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# Historical Costs versus Fair Value Measurement in Financial Accounting

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There are two important points in which in which we need assets and liabilities measured in financial accounting: on initial recognition and at a balance sheet day. Many International Financial Reporting Standards (IFRS) used the fair value measurement concept. But most of these standards use the fair value measurement method only at a balance sheet day. On initial recognition assets and liabilities are measured usually at costs. The IASB presented the discussion paper "Measurement Bases for Financial Accounting – Measurement on Initial Recognition (2005)" which proposed fair value measurement on initial recognition for all assets and liabilities. This article is aimed on assessment of risks arising from extending fair value measurement using and on issue of fair value measurement in time of financial crisis.

**Keywords:** [Accounting](#), [Fair value](#), [Measurement](#)

**JEL Classification:** [M41](#)

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