

Depreciation

Overview

Depreciation

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.

Depreciation

Release 12 Oracle Asset Management Fundamentals

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Objectives

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

- **Discuss the process flow that Oracle Assets uses to calculate depreciation**
- **Identify the key setup requirements required for the calculation of asset depreciation**
- **Discuss the role that depreciation methods and conventions play in the calculation of asset depreciation**
- **Discuss the running of asset depreciation**
- **Explain the use of projecting depreciation expense**
- **Describe the forecasting depreciation analysis feature**

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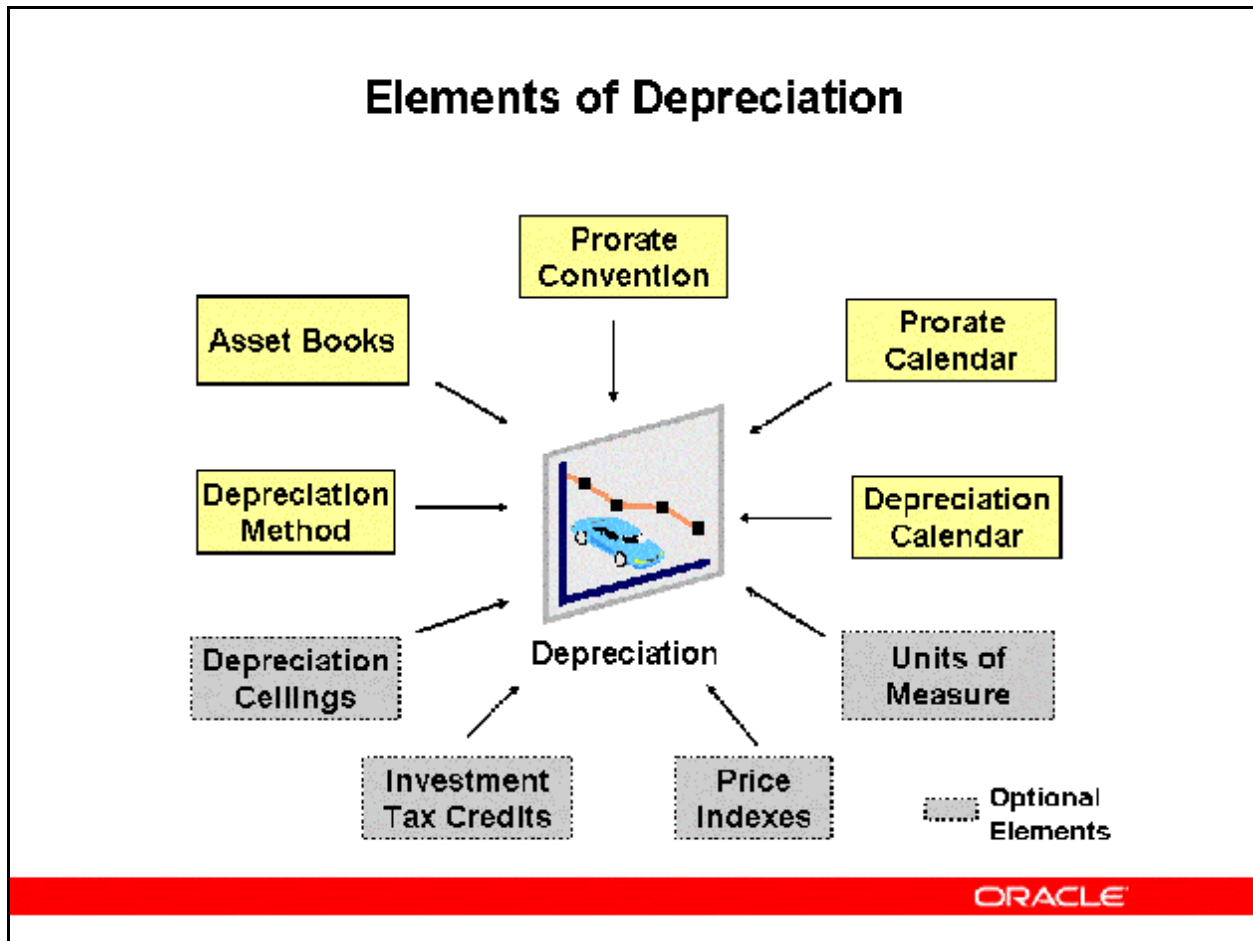
Agenda

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- **Depreciation Setup**
- **Depreciation Methods**
- **Prorate Conventions**
- **Running Depreciation**
- **Depreciation Projections**
- **Forecasting Depreciation**
- **Depreciation Override**

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Elements of Depreciation



Elements of Depreciation

Defining Books

- Define corporate, tax, and budget asset books. Define the corporate book first to associate it with multiple tax and budget books.

The setup of Asset Books is discussed in the *Asset Books* module of *Release 12 Oracle Asset Management Fundamentals*.

Defining Depreciation Rules




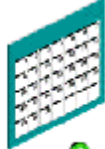

- Oracle Assets provides many standard depreciation methods. Set up additional methods if required.
- Prorate and retirement conventions determine how much depreciation expense to take in the first and last year of life, based on when you place the asset in service.
- Set up the depreciation expense and cost ceilings, as well as the investment tax credit rates and ceilings, if needed.
- Because prorate conventions depend on the calendar, Oracle Assets does not predefine any conventions. Define prorate conventions from the oldest date placed in service to the current fiscal year.

- Define price indexes, if necessary, to report gains and losses for your retired assets by using the revalued asset cost.
- If not previously done when implementing other Oracle application products, create units of measure for use with assets depreciating under a units-of-production depreciation method.

Defining formula based depreciation methods, cost ceilings, price indexes and investment tax credits are discussed in modules of the *Release 12 Asset Management Advanced* learning path.

Depreciation Setup Areas

Depreciation Setup Areas

	Asset Books	(N) Setup > Asset System > Book Controls
	Calendars	(N) Setup > Asset System > Calendars
	Depreciation Methods	(N) Setup > Depreciation > Methods
	Prorate Convention	(N) Setup > Asset System > Prorate Conventions
	Optional Elements	(N) Setup > Financials > Units of Measure (N) Setup > Depreciation > Ceilings (N) Setup > Depreciation > ITC (N) Setup > Asset System > Price Indexes

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Depreciation Setup Areas

Asset Books

Setup discussed in detail in module *Asset Books* of the *Release 12 Oracle Asset Management Fundamentals* path.

Calendars

Setup discussed in detail in module *Asset Controls Setup* of the *Release 12 Oracle Asset Management Fundamentals*.

Depreciation Methods

Setup discussed in more detail later in this module.

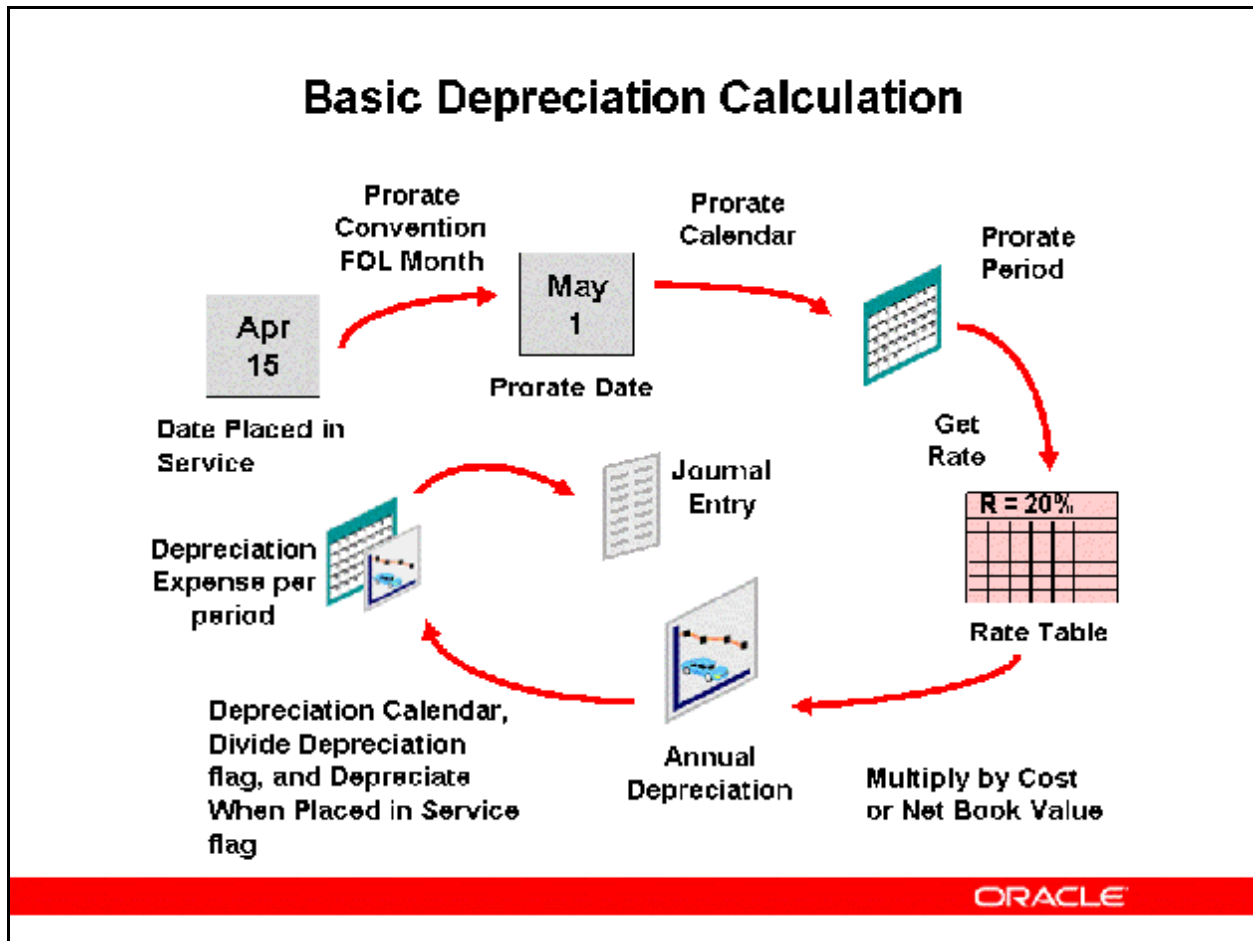
Prorate Convention

Setup discussed in more detail later in this module.

Optional Elements

Units of Measure, Depreciation Ceilings, Investment Tax Credit and Price Indexes are discussed in the *Asset Controls Setup* of the *Release 12 Oracle Asset Management Fundamentals*.

Basic Depreciation Calculation



Basic Depreciation Calculation

Prorate Date

- Oracle Assets prorates the depreciation taken for an asset in its first fiscal year of life according to the prorate date.
- Oracle 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 create a following month prorate convention, the prorate date would be the beginning of the month following the month placed in service.

Depreciation Rate

- Oracle Assets calculates depreciation using either the recoverable cost or the recoverable net book value as a basis.
- Oracle Assets uses the prorate date to choose a prorate period from the prorate calendar.
- For table-based methods, the prorate period and asset age then determine which rate Oracle Assets selects from the rate table. The depreciation program calculates asset age from the date placed in service as the number of fiscal years that you have held the asset.
- Flat-rate methods use a fixed rate and do not use a rate table.

- For table-based depreciation methods, Oracle Assets uses the depreciation method and life to determine which rate table to use. Then, it uses the prorate period and year of life to determine which of the rates in the table to use.
- Flat-rate depreciation methods determine the depreciation rate using fixed rates, including the basic rate, adjusting rate, and bonus rate.

Calculate Annual Depreciation

- 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 year the asset was held.




Allocate Annual Depreciation Across Periods

- After calculating the annual depreciation amount, Oracle Assets uses your depreciation calendar, the divide depreciation flag, and the depreciate when placed in service flag to determine how much of the fiscal year depreciation to allocate to the period for which you ran depreciation.

Spreading Depreciation Across Expense Accounts

- Finally, Oracle Assets allocates the periodic depreciation to the assignments you made for the asset. Oracle Assets does this according to the fraction of the asset units that is assigned to each depreciation expense account in the Assignments window.

Depreciation Methods

Depreciation Methods			
	Life-Based	Year 1	Year 2 Year 3
		60%	30% 10%
	Flat-Rate	Year 1	Year 2 Year 3
		33%	33% 33%
	Units-of-Production	Year 1	Year 2 Year 3 →
		10M	14M 11M
	Capacity 100M Barrels	————— Barrels —————	

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Depreciation Methods

(N) Setup > Depreciation > Methods

You depreciate assets by using several types of depreciation methods that Oracle Assets supports. You also create periodic journal entries for each book to the general ledger. As an asset depreciates, its net book value approaches the salvage value. Oracle Assets is delivered with many seeded depreciation methods.

Life-Based

- Depreciates the asset cost using an annual depreciation rate.
- For straight-line depreciation, the annual rate is calculated by dividing the life (in years) into one.
- For other life-based methods, Oracle Assets takes the annual depreciation rate from a rate table.

Flat-Rate


- Depreciates the asset cost or net book value over time using a fixed rate.

Units-of-Production

- Depreciates the asset cost by actual use or production for each period.

Using the Life-Based Method

Using the Life-Based Method



	Year 1	Year 2	Year 3
Life-Based	60%	30%	10%

Table: Oracle Assets gets the annual depreciation rate from a rate table.

Calculated: For straight-line depreciation, the depreciation program calculates the annual depreciation rate by dividing the life (in years) into one.

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Using the Life-Based Method

Use a life-based method to depreciate the asset over a fixed time using specified rates. There are two types of life-based methods:

- **Table:** Oracle Assets gets the annual depreciation rate from a rate table.
- **Calculated:** For straight-line depreciation, the depreciation program calculates the annual depreciation rate by dividing the life (in years) into one. Calculated methods spread the asset value evenly over the life.

You can accommodate new depreciation methods using rate tables instead of formulas. Add the appropriate rates to create a new method at any time.

Oracle Assets uses asset recoverable cost or net book value, salvage value, date placed in service, prorate convention, depreciation method, and life to calculate depreciation for life-based methods. Oracle Assets, using rates from a table or calculated rates, depreciates assets with life-based depreciation methods to be fully reserved at the end of a fixed lifetime.

Life-Based Method Terms

Life-Based Method Terms

Term	Definition
Prorate period	The period where a prorate calendar maps a prorate date (Prorate convention assigns a date placed in service to a prorate date)
Depreciation	Each prorate period corresponds to a rate table per fiscal year of asset life
Annual Depreciation	Total annual depreciation = Depreciation rate x depreciable basis Depreciable basis = Cost or Beginning net book value – Salvage value
Depreciation expense per period	Annual depreciation allocated from the service date or prorate date to fiscal year end, based on the Depreciate When Placed in Service flag

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Life-Based Method Example

Life-Based Method Example



Recoverable Cost \$ 50,000

Method = 200%DB 5 Year Life

Placed in Service 15-MAR-YYYY

Fiscal Year is January 1 to December 31

Depreciation and Prorate calendars are Monthly

Prorate Convention is Following Month

200% DB Rate Table							
Prorate Periods							
Year	1	2	3	4	5	6	7
1	.4000	.3667	.3333	.3000	.2667	.2333	.2000
2	.2400	.2533	.2667	.2800	.2933	.3067	.3200

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Life-Based Method Example

Finding the Annual Depreciation Rate

- The prorate date is the first day of the following month, 01-APR-YYYY.
- The prorate date falls into prorate period four, in the period APR-YY.
- Using the rate table, since this is the asset's first year, the rate is 0.300.

Calculating Depreciation

Annual depreciation amount = Depreciation rate × Recoverable cost


Year 1 Depreciation = 0.300 × 50,000 = \$15,000

Depreciation per period = Annual depreciation/Number of periods from Prorate Period to End of Fiscal Year

APR-YY Depreciation = 15,000/9 = \$1,666.67

Using the Flat-Rate Method

Using the Flat-Rate Method



	Year 1	Year 2	Year 3
Flat-Rate	33%	33%	33%

Basic Rate or Adjusted Depreciation Rate:
Adjusted rate = Basic rate × (1 + Adjusting rate)
Bonus Rule: Depreciation rate = Adjusted rate + Bonus rate

Enter a bonus rule if your country allows additional depreciation in early years of asset life.

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Using the Flat-Rate Method

Flat-rate depreciation methods allocate the cost or net book value of an asset over time by using a fixed rate. The flat-rate methods that use the net book value as the depreciable basis are also called diminishing-value methods. Using these methods does not fully reserve an asset, but it decreases the annual depreciation expense over time.

Calculating Annual Depreciation

- Determine the fraction of the year the asset was held by dividing the number of periods after the prorated period, by the number of prorated periods per year. Make this fraction proportional by the number of days in each prorated period if dividing depreciation by days.
- Annual depreciation = Depreciation rate × [Asset cost or Net book value (less salvage value)] × the fraction of the year the asset was held.
- Use the Depreciate When Placed in Service flag to determine the manner in which depreciation expense is spread across depreciation periods in the depreciation calendar.

Adjusting Rate

In some countries, the flat-rate consists of a basic rate and an adjusting rate, or loading factor. These rates vary according to your reporting authority's depreciation regulations.

When you add an asset, you can select a basic rate and an adjusting rate. Oracle Assets increases the basic rate by the adjusting rate to give you the adjusted rate. This is your flat-rate for the fiscal year.

Depreciation Rate = Basic Rate x (1 + Adjusting Rate) + Bonus Rate

Bonus Depreciation

For reporting authorities that allow additional depreciation in the early fiscal years of an asset life, you can assign an additional bonus rate on top of the flat-rate. Oracle Assets adds the bonus rate to the adjusted rate to give you the flat-rate for the fiscal year.

Flat-Rate Method Example

Flat-Rate Method Example



Net Book Value is \$ 18,000

Method = Flat-rate

Placed in Service 15-APR-YYYY

Fiscal Year is January 1 to December 31

Depreciation and Prorate calendars are Monthly

Prorate Convention is Following Month

Depreciate When Placed in Service flag is checked Yes

The basic rate is 10%, the adjusting rate is 10%, and the bonus rate is 5%.

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Flat-Rate Method Example

Finding the Annual Depreciation Rate

- The prorate date is the first day of the following month, 01-MAY-YYYY.
- The prorate date falls into prorate period five, in the period MAY-YY.
- The fraction of year held is 8/12. (May through December)
- Since the truck has been depreciated when placed in service, the number of periods to spread depreciation over is 9. (April through December)

Calculating Depreciation

Depreciation rate = Basic rate \times (1 + Adjusting rate) + Bonus rate

Depreciation rate = $0.10 \times (1 + 0.10) + .05 = 0.16$

Annual depreciation = Depreciation rate \times Net book value* \times Fraction of year held

Year 1 Depreciation = $0.16 \times 6,000 \times (8/12) = \640.00

Depreciation per period = Annual depreciation/Number of periods

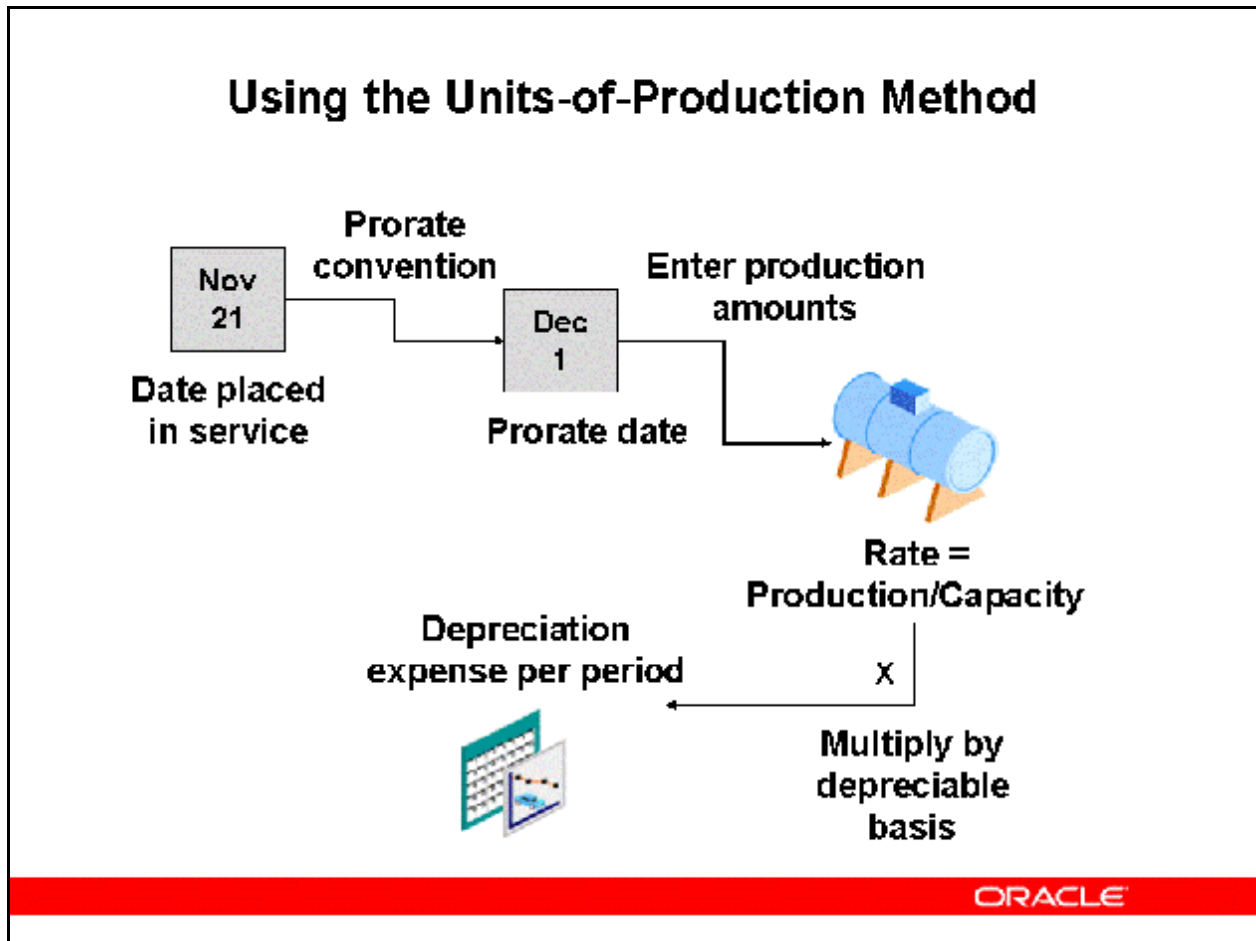
MAY-YY Depreciation = $640/9 = \$71.11$

*Net book value = Recoverable cost – Accumulated depreciation

Refer to *Demonstration – Create a New Depreciation Method [LAB0362Y]*

Refer to *Practice – Create a New Depreciation Method [LAB0387Y]*

Using the Units-of-Production Method



Using the Units-of-Production Method

Units-of-production depreciation methods allocate the cost of an asset by the quantity of resource extracted or used each period. This method differs from other methods because it disregards the passage of time and bases depreciation on how much you use the asset.

Calculating Depreciation Rate

Depreciation rate = Production this period/Capacity

Calculating Depreciation Expense per Period

Depreciation expense for the period = Depreciation rate × Depreciable basis of an asset

- Notice that this is the depreciation expense for a period and not for the fiscal year, because depreciation is based on the production amount for a period.

You cannot enter production amounts for an asset in the corporate book before its prorate date or for a period in which you have run depreciation.

Units-of-Production Method Example

Units-of-Production Method Example



An oil well has a recoverable cost of \$300,000,000

The capacity is 10,000,000 barrels

The production for SEP-YY is 100,000 barrels

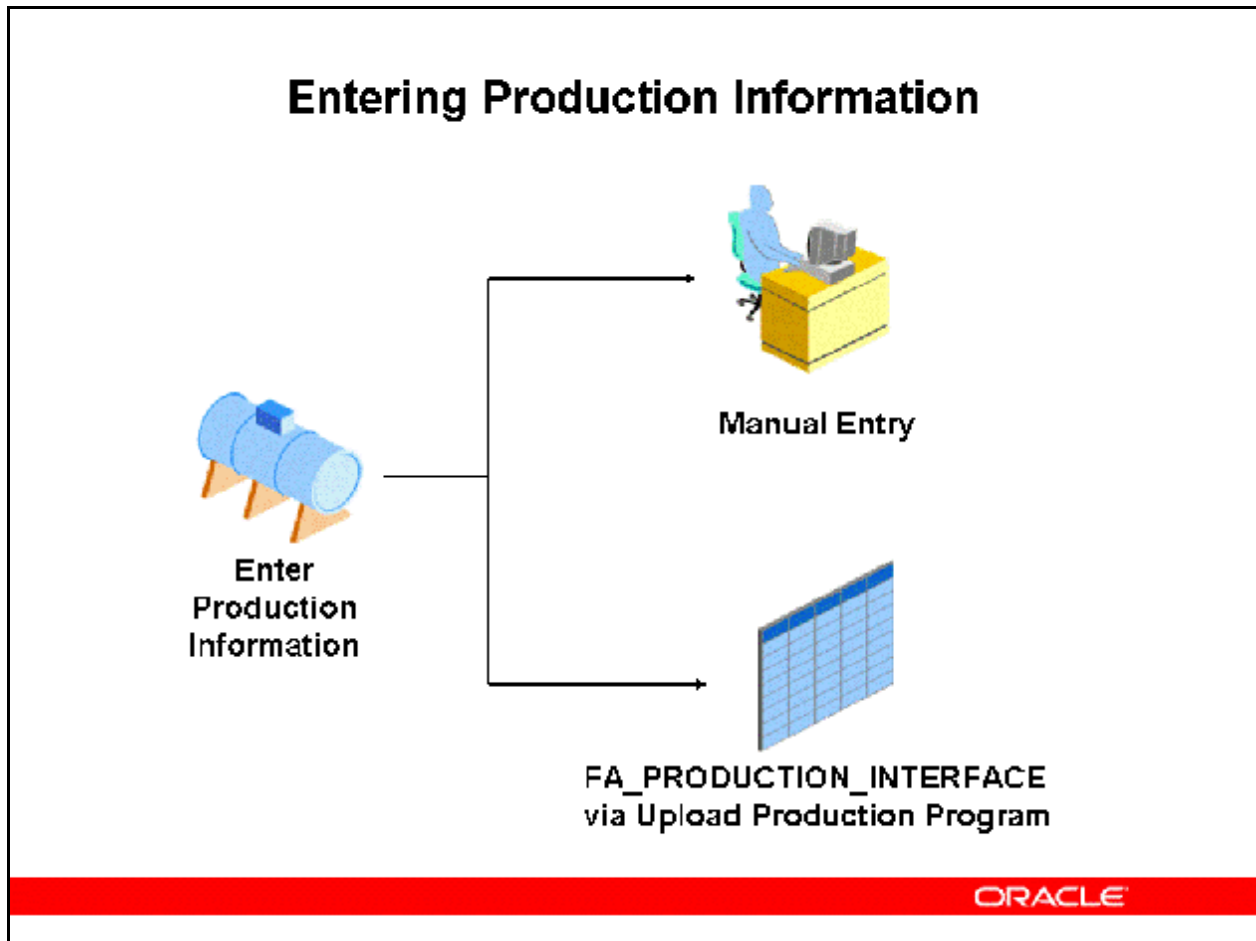
Calculate the depreciation for SEP-YY

**Depreciation = (Production this Period/Capacity) ×
Recoverable cost**

**SEP-YY Depreciation = (100,000/10,000,000) × \$300,000,000 =
\$3,000**

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Entering Production Information



Entering Production Information

Manually (N) Production > Enter

Upload Program (N) Production > Upload

- Enter production information online, or load it automatically from a feeder system by using the Upload Periodic Production program.
- Enter periodic production amounts more than once, if necessary, because depreciation is based on actual production.

Using Upload Production

You use the Upload Production program, which is run from the standard request submission, to automatically upload production from a feeder system each period. Before performing the upload process, use a tool such as SQL*Loader to load the production information into the production interface table called FA_PRODUCTION_INTERFACE.

- If you have not yet run depreciation for a period, update or reload production amounts for the same date ranges. Oracle Assets overwrites the production amounts with the new production if you reload.

- The capacity does not change when you partially retire a production asset or change the unit of measure. Manually adjust the capacity in the Books window.

Refer to *Demonstration – Enter Production [LAB0363Y]*

Units-of-Production Method Production Amount Restrictions



Production Amount Restrictions

The start date and end date you enter to which production amounts apply must fall within a single depreciation period in Oracle Assets.

You cannot enter production for dates before the asset's prorate date in the corporate book or for a period for which you have already run depreciation.

You cannot enter production for periods prior to the current open period in your corporate book.

You also cannot enter production for date ranges which overlap.

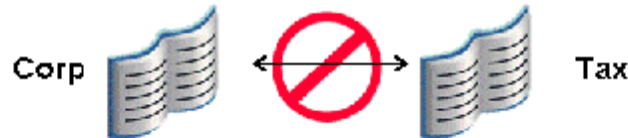
You cannot enter production for a construction-in-process (CIP) asset before you capitalize it.

You cannot enter or upload units of production assets with accumulated depreciation.

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Units-of-Production Method Restrictions

Units-of-Production Method Restrictions



Method Restrictions

You can change the method from calculated, table, or flat-rate to production only in the period you add the asset.

An asset can have a production method in the tax book only if it has a production method in the corporate book.

You can change the depreciation method from production to calculated, table, or flat-rate type in the corporate book only if the asset does not use a production method in any associated tax book.

An asset can have any kind of method in the tax book and a production method in the corporate book.

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Units-of-Production Capacity Restrictions



Capacity Restrictions

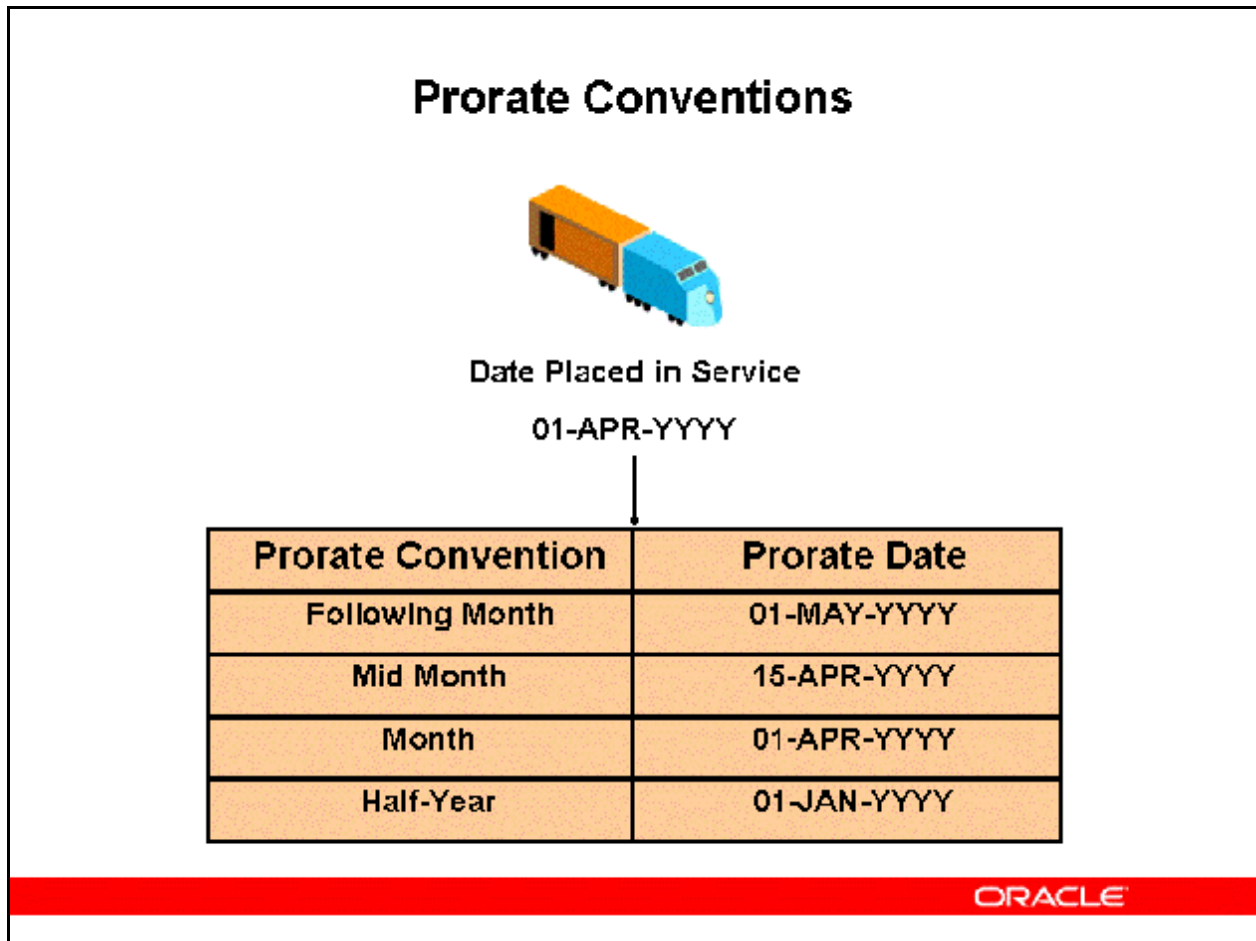
The capacity must be the same in all books in which the asset uses a production method. You change the capacity in the corporate book.

Mass Copy copies the capacity adjustment to each tax book regardless of the Copy Adjustments and Allow Amortized Adjustments flags for the tax book.

If the book does not allow amortized adjustments, Mass Copy copies the adjustment as an expensed adjustment

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Prorate Conventions



Prorate Conventions

(N) Setup > Asset System > Prorate Conventions

Prorate and retirement conventions determine how much depreciation expense to take in the first and last year of life, based on when you place the asset in service. You set up as many prorate and retirement conventions as you need.

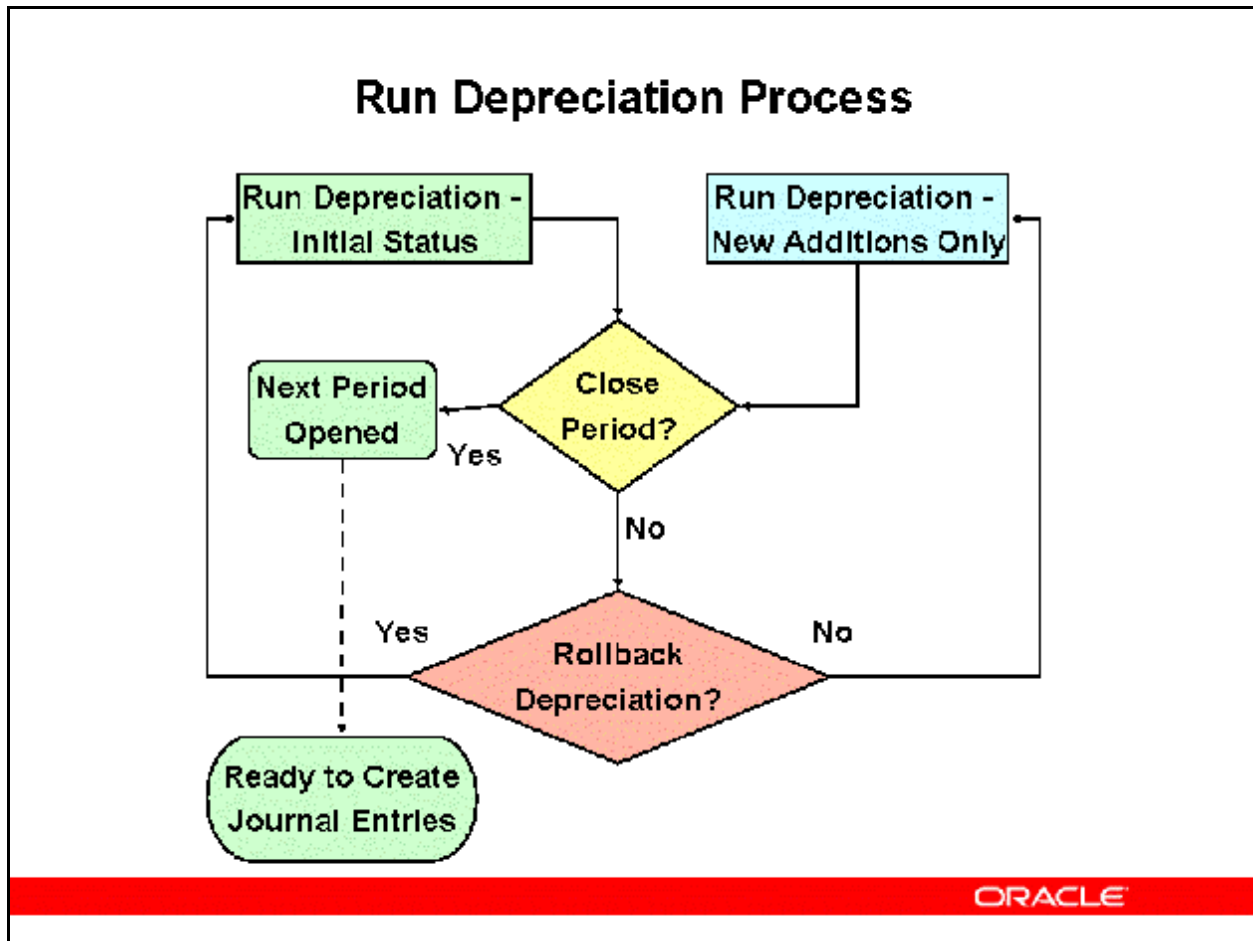
Prorate Conventions

- The prorate convention determines the annual depreciation for the first fiscal year.
- The prorate date and the prorate calendar determine the prorate period.
- Enter the prorate date for each date-placed-in-service range.
- Specify whether to spread annual depreciation from the date placed in service or from the prorate date.
- Retirement Conventions
 - If you use a different prorate convention for retirements than for additions, set up retirement conventions to determine how much depreciation to take in the last year of life, based on the retirement date.

Refer to *Demonstration – Create a Prorate Convention [LAB0364Y]*

Refer to *Practice – Create a Prorate Convention* [LAB0388Y]

Run Depreciation Process



Run Depreciation Process

(N) Depreciation > Run Depreciation

Run depreciation to process all assets in a book for a period. Each asset book must have depreciation run individually. If you have assets that have not depreciated successfully, these assets are listed in the log file created by Oracle Assets when you run depreciation.

Suggested Prerequisites

Run the Assets Not Assigned to Any Cost Centers Listing and the Assets Not Assigned to Any Books Listing to ensure that all assets are assigned to expense accounts and books.

Closing a Depreciation Period

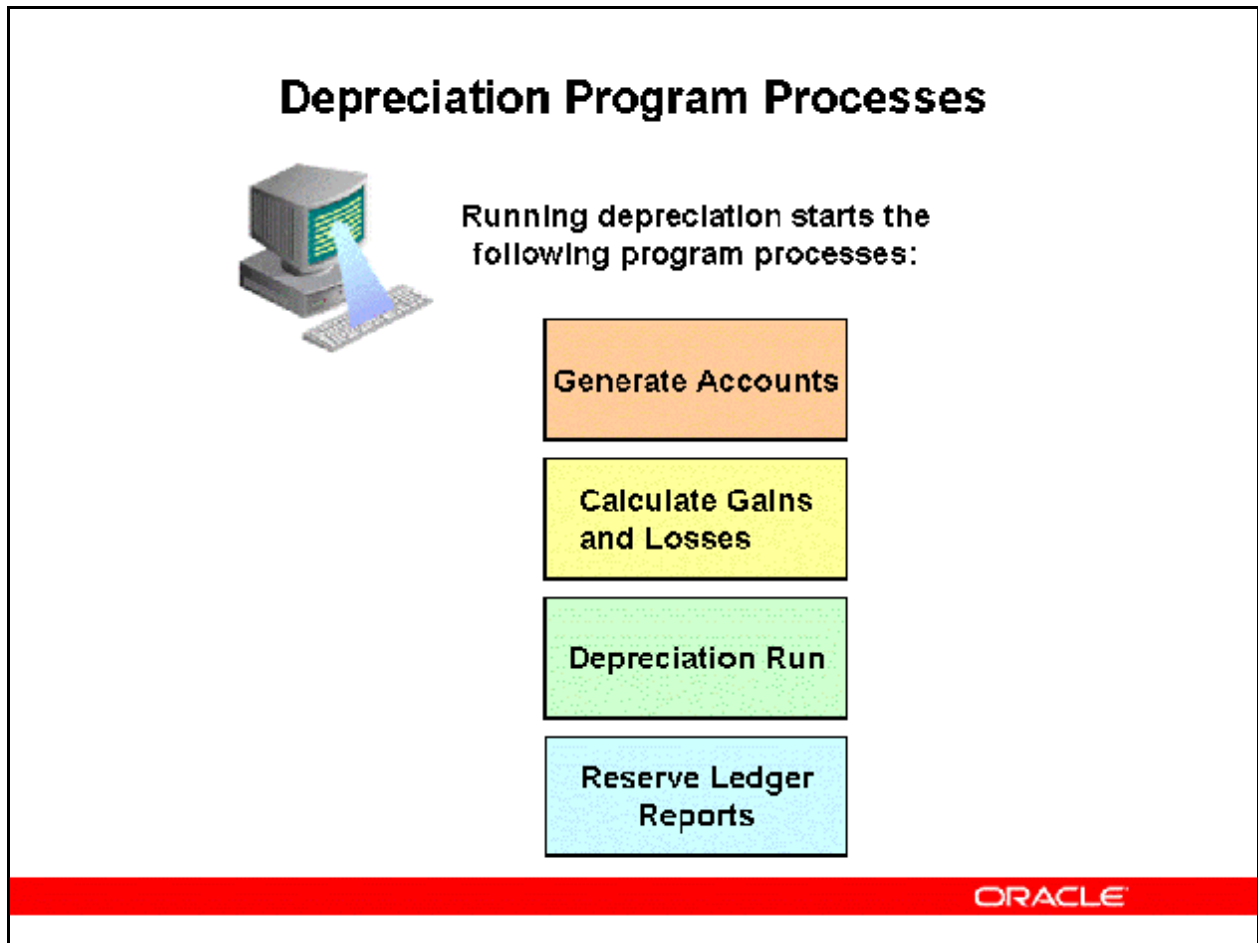
- When you run depreciation, Oracle Assets gives you the option of closing the current period if you check the Close Period check box on the Run Depreciation window. If all of your assets depreciate successfully, Oracle Assets automatically closes the period and opens the next period for the book.
- If you do not check the Close Period check box when you run depreciation, Oracle Assets does not close the period.

- Once depreciation has been processed for an asset in the current open period, you cannot perform any transactions on those assets unless depreciation is rolled back or the current period is closed.
- **Note: Ensure that you have entered all transactions for the period before you run depreciation. Once the program closes the period, you cannot reopen it.**

Reporting Currencies

- If you are using Reporting Currencies, you must first run depreciation for each Reporting Currencies reporting responsibility associated with an asset depreciation book, before running depreciation for your standard Fixed Assets responsibility.
- When you run depreciation in a Reporting Currencies reporting responsibility, the Calculate Gains and Losses program does not run automatically, since you cannot run the Calculate Gains and Losses program in a Reporting Currencies reporting responsibility.

Depreciation Program Processes



Depreciation Program Processes

Generate Accounts

- Builds accounting combinations using Oracle Workflow. Discussed in more detail in *Release 12 Oracle Asset Management Fundamentals* module *Asset Accounting*.

Calculate Gains and Losses

- Calculate gains and losses resulting from retirements. Discussed in more detail in *Release 12 Oracle Asset Management Fundamentals* module *Asset Retirements*.

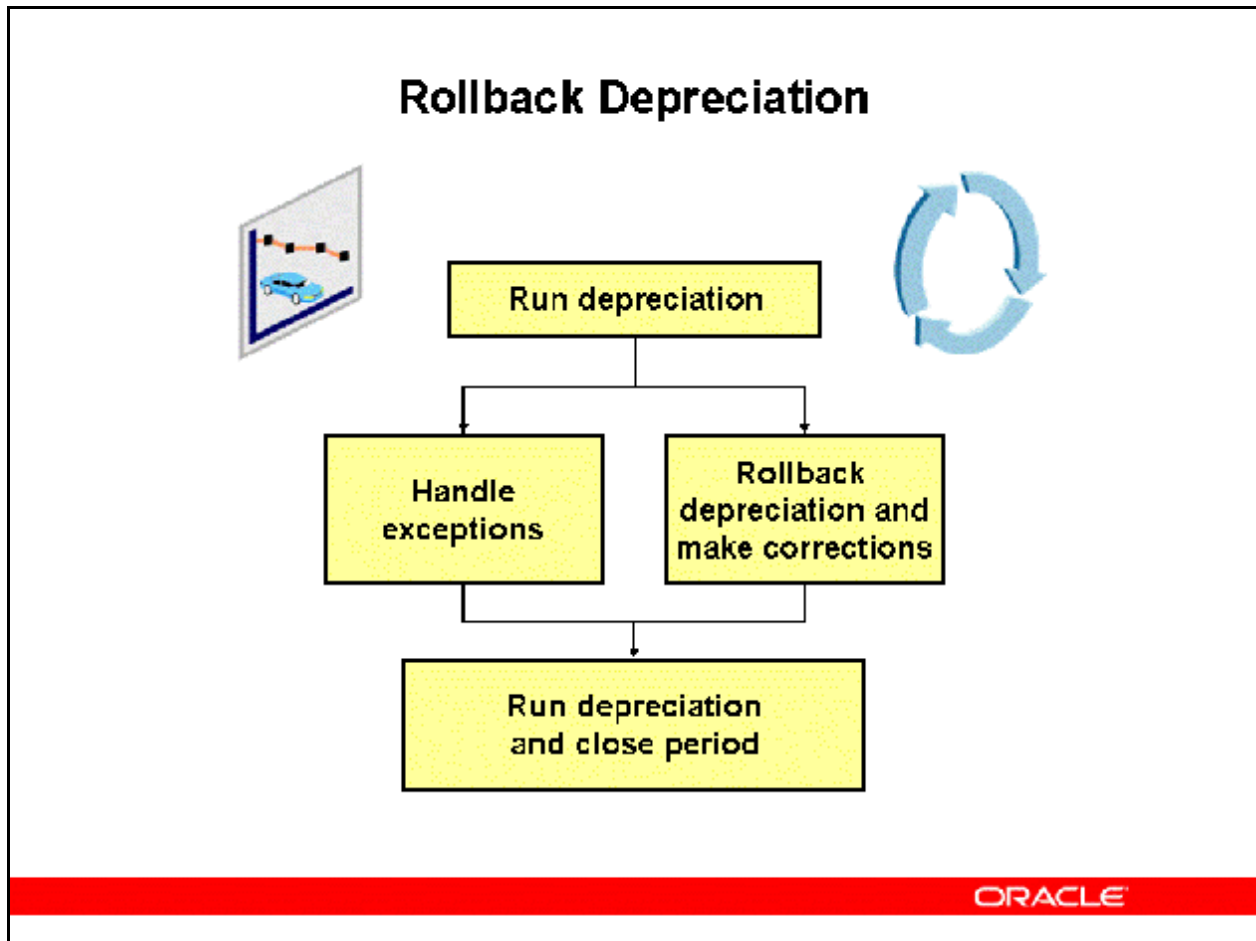
Depreciation Run

- Calculates depreciation expense.

Reserve Ledger Reports

- Runs either the Journal Entry Reserve Ledger Report or Tax Reserve Ledger Report depending on the type of asset book.

Rollback Depreciation



Rollback Depreciation

(N) Depreciation > Rollback Depreciation

If you have run depreciation for a particular period, you can use the Rollback Depreciation feature to restore assets to their state prior to running depreciation. For example, you may have outstanding adjustments or transactions that you need to process for a period; however, you have already run depreciation for that period. If the Close Period check box was not checked when you ran depreciation, you can roll back depreciation to include these outstanding transactions.

You must run depreciation with the Close Period check box checked to open the next period.

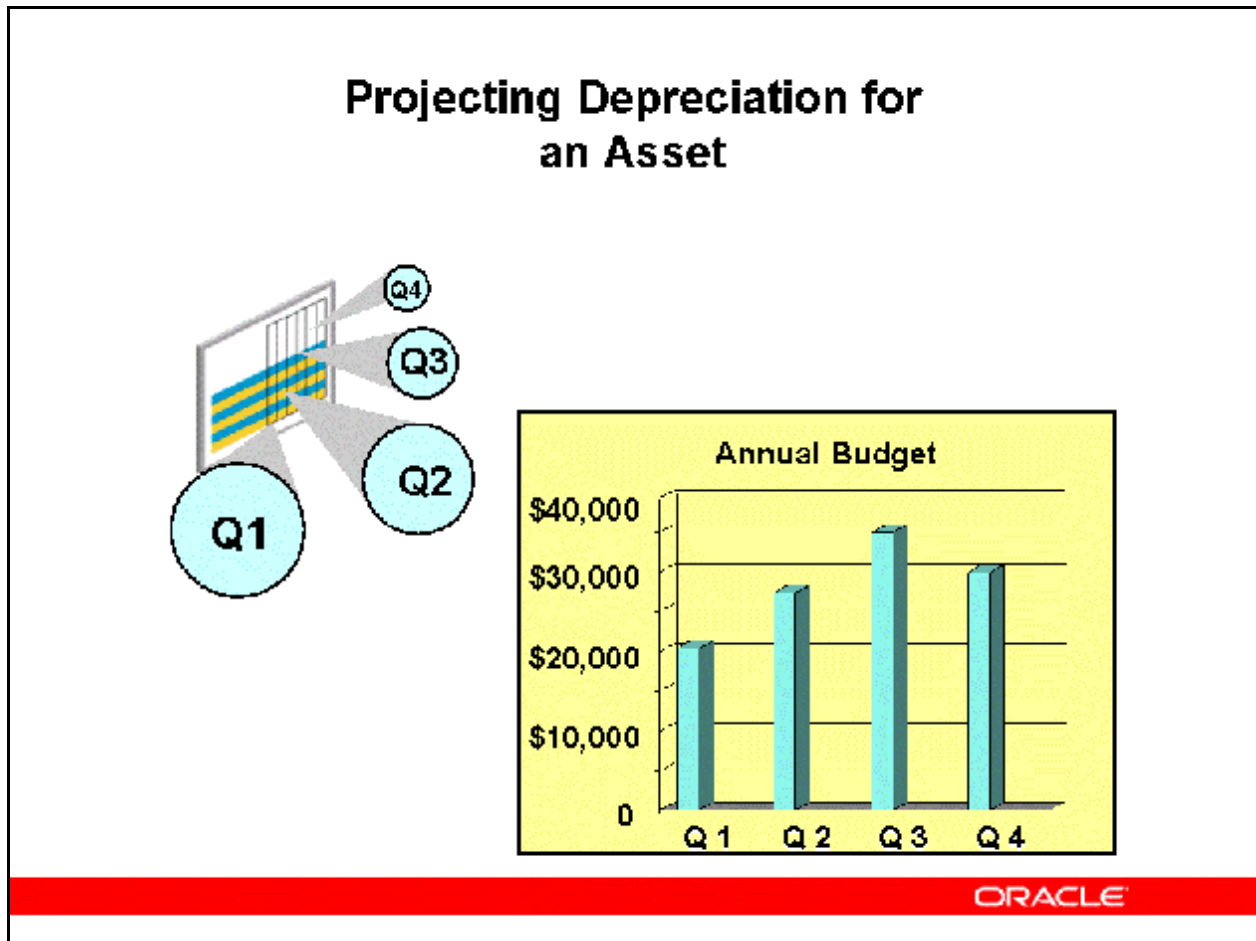
Handling Depreciation Processing Exceptions

- When you run depreciation, Oracle Assets flags all exceptions and they appear in the Run Depreciation log file.
- You can review the log and make adjustments for all assets that did not depreciate successfully.
- You can close the period when all exceptions have been processed successfully.

Rolling Back Depreciation

- After running depreciation, you can roll back depreciation to restore assets to their state at the beginning of the period before running depreciation.
- You can continue to add assets, perform transactions, and make corrections and adjustments.
- You can roll back depreciation:
 - For the current open period
 - If you ran depreciation for the period and did not select the Close Period check box
- You can roll back depreciation only for the current open period.

Projecting Depreciation for an Asset

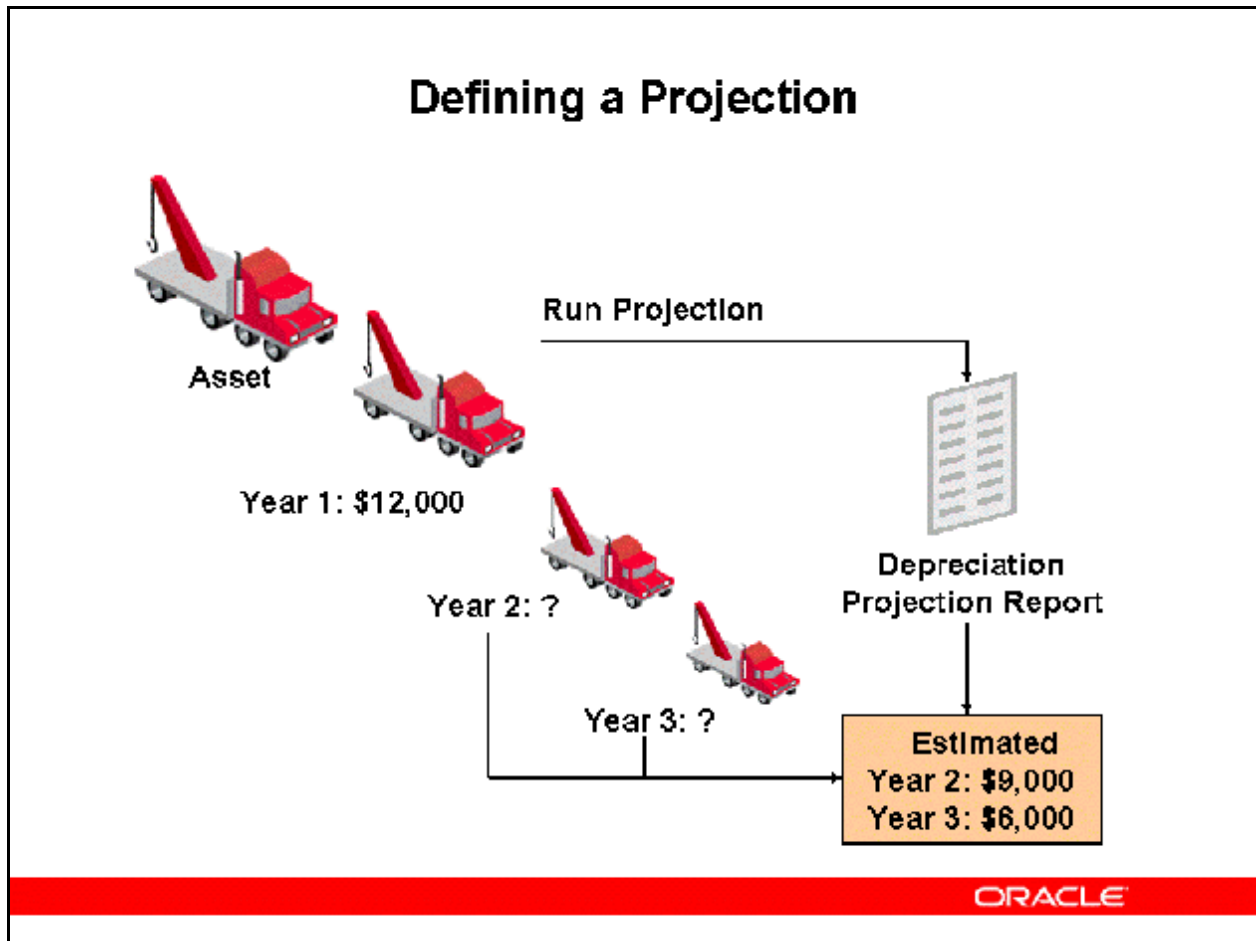


Projecting Depreciation for an Asset

(N) Depreciation > Projections

- You project depreciation for any asset in corporate, tax, and budget books to plan spending based on expected depreciation expense.
- Include depreciation expense for the budget amounts in the projection for the budget book.
 - You add the projection amounts for depreciation projections and for existing assets to determine total future depreciation.
- When entering budget information, you:
 - Project depreciation and report on the major category level, or with full category flexfield combination.
 - Project depreciation expense for amounts budgeted for each category each period, using the category default depreciation rules from the associated corporate book.
- You can project a maximum of four books at one time and all of them must use the same Account structure. The fiscal year name for the Calendar and each Book must be the same.

Defining a Projection



Defining a Projection

Not all transactions are included in a depreciation projection.

Transactions Included:

- The depreciation projection is based on the financial information for your existing assets at the start of the current period.
- It includes additions, transfers, and reclassification transactions you perform in the current period.

Transactions Excluded:


- It ignores other asset transactions you make in the current period, such as the depreciation adjustment for retroactive additions and transfers you enter in the current period. It also ignores fully reserved and fully retired assets.
- If you do not start your projection beyond the current period, the projection does not include your most recent transactions (e.g. if the current period in your corporate book is JUL-92, and you request an annual projection starting with JAN-92, Oracle Assets projects depreciation expense based on the financial information for your existing assets as of the start of January 1992).

Refer to *Demonstration – Perform a Depreciation Projection [LAB0366Y]*



Refer to *Practice – Run a Depreciation Projection [LAB0389Y]*

Depreciation Forecasts


Depreciation Forecasts




What would be the effect on depreciation expense for all assets in the category **COMPUTER-PC** in my corporate asset book, if I change the depreciation method from **STL 5** to **STL 3**?



What is the most advantageous depreciation method for an asset I am going to add 3 months from now?





Depreciation Forecasts

(N) Depreciation > What-If Analysis

Using What-If Depreciation Analysis on Existing Assets

Without changing Oracle Assets data, What-If Depreciation Analysis:

- Forecasts depreciation for multiple scenarios using different depreciation criteria.
- Allows you to select assets using various selection criteria, and analyze the effects of expensing or amortizing changes to depreciation information.
- Projects depreciation on existing assets before changing the depreciation rules.
- Helps select the best depreciation strategy for assets not yet added in the system.
- If you are satisfied with the results of your analysis, you can enter the new parameters in the Mass Changes window to update your assets according to the parameters you specified in the what-if analysis.

What-If Depreciation Analysis for Future Assets

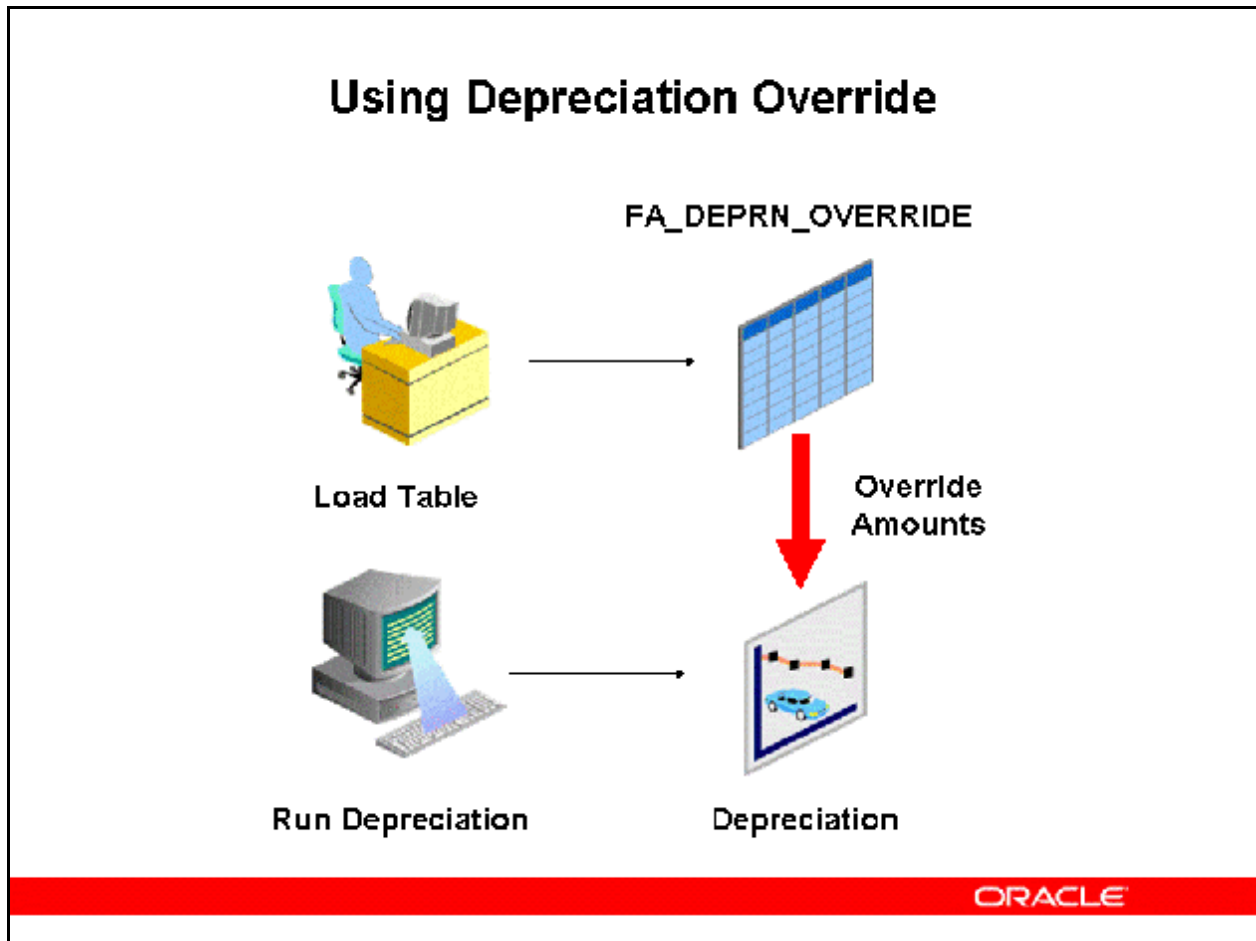
- Forecast different depreciation scenarios for assets not yet defined in Oracle Assets.
- Compare results of what-if depreciation profiles for a new asset.
- Select optimal depreciation strategy prior to adding the asset.

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Refer to *Demonstration – Perform a What-If Depreciation Analysis [LAB0367Y]*

Refer to *Practice – Perform a What-If Depreciation Analysis [LAB038AY]*

Using Depreciation Override



Using Depreciation Override

Depreciation Override allows you to optionally override the depreciation amounts calculated by Oracle Assets. Using this feature, you can manually override the calculated default depreciation amounts for standalone and group assets.

Before running depreciation or performing adjustments, you must provide the necessary information in the Depreciation Override window or the `FA_DEPRN_OVERRIDE` table, and indicate whether the override data is for depreciation or adjustments. When running depreciation, the system will upload and use the depreciation amounts provided in the interface table.

If you do not use the Depreciation Override window to input the override amounts, you must first populate the `FA_DEPRN_OVERRIDE` table with the necessary depreciation data. Next, the feature uploads and overrides the system calculated depreciation amounts with the amounts you provided in the override interface table.

Prerequisite

Set the profile option `FA: Enable Depreciation Override` to Yes.

Note: For Reporting Currencies-enabled books, you do not need to provide the override amounts for the reporting currency books. The system will derive the reporting book values based on the ratio of asset cost in the reporting book to asset cost in the primary book.

Depreciation Override Process

To override the system calculated depreciation amounts using the Depreciation Override window:

(N) Depreciation > Override

1. Open the Depreciation Override window.
2. You can use the Find Assets window to find assets for which you want to change depreciation.
3. If you did not use the Find Assets window, or query, to find the assets records you wish to modify, enter the asset number, book, and period of the asset in the rows of Depreciation Override window.
4. In the Depreciation field, you can enter the override depreciation amount.
5. In the Bonus Depreciation field you can enter the override bonus depreciation amount.

To override the system calculated depreciation amounts using the FA_DEPRN_OVERRIDE table:

1. Define the override data in the FA_DEPRN_OVERRIDE table. In the FA_DEPRN_OVERRIDE table, enter all basic override depreciation information: BOOK_TYPE_CODE, ASSET_ID, PERIOD_NAME, DEPRN_AMOUNT, BONUS_DEPRN_AMOUNT and USED_BY. You can provide depreciation amounts for depreciation expense and bonus expense separately using the columns: DEPRN_AMOUNT and BONUS_DEPRN_AMOUNT. Define either DEPRECIATION or ADJUSTMENT in the USED_BY column depending on your requirement.

Note: You can assign multiple override data for each asset as long as PERIOD_NAME and USED_BY do not overlap for records with a non-posted status.

2. Optionally run What-If Analysis or Projection to review the estimated depreciation amounts for that period.
3. Run Depreciation or perform adjustments (single asset adjustment and mass change) to incorporate the override data.
4. If the override fails, the system will roll back the depreciation for the asset. You first need to correct the override information in the interface table, then rerun depreciation. For example, if any assets became over-reserved during the overriding process, the override will fail and the system will return an error.

Useful Depreciation Reports

Useful Depreciation Reports

REPORT NAME	PURPOSE
Assets Not Assigned to Any Books Listing	To find assets not assigned to any depreciation books. Sorted by asset number
Assets Not Assigned to Any Cost Listing	To find assets not assigned to any cost centers. Sorted by book and asset number
Diminishing Value Report	Lists assets using a diminishing value depreciation method.
Expensed Property Report	Lists expensed assets. Classified under noncapitalized asset categories.
Fully Reserved Assets Report	Lists assets that became fully depreciated in a range of accounting periods.

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Useful Depreciation Reports

Useful Depreciation Reports

REPORT NAME	PURPOSE
Nondepreciating Property Report	To locate nondepreciating property.
Production History Report	To review production amounts. Sorts by unit of measure, asset number, and production start date.
Depreciation Projection Report	To review projected depreciation expense. Sorted by cost center expense account, and total depreciation for each balancing segment.
What-If Depreciation Analysis Report	To display and analyze depreciation projection data based on hypothetical depreciation parameters.

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Summary

After completing this module, you should now be able to:

- **Discuss the process flow that Oracle Assets uses to calculate depreciation**
- **Identify the key setup requirements required for the calculation of asset depreciation**
- **Discuss the role that methods and conventions play in the calculation of asset depreciation**
- **Discuss the running of asset depreciation**
- **Explain the use of projecting depreciation expense**
- **Describe the forecasting depreciation analysis feature**

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