The impact of long-lived non-financial assets depreciation/amortization method on financial statements

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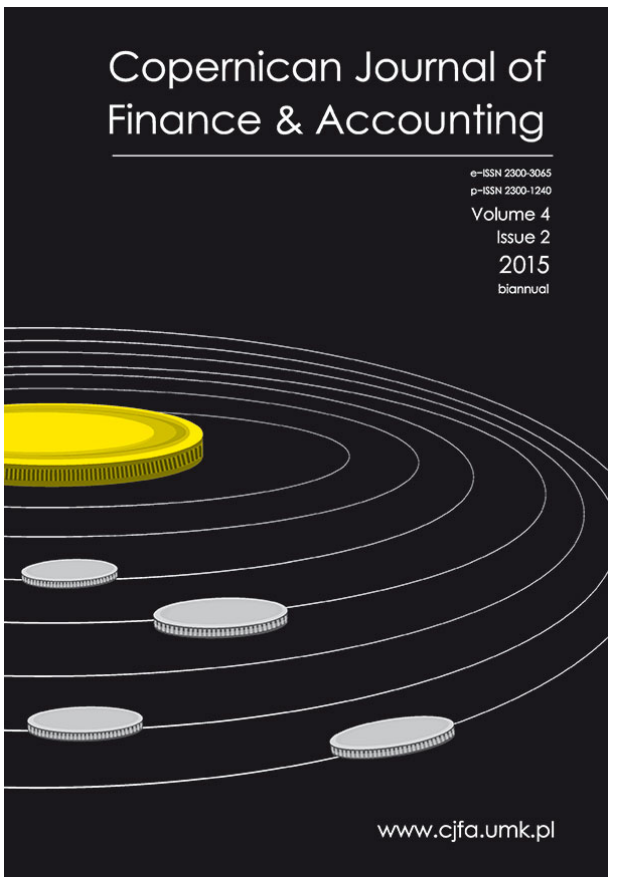
https://doi.org/10.12775/CJFA.2015.018

Keywords

non-financial long-lived assets, depreciation method, amortization method, accounting policy, financial statements

Abstract

Non-financial long-lived assets are ones ensuring company's basic business operations, with expected useful time more than one accounting period, and generating profit. Assets often requiring significant investments constitute also considerable part of companies' total assets in its statements of financial position. In average this proportion in balance sheets of Latvian companies listed in Baltic stock exchange is 48%. In most of these companies this percentage is higher and even up to 97%. Due to nowadays global economic situation the management of non-financial long- -lived assets also plays significant role in both – shareholders' (actual/ potential) and management's – decision-making processes concerning investing, financing, controlling, other activities. In order to ensure financial statements reflects real situation of the particular company, company's management is responsible to ensure that accounting process of depreciation/ amortization these assets is: – Correct, transparent and in line with specifics of company's business; – In accordance with respective accounting and reporting regulations. This article reveals theoretical and practical view exploring how information relating depreciation/ amortization of long-lived non-financial assets influences results in financial statements of Latvian companies listed in Baltic stock exchange.



PDF

Published
2015-12-17

How to Cite
KOZLOVSKA, Ieva. The impact of long-lived non-financial assets depreciation/amortization method on financial statements. *Copernican Journal of Finance & Accounting*. Online. 17 December 2015. Vol. 4, no. 2, pp. 91-108. [Accessed 17 October 2026]. DOI 10.12775/CJFA.2015.018.

Issue
Vol. 4 No. 2 (2015)

Section
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