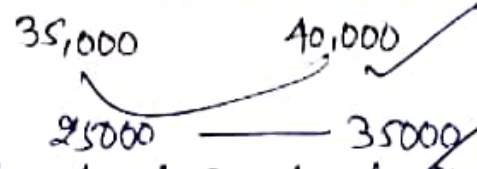


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Accounting for price level changes: Inflation Acc

1. Monetary Liabilities 1-1-2006

$$\frac{35000 \times 300}{200} = 52500$$

(+) Increase in Lia. $\frac{5000 \times 300}{240} = 6250$

→ Closing Liabilities 58750
40,000 18750

2. Monetary Assets opening. $\frac{25000 \times 300}{200} = 37500$

(+) Inc. in Assets $\frac{10,000 \times 300}{240} = 12500$

→ Closing Assets 50,000
35,000 15000

Net Monetary Gains. = 3750