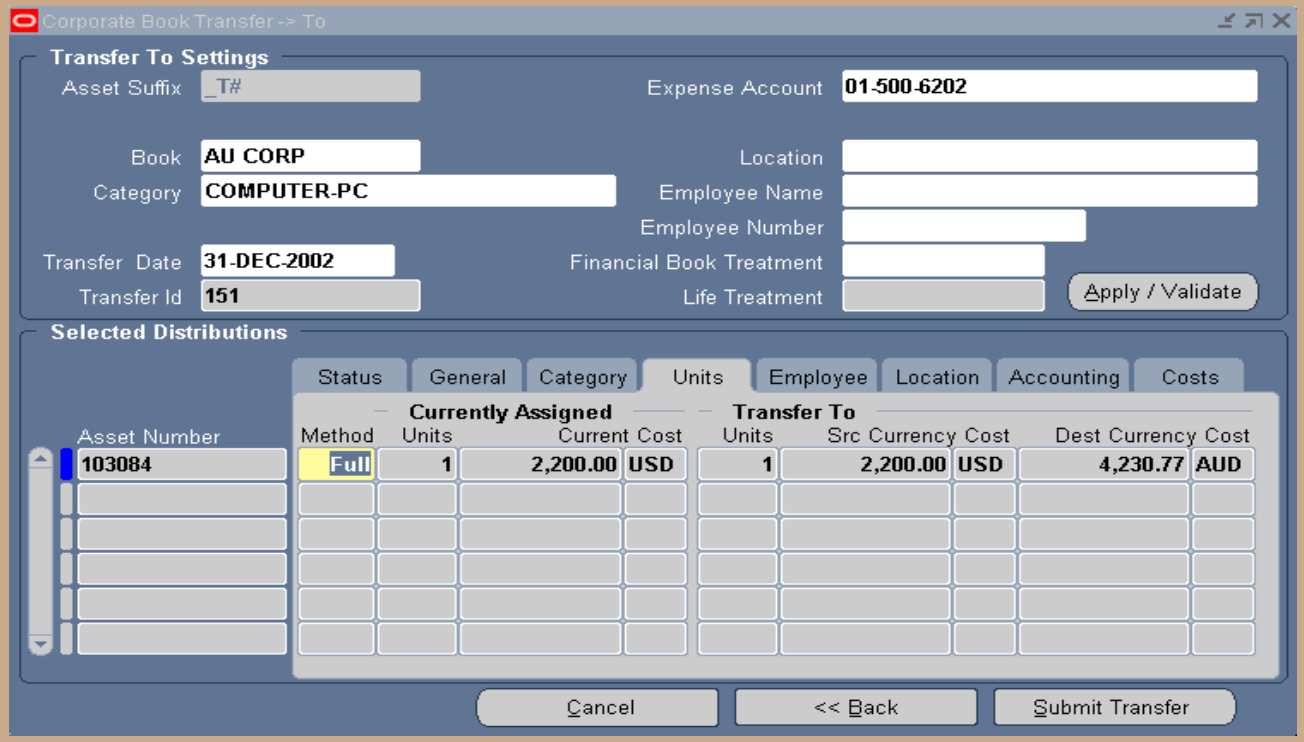
Identify The Type Of Transfer

- Identify whether the transfer is a full or partial (cost or units) transfer.
  - If full no data will be available for updating.
  - If Partial (Cost) only the Src Currency Cost (Source Currency Cost) will be available for updating.
  - If Partial (Units) only the units will be available for updating – cost will be calculated.
- View the translated cost immediately.





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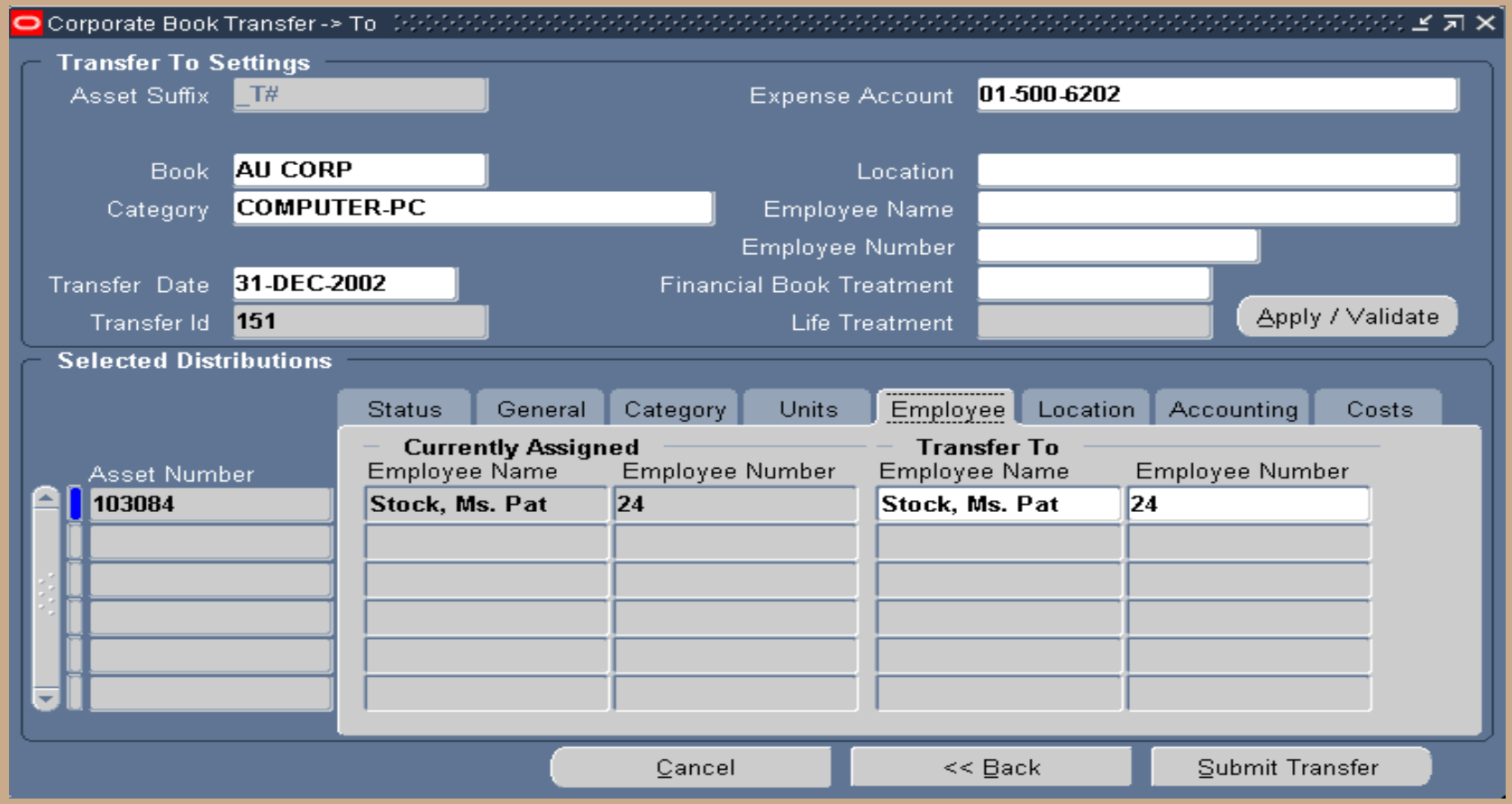
Update Assigned Employee

- If applicable, update the Employee information. The program will default the Transfer To Employee information to equal the Currently Assigned.



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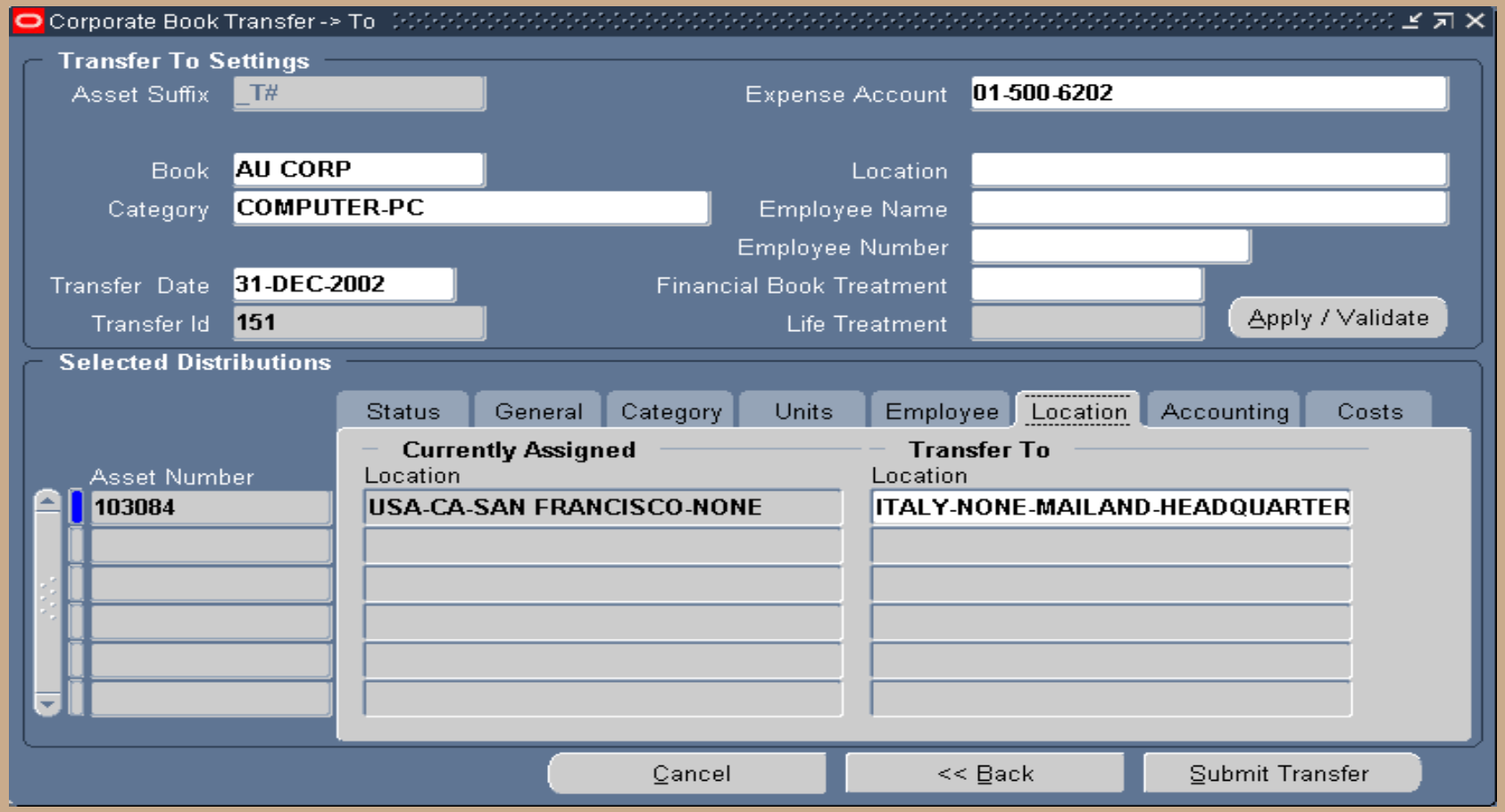
Update Location

- If applicable, update the Location information. The program will default the Transfer To Location information to equal the Currently Assigned.



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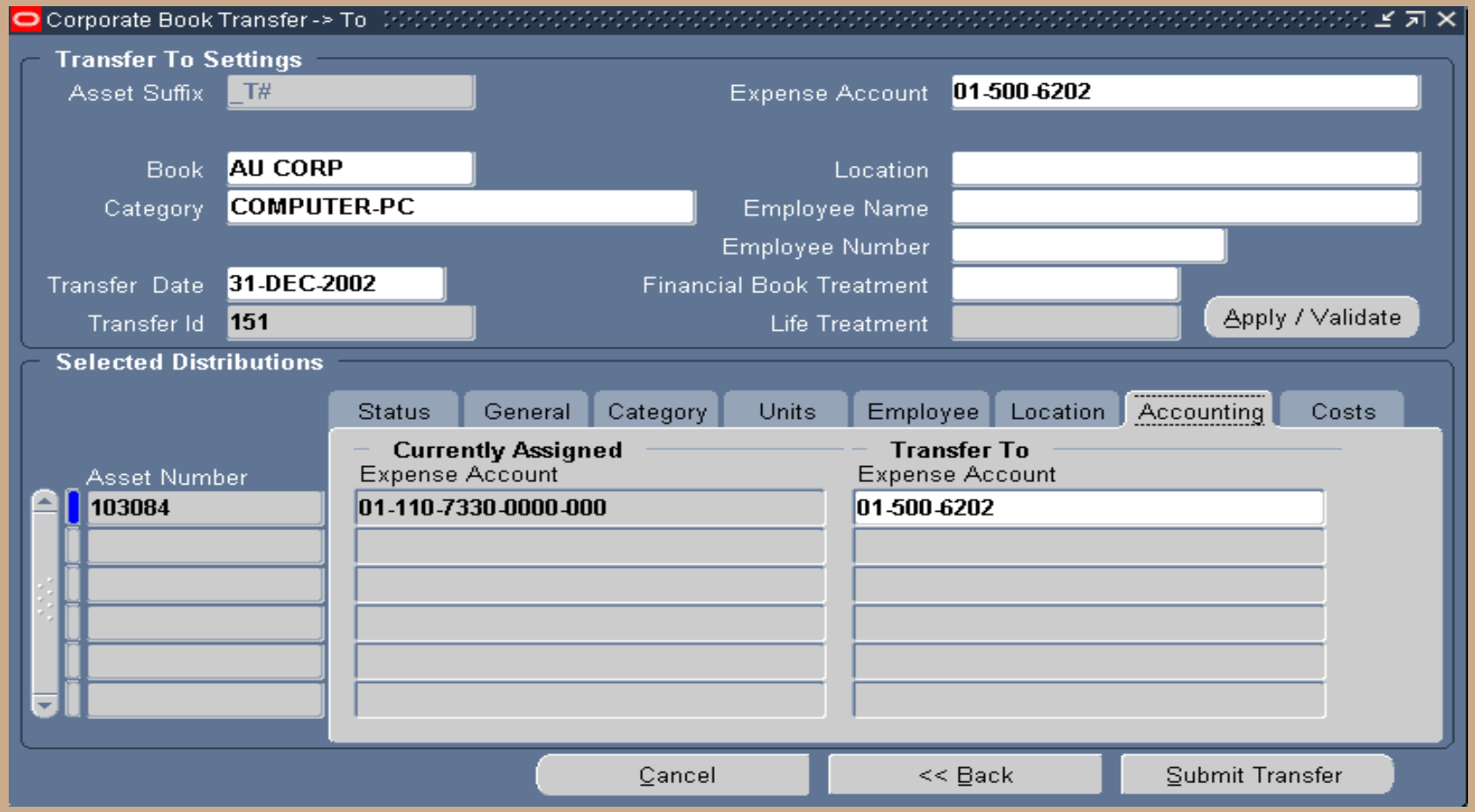
Update Accounting

- Enter the Depreciation Expense account string for the Transfer To Depreciation Books. It does not matter if the Transfer To uses a different Chart Of Accounts structure.



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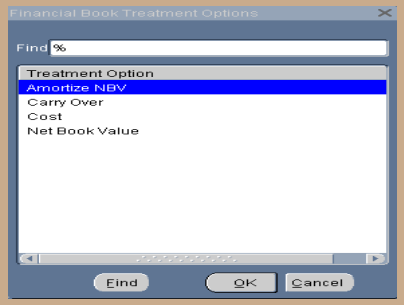
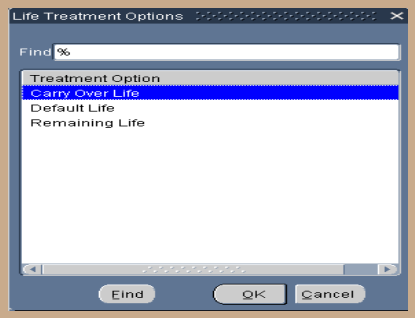
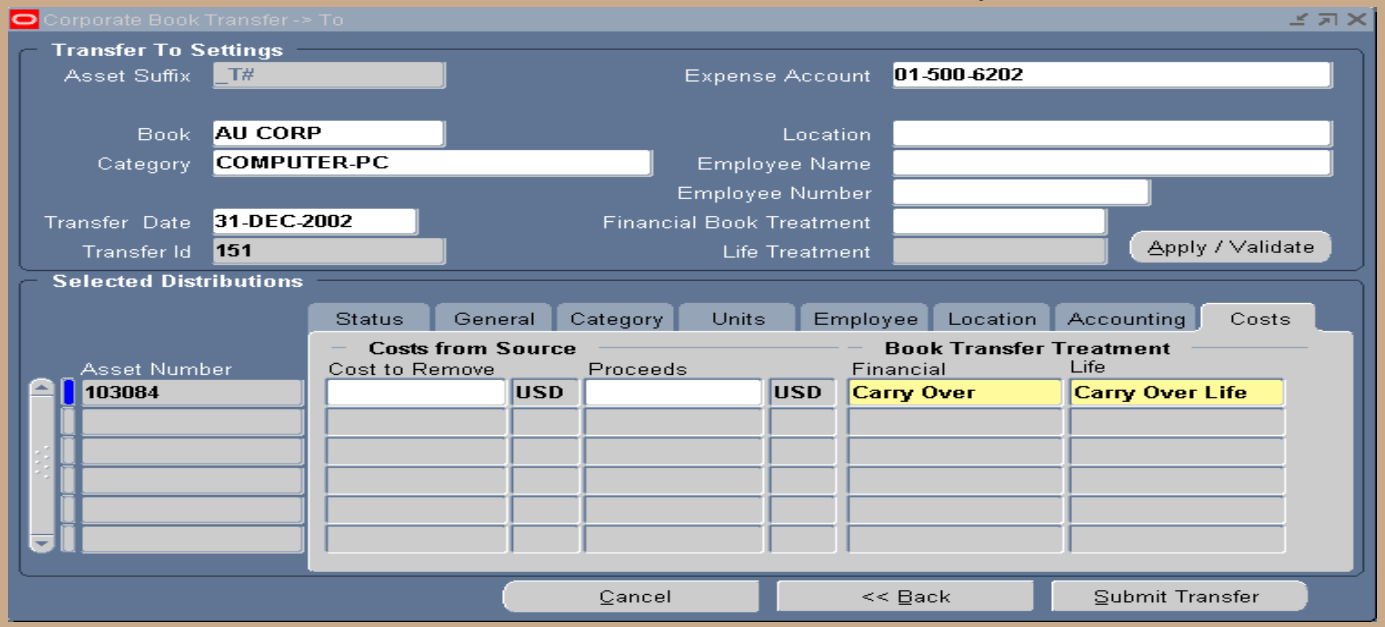
Select The Treatment For The Transfer

- If applicable enter the Cost to Remove or Proceeds values to be accounted for in the retirement process.
- Select from a list of values the Financial treatment for the transfer (i.e. Transfer at Cost, NBV, Amortized NBV, or Cost, YTD, and Accumulated Depreciation)
- Select from a list of values the Life treatment for the transfer (i.e. Carry Over Life, Default Life, or Remaining Life)
- Submit the transfer, select the button “Submit Transfer” this is kick off a concurrent process.







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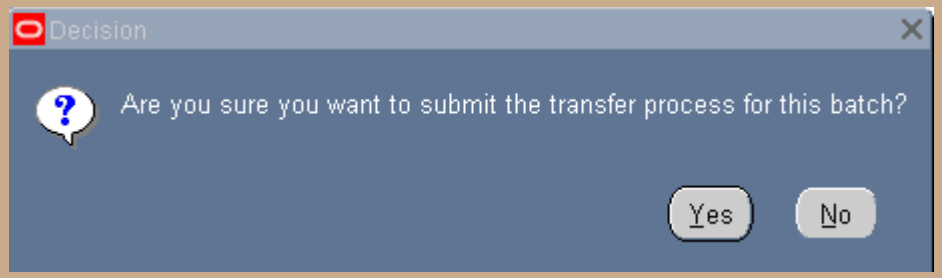
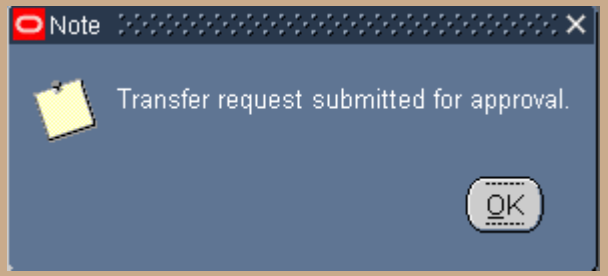
Submit The Transfer

- If the approval process is turned on, the transfer will be routed to the person who is responsible for the receiving book for their authorization of the transfer. If approved, the transfer processes will be submitted to the concurrent manager for processing.
- If the approval process is not turned on, the transfer process will be submitted immediately to the concurrent manager for processing.
- If the approval process is turned on, the following message will appear after the Submit Transfer button is selected.





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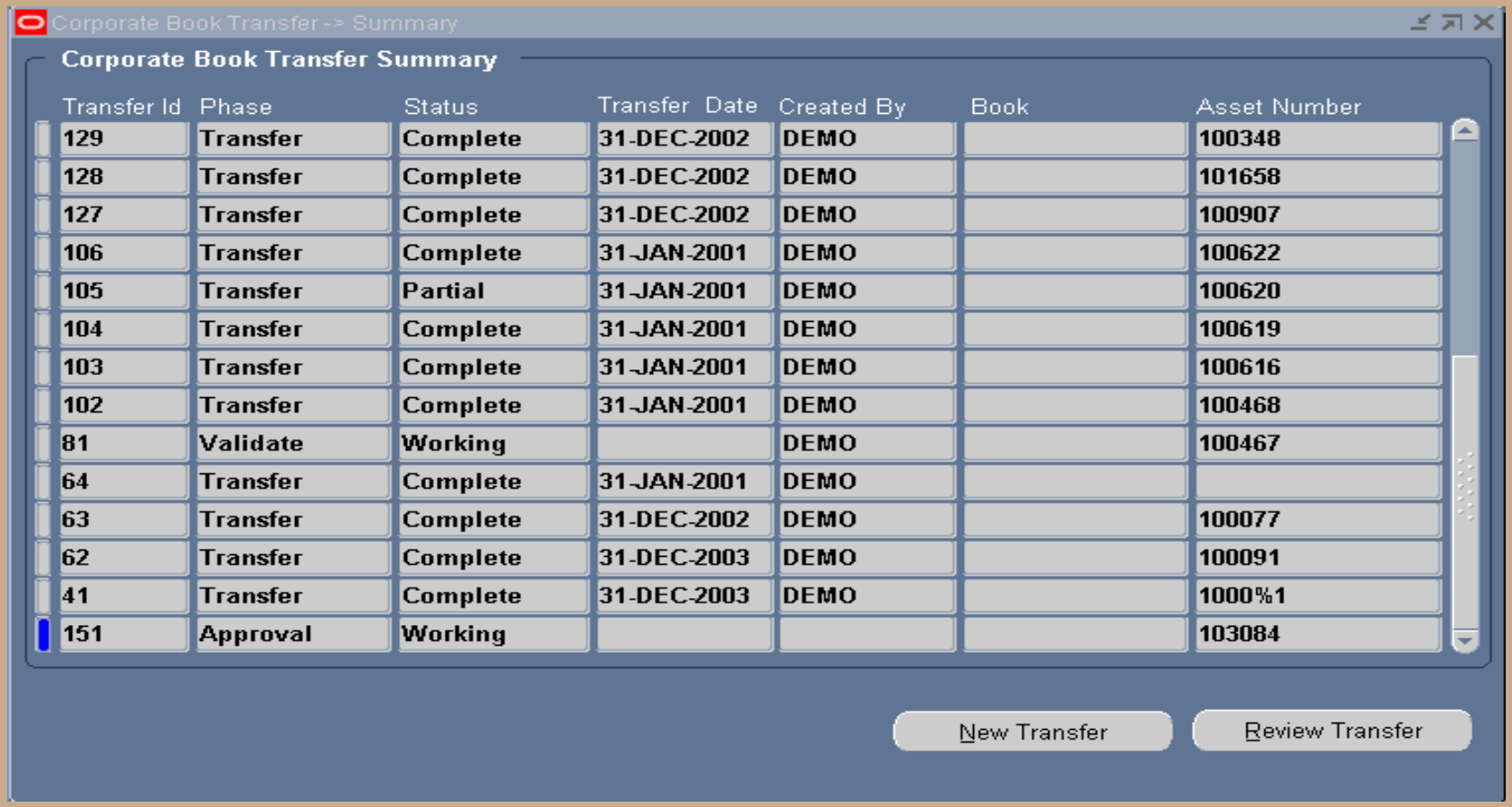
Approval Process

- During the approval process the status of the transfer will be in “Working” and the phase will indicate “Approval” on the Corporate Book Transfer Summary form.



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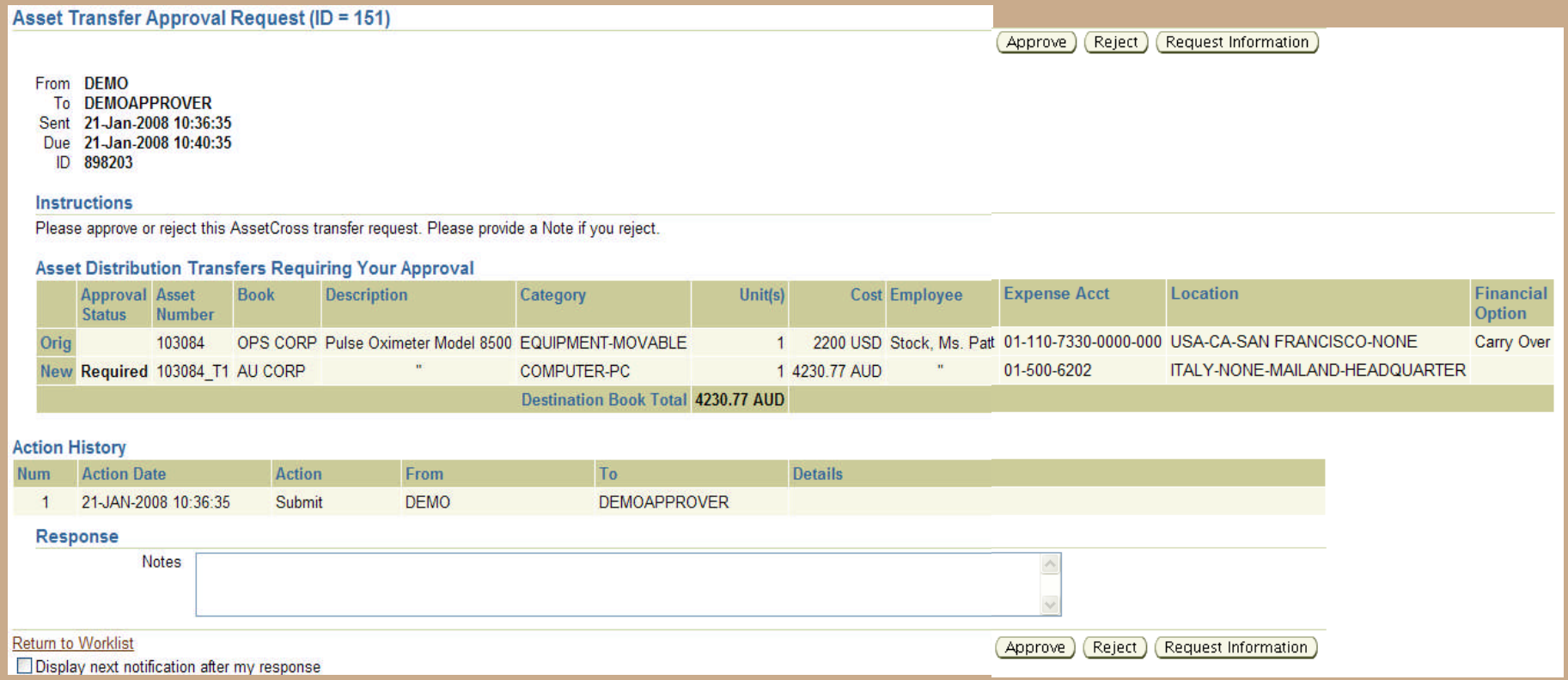
Approval Process

- The receiving book approver will receive a workflow notification, this can be incorporated into the email system like any other workflow process.
- The receiver will review the transfer and choose to (Approve, Reject, or Request Information) on the transfer.



Asset Transfer Approval Request (ID = 151)

Approve | Reject | Request Information

From DEMO
To DEMOAPPROVER
Sent 21-Jan-2008 10:36:35
Due 21-Jan-2008 10:40:35
ID 898203

Instructions

Please approve or reject this AssetCross transfer request. Please provide a Note if you reject.

Asset Distribution Transfers Requiring Your Approval

	Approval Status	Asset Number	Book	Description	Category	Unit(s)	Cost	Employee	Expense Acct	Location	Financial Option
Orig		103084	OPS CORP	Pulse Oximeter Model 8500	EQUIPMENT-MOVABLE	1	2200 USD	Stock, Ms. Patt	01-110-7330-0000-000	USA-CA-SAN FRANCISCO-NONE	Carry Over
New	Required	103084_T1	AU CORP	"	COMPUTER-PC	1	4230.77 AUD	"	01-500-6202	ITALY-NONE-MAILAND-HEADQUARTER	
					Destination Book Total	4230.77 AUD					

Action History

Num	Action Date	Action	From	To	Details
1	21-JAN-2008 10:36:35	Submit	DEMO	DEMOAPPROVER	

Response

Notes

Return to Worklist

Approve | Reject | Request Information

☐ Display next notification after my response

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Approval Process

- If approved – the initiator will receive notification and the AssetCross process will be submitted to the Concurrent Manager for processing.
- If rejected – the initiator will receive notification and the transfers can be modified and re-submitted for approval.
- If request information – the initiator will receive notification with the request of information from the approver, the initiator then can take the appropriate action on the transfer.

Approver Notification:

- The notification will include the Original and New details of the transfer:
  - Asset Number
  - Book
  - Description
  - Category
  - Units
  - Cost
  - Employee
  - Expense Account
  - Location
  - Financial Option

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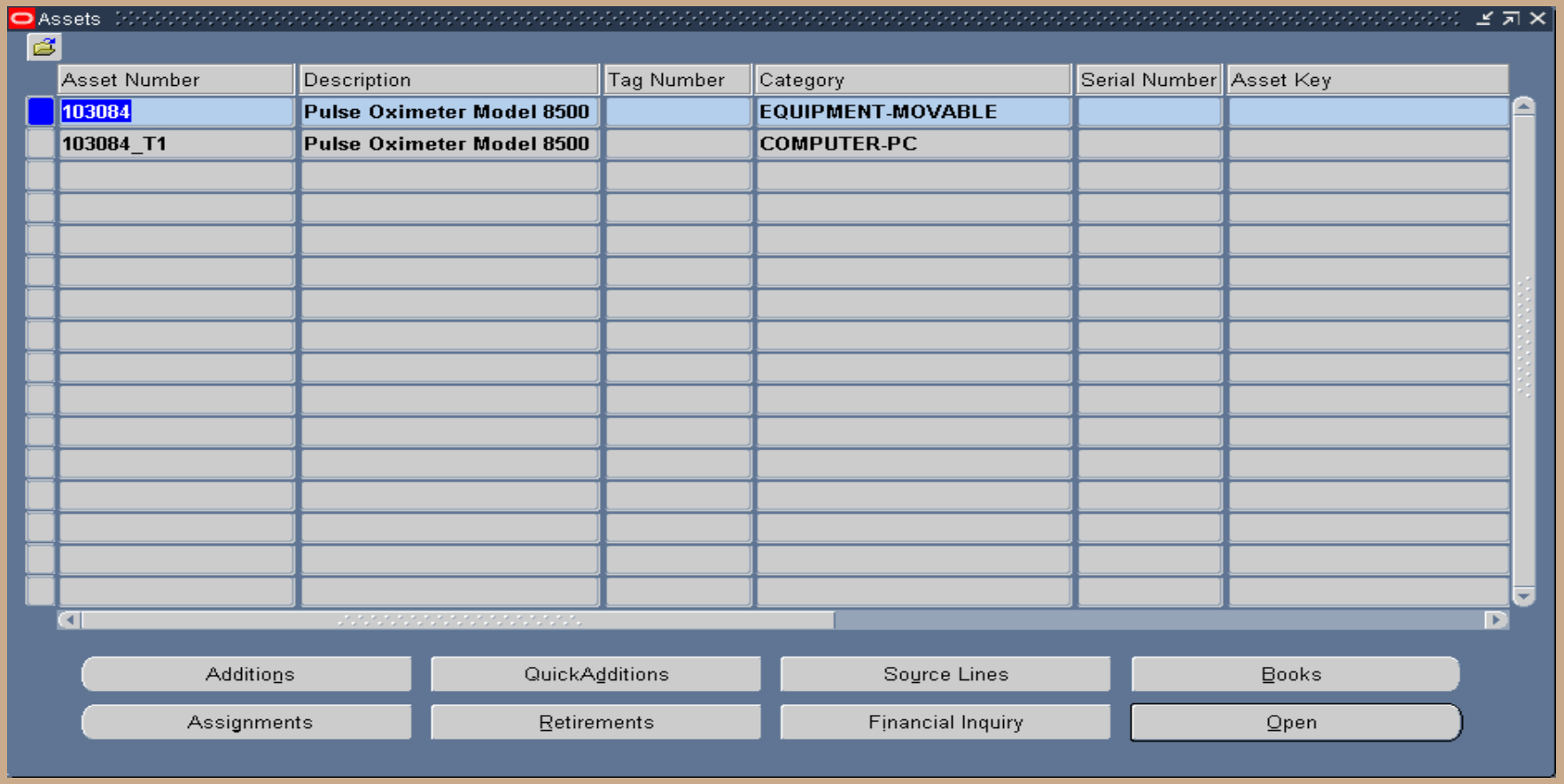
Results

- The selected asset will be retired
- New asset created with the selected asset number followed by '_T1'



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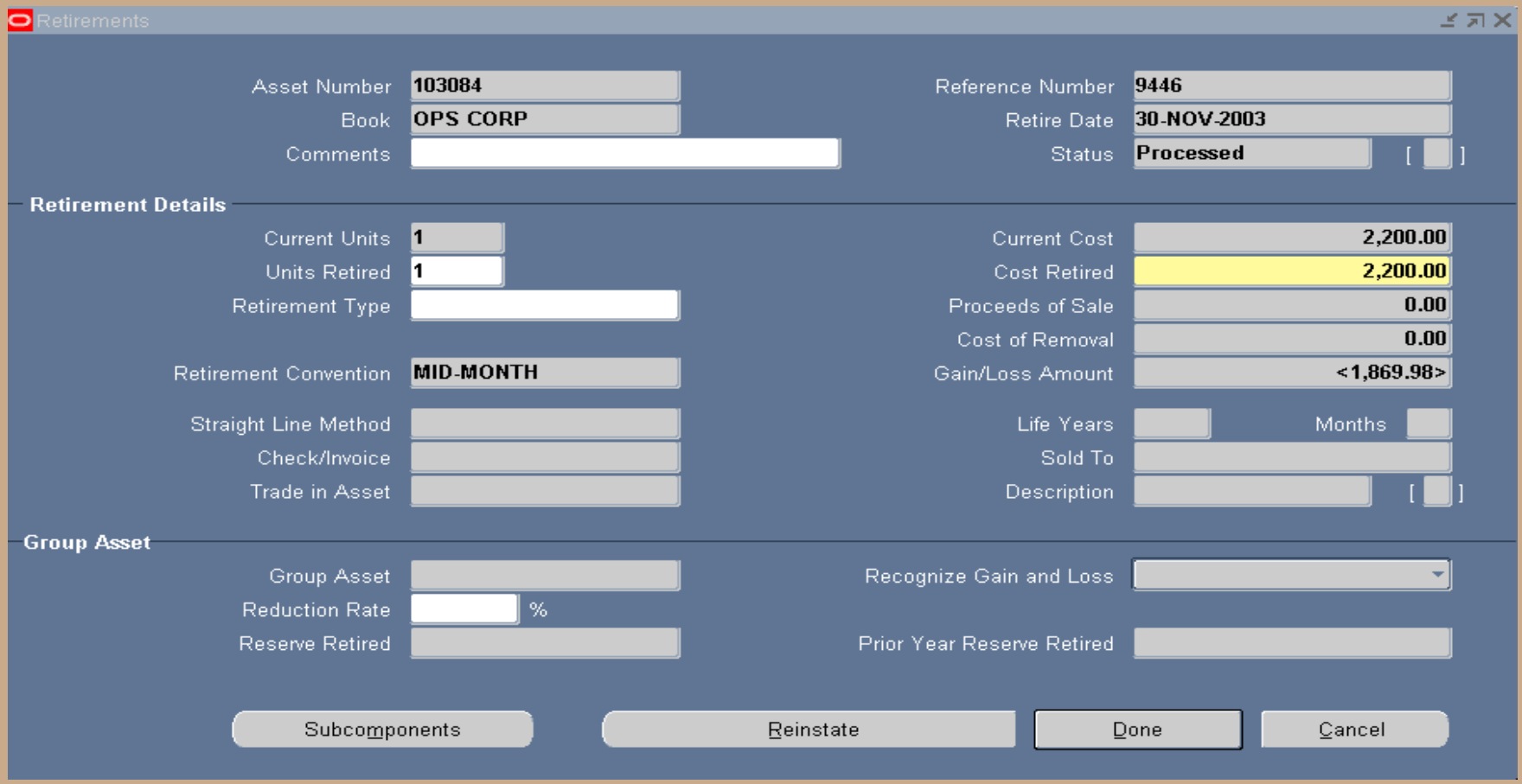
Transferred Asset Results

- Review retirement created by AssetCross™



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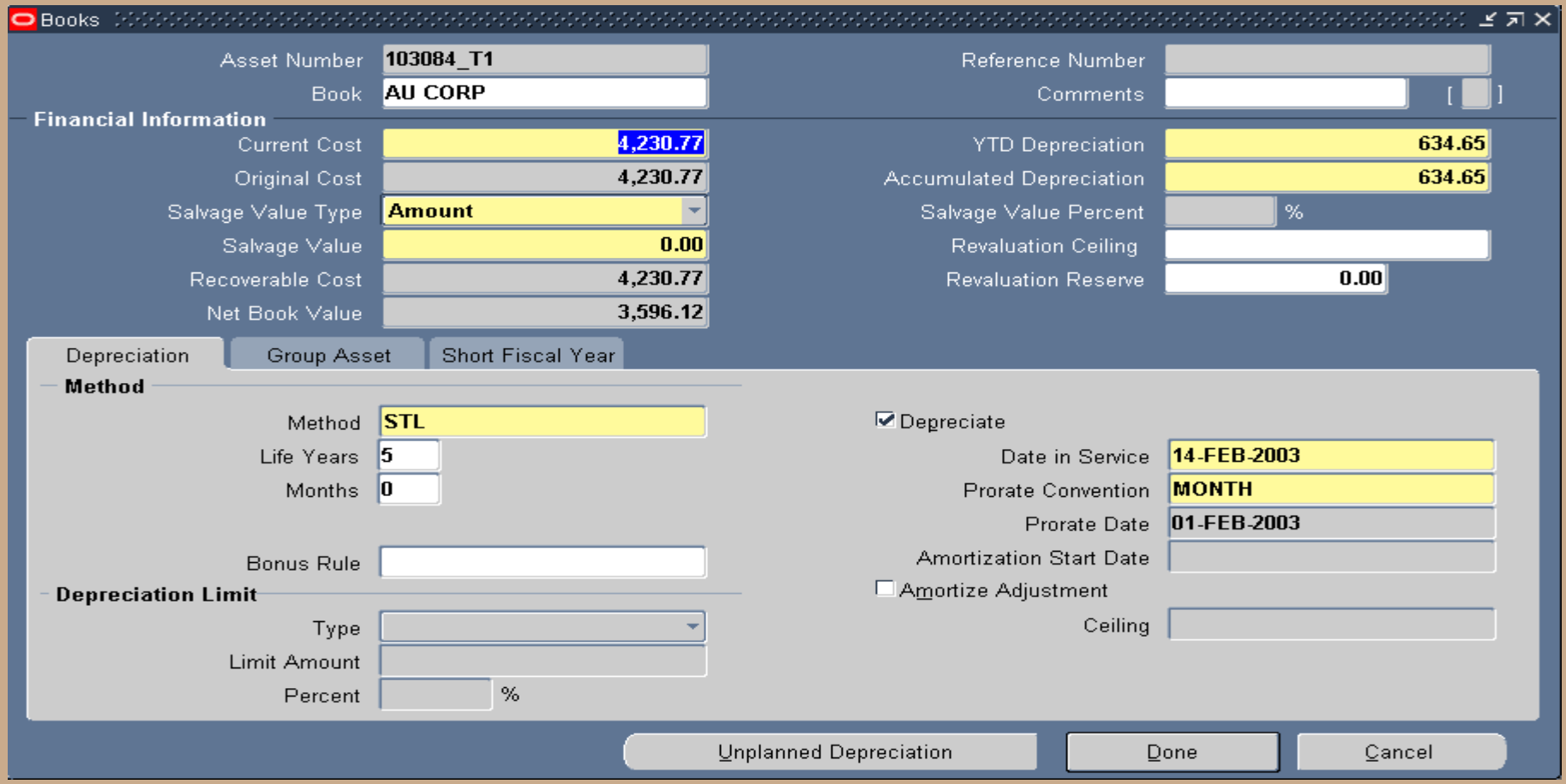
Transfer To Asset Results

- Review new asset financial results created by AssetCross™



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AssetCross™ Process

- The information entered on the (AssetCross™) Corporate Book Transfer form will be used to create the following:
  - Asset Retirement
  - Asset Additions – at the selected Financial & Life Treatment Option
  - Intercompany Journal Entries (Future)
  - Accumulated Depreciation Journal Entries – only if assets are transferred at Cost, YTD, and Accumulated Depreciation values (Future)
  - Update Tax information after Periodic Mass Copy – at the selected Tax Treatment selection (Future)

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Great Sources for Information

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Asset Special Interest Group (SIG)

FREE to join group:

Meetings (Semi-Annual)

- OAUG Conference
- OpenWorld Conference

http://assetsig.oaug.org

LinkedIn: http://www.linkedin.com/groups?gid=2202521

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Company website:

http://www.chistartech.com

Offer Product Solutions for Oracle Assets:

- AssetCross[TM] – Automates the transferring of assets between depreciation books
- AssetTie[TM] – Automates the reconciliation processes between:
  - Fixed Assets and General Ledger
  - Corporate and Tax books

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Learn More About AssetCross™

Download Product Video:

http://www.chistartech.com/AssetCross.html

Join our User Group on LinkedIn:

http://www.linkedin.com/groups?gid=2202549

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CST Education Network

Offerings:

- FREE Webinars
- Video Training (Functional & Technical)
  - By topic and Total courseware training
- Video Course Conversion Strategies Overview
- CRP / Test Scripts
- BR100

http://www.chistartech.com/CSTHome.html

LinkedIn: http://www.linkedin.com/groups?gid=2202600

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Questions?

Questions after the fact –

Send email to:

brian_bouchard@chistartech.com

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