

The Future of Fair Value Accounting in a Digital Economy

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Abstract: *This research paper delves into fair value accounting, exploring its benefits, challenges and implications for financial reporting. Beginning with its significance and contrasts to historical cost accounting it navigates through its role in global reporting standards. The benefits of transparency, relevance and informed decision-making are weighed against challenges such as subjectivity, volatility's impact, illiquid asset valuation, complexity and the potential for manipulation. The effects of fair value on financial statements, disclosure, ratios and valuation are scrutinized. The regulatory framework's intricacies, regulatory responses and global harmonization efforts are assessed. This research paper's concluding reflection underscores fair values evolving importance in a dynamic financial landscape, emphasizing the need for ongoing vigilance and adaptation.*

Keywords: Financial reporting, amortization, financial ratios, financial accounting, financial crises