

Solution:

(1)

If they adopted the accelerated depreciation method, then the net income would be decreased by \$23 million and become \$54 million.

The cash flow will become \$106 million as a result.

(2)

For the shareholder, the response is that this use of accelerated depreciation is beneficial for the company because they need to pay less taxes now on the income.

We have ignored income taxes but when they become essential, the use of accelerated depreciation becomes important.