



Munich Personal RePEc Archive

# **Diversities Between the Regulations of Turkish Accounting Standard Setters: A Brief History of Turkiye's Twentieth Century Accounting Standardization Applications**

Hilmi Erdogan Yayla

2006

Online at <http://mpa.ub.uni-muenchen.de/2554/>  
MPRA Paper No. 2554, posted 5. April 2007

# Accounting Business and Financial History Workshop

Carmona (Seville), Spain, 20-21 April 2006

## Diversities Between the Regulations of Turkish Accounting Standard Setters: A Brief History of Turkiye's Twentieth Century Accounting Standardization Applications

*Hilmi Erdoğan Yayla  
Giresun University  
İktisadi ve İdari Bilimler Fakültesi, İşletme Bölümü  
Eriklimanı Mevkii 28200 Giresun / Turkiye*

### **Abstract**

This study examines the evolution of Turkish accounting standards to ascertain the extent of differences in Turkiye's accounting practices among the different governmental Standard setter's regulations during the twentieth century. The research results show that the accounting standards had set by the public corporates own self as parallel to economic policies of Turkish Ministry of Finance and money policies of Central Bank of the Republic of Turkiye before the establishment of Turkish Accounting and Auditing Standards Board in 1994. On the other hand in the last two decades of twentieth century the specific standards had set by the Ministry of Finance for tax reporting companies and Capital Markets Board of Turkiye for financial reporting companies have the significant differences.

**Key words:** Standardization, Accounting in Turkiye.

## **I.Introduction**

After the fall of the Ottoman Empire (1299-1922) Republic of Turkiye's (1923) western centered applications were applied also to the accounting systems and its applications. Double entry bookkeeping method and the accounting system and education that suit this method are adopted. Transformation of western countries' juridical systems to the country is also applied in the accounting branch. Especially, German and French accounting systems are adopted for the first half of the century which covers the Republic's first 27 years.

Accounting applications of 1923-1950, were developing within the governmental facilities instead of private sector facilities. Especially before 1950, single type financial statement arrangements which were separate for each association were effective in the Public Economic Enterprises (KIT). It's possible to evaluate from the accounting teaching books that were published (between 1928 and 1950) according to the needs of the economical governmental facilities. Turkiye's accounting standards were expanded by following the accounting standards of some countries that have strong economical and political relations with Turkiye and by following the applications of these standards.

In the Turkish accounting history previously French legislation and publications were utilized but later 1930's German legislation and publications started to be effective. While after 1950 with Turkiye's expanding economical and cultural relations with United States of America, American accounting system was adopted and after 1987 by applying for the full membership for European Union (EU), EU's arrangements and International Accounting Standards started to be effective within the last two decades. On the other hand, the accounting applications till 60's were generally managed by the Turkish Commercial Code and Tax Procedure Law. For the situations that these laws weren't effective, some organizations with the necessary legal statue engaged in directing studies for the businesses that are covered by their authorization scope. These situational studies are classified below (Çiftçi, 1997: 179):

- Banking and Insurance Companies' Arrangements,
- Uniform accounting system applications that suit economical governmental facilities,
- Arrangements undertaken by Capital Markets Board of Turkiye,
- Arrangements that are undertaken by general notifications of the Ministry of Finance's accounting system applications,
- Accounting and Auditing Standards Board of Turkiye's arrangements.

This study examines the evolution of Turkish accounting standards to ascertain the extent of differences in Turkiye's accounting practices among the different governmental Standard setter's regulations during the twentieth century. In order to reach the scope and goal of the research, arrangements of accounting standard systems of some public facilities that set the standards in different periods throughout the history of Republic were effective and chronically evaluated.

## **2. Arrangements of the Commission for Re-arrangements of Economical Governmental Facilities**

Uniform accounting studies for the Public Economic Enterprises started with the 1938 dated and 3460 numbered law. Within this law, it's anticipated to prepare reports for budgets balance sheets, statements of profit and loss and working reports

for 3 months periods with some grounds for comparing term results and in this context seven balance sheets and profit loss statement types and three months study report forms were prepared and suggested to related companies to be used.

The arrangement started to be more serious after the Economical Governmental Facilities and Shareholdings Law issued on 1964. Development plan undertaken by State Planning Organization (DPT) in 60's improved the notion of expanding capital accumulations and working of Public Economic Enterprises with a profit oriented and productive notion. It's anticipated to improve the Economic Governmental Facilities' financial structures within the context of the 1<sup>st</sup> article of the Law (no: 440) and to arrange the development plan according to the purposes by undertaking the accounting systems for one more time. Commission which was formed after the issue of the law prepared eight accounting hand books. These books are (Güvemli 2001):

1. Improvement and Uniforming of Accounting Applications
2. Fundamentals of Accounting and Generally Accepted Accounting Principles
3. Uniform Chart of Accounts and Descriptions
4. Reporting System
5. Organization of Accounting, Finance and Auditing Departments.
6. Terms and Descriptions
7. Re-evaluation and Arrangement of Enterprise Balance Sheets
8. Special Reports about Re-arrangement of the Balance Sheets

After the comprehensive arrangements in 1964, commission of Re-arrangements of Economical Governmental Facilities executed the Uniform Accounting System which was published in 1968, put into practice in 1972 and was mandatory for the Public Economic Enterprises. Within the concept of this re-arrangement 6 reports were published including improvement and uniforming of accounting methods, fundemantal concepts of accounting and general accepted accounting principles, reporting system, uniform chart of accounts, organization of accounting, finance and auditing departments, terms and descriptions. Although this study was mandatory only for the Public Economic Enterprises it played a very essential role in the expansion of the Turkish Accounting System by being adopted by the other businesses. Therefore, this was a huge step for the Public Economic Enterprise's accounting harmonization and these adjustments have been very successful prototypes for the next arrangements and private sector accounting applications. However, this arrangement has remained in force for 22 years and found field of application till 31.12.1993.

### **3. Arrangements of Supreme Council of Auditing – The Expert Commission of Uniform Accounting System Coordination**

In 1974 in order to eliminate the difficulties and inefficiencies that can be encountered in the application of the uniform accounting system and to fully apply the system, The Expert Commission of Uniform Accounting System Coordination is formed with the coordination of State Planning Organization. This commission prepared Uniform Cost Accounting Directory that covers the chart of cost accounts in 1976 and uniform cost accounting has been applied till 1977. This was the first uniform cost accounting system application in Turkiye (Güvemli, 2001:485). Later, this commission has been active in the scope of Supreme Auditing Commission with the notice of 28.02.1986 and no 1986/3. Commission added the "Uniform Cost Accounting System" directory to the general chart accounts plan. Furthermore, it re-

arranged the classification of the accounts like taxes and duties which was chosen by the implementers. After the publication of accounting system application general notification, Public Economic Enterprises also started to apply these system.

#### **4. The Arrangements made by the Accounting Standards Special Permanent Committee of the Turkish Institute of Standards**

Turkish Institute of Standards; was founded with the aim of preparation of the standards of every kind of material and products and methods and services with the 18.11.1960 dated and 132 numbered law. The related ministry of the Institute is Prime Ministry and it is a public foundation that which its juristic personality is governed according to the possessing, special decrees of law.

A special permanent committee was established in 1987 towards the specification of the standards of Accounting in the structure of the Turkish Institute of Standards. The committee which was assigned to prepare the Turkish Accountancy Standards gave an internal to its works after TURMOB (Union of Chambers of Certified Public Accountants of Turkiye) was founded and to provide that the accountancy standards be made by a single hand, accepted the principle of establishing of “Accounting Standards Board of Turkiye” that of which its coordinatorship is going to be imposed by the union.

The Standard of the Basic Principles of Accounting with the number 7089 prepared by the Special Permanent Committee of the Accounting Standards of the Turkish Institute of Standards on the date of 3.5.1989 is the only standard which protects its validity today. This Standard covers the principles of social responsibility, personality, continuity periodicity, valuation, cost evaluation objective document, consistency, fully explanation prudence priority of essence.

The standards which became ready to be published after passing from Technic councils in the period they were effective are those:

- Reporting - The Standard of Balance Sheet Form,
- Reporting - The Standard of Profit and Loss Statement Form,
- The Standard of the Basic Principles of Accounting
- The General Principles of Auditing, The Explanation Standard Related to the Auditor.

The standards which were prepared by this committee, are important from the angle of approaching to the Fourth Directive of EU (European Union) and from the angle of development of the Turkish accounting applications. But it can not be said that, in practice, the standards of TSE (Turkish Institution of Standards) are effective.

#### **5. The Arrangements in the Banking Sector.**

The banks have an important place among the foundations those arrange uniform type financial statements in the period of the Turkish Republic. In the almost all arrangements related to banking, there existed decrees on the subject of the shape and uniformity of the profit-loss statement (Taşçıoğlu,1998). The laws that were put into effect in the period of Republic towards the standardization of the bank accountancies are in order as belowed:

- The 14th article of the 2243 the law of the protection of the deposits published in the official newspaper with the date of 05.06.1933 and with the number of 2419.
- The law of the banks in the official newspaper with the date of 09.06.1936 and with the number of 3325.
- The law with the number 7129 which was published in the official newspaper with the date of 02.07.1958 and with the number of 9944 and that was on impose for long period<sup>1</sup>.
- In the justification of the Written Decree as the Decree of Law, with the number of 70, that went into effect by being published in the 2nd repeated Official newspaper with the date of 22.07.1983 and with the number of 18112, it was mentioned that, upon the law with the number of 7129 faced difficulty in the accomodation to the changing economic and social conditions, this legal arrangament arrangement has been performed. This emerged as a ressembler of the previous legal arrangements.
- The law of banks with the date of 02.05.1985 and with the number of 3182. Although this law shows similarity with the other laws in reporting and in its relation with the other accounting, its main differency is that the security fund of the deposits of the savings, which has been benefited when the special banks those lost their financial power were turned over by the state, was formed. In this law, lots of amendments have been performed later. The subject of the approval of the tables of the balance sheets and the incomes of the customers who demand credit from bank with the written decree as the decree of law with the number of 538 in 1994 by sworn financial consultants, was activated.
- The law of banks which became effective on 18.06.1999 with the number of 4389. At the same year it was changed with the law with the number of 4492. With this law , Banking Regulation and Supervision Agency (BDDK) has been formed. This is an upper council that is inspectory and arrangery. It is very authorative.

### **5.1 The Arrangements made by the Banks Association of Turkiye**

The Banks Association of Turkiye was founded according to the decrees of the 57th Article of the Laws of Banks in 1958. It possesses a juristic personality that represents all the banks which performs activity in Turkiye. The aim of the association is to defend the rights and the benefits of the banks within the framework of the market economy and complete comptetition principals, in the direction of the principals and the rules of the arrangement of banking, to make studies with the aim of the growthment of the banking system, the healthy operating of it, and the development of the occupation of banking, the increasement of the competition, to take the necessary decisions/to make them to be taken, to apply them or to demand they be applied for the creation of a competitive environment and preventing unfair competition.

The Banks Association made various studies with the aim of providing uniformity in the reporting of the interbank accounting. As firstly it led the use of the type of balance sheets in Turkiye, which will be prepared by the managements and belong to

---

<sup>1</sup> The most important amendment on this law has been performed on the date of 31.08.1979.

the last three years' balance sheet and income statement became effective in 1969, of those managements those demand credit from the banks, by mentioning their types.

An arrangement towards establishing a special Commission relating with the uniform chart of accounts in the body of the Association with the 03.04.1986 dated and 854 numbered notification and informing the accounts which were found necessary by the banks to be opened in the account plan to the Association was made. According to the explanations of the uniform chart of accounts, the using of new account in the level of ledger is subjected to the permit of the association; the necessity of examination of whether the subsidiary and sub accounts which can be used by the banks without taking permission before are proper to the quality of the ledger account those they belong or to the system of the uniform chart of accounts or not again by the Association was taken under arrangement. According to one decision that the Administrative Board of the Association took on 27.3.1986, a special commission within the body of the Association was constituted in order that the demands which are being added be evaluated. With the aim of speeding and easing the studies of the Commission, it was demanded that, with the accounts of ledger those were seen necessary to be used in the uniform chart of accounts, the subsidiary and sub accounts be sent with their justifications, as 9 copies, the offers be limited only to amendments and addings those will be made.

With the 17.11.1998 dated and 1008 numbered notification, arrangements have been made about "the Information and Documents Which Would Be Demanded from its Members" by the Banks Association of Turkiye. Among these information and documents, it was demanded that 3 Monthly Account Summary be presented in the month following the 3 Monthly periods (March, June, September, December)

## **5.2 The Arrangements made by the Banking Regulation and Supervision Agency (BDDK)**

To protect the rights and the benefits of the owners of the savings, to create the appropriate environment for the operation of banks in a structure which can compete healthly, effectively and in the world measure in the market discipline and as a consequence of this to give support to the long term economic growth and stability of the country, is the mission of the Banking Regulation and Supervision Agency.

Paralel to the mission, the Agency, which has studies towards determining the accounting standards those banks which show activity in Turkiye have to obey, with the aim of providing the financial statements, with regard to the end of year 2002, be harmonuos with the International Accounting Standards, published the Regulation of Accounting notifications which contains paralel arrangements to IAS and 19 notifications that went into effect from the date of 01.10.2002 related to this regulation. The titles of this proclamation are as belowed:

**Number 1** Standard of Accounting for Financial Instruments

**Number 2** Standard of Accounting for Tangible Fixed Assets

**Number 3** Standard of Accounting for Intangible Fixed Assets

**Number 4** Standard of Accounting for Leases

**Number 5** Standard of Accounting for Transactions made with the same risk group of banking sector

**Number 6** Standard of Accounting for Bank Combinations, Conveyances and Acquisition

**Number 7** Standard of Accounting for Impairment of Assets

**Number 8** Standard of Accounting for Provisions, Contingent Liabilities and Contingent Assets

**Number 9** Standard of Accounting for Government Grants and Disclosure of Government Assistance

**Number 10** Standard of Accounting for Bank Employee Benefits

**Number 11** Standard of Accounting for the Effects of Changes in Foreign Exchange Rates

**Number 12** Standard of Accounting for Net Profit/Loss for the Period,, Errors and Changes in Accounting Policies

**Number 13** Standard of Accounting for Events After the Balance Sheet Date

**Number 14** Standard for Financial Reporting in Hyperinflationary Economies

**Number 15** Standard of Accounting for Presentation of Consolidated Financial Statements, Subsidiaries and Affiliates

**Number 16** Standard of Cash Flow Statement

**Number 17** Standard for Financial Statements, Footnotes and Descriptions

**Number 18** Standard of Accounting for Taxes

**Number 19** Standard for Financial Statements, Footnotes and Descriptions of the Special Financial Institutions

## **6. The Arrangements of Insurance Sector**

The insurance and reinsurance companies which operate in Turkiye, have to keep their transactions and operations according to the uniform chart of accounts that was prepared by the “Committee of uniform chart of accounts” which was formed with the participation of the representatives of the Treasury Councilorship, The Council of Insurance Inspection and the Union of the Reassurance Companies and was begun to be used from the beginning of the date 01.01.1994. This uniform chart of accounts; nourishes the aim of respecting opportunity to uniform type balance sheet and income statement be prepared, providing uniformity in the securance sector, in the records of accountancy and from the angle of financial reportization, providing opportunity to make the knowledge that the relevants necessitate be gained by healthly evaluating the material development of the sector and companies.

## **7. The Arrangements made by the The Capital Markets Board of Turkiye (SPK)**

The Capital Markets Board of Turkiye was established by the 1981 dated and the 2499 numbered Law of the Capital Markets. It is a regulatory public establishment that uses its authority under its own responsibility independently, that owns a managery and financial autonomy. The basic duties of the Board are to provide;

- the market of the capital work in trust, openness and determination,
- the rights and the benefits of the owners of the investments, so as to say, the investors, be protected.

The Capital Markets Board of Turkiye consists of the chairman of the board and the members and the organization that imposes the activities of the board by being tied to the chairman. The Works of the Council are prepared by the service units which work under the vice presidencies which are tied to the chairman of the board. The Department of Accounting Standards is one of the vice presidencies that is assigned to determine the accounting standards.



The Capital Markets Board of Türkiye made its first notification related to the financial statements and reporting on the 13th of February, 1983. After this on the Standard Chart of Accounts was published on the 1st of February, 1984 by the notification that is with the VIII serial and with the number 7. This accounts' plan was revised on 13.12.1987 after the publication of the regulation which is about the independent external auditing in the capital market.

In our days the accounting standards those take place in the Body Laws of the Capital Market were formed by 6 basic notification. Those notification are as belowed:

- Notification about policies and rules of the financial statements and reports in the capital market (Serial:XI, No:1)
- Notification about policies and rules of the interim financial statements and reports in the capital market (Serial:XI, No:3)
- Additional notification about policies and rules of the financial statements and reports in the capital market (Serial:XI, No:5)
- Notification about Chart of Accounts and the usage of the Chart of Accounts of the Intermediary Institutions' (Serial:XI, No:7)
- Notification about accounting for futures and option contracts (Serial:XI, No:19)
- Notification about Accounting Standards in Capital Market (Serial:XI, No:25)

The Notifications determine the principles and rules regarding the financial statements and reports prepared by the partnerships subject to the Capital Market Law and the intermediary institutions and their drawing up and presentation to the people concerned.

Notification Serial XI, No:1 "Notification about policies and rules of the financial statements and reports in the capital market" consists of 60 items and annexes and includes 4 sections and annexes. The subjects in the notification are as follows;

- The explanation of the accounting policies and the fundamentals of accounting
- The application standards regarding the financial statements
- Form and principles regarding the financial statements
- Form and principles regarding the financial reports
- Annexes

Notification Serial XI, No:3 "Notification about policies and rules of the interim financial statements and reports in the capital market" includes the subjects below:

- Principles for the drawing up of the interim financial statements
- Time Rated Share Principle
- Seasonal Operations
- Revaluation
- Tax Provision
- Finalization of the financial statements
- Other financial statements

The Notifications (Serial : XI, No:5-6-10-19-20-21), which are the followers of the Notifications Serial XI, No:1 and 3 are explained basically above, bring some changes in the application of the subjects published in these two main Notifications.

SPK published for the institutions, which have capital market instruments traded on the stock exchange, the Notification Serial XI, No:25 “Notification about Accounting Standards in Capital Market” published in the Official Journal dated 15 November 2003 and came into force beginning from 01.01.2005. The purpose of this Notification is to determine the accounting principles and rules regarding the financial statements and reports and their drawing up and presentation to the people concerned. This Notification includes all of the international accounting standards. The standards explained in the Notification are excluding some nuances in the form of translations of the international accounting standards prepared by IASC<sup>2</sup>.

## **8. Ministry of Finance Commission of Accounting Standards Regulations**

The commission, which consists of representatives from different institutions under the body of Ministry of Finance, aims to end the diversity of standardization continued throughout the history of republic. The commission, which works to determine the accounting standards to be applied in the whole economy and covers all of the sectors, put into effect “General Notification on Accounting System Application” declared in the Official Journal (no:21447) on 26.12.1992 being based on the authority of the Ministry given by the items no:175 and repeatedly no:257 of the Tax Procedure Law no:213. In this regulation, the accounting procedures and principles are explained in 5 sections as mentioned below:

1. Fundamentals of Accounting
2. Explanation of the Accounting Policies
3. Principles of Financial Statements
4. The Drawing Up and Presentation of the Financial Statements
5. Framework of the Uniform Chart of Accounts and Its Usage

This regulation is made to get a more reliable and safer accounting for the activities and results of the business and enterprises belonging to the real and legal persons, who are doing bookkeeping as Balance Sheet Process, to obtain that the information being presented to the people concerned by means of the financial statements reflects the actual situation preserving its consistency and comparability and to make the supervision easier. Beside this;

- Banking and insurance companies
- Special Finance Institutions
- Leasing Companies (including factoring and those which are operating in similar areas)
- Mutual Funds Intermediary Institutions and Investment Trusts

which do in fact bookkeeping in Balance Sheet Process, but use a different accounting method because of their operational subjects, are not responsible for fulfilling the other requirements of this notification on condition that they obey to “Fundamentals of Accounting”, “Explanation of the Accounting Policies” and “Principles on Financial Statements”

---

<sup>2</sup> See Annex-1: the Notification, Serial XI, No:25

## **9. Accounting and Auditing Standards Board of Turkiye (TMUDESK)**

On 9 February 1994 the Accounting and Auditing Standards Board of Turkey is established by the Union of Chambers of Certified Public Accountants of Turkiye (TÜRMOB) in order to determine and publish the national accounting and auditing standards. The national accounting standards, which are to be applied for the public benefits, will provide the improvement and adoption of the national accounting principles. This means that the presentations of the audited financial statements are appropriate for the needs, true, reliable, balanced, comparable and comprehensive. The national auditing standards will provide that the professionals can carry out their auditing activities in a disciplined manner.

The aim of TMUDESK is to succeed the uniformity in the accounting principles being based on the regulation of the financial statements of enterprises and institutions, which are working in the nationwide. Besides, another duty of TMUDESK is to determine the auditing standards, to be based on by the professionals during the independent supervision of the financial statements (TMUDESK,2000:3) The board has accepted the principles below by the determination of the National Accounting Standards:

- The Accounting Standards to be determined should be compatible with the International Accounting Standards
- The structure of the Turkish Economy and enterprises should be considered

The basis of TMUDESK is the numbered 3568 law of Accounting and Financial Advisership<sup>3</sup> and the other related laws. The members appointed by TMUDESK and TÜRMOB are constituted from the representatives of the institutions mentioned below:

- 1- Anadolu University
- 2- Ankara University
- 3- Atatürk University
- 4- Association of Independent Auditing
- 5- Turkish Prime Ministry - General Directorate of Bank and Exchange
- 6- Turkish Prime Ministry – The Board of Certified Auditors of Banks
- 7- Turkish Prime Ministry – The Board of Treasury Control
- 8- Turkish Prime Ministry – The Board of Insurance Inspection
- 9- Turkish Prime Ministry – The Board of Investigation
- 10- Turkish Prime Ministry - The Supreme Council of Inspection
- 11- Çukurova University
- 12- Association of State Auditing Personnel of Turkiye
- 13- Dokuz Eylül University
- 14- Gazi University
- 15- Hacettepe University
- 16- Institute of Internal Auditing
- 17- İstanbul University
- 18- İstanbul University, The Faculty of Business Management, Institute of Accounting

---

<sup>3</sup> The coming into effect of “Law of Accountancy and Financial Advisership” No:3568 published in the Official Journal No:20194 / Date:13.06.1989 , which regulates the accountancy in Turkey, made possible to perform it as a occupation.

- 19- The Association of Certified Public Accountants Union
- 20- Ministry of Finance - General Directorate of Revenue
- 21- Ministry of Finance - Chairmanship of Revenue Controllers
- 22- Ministry of Finance - Chairmanship of the Board of Account Experts
- 23- Ministry of Finance – Chairmanship of the Board of Investigation
- 24- Marmara University
- 25- Orta Doğu Teknik University
- 26- Republic of Türkiye Ministry of Trade and Industry, General Directorate of National Trade
- 27- Republic of Türkiye Ministry of Trade and Industry, Chairmanship of the Board of Investigation
- 28- Republic of Türkiye Ministry of Trade and Industry, General Directorate of Organization
- 29- Turkish Court of Accounts
- 30- Capital Markets Board of Türkiye (SPK)
- 31- The Banks Association of Türkiye
- 32- Union of Chambers of Certified Public Accountants of Türkiye (TÜRMOB)
- 33- Expert Accountants' Association of Türkiye
- 34- The Union of Chambers and Commodity Exchanges of Türkiye
- 35- Uludağ University
- 36- The Union of Tax Controllers
- 37- The Council of Higher Education of the Republic of Türkiye

The first-term works of TİMÜDESK between the dates of 09.02.1999 and 17.08.1999 was performed by 30 accounting standards commissions and an auditing standard commission in accordance with “Accounting and Auditing Directive of Turkey”. At the end of these works, the board decided at the meeting on 14.04.1996 the acceptance of 11 standards drafts as “Turkish Accounting Standards” unanimously. These standards became effective beginning from the date of 01.01.1997. The Board continued its works on the other accounting and auditing standards between 14.04.1996 and 17.08.1999. Finally, 6 pieces of accounting standards were prepared and the last drafts regarding the auditing standards about the independent auditing came to their final stage.

On 17.06.1999 the board held the first meeting with its new members appointed for a four-year period and the members chose a chairman, a secretary and two secretarial assistants. At the same meeting the drafts for the accounting standards prepared previously were discussed, 5 piece of Turkish Accounting Standards were accepted unanimously. One of them replaced the Turkish Accounting Standard -1. The new accounting standards came into force beginning from the date of 01.01.2000. Thus the number of Turkish Accounting Standards reached the number of 15. At the meeting on 17.06.1999 the Board Secretariat established 19 pieces of accounting standard commissions and an auditing standard commission. These commissions were set up from the members of the Board. The Turkish Accounting Standards published after the works of the commissions are as follows:

- TMS - 1 Disclosures in the Financial Statements
- TMS - 2 Financial Reporting in Hyperinflationary Terms
- TMS - 3 Cash Flow Statements
- TMS - 4 Sales and Income from Other Operations
- TMS - 5 Consolidated Financial Reporting

TMS - 6 Accounting for Affiliates  
TMS - 7 Accounting for Investments  
TMS - 8 Tangible and Intangible Fixed Assets and Assets Subject to Amortization  
TMS - 9 Accounting of Depreciations  
TMS -10 Net Profit / Loss, Errors and Changes in Accounting Policies  
TMS -11 Segment Reporting  
TMS -12 Accounting for the Effects of Changes in Foreign Exchange Rates  
TMS -13 Inventories  
TMS -14 Accounting for Borrowing Costs  
TMS - 15 Research and Development Costs  
TMS -16 Disclosures in the Financial Statements of Banks and Similar Financial Institutions  
TMS - 17 Leases  
TMS – 18 Construction Contracts  
TMS - 19 Provisions, Contingent Liabilities and Contingent Assets

## **10. Board of Accounting Standards of Turkiye (TMSK)**

Board of Accounting Standards of Turkiye, which has been established in accordance with the annex-1 added to the Capital Market Law (no:2499) by the Law No: 4487 and dated 18.12.1999 and has got financial and administrative autonomy, became effective by holding its first meeting on 07.03.2002. The related decision was published in the official journal (no:24726/date:14.04.2002). Beginning from this date TMSK has taken the duties of TMUDESK together with the works performed until this time.

The secretarial services were carried out by the Capital Market Board in accordance with the Circular no:2001/49 / date:16.10.2001 of the Prime Minister's Office. Board of Accounting Standards of Turkey consists of totally 9 members; one each from Undersecretariat of Treasury, Ministry of Finance, Ministry of Industry and Trade, Capital Market Board, Banking Regulation and Supervision Agency, Higher Education Board and Union of Chambers and Stock Exchanges of Turkiye. In addition to this, a sworn financial advisor and an independent accountant and financial advisor from the Union of Chambers of Certified Public Accountant of Turkiye.

The infrastructure for the activities of Board of Accounting Standards of Turkiye has been constituted by TMUDESK throughout its works until today. 29 accounting standards and 6 reporting standards determined by TMSK are the important proofs thereof. These standards are with their publishing dates as follows:

TMS 1 : Presentation of Financial Statements (16.01.2005)  
TMS 2 : Inventories (15.01.2005)  
TMS 7 : Cash Flow Statements (18.01.2005)  
TMS 8 : Accounting Policies, Changes in Accounting Estimates and Errors (20.10.2005)  
TMS 10 : Events After the Balance Sheet Date (20.10.2005)  
TMS 11 : Construction Contracts (26.10.2005)  
TMS 12 : Income Taxes (28.03.2006)  
TMS 14 : Segment Reporting (03.03.2006)  
TMS 16 : Tangible Assets (31.12.2005)  
TMS 17 : Leases (24.02.2006)

TMS 18 : Revenue (09.12.2005)  
TMS 19 : Employee Benefits (30.03.2006)  
TMS 20 : Accounting for Government Grants and Disclosure of Government Assistance (01.11.2005)  
TMS 21 : The Effects of Changes in Foreign Exchange Rates (31.12.2005)  
TMS 23 : Borrowing Costs (09.11.2005)  
TMS 24 : Related Party Disclosures (31.12.2005)  
TMS 26 : Accounting and Reporting by Retirement Benefit Plans (01.03.2006)  
TMS 27 : Consolidated and Separate Financial Statements (17.12.2005)  
TMS 28 : Investments in Associates (27.12.2005)  
TMS 29 : Financial Reporting in Hyperinflationary Terms (31.12.2005)  
TMS 31 : Disclosures in the Financial Statements of Banks and Similar Financial Institutions (25.03.2006)  
TMS 31 : Interests in Joint Enterprises (31.12.2005)  
TMS 33 : Earnings Per Share (28.03.2006)  
TMS 34 : Interim Financial Reporting (02.02.2006)  
TMS 36 : Impairment of Assets (18.03.2006)  
TMS 37 : Provisions, Contingent Liabilities and Contingent Assets (15.02.2006)  
TMS 38 : Intangible Assets (17.03.2006)  
TMS 40 : Investment Property (17.03.2006)  
TMS 41 : Agriculture (24.02.2006)  
TFRS 1 : First-time Adoption of International Financial Reporting Standards (31.03.2006)  
TFRS 2 : Share-based Payment (31.03.2006)  
TFRS 3 : Business Combinations (31.03.2006)  
TFRS 4 : Insurance Contracts (25.03.2006)  
TFRS 5 : Non-current Assets Held for Sale and Discontinued Operations (16.03.2006)  
TFRS 6 : Research and Evaluation of Mine Sources (31.01.2006)

## **11. Conclusion**

In the republic era of Turkiye, as a developing economy, the expansion of the trading and industrial production made accounting applications more effective and inevitable. In addition, until the establishment of TMUDESK in 1994, accounting profession weren't organized in a legal structure. This situation occurred many diversities among the different companies reporting system and accounting applications in the same sector.

On the other hand, another reason of the reporting diversities came into practice as a result of uncompromized attitudes of the standard setter institutions (TMUDESK,2000:1). Today there are two main standard chart of accounts issued by ministry of Finance and Capital Markets Board of Turkiye (SPK). In practice it is seen that SPK adjusted it's own chart of accounts according the notifications of the ministry of finance. Although the financial statement's form of this two institutions is similar there some differences about the accounting concepts and asset evaluation technics. This differences force companies which have capital market instruments traded on the stock exchange. Besides, the adoption of IAS to the Turkish accounting system by TMSK is an important step for the reporting standardization for the future.

## **Resources**

Çiftçi, Y. (1997).Türkiye’de ve Dünya’da Muhasebe Standartlarının Gelişimi ve Uluslararası Uyumlaştırma Çalışmaları”, İ.Ü. İşletme Fakültesi Dergisi, Cilt:26,Sayı:2/Kasım.

Güvemli, O. (2001). Muhasebe Tarihi Cumhuriyet Dönemi XX. Yüzyıl, 4. Cilt, Proje Danışmanlık, İstanbul.

Taşcıoğlu, A. (1998). Cumhuriyet Dönemi Bankalar Kanunları ve İlgili Yasal Düzenlemeler, Bankalar Birliği Yayını, İstanbul.

TÜRMOB (2000). Türkiye Muhasebe Standartları, Ankara: TÜRMOB Yayın No:95,TMUDESK Seri No:2.

Kiracı, M. Ve Köse, T. (2002). “IASC, FASB ve TMUDESK’teki Muhasebe Standartları Oluşturma Süreci ve Uyumlaştırma”, Osmangazi Üniversitesi Sosyal Bilimler Dergisi Cilt: 3 Sayı: 1 Haziran.

## **Web Sources**

[www.spk.gov.tr](http://www.spk.gov.tr)

[www.bddk.org.tr](http://www.bddk.org.tr)

[www.maliye.gov.tr](http://www.maliye.gov.tr)

[www.turmob.org.tr](http://www.turmob.org.tr)

**Annex-1: the Notification, Serial XI, No:25 (SPK)**

1. Part General Policies about Financial Statements
2. Part Presentation of Financial Statements
3. Part Interim Statements
4. Part Cash Flow Statement
5. Part Revenue
6. Part Inventories
7. Part Tangible Assets
8. Part Intangible Assets
9. Part Decrease in Value of Assets
10. Part Borrowing Costs
11. Part Financial Instruments
12. Part Corporate Combinations
13. Part Consolidated Financial Statements, Subsidiaries and Affiliates
14. Part The Effects of Changes in Foreign Exchange Rates
15. Part Adjustment of Financial Reporting in Hyperinflationary Terms
16. Part Earning Per Share
17. Part Events After the Balance Sheet Date
18. Part Provisions, Contingent Liabilities and Contingent Assets
19. Part Accounting Policies, Changes in Accounting Estimates and Errors
20. Part Leases
21. Part. Related Parties
22. Part Segment Reporting
23. Part Disclosures in the Financial Statements of Banks and Similar Financial Institutions
24. Part Construction Contracts
25. Part Discontinued Operations
26. Part Government Grants and Assistance
27. Part Investment Property
28. Part Corporate Tax
29. Part Employee Benefits
30. Part Retirement Benefit Plans
31. Part Agriculture
32. Part Disclosure Financial Reports and Statements,



33. Part First Term Financial Statements

34. Part Other Dominations