

A COMPARATIVE APPROACH OF FAIR VALUE CONCEPT

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Abstract:

The objective of a fair value measurement is to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date (an exit price). Statement of Financial Accounting Standards 157 clarifies fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. IFRSs require some assets, liabilities and equity instruments to be measured at fair value in some circumstances. However, guidance on measuring fair value is dispersed throughout IFRSs and is not always consistent.

Keywords: *fair value measurement, Statement of Financial Accounting Standards 157.*

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