

## B-03.05

Mohamed Bakar Alidini recently formed a business in the Republic of Yemen to process liquefied natural gas for export to other countries. Natural gas can be converted to a liquid by cooling it to -163 degrees Celsius. It then assumes a highly compressed state and can be transported by specially designed cryogenic vessels. Mohamed's business invested 80,000,000 (Yemeni Rials/YER) in a cooling/containment chamber with a 4-year life. The chamber will have no remaining value at the end of the 4-year period.

- (a) Prepare journal entries to record annual depreciation for each of the four years, assuming Alidini uses the straight-line method.
- (b) Show how the annual depreciation will appear in each year's income statement.
- (c) Show how the asset, and related accumulated depreciation will appear in each year's balance sheet.