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Types of Depreciation - Diminishing Balance Method

递减平衡法

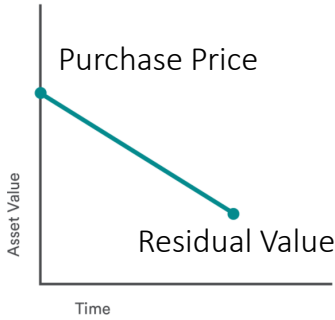

166|2022

CCS Insights

Bookkeeping - Everybody Can Do It - 26: Types of Depreciation - Diminishing Balance Method

簿记 - 每个人都能做到 - 26: 折旧的类型 - 递减平衡法

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The graph illustrates the diminishing balance method of depreciation. The vertical axis is labeled 'Asset Value' and the horizontal axis is labeled 'Time'. A teal line starts at a point labeled 'Purchase Price' and slopes downward to a point labeled 'Residual Value', showing a steady decrease in asset value over time.

Types of Depreciation - Diminishing Balance Method



- **What it is:** This method is a slightly more complicated way to depreciate an asset. It lets you write off more of an asset's value in the days immediately after you buy it and less later on.
- **Who it's for:** Companies that want to recover more of an asset's value upfront
- **Formula:** Book Value at the beginning of the year * Rate of Depreciation
- **How it works:** This method is based on the assumption that the cost of maintaining assets is low in the early years, and hence a greater amount of depreciation should be charged. Furthermore, if the cost of maintenance increases over time, the depreciation charge should be reduced accordingly. This method, therefore, imposes an equal obligation on profits each year throughout the life of the asset.



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Example



- We'll use the Car example for straight-line depreciation in our previous article.
- Since the Car is depreciated over 10 years, its depreciation rate is 10%.
- In year one of the Car's 10-year useful life, the equation looks like this:
 - Formula: Depreciation rate x book value at the beginning of the year
 - $10\% \times 10,000 = \text{RM}1,000$
- You'll write off RM1,000 of the Car's value in year one. Now, the book value of the Car is RM9,000.
- So, the equation for year two looks like this: $10\% \times 9,000 = \text{RM}900$



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折旧的类型 - 递减平衡法



- **它是什么:** 这种方法是一种稍微复杂的资产折旧方式，它可以让你在购买资产后立即注销更多的价值，而在以后的日子里则逐渐减少注销。
- **适用对象:** 想在前期收回更多资产价值的公司。
- **公式:** 年初的账面价值 * 折旧率
- **它是如何运作的:** 这种方法是基于这样的假设：在最初几年，维护资产的成本很低，因此应该注销更多的折旧费用。此外，如果维护成本随着时间的推移而增加，则折旧费用就应该相应的减少。因此，这种方法在资产的整个生命周期中，每年都要对利润承担同等的义务。

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例子



- 我们将使用上一篇文章中的汽车例子进行直线折旧。
- 由于汽车的折旧期为10年，其折旧率为10%。
- 在汽车10年使用寿命的第一年，公式是这样的：
 - 公式 = 折旧率 * 年初的账面价值
 - $10\% \times 10,000 = 1$ 千令吉
- 你将在第一年注销汽车的价值的1千令吉。现在，这辆车的账面价值是9千令吉。
- 因此，第二年的公式是这样的： $10\% \times 9,000 = 900$ 令吉

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