

HOW TO FACILITATE THE TRANSFER OF ASSETS ACROSS CORPORATE BOOKS

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Author's Qualification

Millions of companies rely on Oracle Applications for their financial, supply-chain management, and accounting software. While the Oracle Application is beneficial, Brian Bouchard, President and CEO of Chi-Star Technology SM, realized an area of opportunity with the software concerning asset transfers.

The current process to do an asset transfer is very manual and tedious. In order to transfer an asset, a person has to: manually retire the asset, record basic asset data for data entry into the receiving book, manually calculate the new values in the receiving book currency, and manually add the asset. After completion of the process, there is no longer a tie to the original asset, so the audit trail is permanently lost. The trail ends in the book where the asset is retired while the new trail is created in the book where the asset is added. Moreover, a method to produce the same desired results quickly and more efficiently could be even more beneficial to both large and mid-sized companies.

As a user of Oracle Applications for over fifteen years, Brian went to work devising a plan to combat this tedious process. In April 2005, the introduction of AssetCross TM came to the market as a solution to the manual asset transfer procedure. The AssetCross TM software will transfer single or multiple assets between corporate depreciation books, transfer full or partial (cost or units) assets, translate transferred amounts to the receiving depreciation book's currency, and maintain an audit trail with the original asset.

The introduction of AssetCross TM to the business world has revolutionized the asset transfer process. Fortune 500 corporations as well as mid-sized family-owned companies can all benefit from this software. AssetCross TM, dramatically improves the previous methodology used to transfer assets.

A distinct advantage of the AssetCross TM software is that this process is no longer manual. It automates all of the following:

- The gathering and transferring of asset descriptive information
- The retirement of the asset from the sending depreciation book
- The decision to determine if a translation rate is to be used
- The identification of the translation rate to be used
- The calculation of translated values
- The addition of the asset on the receiving depreciation book

The creation of AssetCross TM comes at a time where companies are growing and expanding locally and globally. The induction of this software as an addition to the Oracle Applications provides a better way of managing time that translates into economic savings. Exploring methods to monitor budgets can prove to be critical during the growth and expansion of any business. AssetCross TM exemplifies the saying "Time is money, and money is time."

Introduction

Currently, the process to transfer assets between depreciation books is very manual. With the current process, the sending depreciation book retires the asset on its book. The receiving depreciation book must manually add the asset. This requires considering or calculating asset cost, year-to-date depreciation and accumulated depreciation, currency translations as applicable and financial treatment. There is a solution that will streamline, and automate the transfer of assets between books. This solution is flexible enough to satisfy most client's policy and procedures.

Current Process

The current manual process is dependent upon people not making mistakes in data entry or off line calculation of new asset values. After many years of listening to clients talk to the hardship of this process, it became clear that an automated solution was needed. Let's take a look at the current process and what is involved in transferring one asset from one corporate depreciation book to another.

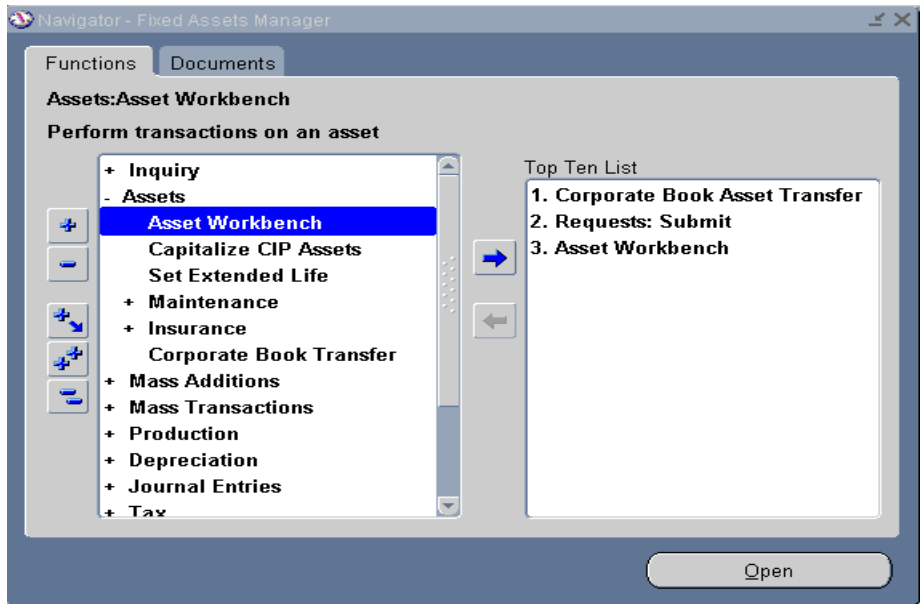
The current process requires the depreciation book sending the asset to retire the asset on their books and the depreciation book receiving the asset to manually add the asset. Sounds simple, but let us look at the overall process. Then, we will look at the details involved in each step to accomplish the task of transferring assets using the current approach. The current process overview without the solution involves the following steps:

1. Manually retiring the asset
2. Manually record basic asset details for data entry into the receiving book
3. Manually calculating the new asset values for the receiving book
4. Manually adding the asset into the receiving depreciation book
5. Manually creating the appropriate accounting

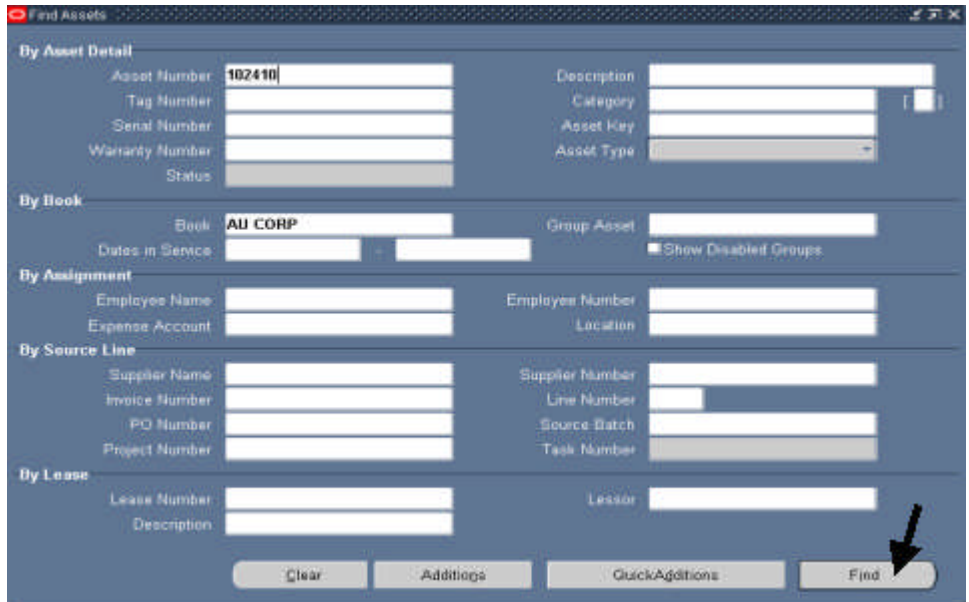
Manually Retiring the Asset

This step removes the asset from the current depreciation book. In order to perform an asset retirement the following steps are performed:

1. Navigate to the Asset Workbench

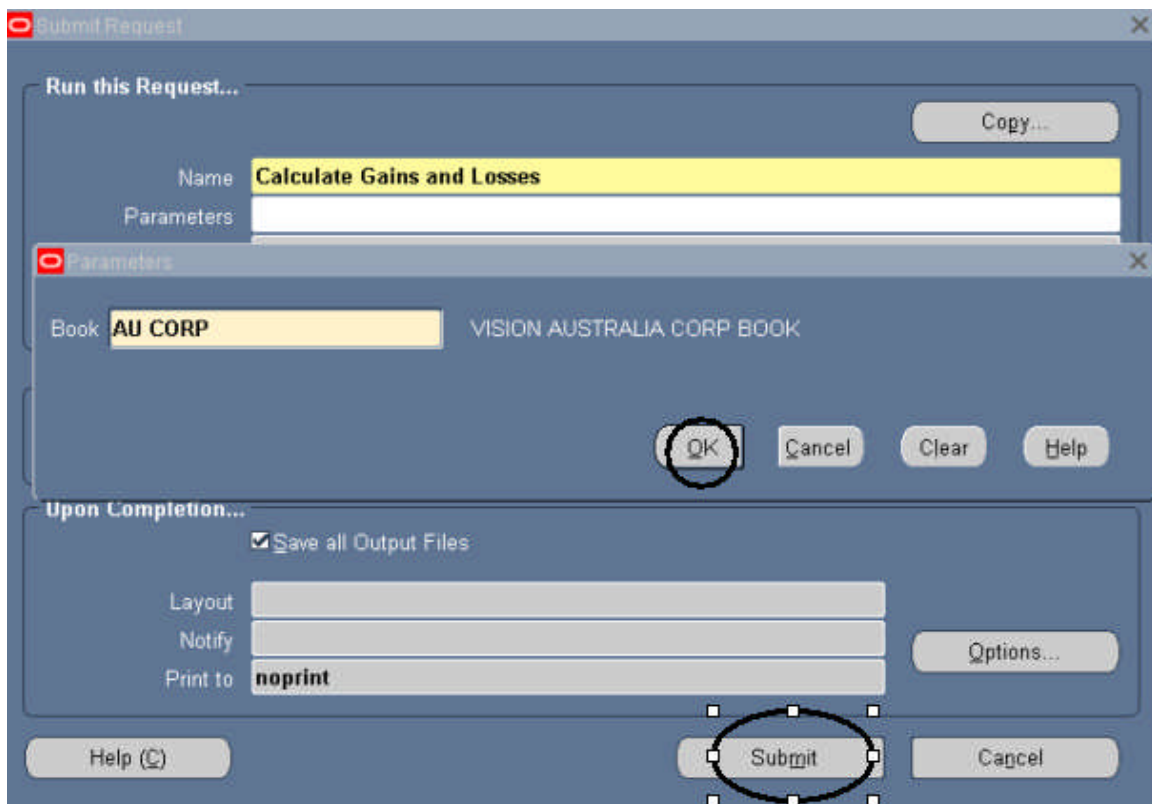
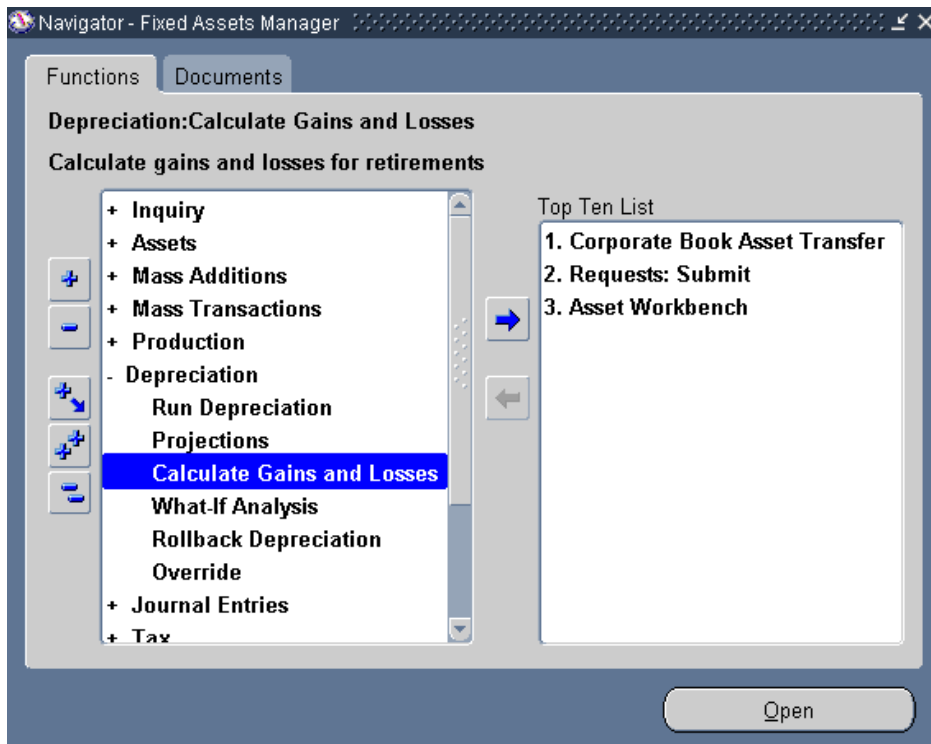


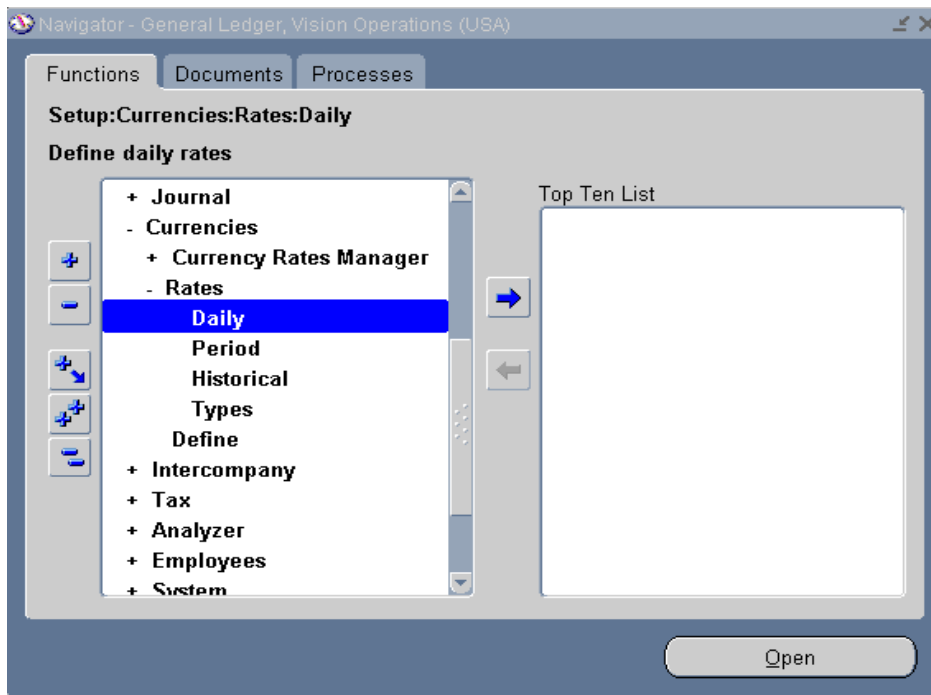
2. Query the Asset



3. Select the Retirement button on the Asset Workbench

8. Process the retirement
 - a. Navigate to the Calculate Gains and Loss program
 - b. Enter parameters
 - c. Submit program to run





3. Query the appropriate rate by entering the following;
 - a. Transaction date
 - b. From currency (currency associated to the sending depreciation book)
 - c. To currency (currency associated to the receiving depreciation book)
4. Document the translation rate

Currency		Conversion			
From	To	Date	Type	AUD To USD	USD To AUD
AUD	USD	31.12.2003	Corporate	1.6073	1.6466326363

5. Calculate the new asset values
 - a. Asset cost – sending depreciation book asset cost * translation rate
 - b. YTD Depreciation – sending depreciation book YTD depreciation * translation rate
 - c. Accumulated Depreciation – sending depreciation book accumulated depreciation * translation rate
6. This detail needs to be sent to the person who will data enter the asset into the receiving depreciation book

Manually adding the asset into the receiving depreciation book

This step involves adding the asset into the receiving depreciation book. In order to perform an asset addition the following steps are performed:

1. Based off of the asset details received – determine the feature to be used to add the asset:
 - a. Quick Additions – one form to enter asset details
 - b. Additions (detail forms) – multiple forms to enter descriptive, financial, source lines, and assignment details
 - c. ADI Additions – spreadsheet tool to enter and upload asset details, may need to modify standard template to include additional fields
2. Determine new asset numbering schema:
 - a. Will Oracle number the asset – using this approach will not maintain an audit trail back to the retired asset.
 - b. Manually enter an asset number – 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 that originating asset for further details.
3. Enter asset descriptive details:
 - a. Asset Number (depending on the numbering schema to be used on transfers)
 - b. Tag Number
 - c. Asset Description **[Required]**
 - d. Asset Type **[Required – Defaults to Capitalized]**
 - e. Asset Category **[Required]**
 - f. Asset Key
 - g. Number of Units associated to the asset **[Required – Defaults to 1]**
 - h. Serial Number
 - i. Model Number
4. Determine how financially to add the asset:
 - a. Cost only – this would initiate Oracle to recalculate the accumulated depreciation of the asset. If the accumulated depreciation still remains on the sending depreciation book, then this would duplicate the depreciation and would be counted twice – violates GAAP (Generally Accepted Accounting Principles)
 - b. Carry Over – this would involve entering the cost, ytd depreciation, and accumulated depreciation, Oracle would pick up depreciation where the sending depreciation book left off provided all other depreciation elements are the same (i.e. depreciation method, life, date placed in service). Please note that if not all of the depreciation elements are the same, if an adjustment is made on this asset, Oracle would recalculate depreciation and book that adjustment in the current open period unless the adjustment is amortized.
 - c. NBV – only enter the sending book translated NBV as the asset cost on the receiving depreciation book.
 - d. Amortize NBV – similar to the carry over approach as far as the same values would need to be entered, but by selecting to amortize, Oracle would depreciate the NBV over the remaining life, any adjustments would be amortized over the remaining life as well.
5. Enter asset financial details:
 - a. Asset cost (translated value)
 - b. YTD Depreciation (translated value) – if applicable
 - c. Accumulated Depreciation (translated value) – if applicable
 - d. Date Placed In Service (DPIS)
 - i. DPIS should be equal to the sending DPIS if transferring the asset at:
 1. Cost only
 2. Carry Over
 3. Amortize NBV
 - ii. DPIS should be equal to the transaction date if transferring the asset at NBV

- e. Depreciation Method – default to the method associated to the asset category assigned to the receiving depreciation book – choose to override to the method the sending depreciation book used
 - f. Depreciation Life
 - i. Life should be equal to the sending life if transferring the asset at:
 - 1. Cost only
 - 2. Carry Over
 - 3. Amortize NBV
 - ii. Life should be equal to the remaining life on the sending depreciation book if transferring the asset at NBV
 - g. Prorate Convention - default to the prorate associated to the asset category assigned to the receiving depreciation book – choose to override to the prorate the sending depreciation book used
6. Enter Assignment details:
- a. Assign asset to an employee (optional)
 - b. Assign the depreciation expense account combination for the asset
 - c. Assign the physical location for the asset
7. Enter Source Line details:
- a. Enter the Purchase Order Number – used for informational purposes only, there is no drilldown capabilities when PO is enter into Assets
 - b. Enter the Invoice Number – used for informational purposes only, there is no drilldown capabilities when Invoices are enter into Assets

Manually create the appropriate accounting

1. The sending depreciation book will need to perform the following journal entries in order to reclass the retirement amount that Oracle booked to the Gain/Loss account. The Gain/Loss account will need to be relieved and the amount needs to be booked to the Intercompany Receivables account:

Debit: Intercompany Receivables
Credit: Gain/Loss on Assets

2. The receiving depreciation book will need to perform the following journal entries in order to reclass the asset clearing account and to account for accumulated depreciation (if needed). The Asset Clearing account will need to be relieved and the amount needs to be books to the Intercompany Payables account:

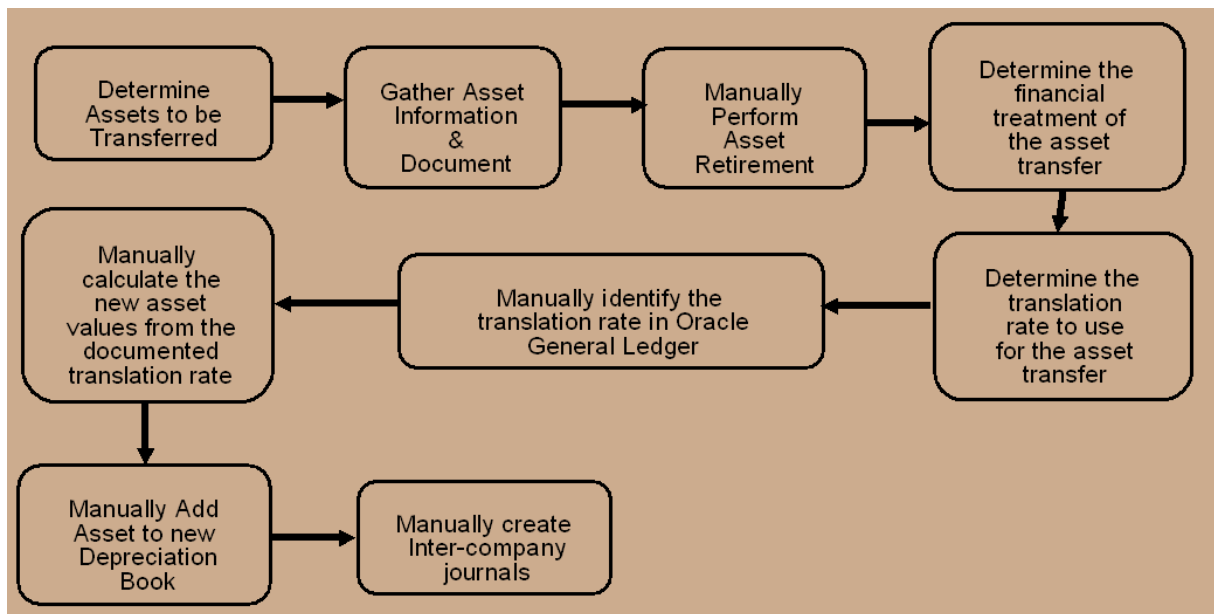
Debit: Asset Clearing
Credit: Intercompany Payables

If the accumulated depreciation was entered when the asset was added to the receiving depreciation book, the following journal is needed to correctly state the accumulated depreciation:

Debit: Asset Clearing
Credit: Accumulated Depreciation

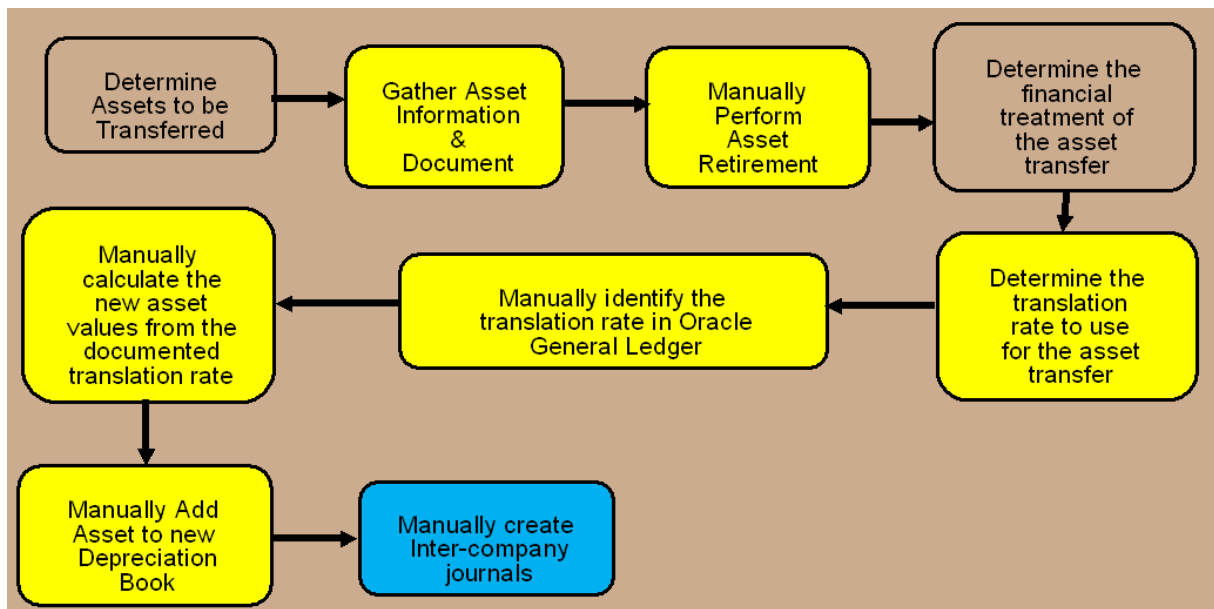
There are many steps involved in this process currently and the chance of an individual mistyping a value or asset details or incorrectly calculating the new values are risks that are taken unnecessarily. Let s look at a flow of the current process that was just discussed.

Current Process Flow



Current Process Flow Steps Automated with the Solution

Now let us look at a flow that highlights the current steps. The solution that has been developed will automate. Hence the solution reduces the risks in the process.

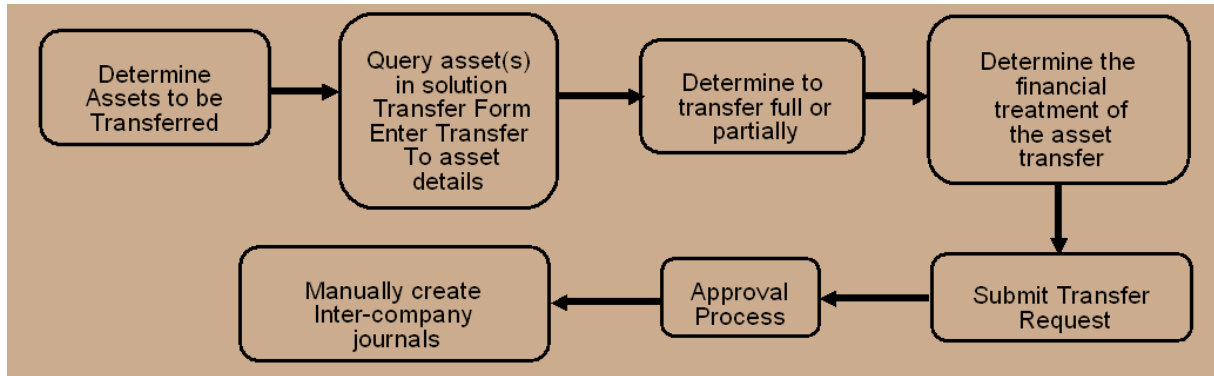


The boxes highlighted in yellow are the steps that the solution would automate. The box highlighted in blue is a step that currently would still be performed manually, but is a work-in-process to automate. The steps that remain are the decision-making steps.

Solution Process

The Solution Process Flow

Let us take a look at a new flow this is the solution to the current manual process.



The developed solution will streamline and automate the transfer of assets across corporate depreciation books. This solution is flexible enough to satisfy most client's policies and procedures. This solution enables companies to reduce the risks, time, and effort involved in this process.

Solution Features

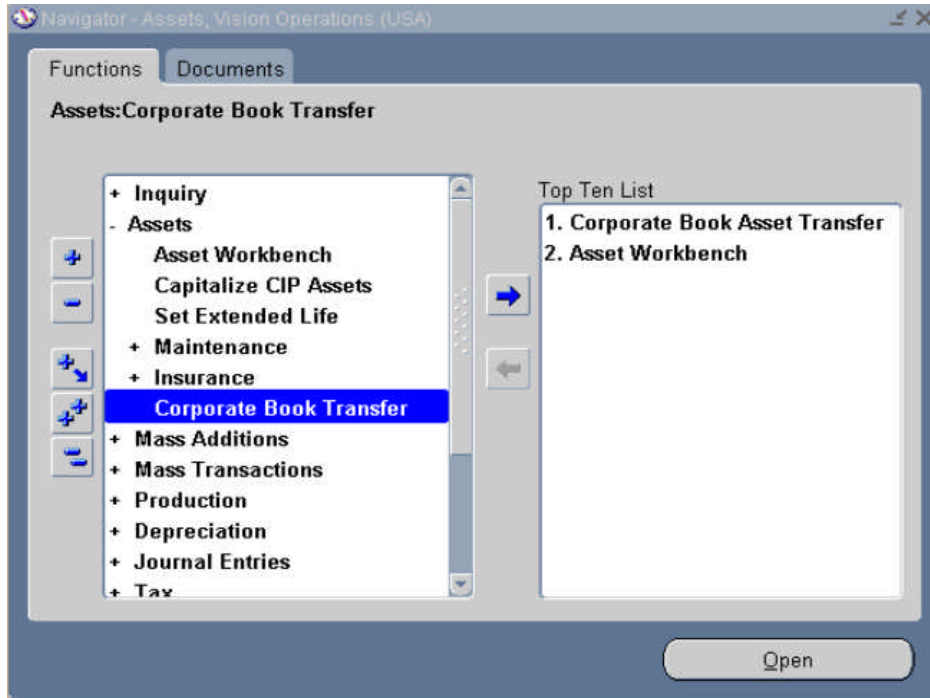
The features of the solution are as follows:

- Transfer single or multiple assets between corporate depreciation books, regardless of:
 - Currencies
 - Chart of account structures and values
 - Asset Category values
- Transfer assets at a choice of financial options:
 - Cost only or
 - Carry Over (Cost, YTD Depreciation, and Accumulated Depreciation) or
 - NBV or
 - Amortized NBV
- Transfer full or partial (cost or units) assets
- Translate transferred amounts to the currency associated to the receiving corporate depreciation book
- View the translated asset cost
- Maintain an audit trail between the sending and receiving corporate depreciation books
- Incorporates approval process, allows the receiving book to approve the transfer prior to executing the transfer in the system

Solution Process Steps

The steps involved in the automated solution are as follows:

1. Navigate to a new custom form to process the transfers across corporate depreciation books



2. The Corporate Book Transfer Summary screen will appear. Choose the following:
 - a. Create a new transfer
 - b. Review Transfer – review in process and processed transfers

NOTE – this solution is not a start to finish in one session process, this solution allows users to begin the transfer definitions and save and come back to complete at a later time.

Corporate Book Transfer -> Summary

Corporate Book Transfer Summary

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

New Transfer Review Transfer

3. Choose the create a new transfer
4. Determine the asset(s) to be transferred

Corporate Book Transfer

Selection Criteria

Asset Number Expense Account

Book Location

Category Employee Name

Asset Key Employee Number

Transfer Id

Selected Distributions

Asset Number	Book	Units Assigned	Cost Assigned	Currency	Asset Category

Enter Select Criteria – use any combination of the following fields to identify the desired assets to transfer:

- Asset Number
 - Book (sending corporate depreciation book)
 - Asset Category
 - Asset Key
 - Expense Account range
 - Location
 - Employee Name and/or Number
5. Select Next to go to the Transfer To Settings

The screenshot shows the 'Corporate Book Transfer -> To' window. The 'Transfer To Settings' section includes fields for Asset Suffix (T#), Expense Account (01-840-7360-0000-000), Book (OPS CORP), Category, Location, Employee Name, Employee Number, Transfer Date (30-NOV-2003), and Transfer Id (195). There is an 'Apply / Validate' button. The 'Selected Distributions' section has tabs for Status, General, Category, Units, Employee, Location, Accounting, and Costs. A table shows the distribution details for Asset Number 103571, with Phase 'None' and Status 'Ready'. Buttons for 'Cancel', '<< Back', and 'Submit Transfer' are at the bottom.

In the Transfer To Settings enter the data elements that apply to all assets being transferred and the receiving value is different than the sending value. For example, the AUD book is transferred computers to a USD book, the asset category is the same in both books, but the depreciation expense account is different. Leave the asset category blank, for it will default to the value assigned in the sending book, but enter the expense account and apply that to the group of asset being transferred.

NOTE: If a field is left blank in the Transfer To Settings, the solution will default that value in the receiving book to equal the value in the sending book.

6. Once the apply/validate button is selected review the following tabs to verify the transfer details:
 - a. Status Tab - will maintain the status of the transfer and if errors occur this will identify the error
 - b. General Tab – displays the new asset number and asset description either value can be overridden. The solution uses logic to attach a “_T1” after the asset number to keep it unique and to allow for an audit trail back to the originating asset.

The screenshot shows the 'Selected Distributions' window with the 'General' tab selected. The 'Transfer To' section shows the Asset Number as 103571_T1 and the Description as LAPTOP COMPUTER. The Asset Number field in the table on the left is also highlighted with 103571. Buttons for 'Cancel', '<< Back', and 'Submit Transfer' are at the bottom.

- c. Category Tab – displays the sending book Asset Category and the receiving book Asset Category – the receiving book Asset Category and be changed to any valid Asset Category associated to the receiving book

Selected Distributions

Status General **Category** Units Employee Location Accounting Costs

Asset Number	Currently Assigned		Transfer To	
	Book	Asset Category	Book	Asset Category
103571	AU CORP	COMPUTER-PC	OPS CORP	COMPUTER-PC

Cancel << Back Submit Transfer

- d. Unit Tab – Determine what, financially, is to be transferred (i.e. full or Partial)
- In the Method field – determine if the transfer is:
 - Full – transfer the whole asset
 - No updates are allowed to the units or Src Currency Cost fields
 - Cost – Partially transfer the asset based off of an amount
 - Updates only allowed to Src Currency Cost field
 - Unit – Partially transfer the asset based off of assigned units
 - Updated only allowed to Units field
- Based on the method selected, the solution will display the translated cost in the Dest Currency Cost field.

Selected Distributions

Status General Category Units **Employee** Location Accounting Costs

Asset Number	Currently Assigned				Transfer To			
	Method	Units	Current Cost		Units	Src Currency Cost	Dest Currency Cost	
103571	Cost	1	76,000.00	AUD	1	25,000.00	15,182.50	AUD USD

Cancel << Back Submit Transfer

- e. Employee Tab – displays the sending and receiving depreciation book employee(s) assigned to the asset (if applicable).

Selected Distributions

Status General Category Units **Employee** Location Accounting Costs

Asset Number	Currently Assigned		Transfer To	
	Employee Name	Employee Number	Employee Name	Employee Number
103571				

Cancel << Back Submit Transfer

- f. Location Tab – displays the sending and receiving depreciation book location assigned to the asset

Selected Distributions

Status General Category Units Employee Location Accounting Costs

Asset Number: 103571

Currently Assigned		Transfer To
Location		Location
FRANCE-NONE-TOULOUSE-NONE		USA-VA-FAIRFAX-NONE

Cancel << Back Submit Transfer

- g. Accounting Tab – displays the sending and receiving depreciation book depreciation expense account combination assigned to the asset

Selected Distributions

Status General Category Units Employee Location Accounting Costs

Asset Number: 103571

Currently Assigned		Transfer To
Expense Account		Expense Account
01-201-6202		01-840-7360-0000-000

Cancel << Back Submit Transfer

- h. Costs Tab – displays the financial option chosen for the transfer. If transferring multiple assets, each could have a different financial option. The financial option will be either entered at the Transfer To Settings and applied to all assets or can be entered on the Cost Tab for each asset.

Selected Distributions

Status General Category Units Employee Location Accounting Costs

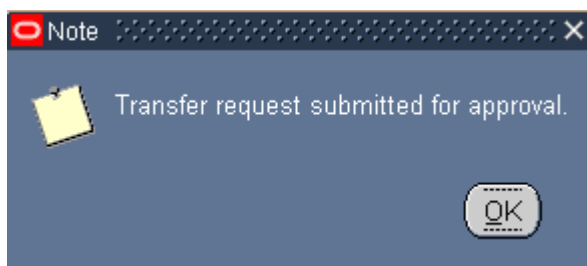
Asset Number: 103571

Costs from Source				Book Transfer Treatment	
Cost to Remove	AUD	Proceeds	AUD	Financial	
				Carry Over	

Cancel << Back Submit Transfer

7. Submit the transfer

- a. Optionally Turn On the Approval Process – if turned on, the solution will send a notification to the person identified as the receiving depreciation book owner for authorization to transfer the asset(s) to their book.



The receiving depreciation book owner will receive the following notification where they can Approve the transfer, Reject the transfer (with or without notes, or request additional information)

Asset Transfer Approval Request (ID = 195)

Approve Reject Request Information

From: DEMO
 To: DEMOAPPROVER
 Sent: 16-Jul-2007 11:57:34
 Due: 16-Jul-2007 12:01:34
 ID: 888609

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	Units	Cost	Employee	Expense Acct	Location	Financial Option
Orig	103571	AU CORP	LAPTOP COMPUTER	COMPUTER-PC	1	25000 AUD		01-201-6202	FRANCE-NONE-TOULOUSE-NONE	Carry Over
New Required	103571_T1	OPS CORP			1	15182.5 USD		01-840-7360-0000-000	USA-VA-FAIRFAX-NONE	
Destination Book Total					15182.5 USD					

Action History

Num	Action Date	Action	From	To	Details
1	16-Jul-2007 11:57:34	Submit	DEMO	DEMOAPPROVER	

Response

Notes:

[Return to Worklist](#) Display next notification after my response

Approve Reject Request Information

b. Once approved the solution will submit concurrent processes that will transfer the asset from one depreciation book to another.

8. Results of the solution – two assets will have the same root asset number:

Asset Number	Description	Tag Number	Category	Serial Number	Asset Key
103571	LAPTOP COMPUTER		COMPUTER-PC	12345	
103571_T1	LAPTOP COMPUTER		COMPUTER-PC	12345	

Buttons: Additions, QuickAdditions, Source Lines, Books, Assignments, Retirements, Financial Inquiry, Open

9. Review the automated retirement

Asset Number	103571	Reference Number	8497
Book	AU CORP	Retire Date	31-MAR-2003
Comments		Status	Processed

Retirement Details			
Current Units	1	Current Cost	76,000.00
Units Retired		Cost Retired	25,000.00
Retirement Type		Proceeds of Sale	0.00
Retirement Convention	MONTH	Cost of Removal	0.00
Straight Line Method		Gain/Loss Amount	<22,916.67>
Check/Invoice		Life Years	Months
Trade in Asset		Sold To	
		Description	

Group Asset			
Group Asset		Recognize Gain and Loss	
Reduction Rate	%	Prior Year Reserve Retired	
Reserve Retired			

10. Review the automated addition

Asset Number	103571_T1	Reference Number	
Book	OPS CORP	Comments	

Financial Information			
Current Cost	15,182.50	YTD Depreciation	0.00
Original Cost	15,182.50	Accumulated Depreciation	0.00
Salvage Value Type	Amount	Salvage Value Percent	%
Salvage Value	0.00	Revaluation Ceiling	
Recoverable Cost	15,182.50	Revaluation Reserve	0.00
Net Book Value	15,182.50		

Depreciation	Group Asset	Short Fiscal Year	
Method			
Method	STL	<input checked="" type="checkbox"/> Depreciate	
Life Years	3	Date in Service	28-DEC-2002
Months	0	Prorate Convention	MID-MONTH
Bonus Rule		Prorate Date	16-DEC-2002
Depreciation Limit		Amortization Start Date	
Type		<input type="checkbox"/> Amortize Adjustment	
Limit Amount		Ceiling	
Percent	%		

Conclusion

A solution such as this improves the capability of Oracle Fixed Assets. It automates: (1) the gathering and transferring of asset descriptive information, (2) the retirement of the asset from the sending depreciation book, (3) the decision to determine if a translation rate is to be used, (4) the identification of the translation rate to be used, (5) the calculation of Translated Values, and (6) the addition of the asset on the receiving depreciation book.