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THE INFLUENCE OF DEPRECIATION OF NON-CURRENT ASSETS ON THE FORMATION OF DEPRECIATION POLICY OF THE ENTERPRISE

Annotation. The basic theoretical principles of accounting for depreciation of non-current assets are studied. The definitions of "depreciation " and "wearing out" of non-current assets are characterized. Depreciation methods and the essence of depreciation policy of business entities are outlined.

Key words: depreciation, non-current assets, accounting, depreciation methods, depreciation policy.

Statement of the basic material. One of the most controversial and difficult issues today is accounting, analysis and control of depreciation and depreciation of non-current assets.

It should be emphasized that the concepts of "wearing out" and "depreciation" are different in content and characteristics. Based on a study of the specialized literature, it can be concluded that the term "depreciation" used in accounting is understood not as physical wearing out or decrease in the market value of the object, but as a write-off of non-current assets during their useful life. The term is used to reflect the gradual write-off of the value of non-current assets at the expense of the enterprise. Wearing out is the depreciation of long-term non-current production assets, which is caused by the loss of their technical and economic characteristics.

In economic research, there are three types of wear:

– physical wearing out (physical wearing out of non-current assets) gradual loss of non-current assets of their consumer value in the process of their production use and under the influence of adverse conditions and forces of nature;

– wearing out (wearing out of non-current assets) decrease in the value of non-current assets due to increased productivity and technical progress in the industries where they are produced, associated with the loss of use of obsolete non-current assets due to more advanced items and tools (with improved technical and technological parameters);

– wearing out (depreciation of non-current assets) the gradual transfer of the value of labor as they are physically and morally depreciated on the products manufactured with their help and on services.

From the above data, it can be concluded that the term "depreciation" used in accounting is understood not as physical wearing out or decrease in the market value of the object, but as a write-off of the value of non-current assets during their useful life. The term is used to reflect the gradual write-off of the value of non-current assets at the expense of the enterprise [1, p. 97].

Summarizing the above definitions, we tend to believe that depreciation is a systematic distribution of the original cost or revalued value of non-current assets minus the liquidation value over their useful life on the product produced. In our opinion, the above definition is the most reliable, as it most fully indicates the essence of this accounting category, interpreting it as a systematic distribution of the value of non-current assets, over a period of time at regular intervals. That is, depreciation is accrued using separate accounting methods (certain system).

Depreciation methods are defined by the National Regulation (Standard) of Accounting 7 "Fixed Assets", but the company has the right to choose the method of depreciation of non-current assets: straightforward, residual value reduction method, accelerated residual value reduction method, cumulative method, production method [2].

Carrying out operations related to the accrual and accounting of depreciation of non-current assets in accordance with regulatory and internal documents of the enterprise, involves the accuracy and validity of filling out primary documents, control and analysis of transactions, reflection of these transactions in accounting and reporting. These actions can significantly increase the reliability of operations performed on the specified accounting area and reduce the costs of the business entity.

Depreciation is an accounting tool that provides an important accounting principle for the accrual and matching of income and expenses.

Depreciation is a subjective phenomenon, because the business entity decides how the process will be carried out, namely what methods will be used and how the depreciation fund will be formed, and so on.

At the level of the business entity, depreciation significantly affects the efficiency of its financial and economic activities and is an important source of development.

Each business entity forms its own depreciation policy, which is a set of ways to calculate the amount of depreciation and manage them.

Conclusions. Depreciation policy affects the investment and innovation activities of enterprises, the main characteristics of which include: incomplete use of existing production facilities due to insufficient investment; limiting opportunities to restore the material and technical base of enterprises and increase the level of competitiveness of manufactured products and services; weak development of investment and innovation infrastructure.

The effectiveness of the depreciation policy directly depends on how carefully and reasonably the company has provided the selected options for methods of depreciation due to legal requirements.

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