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## ANALYSIS OF THE OF DEPRECIATION METHODS OF FIXED ASSETS

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**The purpose** of this work is to investigate the depreciation methods and conduct analyses of their types. Depreciation is an important part of accounting records which helps companies maintain their income statement and balance sheet properly with the right profits recorded. In this study the following general methods of depreciation have been investigated:

- **Straight line.** The straight-line method charges the same amount of depreciation to expense in every reporting period. This approach probably approximates the average usage pattern of most assets, and so is a reasonable way to match revenues to expenses. It is also the easiest depreciation method to calculate, which makes it by far the most commonly-used depreciation method.
- **Accelerated.** An accelerated depreciation method is designed to charge the bulk of the depreciable amount of a fixed asset to expense as soon as possible, with a rapidly-declining amount being charged to expense in later periods. Examples of this method are the double-declining balance method and the sum of the years' digits method.
- **Usage based.** A usage-based depreciation method is designed to have a variable periodic depreciation expense that is based on the amount that a fixed asset is actually used. An example of this method is the units of production method. This is the most accurate of the depreciation methods in matching actual usage to the related depreciation expense, but suffers from an inordinate amount of record keeping to track usage levels.

**Conclusion.** Any method of depreciation is time-consuming over the lifespan of an asset, and so is not efficient. From an auditing perspective, it is best to use the straight-line method, since these calculations are easiest for auditors to verify.

### Referenses:

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