

## I-10.03

On January 1, 20X2, The GenKota Winery purchased a new bottling system. The system has an expected life of 5 years. The system cost \$325,000. Shipping, installation, and set up was an additional \$35,000. At the end of the useful life, Julie Hayes, chief accountant for GenKota, expects to dispose of the bottling system for \$96,000. She further anticipates total output of 660,000 bottles over the useful life.

- (a) Assuming use of the straight-line depreciation method, prepare a schedule showing annual depreciation expense, accumulated depreciation, and related calculations for each year.
- (b) Assuming use of the units-of-output depreciation method, prepare a schedule showing annual depreciation expense, accumulated depreciation, and related calculations for each year. Actual output, in bottles, was 100,000 (20X2), 130,000 (20X3), 150,000 (20X4), 160,000 (20X5), and 120,000 (20X6).
- (c) Assuming use of the double-declining balance depreciation method, prepare a schedule showing annual depreciation expense, accumulated depreciation, and related calculations for each year.
- (d) Assuming use of the straight-line method, prepare revised depreciation calculations if the useful life estimate was revised at the beginning of 20X4, to anticipate a remaining useful life of 4 additional years (in other words, a total life of 6 years). The revised useful life was accompanied by a change in estimated salvage value to \$54,400.