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Accounting for Changing Prices: Will a Lasting Solution be Found?

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ABSTRACT This paper attempts a concise evaluation of developments that have taken place in one of accounting's most elusive subject to-date. This desk study paper is based primarily on efforts made by two of the most influential western countries in the development of accounting - the United Kingdom and the United States of America. Even though developed western countries have, for the time being, lost interest in this subject, and understandably so, developing countries can hardly afford to follow suit. Given the extensive experimentation with inflation accounting models by developed western countries in the 1980s, it would take very high rates of inflation for these countries to develop an appetite for this topic again. Accounting for changing prices remains a very important topic in developing countries as they are the ones often ravaged by high rates of inflation. The bottom line is that if developments in accounting and changing prices are to take place in the foreseeable future, these will have to come from developing countries. Historically, these countries have almost always relied on developed western countries for the development of accounting. Can accounting for changing prices be an exception?