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.