



THE IMPACT OF INFLATION ON FINANCIAL STATEMENT DATA

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Article history:	Abstract:
<p>Received: 28th November 2023 Accepted: 26th December 2023 Published: 30th January 2024</p>	<p>The Iraqi currency has suffered due to high inflation, which has been ravaging the country for more than 40 years, leading to a weakening in value over time. and due to most companies in Iraq depend on historical cost, this research came to find out the impact of inflation on data of accounting and the information that provide through financial statements in Iraq environment A questionnaire form was distributed to a sample size of 148 accountants and board members. Where it turns out that the direction of the sample was in agreement with the hypothesis related to the impact of inflation on the quality of financial statements, and must use the alternative methods to avoid historical cost problems.</p>

Keywords: Inflation, Financial Statements, Historical cost.

Classification codes: E31, M480, M410

1- INTRODUCTION:

The financial statements are prepared in accordance with the accepted accounting principles that are used for the purpose of decision-making, but these principles were formulated on the assumption that there is relative stability in the general level of prices, but this assumption has become unreal, especially in recent times due to inflation, which has become a feature of the contemporary economy, which has led to an impact on the unit of accounting measurement and thus affected the quality of information provided by accounting through financial statements (especially for comparison purposes). In some cases, it has become inappropriate for users of accounting information, because under this inflation it does not reflect the economic realities and the actual reality of the financial position and the result of the activity, and thus the traditional accounting system has proved its weakness in prepare and provide correct information to decision makers inside and outside the company in light of the continuous increase in inflation.

The aim of this research is to shed light on the impact of inflation on financial statements and address the shortcomings of the traditional accounting system.

Because the problem of change in prices is one of the important problems facing accountants in the contemporary time, due to the science of accounting depends mainly on money as a unit of measurement and that money is directly affected by price fluctuations caused by inflation, the low inflation rate may not affect significantly, but when the inflation rate exceeds 7% per year, it leads to the loss of financial statements prepared on the basis of historical cost a large part and important part of their usefulness (Ameri, 2014).

where the inflation that occurred in Iraq during the period of the international economic blockade from 1990 to 2000 amounted to more than 1000%, and the period after the occupation of Iraq in 2003 witnessed a significant rise in the prices of goods and services, where the statistics and planning departments recorded escalating annual ratios of the volume of inflation, so that this inflation absorbed many of the increases in salaries that have been increased three times since 2003 to keep pace with the rise in prices (Ameri, 2014), (Situm, 2011). According to the Ministry of Planning, the annual inflation rate in Iraq recorded an increase of (7.2%), compared to the first month of last year 2022 (Al-Hindawi, 2023). According to economists, the basic



processes of addition and subtraction that accountants use are meaningless except in the world of fixed prices (Shoven & Bulow, 1975).

Problem statement

The problem statement of the study of inflation, which is considered to be a phenomenon characterized by continuity and comprehensiveness, and suffers from many countries, especially Iraq, which has gone through difficult exceptional circumstances for more than 40 years, many studies in Iraq dealt with inflation levels and its impact on purchasing power, but according to the researcher's knowledge, no one addressed the study of the impact of inflation on the financial statement data, Therefore, it is possible to summarize the research problem with the following question, does inflation affect the accounting data in Iraq's companies?

Research objective

This research aims to shed light on the phenomenon of inflation, its causes and effects, and to understand the impact of inflation on financial statement data and methods for treating it.

Research hypothesis

The research is based on the hypothesis that there is no relationship between inflation and the data of financial statements.

2- THEORETICAL ASPECT:

2.1 Types of Inflation:

Inflation is one of the most complex and important social and economic phenomena faced by the societies of the world and is multifaceted and interest in this phenomenon returns after the end of the World War, where it began to escalate and accompany the economies of all countries of the world and continuously, this is what prompted governments and researchers to pay attention to the phenomenon of inflation and in an attempt to find appropriate financial or monetary solutions or reduce the impact of this phenomenon, As the lack of control over inflation will have significant negative effects on the social, economic and even political level, and inflation is an indicator of the weakness of accounting information (Hammad, 2017) identify inflation, its types, the causes that lead to it and its most important effects.

Inflation can be defined as the rise or increase in the general level of prices or the decrease in the purchasing power of money. The general level of prices expresses the weighted average of all goods and services in a

country's economy. It is necessary to know that not every rise in prices is inflation, as prices may rise not because of productivity or marketing that affects goods such as a rise in prices. The demand for a certain type of goods or services in a particular season, such as climate change or the holiday season, does not inflation, because the concept of inflation must be characterized by the inclusion of all goods and continuity not only for a specific season or period of time (Wadi, 2006)

From this definition, we find that inflation is characterized by two basic qualities, the first characteristic is that the rise or increase in prices is felt, clear and comprehensive of all goods and services in society, while the second characteristic must be the rise in prices extended for a period of time, i.e., the rise will leave an impact on the future. To the purchasing power of money, this means that when the value of money decreases, the real income of the individual has decreased, i.e. inflation has occurred with the stability of the level of monetary income of the individual and this leads to a decrease in the amount of goods and services that an individual can obtain with the same monthly income.

As for the types of inflation, they can be summarized in the following (Yas, 2013):

- 1- Real inflation: This type of inflation is achieved when the increase in aggregate demand is not matched by an increase equal to total production which is reflected in the rise in the overall level of prices.
- 2- Moderate inflation, also called moderate or creeping inflation, in which price levels tend to rise and rise continuously but slowly even when aggregate demand, is moderate.
- 3- Hidden or suppressed inflation, which is a state of high prices through the adoption by countries of a set of measures and policies that prevent and limit its emergence and the phenomenon of the black market, which is the opposite of the apparent inflation in which prices rise continuously in response to the forces of the markets.
- 4- Hyperinflation, and this type is considered one of the most dangerous types of inflation where prices increase at great rates and the speed of money circulation rises offset by a significant decrease in the volume of goods offered. How



much of this type of inflation is the most severe type of damage, as prices rise hundreds of times and may reach thousands of times, where the country facing hyperinflation loses the credibility and power of dealing in its national currency inside and outside the country. Individuals and institutions want to get rid of the currency and keep tangible assets instead of money. Institutions dispose of currency and hold tangible assets instead of money (Mohammadi & Al-Subaihi, 2018)

2.2 Causes of inflation:

There are several reasons that lead to inflation (Al-Rafati, 2008)

Increased demand, this type of inflation is produced due to the increased demand for goods and services, so that the demand is greater than the supply, which leads to an increase in prices, as a result of the increase in total spending of the three types of governmental, investment and consumption, and economists attribute this type of inflation to the impact of a pure monetary mechanism represented by the presence of money in large quantities chasing small amounts of goods and services, In short, it is an imbalance between supply and demand.

1- Cost pressure, this type of inflation occurs as a result of the high cost of the factors of production involved in the production processes of wages and interest rate, which leads to an increase in the prices of goods and services to meet the increase in costs, and what distinguishes this type of inflation is its occurrence spontaneously because the increase in the price of costs is what pushes prices to rise in successive increases that are difficult to control and control, Some of the most important reasons for the occurrence of this type of inflation are:

- a) Higher wage rates are more common because wages rise at levels higher than the level of increase in production as a result of trade union pressure and increased requirements of life.
- b) The presence of part of the production capacity is not fully exploited, which causes a high capital factor, i.e. an increase in the cost of fixed productive assets of the productive units.

- c) The interest rate costs on borrowed funds are also one of the elements of costs, so fluctuations that occur at the interest rate have an impact on the price of the product according to the relative importance of these costs in the volume of costs
- 2- Structural factors, which results from the existence of differences in the structure of the national economy that are difficult to overcome in the short term, which are characteristic accompanying the early stages of economic development, and this type of inflation is considered a social and economic phenomenon due to the existence of structural differences present in different economies. inflation is a social and economic phenomenon due to the existence of structural differences that exist in different economies.

According to (Adad, 2018) most important cause of inflation in Iraq is due to the high cost of commercial and productive operations as well as the value chain that raises the price of goods on the consumer due to the weakness of production and flow of goods as a result of the weak rule of law.

2.3 Effects of inflation

One of the most important outputs of the accounting system is the financial statements, which are considered a historical record, but do not always express their items in present value, since most companies rely on the principle of historical cost in their accounting system and the preparation of financial statements - since the historical basis is verifiable and therefore considered more objective - (Zaid, 2011). However, the principle of a historical cost assumes the stability of the purchasing power of money or acceptance of a slight change that can be ignored. This is often not achieved When the inflation rate exceeds 7% per annum due to changes in the level of prices as a result of inflation which leads to a change in the value of money (Al-Hajj, 2010).

Since the price inflation that occurred in Iraq during the period of the international economic blockade from 1990 to 2000 amounted to more than 1000%, and the period following the occupation of Iraq in 2003 witnessed a significant rise in the prices of goods and services, where the statistics and planning departments recorded escalating annual ratios of the volume of inflation, This inflation has absorbed many of the increases in salaries that have been tripled since 2003 to



keep pace with the rise in prices (Ameri, 2014). and according to the Ministry of Planning, the annual inflation rate in Iraq recorded an increase of (7.2%), compared to the first month of last year 2022 (Al-Hindawi, 2023). (Al-Rafati, 2008)(Al-Rafati, 2008)(Al-Rafati, 2008)In order to promote the effective role of accounting as an important economic, administrative and social measurement tool, it has become necessary to identify the problems reflected by inflation on the accounting items recorded in the financial statements first and then propose appropriate solutions to these problems, since most countries, including Iraq, are still preparing their data according to the principle of historical cost without taking into account the high rates of inflation and the decline in the value of their cash money as a result (Al-Rafati, 2008).

Inflation has serious effects on financial statements (Ilter, 2010) and its impact is reflected on companies and individuals alike, inflation affects individuals through low purchasing power and savings, and at the same time pumping does not mislead the management of companies by entrapping them in the illusion of making profits when in fact they do not represent any nominal profits. This is done by distorting profit accounts, and inflating the process of estimating the present value of the company and proving it, in the case of a decrease in the value of money, which is the unit of measurement, the monetary profits will not necessarily reflect the decrease or increase in the amount of wealth as it is difficult to separate the profits of the activity from the profits of the possession of different assets and the statement of financial position prepared according to the historical cost will not reflect the value of real wealth under inflation because it will include pools of units Not equal to value. The impact of inflation on the financial statements can put the company in the face of many problems if the company does not take appropriate corrective measures, and the process of showing assets in the financial statements at a value below their real value due to inflation leads to a reduction in the value of expenses, which in turn will lead to higher profits a (Zaid, 2011).

- Rise in the value of corporate tax burdens
- Asking shareholders to distribute larger profits
- Asking workers to increase salaries
- Eat the company's capital (Al-Rafati, 2008)
- Inability to replace old assets with new assets

Inflation affects the financial position of companies through its impact on cash and non-monetary assets and obligations, cash assets are lost to the decline in purchasing value, and the impact of inflation extends on non-cash assets in the balance sheet and income statement, when inflation occurs, the current sales revenue will be matched with the inventory of goods that were purchased mostly several months ago and represent an old cost (Varol, 2022). For inventory, as the same revenues will be offset by extinctions calculated on the historical value of the property, a comparison of the financial statements for different periods will not be accurate and the value of the extinctions extracted from fixed assets at historical costs will be unrealistic to show the costs of the assets consumed during a period. that ignoring or failing companies to amend financial statements due to inflation and low purchasing power of money will negatively affect users of financial statements in terms of difficulty comparing and understanding the company's performance (Talib, 2016).

The failure of traditional accounting based on the principle of historical cost to express a company's real position during a period of inflation – investors and financial analysts, for example, cannot make fundamental financial decisions without understanding the effects of inflation on financial statements. Therefore, financial statements prepared under historical accounting are usually proven to be historical evidence statements and do not represent the importance of the actual market. This does not show the true market picture of users of accounting records (Sharma, 2021) Inflation accounting technology allows a business to show or obtain a reasonable picture of its gains due to the alignment of current cost with current revenue (Olawejaju et al., 2020)

2.4 treatments for the effects of inflation

As for addressing the effects of inflation, there are two types of accounting treatments for the effects of inflation on the financial statements, namely

First: Partial method

In an attempt to overcome inflation and its effects on the financial statements, some accountants resort to adopting some accounting procedures and methods that contribute to reducing inflation problems towards the information provided by accounting (Al-Rafati, 2008)

- 1- Treatment of depreciation of fixed assets: since the depreciation of fixed assets under the



adoption of historical cost and when inflation occurs does not represent the real cost of what is consumed of assets, which is reflected on the objectivity of the net income of the activity and to partially address this problem is

- a) By means of a decreasing premium to calculate extinction, accountants try to expedite the amortization of historical costs of assets and reduce the period between acquisition and extinction.
 - b) By means of the cost of replacement, where the fixed quality is re-estimated based on the cost of its substitution, and then the depreciation premiums are calculated on the fair value.
- 2- Withholding part of the profit resulting from following the historical cost in the form of reserves, for the purpose of counteracting the cost of replacing old assets with new ones, and reducing the size of the distributable profit.
 - 3- Accountants follow the last in First out method to offset current sales revenue at the cost of current inventory, which is close to the current market price.
 - 4- Re-estimating the values of some of the items of the statement of financial position, although this entry is easy but it is criticized a lot for being based on personal appreciation.

One of the most important criticisms of these measures is that they do not contribute to solving the problem of the impact of inflation comprehensively.

Second: Comprehensive method

In order to avoid deficiencies in financial statements prepared based on historical cost and to obtain more objective financial statements during periods of inflation or partially adjusted statements, accountants have resorted to looking for other methods of measurement and such methods (Talib, 2016)

- 1- Fixed Monetary Unit: One of the proposed methods to be applied to treat the effects of inflation and high prices is to apply the method (accounting in units with fixed purchasing power) or what is known as accounting according to changes in the general price level (El-Din, 2013) where historical costs are used to measure economic events, while the unit of monetary measurement is adjusted, and the adoption of this method requires:

- a) Differentiating between cash items for assets, liabilities and non-cash items, cash items do not need to be adjusted in the statement of financial position because they express the present monetary value, while cash assets and liabilities need to be adjusted by calculating them equal to units with purchasing power for the last period so that their adjustment does not result in any inflationary losses or gains.
- b) All income statement items are considered non-cash and need to be adjusted by means of standard insomnia on the date of origin of each item of income and expenses.
- c) Equity clauses are also non-cash items that need to be adjusted to the equivalent of units with purchasing power at the end of the fiscal year, i.e. applying the concept of capital with uniform purchasing power and not with the original units.

Advantages and criticisms of this method:

The State Accounting Standards Board has preferred to apply fixed unit of cash accounting in companies operating in a high-inflation economy when preparing financial statements (Baraka, 2015) most important advantages of this method is to show the financial statements in a currency with unified purchasing power, and is characterized by objectivity because all economic units use the same price index level and it is possible to audit all the results achieved and because they move away from intuition and guesswork. In addition to not contradicting accounting principles and their compatibility with the concept of preserving real capital, this method enables economic units to make comparisons to financial statements that work in the same field because it removes the impact of inflation from accounting information in the financial statements, and finally this method is characterized by ease and simplicity in application and shows the profits and losses of purchasing power resulting from cash liabilities Holding assets as well as maintaining The purchasing power of capital.

As for the criticisms of this method, it is the possibility that this method may cause some confusion to the user of the financial statements because the unit of measurement used is different from the one prepared by the financial statements, in addition to the fact that the application of this method requires additional costs that



may exceed the economic benefits, and that this method does not exclude some historical cost errors resulting from the change in the level of private and public prices.

2- Current Cost Method (Al-Hakim & Adam, 2016)

Some accountants rely on certain methods to reduce the phenomenon of inflation and its effects. Among these methods is the current value method, which is the procedure through which financial statements are prepared based on the present value of the elements they contain. There are three concepts for the current value method:

- a) Current value, the value of the asset is determined based on the cash flows issued or received to enterprise because of it, and the current value of the asset is measured by discounting the net cash flows in the future through a realistic interest rate and the value of the current asset represents the basis for evaluating the obligations and resources of the enterprise for its compatibility with the goal of the users of the financial statements is Reading the future monetary estimate. This method is suitable for some assets and liabilities and not for others.
- b) The net selling value, representing the amount currently received if the asset has been sold minus the expenses of completing the sale, This method is rarely used in fixed assets, but it is appropriate for current assets such as commodity inventory because the goal of obtaining it is to resell it
- c) Replacement cost, which is the estimated cost of reproducing or owning an asset similar to an existing asset after excluding the elements of obsolescence and depreciation, and the ongoing replacement costs can be obtained by means of special records In addition historical costs.

(Zaid, 2011) One of the advantages of this method is that it takes into account changes in some but not all of the prices of the elements of the financial statements as

in the method of fixed monetary unit, as this method helps in the preservation of capital due to the separation of income resulting from the operating activity and therefore it is considered an objective evaluation tool for the performance of the enterprise and management and provides users with appropriate information.

As for the most important criticism of this method, it is difficult to obtain the current costs of many elements of the financial statements due to the lack of an analogue or their situation in the market, and the costs of collecting and preparing basic information for the preparation of financial statements according to this method may outweigh the benefits.

3- RESULTS AND DISCUSSION:

For the purpose of knowing the impact of inflation on the data of the financial statements on the one hand and the alternative methods of historical cost on the other hand, a set of questionnaire questions (google form) were identified for each, where four effects of inflation were identified on the financial statements and the opinions of the research sample were taken to answer them as well as the five alternative methods were identified and the opinions of the sample were collected on them.

A questionnaire form is designed for research and shown in Appendix 1, where the questionnaire form was divided into two main sections, the first section represents demographic details and includes the descriptive aspect of the research where it includes experience, level of education, specialization. The second section of the questionnaire is about the impact of inflation on the financial statements, which includes four questions, and alternative methods of historical cost, which includes five questions.

The Likert scale was adopted to determine the responses of the sample and the data was collected through a sample of 148 individuals representing accountants and board members.

ANALYSIS AND RESULTS:

The data for the second section of the questionnaire were classified according to the five-year scale used and as shown in the following table (1):

Table No. (1) Sample Data Tab

no	Question	Strongly disagree	disagree	I don't know	Agree	Strongly agree
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1	Does inflation have a negative impact on the credibility of the financial statements of companies and organizations?	9	21	12	97	9
2	Does the application of the historical cost approach in the preparation of financial statements and ignoring the impact of inflation have a negative impact on the results of the financial statements?	11	13	14	98	12
3	Does the credibility and fairness of financial statements affect the decision maker?	3	15	11	101	18
4	If companies take into account the effects of inflation, will it affect?	5	10	16	107	10
1	Is it important to use alternative accounting methods to historical cost to remove the impact of inflation on the financial statements?	7	13	10	99	19
2	Is it better use Partial processing to avoid problem of inflation on financial statement?	2	14	12	109	11
3	Is it better use comprehensive processing to avoid problem of inflation on financial statement?	0	8	5	84	51
4	Does the use of alternative accounting methods to historical cost lead to the non-erosion of invested capital?	5	9	6	112	16
5	Does the use of alternative accounting methods to historical cost lead to non-inflation of income and the distribution of imaginary profits to shareholders?	1	9	10	118	10

For the purpose of analysis, the mean was found and here the weighted arithmetic mean was used by adopting the weights indicated in the following table No. (2):

Table No. (2) Weights Allocated for Answers

Strongly disagree	disagree	I don't know.	Agree	Strongly agree
1	2	3	4	5

Where the averages, standard deviation, percentage ratio, calculated T value, determination of the direction of the sample were found and then the questions or factors were arranged according to their importance and Table No. (3a) and (3b) shows that the results.

Table No. (3a) Results of the Inflation Impact Analysis on the Financial Statements

No.	Strongly Disagree	Disagree	I don't know	Agree	Strongly Agree	Average	SD	Percentage	T TEST	Sample direction	Question Rank
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3	3	15	11	101	18	3.78	0.86	76%	8.51	Agree	1
4	5	10	16	107	10	3.72	0.82	74%	8.21	Agree	2
2	11	13	14	98	12	3.59	1.01	72%	5.41	Agree	3
1	9	21	12	97	9	3.51	1.01	70%	4.74	Agree	4

Table No. (3b) Results of the analysis of alternative methods of historical cost

N o.	Strongly Disagree	Disagree	I don't know	Agree	Strongly Agree	Average	SD	Percentage	T TEST	Sample Direction	Question Rank
3	0	8	5	84	51	4.20	0.74	84%	15.07	Strongly Agree	1
5	1	9	10	118	10	3.86	0.65	77%	12.35	Agree	2
4	5	9	6	112	16	3.84	0.82	77%	9.60	Agree	3
2	2	14	12	109	11	3.76	0.77	75%	9.19	Agree	4
1	7	13	10	99	19	3.74	0.95	75%	7.27	Agree	5

We note that all the questions were answered by the sample in agreement and strongly agree, i.e., the value of the averages is more than 3.51, also relative to the percentages came high, reaching 70 % to 84 %. Through T tests we notice that all T values are insignificant (the values extracted in the table above are more than the scheduled T value of 2.011). This shows that there are no statistically significant differences between the levels of questions, i.e. the answers are homogeneous.

In terms of arranging the questions according to their importance, the question (Is it better use comprehensive processing to avoid problem of inflation on financial statement) came in first place and the question of (Does

the use of alternative accounting methods to historical cost lead to non-inflation of income and the distribution of imaginary profits to shareholders) ranked second, and both questions of alternative methods to historical cost while the question of (Does the use of alternative accounting methods to historical cost lead to the non-erosion of invested capital) came in third place. It is one of the questions that are due to the impact of inflation on the financial statements, and the other questions came as shown in their order in the table referred to above.

With regard to the descriptive aspect represented by the first section of the questionnaire, the results were as shown in Table 4:

Table No. (4) Demographic Details

Work Experience:		
Years of Service	Number	Percentage %
1-5	98	67
6-10	26	17.5
11-15	13	8.5
More than 15	11	7
Total	148	100
Level of Education:		
Certificate	Number	Percentage%



diploma	43	30
Bachelor degree	36	24
Master	47	31
Doctor	22	15
Total	148	100
Specialization:		
Guest Description	Number	Percentage%
accountant	107	72
Member of the Board of Directors	41	28
Total	148	100

The research sample in terms of work experience was that the largest part of the sample, which represents 67% of those who have years of experience ranging from one to 5 years, while 17.5% of their service was from 6 to 10 years and 8.5% of their experience between 11 and 15 years and that there are 7% of their experience more than 15 years, which provides credibility to the research because the sample included all categories. With regard to the level of learning, the sample included 30% of diploma holders, 24% of bachelor's holders, 31% of master's holders and 15% of doctoral holders, and this also gives credibility to the research as the majority of the sample is holders of higher university degrees, Regarding the job description, the sample included 72% of accountants and 28% of the members of the Board of Directors.

4- CONCLUSION

In an attempt to overcome inflation and its effects on the financial statements comprehensive method accounting treatments in the period of inflation are considered the best solution to historical cost problems, and Partial method come after, which as clear from the opinions of the questionnaire sample. The shortcomings of historical costs in light of inflation are manifested by the inadequacy and reliability of the data and information of the financial statements, which are considered the outputs of the accounting system, due to the multiplicity of monetary measurement. Due to the effect of inflation on the value of the local currency, which makes the financial statements incomparable and does not meet the needs of users of the financial statements, because adopting the principle of historical cost does not give credibility in measuring the profit achieved due to the discrepancy in measuring revenues and burdens, and this leads to profit inflation and the

distribution of unreal profits as a result of their inflation. It leads to the erosion of capital. In addition to the above, inflation leads to the lack of credibility of budget elements and the appearance of some elements other than their true size.

The results of the study can be summarized in the following points. adopting and using alternatives to historical costs contributes to improving the reliability of financial statement data, Using alternatives to historical costs contributes to protecting the company from extinction and loss, preventing the erosion of capital, and increasing investors' confidence in it, and Not using historical costs when large inflationary situations occur leads to a faithful representation of the elements of the financial statements and their true expression. Therefore, researchers recommend is necessary to increase studies on contemporary accounting problems, of which inflation is one of them

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Appendix (1) Questionnaire Form

Section 1: demographic details				
Details	1	2	3	4
Work experience	1-5 years	6-10 years	11-15 years	More than 15
Education level	Diploma	B.A.	M.A.	P.h.D
Specialization	Accountant		Board member	
Section 2: On the impact of inflation on financial statements and alternative methods of historical cost				



No	The effect of inflation on the financial statements	Strongly Disagree	Disagree	Don't know	Agree	Strongly agree
1.	Does inflation have a negative impact on the credibility of the financial statements of companies and organizations?					
2.	Does applying the historical cost approach in preparing the financial statements and ignoring the impact of inflation have a negative impact on the results of the financial statements?					
3.	Does the credibility and fairness of the financial statements affect the decision maker?					
4.	If companies take into account the effects of inflation, will that affect?					
	Alternative methods of historical cost	Strongly Disagree	Disagree	Don't know	Agree	Strongly agree
1.	Is it important to use alternative accounting methods to historical cost to remove the impact of inflation on the financial statements?					
2.	Is it better use Partial processing To avoid problem of inflation on financial statement?					
3.	Is it better use comprehensive processing to avoid problem of inflation on financial statement?					
4.	Does the use of alternative accounting methods to historical cost lead to the non-erosion of invested capital?					
5.	Does the use of alternative accounting methods to historical cost lead to non-inflation of income and the distribution of imaginary profits to shareholders?					

(Issa & Shanouf, 2019)