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Teorik İnceleme (Theoretical Article)

Analysis of Basic Accounting Concepts in Terms of Value Concept According to General Communiqué on Accounting System Application (MSUGT) Applied in Türkiye

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Abstract

Accounting is a science and art that records, classifies, summarizes, reports, analyzes and comments on the transactions of a business that can be expressed in money and presents them to information users. As can be understood from the definition, the first thing that comes to mind when accounting is mentioned is numbers. It is perceived as recording the numbers that give life to accounting and make it meaningful. Accounting records financial events and makes them concrete. It provides useful, timely, accurate and clear information. Accounting presents this information to information users according to certain rules. The basic concepts of accounting constitute the essence of accounting. These concepts add clarity and value to accounting. In this study, the subject of value, which is considered as the subject of philosophy and is discussed by many branches of science today, has been examined by associating it with accounting concepts. In this study, the basic concepts of accounting and the value relationship have been examined and the results have been tried to be presented in this context. There are many studies conducted by selecting from among the basic concepts of accounting. These studies, especially on valuation, have been associated with the selected basic concepts. However, the value and contribution they create have not been emphasized much by considering all of the basic concepts. For this reason, the basic accounting concepts were explained one by one and the value they provide to the accounting process was examined in this study.

Keywords: Accounting, Accounting Fundamental Concepts, Fundamental Concepts, Valuation, Value, Emerging Countries.

JEL Codes: M40, M41, M42.

Türkiye'de Uygulanan Muhasebe Sistemi Uygulama Genel Tebliği'ne (MSUGT) Göre Muhasebe Temel Kavramlarının Değer Kavramı Açısından İncelenmesi

Öz

Muhasebe, bir işletmenin para ile ifade edilebilen işlemlerini kaydeden, sınıflayan, özetleyen, raporlayan, analiz ve yorumlar yaparak bilgi kullanıcılarına sunan bir bilim ve sanattır. Tanımdan da anlaşacağı üzere muhasebe denildiğinde düşünülen ilk şey sayılardır. Muhasebeye hayat veren onu anlamlı kılan rakamların kaydedilmesi olarak algılanır. Muhasebe finansal olayları kaydederek somutlaştır. Yararlı, zamanlı, doğru ve açık bilgi sunar. Muhasebe bu bilgileri belirli kurallara göre bilgi kullanıcılarına sunmaktadır. Muhasebenin temel kavramları muhasebenin özünü oluşturur. Bu kavramlar muhasebeye açıklık ve değer katmaktadır. Bu çalışmamızda felsefenin konusu olarak bakılan bugün ise birçok bilim dalı tarafından tartışılan değer konusu muhasebe kavramlarıyla ilişkilendirilerek incelenmiştir. Bu çalışmada muhasebenin temel kavramları ve değer ilişkisi incelenmiş ve bu bağlamda sonuçlar ortaya koyulmaya çalışılmıştır. Muhasebenin temel kavramları arasından seçilerek yapılan birçok araştırma bulunmaktadır. Özellikle değerleme konusunda yapılan bu araştırmalar seçilen temel kavramlarla ilişkilendirilmiştir. Fakat temel kavramların tamamı ele alınarak oluşturdukları değer ve katkı üzerinde çok durulmamıştır. Bu nedenle çalışmada muhasebe temel kavramları tek tek açıklanmış ve muhasebe sürecine sağladıkları değer incelenmiştir.

Anahtar Sözcükler: Muhasebe, Değer, Temel Kavramlar, Muhasebe Temel Kavramları, Değerleme, Gelişmekte Olan Ülkeler.

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1. INTRODUCTION

The concept of value has been debated in many scientific disciplines. Although we constantly use the concept of value, it remains subjective, and a unified definition has not been achieved. According to Özensel (2003), the concept of value owes its existence and meaning to philosophy. The German metaphysician W. Windelband views philosophy as a "philosophy of value" and argues that historical events cannot be legislated but can be evaluated.

Socrates, Plato, and Aristotle spoke of the objectivity of values. Socrates mentioned that true knowledge must also be the source of good. He believed in the objectivity of values. Plato, like his teacher Socrates, defended the idea that value is objective, assuming that existence is born with value. Aristotle also held the view that value is objective and that existence is born with value (Özlem, 2002: 284-289).

Therefore, we should look beyond limited definitions of the concept of value and note that every entity has a value under appropriate conditions. In this case, the value attributed to an entity is determined relationally, not by the entity itself (Urban, 1916: 451).

According to the Turkish Language Association, value has different meanings, such as an abstract measure that determines the importance of something, the equivalent of something, value, merit, worth, an equivalent measurable in money, price, valor, superior quality, and merit (http://www.tdk.gov.tr). The Turkish word for value is derived from the root "değmek," which means to be worth something, indicating that it signifies an equivalent value. Therefore, it has a quality that changes according to the need it meets. In Western languages, the word value is expressed as "la valor" in Indo-European languages and as "value" in English (Hançerlioğlu, 1992: 275).

The definition of value was first used in social sciences by Znaniecki in 1918. It is derived from the Latin root "valere," meaning to be valuable or strong (Bilgin, 1995: 83). In the field of economics, the concept of value was emphasized in Adam Smith's 1776 work "The Wealth of Nations," where it was explained through the labor theory of value. The labor spent to obtain a good was expressed as its value. Additionally, Smith defined value in two ways: first, as the utility a good provides to its owner, and second, as the purchasing power of the obtained good. In short, one is the use value of the good, and the other is its exchange value in the market, i.e., its price (Bozpınar, 2020: 76).

Before Adam Smith, in the markets experiencing commercial capitalism, value was defined by the motto "buy cheap, sell dear." Smith's value theory is defined as "the relative prices of goods generally depend on the relative labor quantities required for their production" (Foley, 1999: 19). In "The Wealth of Nations," Smith writes:

...in primitive societies before the concept of property, the proportion between different objects exchanged would be based on the labor quantities required to obtain them. For instance, if killing a beaver takes twice the labor needed to kill a deer in a hunter society, naturally, a beaver will be exchanged for two deer, meaning it will be worth two deer; it is natural for the product of two days' or two hours' labor to be worth twice the product of one day's or one hour's labor...

In the above explanation, labor being the only measure for obtaining an object does not fit the capitalist economic approach. While labor alone cannot be the determinant of a good's value, wages and rent should also be considered. However, labor remains the greatest determinant.

David Ricardo (1997), a prominent figure in classical economics, also tried to explain the labor theory of value by adding new features in line with Adam Smith's views. Ricardo examined the value of goods not only by labor but also by their scarcity. He focused on the use value of a good. He stated that if a good does not meet human needs and desires, even if it is scarce and there is enough labor to produce it, it will have no exchange value.

Ricardo was not clear about the definition of value and close to his death, he defined it as the "invariable standard of value." He made unrealistic claims by trying to determine the exchange value of labor with the thought that "the net product of an economy will be distributed according to laws derived from competition, as wages, profits, and rents" (Bozpınar, 2020: 87). For Ricardo, the value of a good is a relative concept. Karl Marx defined the concept of value as "surplus value" (Mehrwert / Surplus value) in his book "Das Kapital" (Marx, 2008: 25). Marx attributed an absolute meaning to the concept of value and considered the average social labor in determining the absolute value of a good (Aron, 1994: 117). Average social labor is the reduction of qualified labor to multiplied unqualified labor (Hunt, 2005: 274). Marx linked the value of a good to labor and argued that if there is no demand for the good, it will have no value (Aron, 1994: 117). In short, social scientists have defended the view that human labor adds value to objects found in nature.

The concept of value gained another dimension in theological systems. Alpago (2008) described it as an abstract concept called "spiritual value" in theological systems. In a divine sense, the source of value in all religions is God. In Judaism, knowing God, adhering to His commandments, and the fear of God form the perception of the most virtuous value (Montville, 2016: 246).

From the perspective of Islam, the concept of value is described in the Quran as a process of determining value between humans and God. An example from the Quran on what humans need to do to gain value in the sight of God is clearly stated in the following verse: "O mankind, indeed We have created you from male and female and made you peoples and tribes that you may know one another. Indeed, the most noble of you in the sight of Allah is the most righteous of you. Indeed, Allah is Knowing and Acquainted" (Quran, Surah Al-Hujurat -13).

Religious beliefs instill many moral and human values in people, such as love, respect, justice, patience, empathy, tolerance, mercy, cooperation, solidarity, equality, and freedom of belief. One of the most important values that Islam instills is love and good morality. Religions have focused more on the concept of value in a spiritual sense and have tried to bring people closer to God. In Christianity, the most important value is the sense of forgiveness (Montville, 2016: 249).

In summary, values are the worth given to an object by its assessor. Value is a quality that defines entities. It is the meaning that entities add to what they are related to, and this meaning can be measured by the impact it has on a person. Aşık Veysel’s poem "Your beauty is worth nothing if not for my love, I wouldn't find a place to enjoy if not for the palace in my heart" emphasizes that value, perceived as objective by some philosophers, is actually a subjective concept. Value is what its beholder gives to it. The saying "to see Layla's beauty, you must look with Majnun's eyes" expresses that value has a subjective aspect. So, is value objective or subjective?

2. IS VALUE OBJECTIVE OR SUBJECTIVE?

When considering value as a meaning attributed to an object, it will require someone, specifically a human, to impart that meaning. In this case, an object that lacks attributed meaning from a human will not be considered valuable. Alternatively, if the value attributed to an object by one person does not resonate the same way with others, the object will lose its value in the eyes of those others. Therefore, value is dependent on the subject who gives it meaning. Arguing that value is subjective is not entirely incorrect in this context. In brief, an action or situation will not have intrinsic value on its own (Tepe, 2009: 7).

The key factor in determining whether value is objective or subjective is the source that attributes that value to an object. According to this view, the value of an object is determined by the value given to it by the individual or society that possesses it (Arslan, 2010: 123-124). When a human is the one attributing value to an entity, the subjectivity of value becomes indisputable. There are three different approaches regarding whether value is objective or subjective. The first approach posits that value is objective, impartial, and universal. The second approach asserts that value is subjective, biased, and local. The third approach holds that value is neither entirely objective nor entirely subjective (Arslan, 2010: 123-124).

As can be inferred from these three approaches, the concept of value is determined by the interaction between the object and the individual possessing it. This implies that the measure of everything is humanity. An object that does not have market value in economic terms can be priceless in a spiritual sense to its owner. In the context of accounting, which serves as the language of businesses and facilitates their communication with the external world, what is the concept of value?

3. THE RELATIONSHIP BETWEEN VALUE AND FUNDAMENTAL ACCOUNTING CONCEPTS

In our changing world, the concepts we use have started to change with the new technological developments entering our lives. Scientific concepts are moving away from subjectivity and becoming more universal and objective. The Turkish Language Association defines the concept of "value" in various ways. The closest definition in accounting terms is worth, monetary equivalent, and valor.

In their research on the concept of value in accounting, Ulusan and Ata (2014) stated that value is the fundamental criterion in determining the quality of accounting. In accounting, value can be measured by the extent to which the produced accounting information meets the needs of information users. Therefore, it is accepted that the concept of value forms the basis of accounting information (Paglietti, 2009: 3).

The sufficient and reliable flow of financial information depends on the reliability and accuracy of accounting records and valuation principles. Valuation affects the financial status and results of operations of enterprises. Different profit figures can be reached depending on the valuation method used (Ulusan, 2008: 130). Valuation in accounting is defined as the calculation and reflection of the monetary amounts of items in financial statements. From this, we can understand that value is more subjective, while valuation is more objective. Accounting, which works with concrete and factual data, focuses on valuation.

Value is the price determined by the exchange between buyer and seller for a good or service suitable for purchase. Value is abstract and is the potential price formed by supply and demand (Chambers, 2005: 1). As this definition indicates, value is a relative concept that can vary over time and in the market depending on the needs of the buyer and seller.

In accounting practices, the concept of value is often perceived as valuation. Valuation is one of the most challenging and controversial topics in accounting. Changes in valuation measures will alter the values presented in the balance sheet. Valuation is defined as expressing the values of assets and liabilities, determined through inventory by measuring, counting, or weighing at a pre-determined date, in monetary terms (Ataman, 1996: 17). Valuation determines the financial value of an enterprise. It is not always easy to determine the value of assets financially and to use the correct valuation criteria. Incorrect valuation criteria can mislead the information provided to users. However, accounting provides information that creates value for planning the future of the enterprise based on rational information, following generally accepted accounting principles.

Accounting concepts reflect the fundamental thoughts of accounting theory and practices (Basık, 2011). In accounting practices, fundamental principles that are widely accepted and used globally are followed. These fundamental concepts of accounting are designed to ensure that accounting information is presented to users consistently and comparatively. Given the current economic conditions, a common language obtained from accounting plays a significant role in enhancing transparency and accountability among stakeholders from different sectors and countries. Accounting must record financial transactions according to pre-determined principles. The fundamental concepts of accounting guide us in recording financial activites. Every accounting entry is based on these fundamental concepts. The relationship between the fundamental concepts of accounting and value is explained below:

3.1. Concept of Social Responsibility and Value Relationship

Accounting data not only provides information to users but also helps in planning the future of the business. Therefore, to eliminate discrepancies that may arise during the application of accounting, certain rules are established. While fulfilling its responsibilities, accounting must provide, objective, unbaised, accurate, and reliable information. From this perspective, the concept of social responsibility is a comprehensive framework that encompasses all the concepts of accounting.

The concept of social responsibility specifies the responsibility of accounting in fulfilling its function and outlines the scope, meaning, place, and purpose of accounting (ISMMMO, 2005: 14). It is known that the concept of social responsibility indicates the responsibilities of individuals or institutions towards society and holds them accountable for these responsibilities (Doğan, 1994: 14). Additionally, social responsibility involves evaluating the positive and negative impacts of an entity's actions in its environment, taking corrective measures, and preventing the negative ones. (Kaya, 2008: 15).

When examining the concept of social responsibility in terms of businesses, it can be seen that it defines and establishes the boundaries and scope of economic, legal, and ethical responsibility areas (Cora, 1999: 6). Businesses are responsible to the environment in which they operate. They should not only provide employment but also contribute to the development of the environment due to their consumption of resources. Şener in 1996 stated, "The concept of social responsibility, which can be expressed as the effort and obligations of the business to protect and develop the environment in which it operates, should be considered as economic entities" (Şener, 1996, 16-45 cited in Özkol et al., 2005: 136).

In light of the above explanations, it is evident that businesses need to fulfill their economic, legal, ethical, and voluntary responsibilities towards the environment while carrying out their activities.

When looking at the relationship between the concept of social responsibility and value, the primary goal in internal responsibilities is to make the business profitable, addressing the economic concerns of internal stakeholders and utilizing the available resources optimally. A corporate culture should be established within the business and its adoption should be supported. Özkol and colleagues, in their studies, expressed corporate belonging and defined it as follows: "Employees should work not only to make financial gain but also to contribute to the development of the world they live in. When purchasing a product, customers should consider not only its material value and quality, but also the activities of the manufacturing company. This increases the importance of corporate social responsibility awareness) (Özkol et al., 2005: 137).

External social responsibility should begin with respecting the environment in which the business coexists. Businesses should not forget their responsibilities towards the public living in the environment where they operate. They should not only consider the interests of the business but also willingly participate in activities that will improve the welfare and living standards of society (Argüden, 2002: 9).

Maintaining the spirit of solidarity and unity between businesses and society is important for raising welfare and living standards. Businesses should be in solidarity with the environment in which they live. They should be sensitive to societal problems. Moreover, thanks to the value created by socially responsible businesses, the perception of the brand and market values of the business will increase, they will have the opportunity to attract and employ more equipped and motivated employees, their corporate learning and creativity potential will develop, and they will gain respect not only through the goods and services they offer but also through the value they create in the society where they are located, thus increasing their business values and gaining an advantage over competitors.

The value created by the concept of social responsibility does not mean that the main responsibility (purpose) of businesses is only to maximise profit (Hackston and Milne, 1996: 94). It can be summarised as undertaking social, cultural and environmental responsibilities towards the society in which they operate, operating in an ethical and sustainable manner, and looking after the welfare of all stakeholders (employees, customers, suppliers, society, etc.). In addition, the value created by the concept of social responsibility helps businesses achieve sustainable success in the long term. It increases employee loyalty and customer loyalty, improves reputation and reduces risks. It can help make society a better place. Businesses can contribute to social responsibility projects in areas such as education, health and environmental protection.

Among accounting concepts, the concept of social responsibility is the most comprehensive one and its value and value effect constitute the essence of all concepts. Providing accurate, reliable and timely information that information users need is the essence of this concept. Although this concept does not express the concepts of value, valuation and measurement of accounting in monetary terms, it has the potential to create the most important value in concrete terms.

3.2. Business Entity Concept and Value Relationship

This concept envisages that the business has a separate personality from its owners, managers, employees, and other interested parties, and that the accounting transactions of that business should be conducted solely in the name of this personality (General Communiqué on Accounting System Application Serial No: 1). The entity concept grants a legal status to the business. This acquired legal status forms the basis of double-entry accounting practices. Even if the business does not have a legal entity, it gains a status in terms of accounting transactions and is considered a separate person. Thus, from an accounting perspective, it gains an "accounting personality." This status also applies to branches with separate accounting units of organizations with legal personality. For example, although bank branches do not have a separate legal personality, each has a separate accounting personality (Sevilengül, 2000: 23).

We can say that the **business entity concept** forms the essence of all concepts. In this regard, the AAA (American Accounting Association) Concept and Standards Research Implementation Committee used the following statements about the "**business entity concept**" in 1957, updated in 1964 (The Accounting Review, 1965).

The AAA committee considers the entity concept as a fundamental concept ahead of all other concepts.

- The entity concept is a concept that can be applied to all other concepts (such as continuity, monetary measurement, realization) in the business and covers all areas of accounting.

- The entity concept is an indispensable concept in accounting, guiding which information is necessary and which is not.

- The personality principle has proven countless benefits in solving current accounting practices.

When looking at the relationship between the **business entity concept** and value, the greatest value provided by the entity concept to businesses is the accounting equation. The basic equation of accounting formulated as Assets = Liabilities + Equity is related to the concept of personality. The concept of entity gives the business an identity and enables accounting transactions to be recorded. The selection and delimitation of the appropriate business entity depends on the objectives of the financial reports and the interests of the users of the reported information. (Cemalcılar and Önce, 1999: 45). Another major value provided by the entity concept is that the lifespan of the business is not limited to the lifespan of its founders and partners. Without the value created by this concept, it would not be possible to see companies that have been operating for many years. The entity concept is an important concept that creates value by giving an identity to the business, ensuring the recording of accounting data. An example of the entity concept is that the money taken by the partners from the business is recorded in the receivables from partners' account, and the personal expenses of the partners are not recorded as expenses of the business, which is a requirement of the entity concept.

3.3. Concept of Going-Concern and Value Relationship

Unless otherwise specified in the articles of association, businesses are founded with the principle that their lifespan is not limited to the lifespan of their owners (https://ismmmo.org.tr).

The going concern concept implies that the assets of the business cannot be converted into cash in a short period. Adhering to this concept, the value of assets at the end of the period or at any point in time will be valued at their cost, not their current value.

In particular, if assets are valued at their cost basis in inflationary environments, there will be an illusionary profit (nominal profit) in the business. This illusionary profit will bring an unrealistic tax burden and, will also create a dividend burden, threatening the going concern of the business. Depreciation applications can also be an example of the going concern principle. Additionally, the cost basis concept (Tetik, 1997: 151) and the prudence concept are based on the going concern concept.

Thanks to the value created by the going-concern, businesses can make long-term plans and keep accounting records. If the operating periods of businesses were limited to a certain period, there would be no point in trying to establish accounting rules and ensure record and concept unity. If the management of the business decides to liquidate the business or cease commercial activities after the balance sheet date, or if no realistic alternative can be found, the assumption is taken into account in the preparation of financial statements. If the operating periods of businesses were limited to a certain period, there would be no point in trying to establish accounting rules and ensure record and concept unity. The going-concern also provides a basis for businesses to issue long-term bonds and notes. The going-concern addresses the existence of a business organization in the foreseeable future as long as the business does not go bankrupt or is not liquidated.

3.4. Concept of Periodicity and Value Relationship

The going-concern assumes that businesses are established for an indefinite period and do not have a predetermined lifespan. The principle of periodicity requires dividing the infinite assumed lifespan of a business into specific periods and evaluating the results of activities for each period.
In accounting, a period is generally accepted as a one-year period from January 1 to December 31. However, according to Article 174 of the Tax Procedure Law (TPL), the Ministry of Finance is authorized to determine a special accounting period for taxpayers it deems appropriate. Article 174 of the TPL explains the accounting period with the following statements:

Books are kept by the accounting period. Records are closed at the end of each accounting period and reopened at the beginning of the next period. The accounting period is normally the calendar year. However, for those whose activities and transactions are not suitable for the calendar year period, the Ministry of Finance may specify special accounting periods of 12 months upon their application. In the case of starting or leaving a business, the activity period of less than one year within the accounting period is considered the partial accounting period. The commercial and agricultural earnings of those who have been assigned a special accounting period according to this article are considered the earnings of the calendar year in which their accounting periods are closed.

The division of a business into specific periods and the determination of each period's activity results independently of other periods is a requirement of the periodicity concept. The recognition of revenues and expenses on an accrual basis and the comparison of revenues, income, and profits of the same period with the related costs, expenses, and losses is again due to this concept. If businesses determine that this concept is not valid or has been removed, this situation should be explained in the notes to the financial statements (ISMMMO, 2005: 15). By comparing the revenues and profits within a period with the expenses and losses in that time frame, the period's activity results of businesses are revealed. At the same time, the information is shown in the financial reports of the period. Determining the success or failure of the business will be clear at this stage. The valuation of tangible and intangible fixed assets of the business at the end of the period is also explained by the periodicity concept (Çakıcı, 2002: 72).

When looking at the concept of periodicity and its relationship with value, the valuation of tangible and intangible fixed assets, the allocation of depreciation to these assets, the accounting of revenues and expenses on an accrual basis, and the comparison of revenues, income, and profits with the related period's expenses and losses create many values. The most important value created by the periodicity concept is that end-of-period transactions (inventory) are carried out thanks to this concept.

Although the concept of period is determined as a one-year period as January 1-December 31, interim financial reporting can be made within the scope of IAS 34. A company is not required to prepare interim financial statements for its annual financial statements to comply with IFRSs. However, local laws and regulations may require a company to prepare interim financial statements and to specify the frequency, such as quarterly or half-yearly (www.kpmg.com). Interim financial reports are financial statements covering periods of less than a full fiscal year. The basic objective of interim financial reporting is to provide frequent and timely assessments of an entity's performance. Two distinct views of interim reporting have developed, representing alternative philosophies of financial reporting. Under the first view, the interim period is considered to be an integral part of the annual accounting period. Under the second view, each interim period is considered to be a discrete accounting period, with status equal to a fiscal year. Thus, no estimations or allocations that are different from those used for annual reporting are to be made for interim reporting purposes. Annual operating expenses are recognized in the interim period in which they are incurred, irrespective of the number of interim periods benefited, unless deferral or accrual would be called for in the annual financial statements (Chaudhry et. al., 2016).

3.5. Concept of Monetary Unit Assumption and Value Relationship

The concept monetary unit assumption refers to reflecting economic events and transactions that can be measured by money into accounting as a common measure, using the currency. Accounting transactions are carried out according to the national currency (https://vergidosyasi.com). There are two different views explaining the concept of monetary unit assumption (Cemalcılar and Önce, 1999: 51). According to the first view, accounting aims to make the results of business activities measurable. For this purpose, an appropriate unit of measurement is selected for each activity, and records are made using this unit. Measurement units vary according to the type of activity. For example, physical units such as cubic meters, square meters, pieces, kilograms, tons, or time units such as hours, machine hours can be used. A single measurement unit can be money for some elements such as cash on hand, cash at bank, and debt. Keeping records with different measurement units makes it difficult to compare and measure the activities and elements of the business. This situation also makes it impossible to evaluate and control the activities of different periods.

One of the main objectives of accounting is to monitor and control the financial position and performance of the business. To achieve this, all financial transactions must be expressed in a common unit of measurement. With the currency, different assets, liabilities, revenues, and expenses with different characteristics become comparable. Transactions can be added, subtracted, and interpreted. The performance of different periods can be compared. In this approach, fluctuations in the value of money are ignored. Although this may create disadvantages in some situations, it usually offers a practical and functional solution. In summary, expressing all transactions in currency instead of keeping records with different measurement units is necessary to achieve the main objectives of accounting.

According to the second view, accounting aims to express measured data meaningfully. For this purpose, financial statements and other reports are prepared. Financial statements show the condition and change of financial items such as assets, liabilities, revenues, and expenses in currency. Reports include the analysis and interpretation of financial statements and provide information about the financial position and performance of the business, forming the basis of the information system necessary for understanding and evaluating the results of business activities.

In accounting, the fundamental value is money. The national currency value is used as a common measure to record business activities control the revenues and expenses of businesses. For example, businesses in Türkiye must record accounting entries in Turkish Lira. However, businesses operating internationally must obtain permission from the Ministry of Finance if they wish to conduct transactions in a foreign currency (https://vergidosyasi.com). Foreign currencies or assets measurable in money, such as gold and foreign currency in the safe, should be recorded by finding their equivalent in the national currency at the value of the day.

When looking at the concept of monetary unit assumption and its relationship with value, recording accounting entries in Turkish Lira ensures the reporting of accounting transactions and contributes to planning the future through comparisons. This concept, which provides a common unit of measurement, will also eliminate potential valuation problems. Value is generally perceived subjectively. The value of an object is determined by the meaning that the user attributes to that object. At the same time, value is objective and the concept of measurement in money is exactly its equivalent. The value here is the monetary amount that assets create value.

3.6. Concept of Cost Principle and Value Relationship

The concept of cost principle refers to the necessity of accounting for assets and services acquired by the business, excluding cash, receivables, and other items whose cost determination is not possible or appropriate, based on their acquisition costs (https://ismmmo.org.tr). To accurately reflect the financial condition and performance of a business in financial statements, it is important to express assets and liabilities in monetary terms. However, determining which valuation to base this conversion to monetary terms on is one of the fundamental problems of accounting (Cemalcılar and Öncü, 1999: 52). Multiple valuation methods are used to convert assets and liabilities to currency. Among these valuation methods, the cost principle is widely accepted. The superiority of the cost principle valuation method over other methods lies in its definitiveness, determinability, and measurability. With this method, the created data is kept objectively and based on documents (Akdoğan and Aydın, 1987: 264). The controversial aspect of the cost principle is that using cost data for analyses or decision-making during inflation periods can mislead the concerned individuals or groups (Tetik, 1997: 153). In inflationary environments, the changes in the value of money can be misleading for businesses applying the cost principle. This is because the difference between the cost and market value will widen due to the change in the value of money, rendering the cost value obsolete. Therefore, the cost value falls below the market value. For this reason, revaluation is particularly conducted on fixed assets, as these assets, acquired for long-term use in the business, are affected by price changes. Additionally, the cost principle can deviate in some items. For example, the value of inventories experiencing a decrease in value should be reduced to the market value as of the balance sheet date (Sevilengül, 2000: 25).

When considering the value created by the cost principle, it will be seen that this concept of accounting looks at the value concept more from a valuation perspective. This is especially understandable in the valuation of tangible fixed assets. Since tangible fixed assets are recorded at cost and purchased for long-term use, their cost values will reflect the past, making the values of the assets unrealistic in inflationary environments. This situation will create a false perception of value and diverge significantly from the market value.

3.7. Concept of Objectivity and Documentation and Value Relationship

The concept of objectivity and documentation refers to the necessity for accounting records to be based on objective documents that reflect the actual situation and are properly arranged, and to act impartially and without bias when selecting methods to be used as a basis for accounting records (https://ismmmo.org.tr). This concept means that the business should make objective certifications to reliably measure its financial position and performance. Being objective refers to consistent and measurable data that help managers make sound decisions. In his 1997 study, Tetik stated that The concept of objevtivity and certification is closely related to cost and monetary measurement, and changes in monetary measurement would also affect the concept. General Communiqué on Accounting System Application also emphasizes the need for accounting records to reflect the actual financial position and performance and be in accordance with the procedure. In inflationary environments, it is not possible for accounting records to fully reflect this situation.

The concept of objectivity and documentation and its relationship to value emphasizes not only reflection of the reality in accounting records and certification but also hightlight of the concept of social responsibility. By producing accurate data, this concept helps managers plan for the future and creates significant value for important accounting practices.

3.8. Concept of Consistency and Value Relationship

Consistency is the unchanged application of accounting policies selected for accounting treatments in successive periods. This ensures that the data obtained are comparable. (Cemalcılar and Önce, 1999: 57). The concept of consistency underlines the importance of being consistent in accounting practices. Consistency means that a business consistently applies its accounting policies over time. This concept ensures that financial statements are comparable across different periods and allows the tracking of a business's financial performance over time.

The most significant value provided by the concept of consistency to accounting practices is ensuring that accepted accounting methods are used on an annual basis to allow for the comparison of financial statements. Consistent accounting practices increase the reliability of users of information that the business's financial position and performance are accurately reflected. Consistency ensures transparency in a business's accounting practices. Consistency in accounting practices is essential for stakeholders to make informed decisions. It allows for reliable comparison of financial statements across entities and time periods, ensuring transparency and trust in financial reporting. Achieving comparability requires balancing standardization and flexibility within accounting frameworks. Understanding this interaction provides insights into maintaining consistency in financial disclosures (AccountingInsights Team, 2024).

This information is important for investors and other stakeholders, as they need it in their decision-making processes. Businesses can change their accounting policies if there are valid reasons. However, these changes and their monetary impacts must be disclosed in the footnotes of the financial statements. For example, if depreciation for fixed assets is calculated using straight-line depreciation in one period and declining balance depreciation in another period, there will be deviations in interpretation for both periods. Another example can be given in stock valuation methods.

Failure to comply with the concept of consistency means that the data provided through accounting eliminating their comparability removes. Decision by utilising this data related to the enterprise that is in a position to receive it also causes the environment to be misleading. This is due to the accounting applied policies (e.g. depreciation calculation and stock valuation methods) of the changes made, the balance sheet for the relevant period (e.g. cost of goods) and operating results (e.g. cost of goods sold and gross profit or loss on sale) to a material extent change (Gürdal, 2006).

Therefore, the same valuation method should be used for at least two consecutive years. This way, it will be possible to make comparisons in the financial statements, and users of information will be able to understand how the changes affect the financial statements. Consistency is an important value in accounting because it ensures that financial statements are comparable, reliable, and transparent.

3.9. Concept of Full Disclosure and Value Relationship

The concept of full disclosure means that financial statements must be sufficient, clear, and understandable to help those who use these statements make correct decisions (General Communiqué on Accounting System Application No. 1). Necessary explanations should be written separately in a way that allows clear access to information when looking at the company's accounting records and statements. Besides fully disclosing financial information in the financial statements, it is also necessary to include probable events that are not included in the items of the financial statements but may affect decisions. Information that needs to be disclosed can be grouped into information related to the current situation of the business and information about events that are likely to occur in the future (Akdoğan and Sevilengül, 1994). For example, an investor may invest in a company or withdraw their existing investment based on the information in the financial statements. To make such decisions correctly transactions should be fully explanatory, and if this is not possible, necessary explanations should be provided in the footnotes (Yalkın, 2008: 31). Financial statements are important accounting documents that summarize a company's financial position and performance. These statements are utilized by various users of information, including investors, creditors, managers, and other stakeholders.

Looking at the concept of full disclosure and its relationship to value, this concept helps the users of the financial statements reach sufficient, clear, and understandable information to make correct decisions. The greatest value that the concept of full disclosure offers to the science of accounting is the detailed explanation of significant items such as assets, liabilities, revenues, and expenses to present a complete and accurate picture of the company's financial position and performance.

3.10. Concept of Prudence and Value Relationship

The concept of prudence is defined in General Communiqué on Accounting System Application Series No. 1 as follows:
Prudence in accounting transactions means acting cautiously and considering the risks that the business may encounter. As a result of this concept, businesses make provisions for probable expenses and losses but do not perform any accounting transactions for probable income and profits until they are realized. However, this concept does not justify the creation of hidden reserves or excessive provisions.
According to the concept of prudence, while incomes and profits are recorded as soon as they are realized, expenses and losses should be recorded by making provisions for the expected probable amounts even before they are realized. The aim of this concept is to protect businesses against potential losses. The provision made here can be thought of as reserves set aside to protect the business. However, this principle does not justify the creation of hidden reserves or excessive provisions (Tetik, 1997: 155).
Looking at the concept of prudence and its relationship to value, the monetary value this concept provides to the business is undeniable. For example, the transactions and provision records related to doubtful trade receivables or depreciating goods are values created by the concept of prudence. Ignoring the value created by prudent practices and communicating the resulting incorrect information in the financial statements to information users is completely against the understanding of social responsibility. If interest groups (such as the tax authority, investors, credit institutions, employees, etc.) make decisions based on incorrect information created without understanding the value of being prudent, problems will arise between them and the businesses. Businesses that adhere to the understanding of social responsibility and act according to ethical rules are expected to be accepted in the market and increase their market values in the long run. A reliable and competitive business should not disregard the value created by being prudent.

3.11. Concept of Materiality and Value Relationship

The concept of materiality refers to the necessity for items or financial activities of relative weight and value to be included in the financial statements as they can affect the evaluations or decisions based on these statements. Important account items, financial activities, and other issues must be included in the financial statements (www.ismmmo.org.tr).
Providing excessive information is based on cost and benefit relationship. Within the framework of excessive information, some information will not be useful but costly. Therefore, it does not make sense to disclose such information. However, some information will be costly and useful. Ignoring its cost, such information should be provided in the disclosures of financial statements because it may affect the decision making process of the users of financial information (Akdoğan and Aydın, 1987: 258).
The value that this concept offers to accounting; every information is measured by the value given by the user of that information. Therefore, the value of a transaction that seems small in quantity can only be determined by the user of that information. Therefore, the relative weight of an item can only be judged by the user.

3.12. Concept of Substance Over Form and Value Relationship

The concept of substance over form expresses the necessity for transactions to be accounted for and evaluated based on their substance rather than their form. Generally, transactions are parallel in form and substance, but in some cases, differences may arise. In such cases, the principle of substance over form prevails (İSMMMO, 2005: 17).

Companies must adhere to certain principles and rules when conducting their commercial transactions. Especially when a dilemma arises, ethical systems come into play to overcome this difficulty and play an important role (Ünsal, 2015: 6). The concept of substance over form, which is among the accounting concepts, is a concrete example of an ethical dilemma. In accounting, while activities and transactions are usually compatible with each other, the general view created against the dilemma of whether to base the recording of commercial activities on the form or the substance of the event is that the substance should be the basis.
The concept of substance over form and its relationship to value indicate that while activities and transactions in accounting are usually parallel, the generally accepted view by accounting methodology is that substance should take precedence in reflecting events in transactions, whether to take the form (science of benefit) or the substance (science of value). In the science of value, deciding the correctness of an action focuses not on the benefit (form, result) provided by the action but on what the correct action actually means (Ünsal, 2015: 6). Value is not ethical if it does not come from a correct reason, even if it provides benefit. For example, if there is no practical doubt about the collection of a legally pursued doubtful receivable from the perspective of tax law, it should not be treated as a doubtful receivable transaction in accounting. On the other hand, while a forwad-dated check is accepted as a check according to the Commercial Code, it is essentially a receivable in terms of finance. In accounting for this, priority should be given to substance and a forward-dated should be treated as a bill of credit in terms of its substance. (Sevilengül, 2000: 27). Table 1, which summarizes the contribution and value relationship of the fundamental concepts illuminating accounting to the accounting process, is provided below.

Table 1: Fundamental Concepts of Accounting and Value Relationship

Concept	Definition	Created Value
Social Responsibility Concept	Indicates the responsibility that arises when fulfilling the function of accounting and shows the scope, meaning, place, and purpose of accounting.	Provides accurate, reliable, and timely information to information users.
Business entity Concept	Expresses that the business is assumed to be separate from its owners and other interested parties, and that the accounting transactions of the business should be carried out only on behalf of this entity.	Enables the business to gain a unique identity, ensuring that business entity in the accounting equation.
Going-concern assumption Concept	Unless otherwise stated in the founding contract, it is assumed that the business's life is independent and indefinite of the founders' lifespan.	Allows businesses to make long-term plans and maintain accounting records.
Periodicity Concept	The concept of periodicity requires dividing the assumed infinite life of a business into specific periods to evaluate activity results.	Involves the valuation of tangible and intangible fixed assets, the allocation of depreciation to assets, and the accrual of income and expenses.
Monetary unit Assumption	The concept of measurability with money reflects economic events and transactions in accounting using money as a common unit of measure. Accounting transactions are conducted in the	Ensures accounting records are kept in TL (Turkish Lira), facilitating the reporting and comparison of accounting

	national currency.	transactions and future planning.
Cost Principal Concept	Expresses that, except for cash, receivables, and other items whose cost determination is possible or appropriate, the acquisition costs of assets and services acquired by the business should be used for accounting purposes.	Views value creation more from the perspective of valuation, particularly exemplified by the valuation of tangible fixed assets.
Neutrality and Documentation Concept	Accounting records must be based on objective documents that reflect the actual situation and should be conducted impartially and without bias when choosing the methods for accounting records.	Ensures that records reflect the truth and are documented, supporting managers in their future planning.
Consistency Concept	Emphasizes the need for accounting policies chosen for accounting practices to be applied consistently in successive periods.	Ensures financial statements are comparable, reliable, and transparent.
Full Disclosure Concept	Expresses that financial statements should be sufficient, clear, and understandable to help individuals and organizations make correct decisions.	Involves providing adequate information and detailed explanations of important items such as assets, liabilities, income, and expenses.
Prudence Concept	Businesses make provisions for potential expenses and losses but do not account for potential income and profits until the periods in which they realize them.	Includes transactions and provisions for doubtful trade receivables or depreciating goods.
Materiality Concept	Expresses that the relative weight and value of an account item or financial event should be sufficient to affect valuations or decisions based on financial statements.	Allows users to assess the relative weight of an item, even if it is small.
Substance Over Form Concept	States that the essence of transactions should take precedence over their form in accounting and related evaluations.	If there is no practical doubt about the collection of a receivable considered doubtful, a doubtful receivable transaction should not be made. An forward-dated check essentially represents a note receivable from a financial perspective.

4. CONCLUSION

Today, with the age of digitalization, new concepts have entered our language, or the meanings we ascribe to the concepts we use have changed and deepened. These changes have also enriched the concepts used in accounting literature. One of these concepts is the concept of "value." Accounting, with the data it generates, serves as the language of communication for businesses. This is because accounting provides value to its information users through financial statements. The value it creates plays a significant role in the future of businesses. The accounting process starts with record-keeping, classifies, summarizes, and reports financial information, and then interprets and analyzes this information. Each stage of these processes is guided by the fundamental concepts of accounting, and each concept adds value to the process.

The concept of value is more often used as valuation in accounting. The resulting value can be considered as a product or output of the valuation process. Although accounting is thought to value assets and resources in monetary terms, each fundamental concept has its own intrinsic value. In summary, the fundamental concepts that guide us at every stage of accounting play a significant role in creating this value. Reflecting the value created by these fundamental concepts in accounting practices will make the process more meaningful and provide accurate, reliable, and value-generating information to information users.

These 12 fundamental concepts are interconnected and have value relationships. For instance, the business entity concept is directly linked to the going-concern of the business. The assumption of going-concern is only possible when the business is considered an independent entity within the framework of the entity concept. Similarly, the periodicity concept is also connected to the cost principle. The valuation of assets and rights should be done according to the periods determined in accordance with the periodicity concept. Understanding these fundamental concepts and their value relationships facilitates the operation of the accounting system and the interpretation of financial statements. As a result of this study, the value created by the fundamental concepts in the accounting process has been revealed and summarized in Table 1.

In conclusion, the fundamental concepts of accounting should be further discussed, explained, and associated with every stage of the accounting process. The value that the data generated by accounting provided to businesses should be considered in the relationship between accounting and value. The information presented through financial statements should be accurate, reliable, and value-generating.

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