

**ACCOUNTANCY 422
SUPPLEMENTAL PROBLEM**

The following defined pension data of Doreen Corp. apply to the year 2007:

Projected benefit obligation, 1/1/2007 (before amendment)	\$560,000
Fair value of plan assets 1/1/2007	\$567,500
On January 2, 2007, Doreen Corp., through plan amendment, grants prior service benefits having a present value of	\$100,000
Prior service cost amortization for 2007	\$17,000
Settlement rate	9%
Expected return on plan assets	6%
Service cost	\$58,000
Contributions	\$55,000
Actual return on plan assets	\$52,280
Benefits paid to retirees	\$40,000

The beginning balance of the fair value of plan assets for past years is as follows:

1/1/2002	\$511,400
1/1/2003	\$512,900
1/1/2004	\$524,000
1/1/2005	\$557,300
1/1/2006	\$569,300

There is no corridor amortization.

Required: Calculate the ending balance of the pension asset/liability.