What Does the Balance Sheet (Not) Show? Asset Valuation in the Hungarian Accounting System

Gábor M. Horváth[1]

ABSTRACT: In interpreting corporate financial statements, the balance sheet total is often treated as a direct measure of a firm's wealth. However, continental accounting systems, including Hungarian accounting regulation, are grounded primarily in accrual accounting, realization, and capital protection. This study examines which firm-level factors are associated with the use of asset revaluation in the Hungarian corporate sector. The empirical analysis is based on the CrefoPort database for 2020-2024 and comprises 811,998 firm-year observations for 164,712 companies. The relationships are analyzed using a logistic regression model. The results show that revaluation is associated mainly with asset structure and firm size, while a significant relationship is also observed with the firm's capital protection position. The analysis provides large-sample empirical evidence that, in the Hungarian accounting environment, asset revaluation does not function as a general technique for approximating corporate wealth.
KEYWORDS: asset revaluation, capital protection rules, corporate financial reporting, balance sheet, accounting valuation
JEL-CODES: M41, M48, G32
DOI: https://doi.org/10.35551/PFQ_2026_2_5

Introduction

The balance sheet is conventionally regarded as the primary statement of an entity's assets in corporate financial analysis. In economic interpretation, an increase in total assets is sometimes viewed as an increase in company wealth, while a decrease is interpreted as a decline in wealth. This intuitive reading, however, only partly reflects the theoretical logic of accounting regulation.

1 Assistant Lecturer by University of Pécs, Faculty of Business and Economics, Department of Finance and Accounting.

Continental accounting systems, including the reporting framework created by the Hungarian Accounting Act, are concerned primarily with the consistent application of accrual-based accounting rather than with measuring corporate assets at current market value. The balance sheet is an accounting construct designed chiefly to support the determination of realized income. The asset values shown in the balance sheet represent the portion of historical expenditures that, under the matching and accrual principles, has not yet been charged against revenue.

This approach indicates that Hungarian accounting regulation predominantly applies a valuation model based on historical cost. The carrying amount of assets is generally linked to the historical expenditures incurred in their acquisition or production, rather than to their current market value. At the same time, accounting regulation permits, in specific cases, the use of valuation techniques that approximate market value; among the most important of these is the possibility of recognizing asset revaluation.

Asset revaluation occupies a specific position in the Hungarian accounting framework: it allows enterprises to align the carrying amount of certain fixed assets with their market value, thereby increasing the informativeness of asset values reported in the balance sheet. The revaluation is not recognized in the income statement but is recorded within equity, against the valuation reserve. Domestic corporate reporting nevertheless indicates that the vast majority of companies do not use this accounting option. The literature suggests that asset structure, firm size, financing structure, and compliance with capital protection requirements may influence this decision.

This study outlines the logical framework through which Hungarian accounting regulation interprets asset values in the balance sheet and uses empirical analysis to examine the firm-level factors associated with the application of asset revaluation. Although the distinction between fair value accounting and cost-based accounting models has been widely discussed in the literature, large-sample empirical evidence on the practical operation of continental accounting systems remains limited. In particular, few studies examine the use of asset revaluation in the context of capital protection rules using a comprehensive corporate database. This paper contributes to the literature by analyzing the determinants of asset revaluation in the Hungarian continental accounting framework on the basis of extensive firm-level data. The findings indicate that the use of revaluation is associated not only with asset composition and firm size but also with the firm's capital protection position.

The remainder of the study is structured as follows. Chapter 2 reviews the theoretical and legal foundations of accounting valuation. Chapter 3 presents the database, methodology, and empirical findings. Chapter 4 summarizes the main conclusions.

Review of literature and legislation

When the theoretical foundations of accounting are considered, a tension can be identified between two dominant paradigms: the "revenue-expense" model and the "asset-liability" model (Beaver, 2002). Although IFRS and US GAAP have increasingly moved toward a stronger emphasis on asset valuation and the current state of the balance sheet, more conservative continental frameworks, including the Hungarian system, have retained an earnings-oriented approach. Anagnostopoulou et al. (2021) emphasize that this conservative position is not merely a prudential device but also a mechanism of corporate transparency and responsible governance, protecting entity equity from the effects of market speculation. Mora and Walker (2015) and Watts (2003) argue that "conditional conservatism", understood as the timely and rigorous recognition of adverse effects in the balance sheet, is essential for creditor protection; this logic also underpins the Hungarian Accounting Act (Act C of 2000 on Accounting, hereinafter: the Act).

The Balance Sheet as the Logical Structure of Accrual Accounting

The Hungarian Accounting Act provides that the principal objective of financial statements is to present economic stakeholders with "a reliable and true overall picture" of the entity's income-generating capacity and assets. Although the balance sheet total is often interpreted in everyday usage as the aggregate value of a company's assets, the logic of the Hungarian Accounting Act is different. The primary function of the balance sheet is not to measure the current value of assets; rather, it is a systematic framework for determining profit through the matching and accrual principles.

Welc (2022) argues that the asset side of the balance sheet does not reflect the company's existing assets in a market-value sense, but rather an "inventory of costs" connected with the generation of future revenues. Consequently, changes in total assets may reflect movements in accounting cycles rather than direct changes in the company's net worth.

A central accounting dilemma is whether the balance sheet should report an entity's assets at current market value (the "fair value" or time-value approach) or should focus on income that has been earned and realized (through the application of the realization principle). Hungarian accounting regulation clearly favors the latter approach.

Alongside the realization principle, asset revaluation allows asset values to be presented more precisely, because the revaluation to market value is recognized in the valuation reserve (Section 39(1)) rather than in profit or loss and may be disclosed on separate lines on the asset side of the balance sheet. Nevertheless, an analysis of domestic financial statements shows that only a very small proportion of companies use this option, primarily for practical reasons.

Within this interpretive framework, the balance sheet is essentially a logical consequence of accrual accounting and can be treated as a direct indicator of a company's assets only to a limited extent.

The Predominance of Historical Cost and the Accrual Method

Under the Accounting Act, assets must be recorded in the accounts at cost. The cost of an asset includes all expenditures incurred for its acquisition, construction, or production up to the date of commissioning or delivery to inventory that can be individually attributed to the asset (Section 47(1) of the Act). This historical-cost valuation embodies the principle of verifiability: the value information reported in the balance sheet must be supported by factual evidence and underlying documentation (Section 15(3) of the Act).

The recognition of assets in the balance sheet goes beyond the simple listing of items owned by the entity. In accounting terms, asset values can be understood as "deferred expenses". An asset is recognized in the balance sheet when there is a time lag between its acquisition and its use in generating revenue. The Act treats the matching principle as a fundamental rule: "in determining the result for a given period, the recognized revenues of activities performed during that period and the corresponding costs (expenses) must be taken into account", meaning that "revenues and costs must be attributed to the period in which they were economically incurred" (Section 15(7) of the Act). Under the accrual principle, the effects of economic events spanning several periods must be recognized in the revenues and expenses of the relevant period in proportion to their allocation between the underlying period and the reporting period (Section 16(2) of the Act).

Asset revaluation is an optional valuation method under the Accounting Act that permits the upward adjustment of the balance-sheet carrying amount to market value for specified categories of fixed assets, in particular real estate, technical equipment, machinery, vehicles, and long-term equity interests. The condition for applying asset revaluation is that the market value of the asset can be reliably determined at the balance-sheet date and that it consistently and substantially exceeds the carrying amount. The revaluation amount is not recognized in profit or loss but is reported separately within equity, specifically in the valuation reserve. Accordingly, the revaluation adjustment is recognized exclusively as a balance-sheet item and does not affect the profit or loss of the financial year.

The Tension Between the Realization Principle and Current Value: Safeguarding Earned Profit

The "time value" or "market value" approach, which is more characteristic of the Anglo-Saxon tradition, assumes that the balance sheet should present the

actual current value of assets. Although this may provide investors with more relevant information about the company's value (Ball et al., 2000), Hungarian accounting logic regards revaluation to market value through profit or loss as potentially distortive. Recognizing an increase in the market value of unsold assets as profit would generate profit without any actual cash flow or receivable. Such unrealized profit could become distributable profit, allowing owners to withdraw it from the company as dividends.

Maigoshi et al. (2018) highlight the theoretical importance of the realization constraint, arguing that the recognition of unrealized gains in the balance sheet would extend the prudential boundaries of accounting. Under Hungarian regulation, only realized gains - gains "validated" by the market - may serve as a basis for dividends. This strict limitation ensures that the entity does not distribute earnings unsupported by genuine financial returns, thereby preventing capital depletion and protecting creditors' interests. The balance sheet is therefore not primarily an estimate of the current value of corporate assets, but part of an accounting system designed to protect capital.

Under the logic of the current Hungarian Accounting Act, net income is important primarily because it reflects the company's revenue-generating capacity and overall performance. It also triggers direct legal and economic consequences through changes in equity: taxed profit, or retained earnings derived from previously taxed profits, provides the basis for authorizing and recognizing dividends, subject to restrictions that protect equity. The core of the legal framework is the reporting of earned profit, which is fundamentally based on prudence. This principle prevents mere market appreciation of balance-sheet assets - unaccompanied by actual economic performance - from increasing the company's profit. Section 15(8) of the Act provides that "no profit may be recognized if the financial realization of sales revenue or income is uncertain." Although the statute does not expressly use the term "realization principle", this provision captures its essence: only income that has been definitively secured, that is, realized, may be included in profit.

Practical Challenges and Constraints in Assessing Fair Value

Financial statements prepared under Hungarian accounting law theoretically allow asset revaluation to align the carrying amount of assets in the balance sheet with market value. In practice, however, the reliable determination of market value involves several methodological and informational constraints. Cost can be objectively verified by underlying documentation, whereas market value is frequently derived from estimates and valuation models. Barker and Schulte (2017) and Laux and Leuz (2009) argue that, especially for non-financial assets, "fair value" often remains a hypothetical valuation concept. Badia et al. (2017) show that such models increase managerial discretion and may reduce the verifiability of values. Song et al. (2010) reach a similar conclusion in

their empirical research, indicating that investors perceive estimates at lower levels of the fair value hierarchy as less reliable. Consequently, determining market value is not merely a technical matter but also an accounting issue that affects the credibility and verifiability of financial statements. This explains why Hungarian regulation treats asset revaluation cautiously and separates it from the income statement. Khalifa et al. (2022) indicate that, among available valuation models, entities generally adopt market-based approaches only when required by external financing constraints or specific industry characteristics.

The Applicability of Asset Revaluation

The practical relevance of asset revaluation as an accounting method is best understood in relation to the information needs of financial statement users. Freeman's (1984) stakeholder theory suggests that a company's legitimacy and financial sustainability depend not only on owners' interests but also on a broad range of stakeholders who provide resources or bear risks, particularly creditors, business partners, regulators, and employees (Donaldson and Preston, 1995). Financial statements therefore serve not only as information documents but also as an important basis for corporate governance and financing decisions (Bushman and Smith, 2001).

Accordingly, the use of asset revaluation is particularly relevant for companies whose financial statements are used by stakeholders for whom asset valuation, collateral, and capital structure are critical decision inputs. The key stakeholder groups are primarily banks and other lenders, whose assessment of the company's asset coverage, equity, and long-term solvency directly affects creditworthiness, interest-rate spreads, and contractual terms. Barth (2018) emphasizes that financial reporting becomes especially important when the asset value reported in the balance sheet affects access to financing and the cost of capital; in other words, when accounting valuation serves not only as a record of historical performance but also as a precondition for future economic opportunities.

From this perspective, the informational function of revaluation is that it allows a company to align the carrying amount of certain fixed assets with their market value and thereby present stronger asset coverage to external financiers in the balance sheet. This may be particularly relevant for companies where the market value of tangible assets - typically real estate - consistently and substantially exceeds the amount reported at cost. Magnan (2009) argues that an important advantage of disclosing market values is that financial statements can more faithfully represent the current value of a company's economic resources, especially for stakeholders who focus on long-term asset coverage rather than short-term earnings fluctuations.

Furthermore, in the Hungarian accounting framework, the practical use of asset revaluation is closely linked to capital protection requirements. Act V of

2013 on the Civil Code (hereinafter: the Civil Code) provides in several provisions that equity must not fall below a specified threshold. This operates as a traditional creditor-protection mechanism: it ensures that ownership decisions - such as dividend distributions or the withdrawal of capital contributions - do not jeopardize the company's solvency or the security interests of creditors. Within this legal framework, the structural stability of equity is not merely an informational issue but a set of conditions with direct legal consequences.

Valuation reserves may therefore have a specific role within the capital protection framework. Revaluation gains are recorded in the valuation reserve within equity rather than in profit or loss; as a result, they are not distributable as dividends and do not improve earnings, but they may increase the reported level of equity. This may help certain companies meet statutory minimum capital requirements. Penman (2007) cautions that fair value measurement improves financial statement quality only when it is supported by genuinely reliable market inputs; otherwise, revaluations may merely "cosmetically" strengthen the balance sheet.

Asset revaluation is therefore most appropriate for companies whose fixed assets can be objectively measured at market value, whose financial statement users include important creditors and financiers, and for whom regulatory compliance in relation to equity is strategically relevant. Revaluation may thus be understood both as an informational instrument for presenting assets more accurately and as a capital protection measure.

Empirical research

Data Source and Sampling Methodology

The quantitative analysis is based on financial-statement data for Hungarian companies obtained from the CrefoPort business information database. The sample was restricted to business entities that were active and operating as of February 2, 2026 and that belonged to the principal corporate forms in the Hungarian corporate framework (general partnerships, limited partnerships, limited liability companies, private companies limited by shares, and public companies limited by shares). The analysis covers 2020-2024. The sample includes firms with annual net sales exceeding HUF 10 million in each year. During data cleaning, incomplete and anomalous observations were removed. The final sample comprises 164,712 companies and 811,998 firm-year observations.

Limited liability companies account for the dominant share of the sample (86.45%). The share of companies applying asset revaluation in the full sample is low (1.95% of the analyzed companies), which is consistent with earlier empirical evidence on domestic reporting practice.

The objective of the empirical analysis is to identify the company characteristics associated with the application of asset revaluation. The dependent variable of the model is a binary indicator showing whether a given company reports asset revaluation in its balance sheet. The explanatory variables capture, first, the company's asset structure; second, its size; and third, indicators of its capital structure and capital adequacy.

Asset structure is measured by the ratio of tangible assets to total assets. Firm size is represented by total assets and by the natural logarithm of revenue. To capture financial stability and capital structure, two additional indicators are included in the model: a binary variable measuring the relationship between equity and paid-in capital, and a capital stress ratio reflecting the company's liability structure.

Because the dependent variable is binary (the use of asset revaluation), the relationships are analyzed using a logistic regression model. Model (1) estimates the probability that a company applies asset revaluation in its financial statements for a given financial year. The general empirical model is expressed as follows:

$$P(VA_{it} = 1) = \Lambda(\beta_0 + \beta_1 \cdot \mathrm{F}_{it} + \beta_k \cdot \mathrm{ControlVariables(k)}_{it} + \varepsilon_{it}) \qquad (1)$$

where Λ denotes the logistic distribution function, β is the vector of estimated parameters, and the control variables capture firm-specific and time-specific effects. The estimates identify statistical associations between firm characteristics and the application of asset revaluation and should not be interpreted as causal effects.

Table 1 presents the dependent variable used in the empirical analysis, the explanatory variables examined, and the control variables included.

Table 1. Set of variables included in the analysis

Variable name	Description
Dependent variable	
asset_revaluation	binary indicator for asset revaluation; equals 1 if the company reports asset revaluation in its financial statements for the given financial year, and 0 otherwise
Independent variables	
tangible_assets_ratio	ratio of tangible assets to total assets, measuring the company's tangible-asset intensity
log_assets	natural logarithm of total assets, used as a proxy for firm size
log_revenue	natural logarithm of net revenue, used as a proxy for the firm's operating scale
distress	binary indicator of financial distress; equals 1 if equity excluding valuation reserves divided by paid-in capital is below 1, and 0 otherwise

Variable name	Description
debt_to_equity	ratio of total liabilities to equity, measuring the firm's financial leverage
Control variables	
company_type_id	categorical variable indicating the company's legal form (e.g. limited partnership, limited liability company, or company limited by shares)
industry_id	categorical variable indicating the firm's industry classification based on its primary economic activity
year	year fixed effects controlling for macroeconomic and institutional conditions specific to each financial year

Source: Author's own compilation, 2026.

Analysis of the Empirical Findings

The application of asset revaluation varies substantially across industries and organizational forms. The industry-level analysis shows that asset revaluation is used most frequently by firms engaged in real estate activities, where more than 7% of the examined firms apply this valuation method. Relatively high frequencies are also observed in the energy sector, water supply and public utility services, and agriculture. Tangible assets, especially real estate and infrastructure investments, are central to the asset portfolios of these industries, which may explain the higher incidence of revaluation.

The distribution by legal form also shows substantial differences (Table 2). Approximately 2% of limited liability companies apply asset revaluation, whereas the corresponding proportion is considerably higher among joint-stock companies. The use of asset revaluation is especially pronounced among publicly listed companies, presumably because of their larger scale, asset-intensive operations, and broader audience for financial statements.

Table 2. Proportion of enterprises applying asset revaluation by legal form

Legal form	Share of sample	Firms applying asset revaluation
Limited Partnership (Bt.)	11.10%	0.53%
Limited Liability Company (Kft.)	86.45%	1.94%
General Partnership (Kkt.)	0.30%	1.18%
Public Limited Company (Nyrt.)	0.02%	53.57%
Private Limited Company (Zrt.)	2.13%	9.20%

Source: Author's own compilation, 2026.

The logistic regression results (Table 3) show that asset revaluation is uncommon among Hungarian companies and is concentrated mainly among entities whose asset structure is suitable for revaluation and whose accounting capital position is more sensitive.

Table 3. Results of the logistic regression model estimation

Independent variables	Coefficient (β)	z	p
tangible_assets_ratio	2.246***	34.38	<0.001
log_assets	0.644***	40.72	<0.001
log_revenue	-0.152***	-10.31	<0.001
distress	1.296***	28.46	<0.001
debt_to_equity	-0.000	-1.10	0.270
Model statistics			
Number of companies included	164,712		
Number of observations	811,998		
Clustering	company		
Pseudo R^2	0.240		
Wald χ^2 (88)	7,831.42		
Prob > χ^2	<0.001		

Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001.
Source: Author's own compilation, 2026.

The tangible-assets ratio has a strong and statistically significant positive association with the likelihood of applying asset revaluation. This finding indicates that the use of asset revaluation is closely connected to the structure of the asset portfolio. Entities with a high share of tangible assets, particularly real estate or infrastructure, are more likely to report revaluation in their financial statements. This suggests that asset revaluation is not a generally applicable balance-sheet policy tool; rather, it appears in firms whose asset coverage makes its application possible.

Firm-size measures also show a significant association with the likelihood of applying asset revaluation. The natural logarithm of total assets is positively and significantly related to revaluation. Larger firms are more likely to apply asset revaluation, which is consistent with international empirical evidence. The financial statements of larger companies are generally prepared for a wider audience (Holthausen and Watts, 2001), and asset valuation often has greater economic significance for lenders and other external stakeholders. The negative coefficient on the logarithm of revenue suggests that revaluation is

more closely connected to the composition of the asset portfolio than to the company's operating scale.

The central result of the model is the strong and statistically significant association between the capital adequacy indicator and the likelihood of applying asset revaluation. The findings suggest that companies whose equity excluding valuation reserves falls below paid-in capital are more likely to report asset revaluation in their balance sheets. This relationship indicates that, in the Hungarian accounting framework, asset revaluation functions both as an informational instrument for asset measurement and as an accounting option relevant to the presentation of the company's capital position.

By contrast, the indicator measuring financing structure does not show a statistically significant relationship with the likelihood of applying revaluation. This suggests that revaluation decisions are not linked to general financing pressure but are specifically associated with the accounting position of capital adequacy.

Differences related to legal form indicate that joint-stock companies are more likely to apply asset revaluation than firms with simpler ownership structures. A plausible explanation is that joint-stock companies typically have more extensive and fragmented ownership arrangements. Their financial statements are relevant not only for management and a narrow group of owners but also for a broader range of investors, creditors, and other market participants. The company's operations and financial position therefore attract greater attention from external stakeholders, particularly investors and financiers.

The negative coefficient of the year dummy variables indicates a slight decline in the frequency of revaluation during the period analyzed.

The empirical evidence suggests that asset revaluation is not a common accounting approach to asset valuation among Hungarian companies. Revaluation is observed more frequently in entities with an asset structure that allows market value to be measured and where the company's capital protection position makes the balance-sheet presentation of equity more sensitive. This result indicates that, within the continental accounting framework, revaluation decisions are not merely technical valuation choices but corporate decisions embedded in the accounting and legal environment.

Conclusions

The empirical findings of this study indicate that, within the Hungarian accounting framework, the application of asset revaluation cannot be regarded as a universal accounting method for estimating asset values. Rather, it is primarily associated with the characteristics of the asset structure and with the firm's capital protection position.

The theoretical analysis emphasized that Hungarian accounting regulation is based primarily on the principles of realization and prudence. In this context,

the balance sheet does not provide a direct market-value representation of the company's assets. Instead, it serves as the logical structure of accrual-based accounting. A substantial portion of the asset values reported in the balance sheet represents a stock of prior expenditures expected to be recovered through future income.

The empirical findings support this theoretical framework in several respects. The analysis shows that revaluation is used primarily by entities in which tangible assets account for a substantial proportion of total assets. This is consistent with the view that revaluation is relevant mainly for assets whose market value can be measured with reasonable reliability. Firm size is also significant. Larger companies are more likely to apply asset revaluation, suggesting that they operate in a more complex accounting and financing environment and have a broader audience for their financial statements. The analysis also identifies a significant association between capital protection and revaluation. The empirical evidence indicates that revaluation may, in certain cases, be connected to changes in a company's accounting capital position, particularly when the ratio of equity to paid-in capital approaches a critical threshold. By contrast, the capital stress ratio measuring financing structure has no significant association with the use of asset revaluation. This indicates that the application of asset revaluation is not driven by broad financing considerations but is linked instead to accounting and legal capital protection mechanisms.

The results confirm that the logic of accounting regulation must be taken into account when interpreting asset values reported in the balance sheet. The balance sheet does not directly measure a company's economic value; rather, it is a prudential accounting framework designed to present realized economic performance and protect company capital.

The findings also show that the balance sheet does not necessarily represent what an intuitive interpretation might suggest. It does not reflect the current value of a company's total assets, but rather an accounting construct grounded in realization, conservatism, and capital protection. The study helps users of financial statements - especially creditors, investors, and regulators - interpret balance-sheet asset values and their economic implications in a more nuanced manner.

Theoretical and Practical Implications

The theoretical significance of the results is that, within the Hungarian accounting framework, asset revaluation cannot be interpreted as a universal method for representing market value more accurately. The estimates indicate that revaluation is an accounting decision associated with the structure of the asset portfolio and the company's capital protection position. In practical terms, this means that, when financial statements containing asset revaluation

are analyzed, it is insufficient to examine only the revaluation amount. The presence of revaluation may indicate that the company operates within an asset and capital structure in which the accounting presentation of equity is of particular importance.

Constraints of the Study and Prospective Research Avenues

This study is subject to several limitations that should be considered when interpreting the results. The analysis relies on financial statements prepared under Hungarian accounting standards; consequently, the results are mainly generalizable to institutional environments that resemble continental accounting systems. In addition, the available database does not contain detailed information on the specific asset categories to which asset revaluation relates, which limits the possibility of asset-level analysis. Future research could examine asset revaluation in greater detail by asset category, with particular attention to the role of real estate and other fixed assets. A more comprehensive analysis of the relationship between revaluation and corporate financing conditions - such as borrowing constraints or contractual covenants - would also provide a promising avenue for further research.

References

1. Anagnostopoulou, S. C., Tsekrekos, A. E., & Voulgaris, G. (2021). Accounting conservatism and corporate social responsibility. *The British Accounting Review*, *53*(4), 100942. https://doi.org/10.1016/j.bar.2020.100942
2. Badia, M., Duro, M., Penalva, F., & Ryan, S. G. (2017). Conditionally conservative fair value measurements. *Journal of Accounting and Economics, 63*(1), 75–98. https://doi.org/10.1016/j.jacceco.2016.10.006
3. Ball, R., Kothari, S. P., & Robin, A. (2000). The effect of international institutional factors on properties of accounting earnings. *Journal of Accounting and Economics*, *29*(1), 1–51. https://doi.org/10.1016/S0165-4101(00)00012-4
4. Barker, R., & Schulte, S. (2017). Representing the market perspective: Fair value measurement for non-financial assets. *Accounting, Organizations and Society, 56*, 55–67. https://doi.org/10.1016/j.aos.2014.12.004
5. Barth, M. E. (2018). The future of financial reporting: Insights from research. *Abacus, 54*(1), 66–78. https://doi.org/10.1111/abac.12124
6. Beaver, W. H. (2002). Perspectives on recent capital market research. *The Accounting Review*, *77*(2), 453–474. https://doi.org/10.2308/accr.2002.77.2.453
7. Bushman, R. M., & Smith, A. J. (2001). Financial accounting information and corporate governance. *Journal of Accounting and Economics, 32*(1–3), 237–333. https://doi.org/10.1016/S0165-4101(01)00027-1

8. Donaldson, T., & Preston, L. E. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Academy of Management Review*, *20*(1), 65–91. https://doi.org/10.5465/amr.1995.9503271992
9. Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
10. Holthausen, R., & Watts, R. (2001). The relevance of the value-relevance literature for financial accounting standard setting. *Journal of Accounting and Economics*, *31*(1–3), 3–75. https://doi.org/10.1016/S0165-4101(01)00029-5
11. Khalifa, M., Trabelsi, S., & Matoussi, H. (2022). Leverage, R&D expenditures, and accounting conservatism: Evidence from technology firms. *The Quarterly Review of Economics and Finance*, *84*, 285-304. https://doi.org/10.1016/j.qref.2022.02.002
12. Laux, C., & Leuz, C. (2009). The crisis of fair-value accounting: Making sense of the recent debate. *Accounting, Organizations and Society*, *34*(6–7), 826–834. https://doi.org/10.1016/j.aos.2009.04.003
13. Magnan, M. (2009). Fair value accounting and the financial crisis: Messenger or contributor? *Accounting Perspectives, 8*(3), 189–213. https://doi.org/10.1506/ap.8.3.1
14. Maigoshi, Z. S., Latif, R. A., & Kamardin, H. (2018). Change in value-relevance of disclosed RPT across accounting regimes: Evidence from Malaysia. *Research in International Business and Finance*, *44*, 422-433. https://doi.org/10.1016/j.ribaf.2017.07.114
15. Mora, A., & Walker, M. (2015). The implications of research on accounting conservatism for accounting standard setting. *Accounting and Business Research*, *45*(5), 620-650. https://doi.org/10.1080/00014788.2015.1044050
16. Penman, S. H. (2007). Financial reporting quality: Is fair value a plus or a minus? *Accounting and Business Research, 37*(S1), 33–44. https://doi.org/10.1080/00014788.2007.9730083
17. Song, C. J., Thomas, W. B., & Yi, H. (2010). Value relevance of FAS No. 157 fair value hierarchy information and the impact of corporate governance mechanisms. *The Accounting Review, 85*(4), 1375–1410. https://doi.org/10.2308/accr.2010.85.4.1375
18. Watts, R. L. (2003). Conservatism in accounting Part I: Explanations and implications. *Accounting Horizons*, *17*(3), 207–221. https://doi.org/10.2308/acch.2003.17.3.207
19. Welc, J. (2022). *Evaluating Corporate Financial Performance: A Step-by-Step Guide*. Springer International Publishing. https://doi.org/10.1007/978-3-030-97582-1

The author declares that no financial or other conflicts of interest arose in connection with this research.