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## FAIR VALUE ACCOUNTING AND ITS USEFULNESS TO FINANCIAL STATEMENT USERS

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## **FAIR VALUE ACCOUNTING AND ITS USEFULNESS TO FINANCIAL STATEMENT USERS**

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### **Abstract**

This paper aims to discuss fair value accounting and its usefulness to financial statement users.

The European Commission has recently endorsed IFRS 13 on fair value measurement and is considering the endorsement of IFRS 9, which extends the use of fair value for financial instruments. Furthermore, fair value accounting has been under deep scrutiny because of its alleged role in the financial crisis. Therefore, the usefulness of fair value accounting is a key issue for standard setting purposes.

This paper delineates the theoretical background for fair value accounting, it provides empirical evidence on its usefulness, it highlights some controversial issues and makes some proposals for standard setting discussion.

**KEYWORDS:** Fair value accounting, IFRS, Regulation 1606/2002, Value Relevance, Dual Reporting System.

**JEL CLASSIFICATION:** M41, G10

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