

Legal Origins of Fair Value Accounting

Gabriel Donleavy

The paper seeks answers to the question how FASB was able to introduce the term 'fair value' into accounting standards and wider accounting discourse as frictionlessly as it did. Leading relevant court cases in the USA and UK in the previous two centuries had already enabled this to happen, but the judicial rationales for that term were significantly different from the current rationales in FASB and IASB. The paper traces the evolution of the notion from its origins in the 'just price' to its court appearances in the early stages of the Industrial Revolution through to its established meaning by the end of last century.

Gabriel Donleavy, School of Accounting, University of Western Sydney.
<G.Don@uws.edu.au>