

Including Estimates of the Future in Today's Financial Statements

Mary E. Barth, Professor

[+ Author & Article Information](#)

Accounting Horizons (2006) 20 (3): 271-285.

<https://doi.org/10.2308/acch.2006.20.3.271>

Views 

Share 

Tools 

Cite 

This paper explains why the question is how, not if, today's financial statements should include estimates of the future. Including such estimates is not new, but their use is increasing. This increase results primarily because standard-setters believe asset and liability measures that reflect current economic conditions and up-to-date expectations of the future will result in more useful information for making economic decisions, which is the objective of financial reporting. This is why standard-setters seem focused on fair value accounting. How estimates of the future are incorporated in financial statements depends on the asset and liability measurement attribute, and on financial reporting definitions of assets and liabilities. The present definitions depend on identifying past transactions or events that give rise to expected inflows or outflows of economic benefits and, for inflows, control over the expected benefits. Thus, not all expected inflows or outflows of economic benefits are recognized. Disclosures in the notes can help users understand recognized estimates and can provide information about unrecognized estimates. Including more estimates of the future in today's financial statements would result in an income measure that differs from today's income, but such a measure arguably provides better information for making economic decisions.

This content is only available via PDF.

American Accounting Association

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Member Login

[Skip to Main Content](#)

Log in

Pay-Per-View Access

\$25.00

AAA Members: Please log in for free access to content. Note, Teaching Notes are a full member benefit and are not available to student members.

 [Buy This Article](#)



[View Metrics](#)

Citing Articles Via

Google Scholar

CrossRef (189)

Email Alerts

Article Activity Alert

Publish Ahead of Print Alert

New Issue Alert



**American
Accounting
Association**
Thought Leaders in
Accounting

[Skip to Main Content](#)

Print ISSN: 0888-7993 **Online ISSN:** 1558-7975

[Information for Authors](#)

[Authorship Policy](#)

[Plagiarism Policy](#)

[Data Integrity Policy](#)

[Citing Corrected Articles Policy](#)

[Minimizing Overlapping Decision Rights Policy](#)

[Prior Publication Policy](#)



[Cookie Policy](#) [Accessibility](#) [Terms & Conditions](#) [Get Adobe Acrobat Reader](#)

© Copyright 1998 - 2025 American Accounting Association. All rights reserved.