

double declining-balance is one of two declining balance methods. The method is so named because the periodic depreciation is based on a declining book value of the asset. With this method, companies compute ANNUAL DEPRECIATION EXPENSE BY DOUBLE DECLINING BALANCE METHOD: annual depreciation expense by multiplying the book value at the beginning of the year by the straight-line depreciation rate multiplied by two. The double declining-balance method produces a decreasing annual depreciation expense over asset's useful life. This is so because the balance in accumulated depreciation at the beginning of the asset's useful life is zero. Unlike the other depreciation methods, the declining-balance method does not use depreciable cost. The depreciation rate declines each year.