

## **ESTIMATING FAIR VALUE IN AN UNFAIR MARKET**

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### **ABSTRACT**

Fair Value is used around the world, more than 120 nations and reporting jurisdictions permit or require IFRS fair value measurement. The fair value measurement is, however, very complex, mainly because of the influence of numerous of exogenous and endogenous, direct or indirect factors in the measurement process and its outcome. A major issue for understanding the difference of values is to identify these factors and understand the intricacy behind these factors for fair value valuation.

Estimating Fair Value remains challenging. The valuation under IFRS has been criticized, arguing that the alternative accounting approaches provide more useful information than fair value to financial statement users. Even though the Statement of Financial Accounting Standards No. 157, Fair Value Measurements, provides comprehensive guidance to assist companies in estimating fair values, interminable wrangling over controversial usefulness of fair value is still going strong. By its definition, Fair Value depends on the market, and therefore that part is conditioned by the market. On the other hand, the final value depends on the practices.

This research aims to get an insight into fair value and the valuation practices to assess its usefulness and its “fairness” to decision making. Our research is multidimensional and aims to show the strong synergies and their combined effect in the determination of fair value.