

Revisiting the fair value and historical cost and their impact on the financial indicators of the company

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Abstract

© Medwell Journals, 2016. The Russian accounting practice is being improved on the basis of international standards of financial accounting. Nevertheless, not all conventions adopted by these standards allow the explicit and correct disclosure of a company financial standing data in the financial statement. It is connected with recognition and assessment of assets and liabilities. The primary recognition is based on the historical cost. The one following it on the fair value, the latter being not quite unprejudiced. There occurs a risk of financial accounting misstatements. As a result of the reassessment by the fair value, both the assets and the liabilities, including the equity capital are changed into the equivalent values. The conclusions in respect of the financial status are based on the financial standing indicators analysis which manifests that the company reporting made in compliance either with the IFRS or with the Russian standards enable to make similar conclusions on the financial standing of the company.

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Keywords

Fair value, Financial, Historical, Indicator, Standing