Definitions
- Amortization
- Basis (Cost)
- ACRS, MARCS
- Intangible Property
- Recovery Period/Percentage
- Tax/Useful Life

Depreciation: Purpose
- Valuation of "Used-Up" Asset
- Recover Asset Cost
- Equate Book & Market Value
- Tax Requirement

Book Value$_t$ = Cost - Sum of depreciation
Depreciation

- Definitions/Nature of
- Purpose
- Value
  - Salvage Value
  - Market Value

Depreciation: Methods

- Historic Methods
  - Straight-Line
  - Declining Balance
  - Sum of the Years Digits
- Modified Accelerated Cost Recovery

\[ d_k = \frac{(I-S)}{N} \]
\[ BV_i = I - \sum d_k \]

Depreciation: Summary

- Usefulness Over Time
- Periodic Charge ...
- Book Value: \( I - \sum (\text{Dep}) \)
- Essential for Taxes
- Schedule Based on Tax Code
- Method Cannot Change