

B-10.10

On January 1, 20X1, Floral Features purchased a delivery truck for \$65,000. At the time of purchase, Floral Features anticipated that it would use the truck for 4 years, even though its physical life is 8 years. At the end of the 4-year period, Floral believes it will be able to sell the truck for \$35,000. Floral Features uses the straight-line depreciation method.

Gasoline prices increased significantly, and consumers began to buy more efficient vehicles. By early 20X3, it became apparent that the market for used delivery trucks like the one belonging to Floral Features was virtually nonexistent. Accordingly, Floral Features changed its plans and decided it would use the truck for its full 8-year life. At the end of the revised useful life, it is expected that the truck will be worth \$2,000 for scrap value.

Prepare a schedule showing annual depreciation expense, accumulated depreciation, and related calculations for each year.