COMPARISON OF VALUATION MEASURES IN TERMS OF TURKEY ACCOUNTING/FINANCIAL REPORTING STANDARDS (TMS/TFRS), FINANCIAL REPORTING STANDARD FOR LARGE AND MEDIUM-SIZED ENTITIES (BOBI FRS) AND THE TAX PROCEDURE LAW (VUK): A STUDY ONTO THE ASSET STRUCTURE OF FINANCIAL POSITION STATEMENT*

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ABSTRACT

In this study, the valuation principles and measures in the Tax Procedure Law (VUK), Turkey Full Set Accounting / Financial Reporting Standards (TMS/TFRS) and Financial Reporting Standards for Large and Medium Enterprises (BOBİ FRS) are examined. The aim of this study is; it is the comparison of the valuation principles and measures in terms of TMS/TFRS, BOBI FRS and VUK on the elements of the asset structure of the statement of financial position and to demonstrate a common valuation basis and measure. The focus of the study is the approaches adopted by VUK, TMS/TFRS and BOBI FRS in terms of financial reporting. While the VUK focuses on the realization of financial reporting in terms of accurate calculation of the tax to be provided by the enterprises to the state, TMS/TFRS and BOBI FRS aim to provide financial information that is appropriate and truthful, understandable, comparable, verifiable and timely to those who need financial information. Valuation measures also differ due to the difference in the goals adopted.

Keywords: Value and Valuation, Tax Procedure Law, IAS / IFRS, BOBI FRS.

JEL Codes: M40, M41, M49.

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DEĞERLEME ÖLÇÜLERİNİN TÜRKİYE MUHASEBE/FİNANSAL RAPORLAMA STANDARTLARI, BOBİ FRS VE VUK AÇISINDAN KARŞILAŞTIRILMASI: FİNANSAL DURUM TABLOSU AKTİF YAPISI ÜZERİNE BİR ÇALIŞMA

ÖZ

Bu çalışmada, Vergi Usul Kanunu (VUK), Tam Set Muhasebe/Finansal Raporlama Standartları (TMS/TFRS) ve Büyük ve Orta Boy İşletmeler İçin Finansal Raporlama Standartları (BOBİ FRS)'nda yer alan değerleme esas ve ölçüleri incelenmiştir. Bu çalışmanın amacı; TMS/TFRS, BOBİ FRS ve VUK açısından değerleme esas ve ölçülerinin, finansal durum tablosu aktif yapısı unsurları üzerinde karşılaştırılarak ortak bir değerleme esas ve ölçüsünün ortaya konulmasıdır. Çalışmanın odaklandığı nokta VUK, TMS/TFRS ve BOBİ FRS'nin finansal raporlama açısından benimsemiş oldukları yaklaşımlardır. VUK, işletmelerin devlete sağlayacağı verginin doğru hesaplanması açısından finansal raporlamanın gerçekleşmesi üzerine odaklanırken, TMS/TFRS ve BOBİ FRS finansal bilgiye ihtiyaç duyanlara ihtiyaca ve gerçeğe uygun, anlaşılabilir, karşılaştırılabilir, doğrulanabilir ve zamanında finansal bilgiyi sunmayı hedeflemektedir. Benimsenen hedeflerin farklılığından dolayı değerleme ölçüleri de farklılık göstermektedir.

Anahtar Sözcükler: Değer ve Değerleme, VUK, TMS/TFRS, BOBİ FRS.

JEL Kodları: M40, M41, M49.

1. INTRODUCTION

Enterprises are economic units that adopting goals such as profit, service to the community and to ensure the continuity of the enterprise; supplying unlimited human needs by selling goods or delivering service; affecting by the political, legal, economic, demographic, socio-cultural, technological and global environment; providing financial and non-financial information against interest groups such as consumers, buyers, potential investors, competitors, employees, partners, suppliers, trade unions, credit institutions and some organs of the state; paying tax to the state by the way profit gained at the end of each operating period (Uzun, 2019: 102). In order to benefit from a global information network that is constantly changing, developing and renewing itself and to ensure its continuity in its current location, businesses need to integrate these changes and innovations into their future plans. In other words, in order to reach the new sources of income created by globalization, that is, to expand the fields of activity to the international dimension, transparent, clear, understandable financial statements that can be understood by everyone in this field are needed. The fact that each country has different tax regulations will result in different meanings between the financial statements to be created. For this reason, revealing a common value will eliminate the problem both nationally and internationally and provide integrity of meaning. For this purpose, many institutions and organizations have a duty. The efforts of these institutions and organizations to create a common accounting language in the field of accounting consist of many stages. Explaining these stages and revealing the changes and developments in the accounting field will help us understand the essence of the subject.

Internationally recognized business partner and create value by responding to the needs of working first as the IASB and the IASC formerly the Association of Accounting Experts in Turkey this study (TMUD) was translated into Turkish by. Series XI No. issued by the CMB after the "Capital Markets in Financial Statements and Communiqué on the Principles Regarding Reports" and was created in TURMOB within Turkey Accounting and Auditing Standards Board (TMUDESK) issued by the Auditing Standards Although it remained ineffective Turkey Accounting Standards Board ' They guided the establishment of. The TASB was established in 2002 with the law no 4487 in order to integrate into global accounting practices and to eliminate the influence of different institutions regarding financial reporting. With the establishment of TMSK, the creation of a common perspective on accounting language in the international arena has gained momentum and as of the end of 2006, 38 standards and 21 comments were published. However, as required by international developments, the Public Oversight, Accounting and Auditing Standards Board was established on November 2, 2011, with the Decree Law No. 660 to regulate the independent audit area foreseen in accordance with the new Turkish Commercial Code. KGK has been continuing its activities as the only authorized institution in the field of standards and independent external audit since its establishment. In addition, all accounting standards and review and agree to the new standard will be published in Turkey issued by the TASB Financial Reporting Standard (IFRS) has announced that it will be published. However, since every independent audited entity is not obliged to apply a full set of accounting / financial reporting standards, the “Financial Reporting Standard for Large and Medium Enterprises”, ie BOBI FRS, was published in order to create a common accounting structure.

"Communiqué on Financial Reporting Standard for Large and Medium Size Enterprises" and its annex "Financial Reporting Standard for Large and Medium Size Enterprises" were published in the Repeating Official Gazette dated 29 July 2017 and numbered 30138. This standard is subject to independent audit Turkey Financial Reporting Standards (IFRS) constitutes the financial reporting framework to implement the business applications. The purpose of BOBI FRS is to ensure that financial statements are prepared on time, comparable and in accordance with the reality and need (KGK, http://kgk.gov.tr/ContentAssingmentDetail/1350/Bu%CC%88yu%CC%88k-ve-Orta-Boy-I%CC%87s%CC%A7letmeler-I%CC%87c%CC%A7in-Finansal-Raporlama-Standard%C4%B1).

It is known that different valuation measures are used in assets and resources appraisal in terms of TMS / TFRS, BOBI FRS and VUK. So they do not have a common valuation metric. This situation creates a problem in the valuation of the asset and liability. In this study, the valuation principles and measures in terms of VUK, Full Set Accounting Standards and BOBI FRS are examined, and similar and different aspects between VUK, TMS / TFRS and BOBI FRS in terms of assets and liabilities are revealed.

2. VALUE AND VALUATION CONCEPTS, RULE AND PURPOSE OF VALUATION

Before mentioning the valuation principles and measures in TMS / TFRS, BOBI FRS and VUK, it is necessary to explain what the value and valuation concepts mean and what is needed to make the valuation.

Value is a subjective concept and its definition varies according to the point of view. In its most general definition, value can be defined as the abstract measure, counterpart, value, cost, which are used to indicate the importance of something. Value is usually measured at the price specified in the currency equivalent of the asset at the time of exchange. The concept of value does not only arise in buying or selling. Value also arises in the short or long term use (leasing etc.) of the asset by adhering to a certain contract and the period of use of the services provided. With the concept of value, the benefit obtained from an asset is not always directly proportional. For example, water, oxygen, food, clothing etc., which are our mandatory needs that we have to meet constantly. while obtaining the elements for a very small fee, gold, silver etc., which are scarce in the environment. We obtain precious metals such as high prices. For this reason, the benefits obtained as a result of both situations differ.

The process of demonstrating the value of an asset or liability is called valuation. Since the concept of valuation can be defined in different ways according to the purpose of use, there is no common consensus on the meaning of the valuation concept. In other words, it is difficult to adhere to a single definition of the valuation to be made, based on the fact that it leads to different results according to the individuals and groups who make the appraisal, as well as the tools used in the appraisal and the conditions of the appraiser (Batırel, 1974, p.5). But if a definition is to be created as a summary of all definitions, that definition would be as follows.

In summary, “Valuation is nothing but the process of expressing the value of economic assets in a certain currency in a certain time” (Atay & Kiraz, 2003, pp.92-95).

There are some rules for the valuation to be carried out. These; The occurrence of the asset or liability that will be subject to valuation, the day when the asset and liability will be subject to valuation and the assessment of assets and liabilities separately, and the determination of the valuation measure to be used in the assessment.

The purpose of the appraisal differs in terms of TMS / TFRS, BOBI FRS and VUK, as stated in the summary section. According to the Tax Procedure Law, which focuses on the correct calculation of tax rather than obtaining financial information, the purpose of the valuation is to calculate the tax base correctly. In terms of Full Set Accounting Standards and BOBI FRS, the purpose of the valuation is to provide financial information that is useful to those who need financial information, that is, relevant and truthful, verifiable, transparent, reliable, comparable data on time. The Full Set Accounting Standards, BOBI FRS and VUK are similar in that they provide accurate information. The differences arise where the correct information is used.

3. APPRAISAL MEASURES INCLUDED IN TMS / TFRS

The measurement principles of the financial statement elements are included in the conceptual framework. The Full Set Accounting Standards addressed five basic valuation principles and linked other valuation measures to these valuation principles. These valuation measures, explained in a conceptual framework, are historical cost, current cost, realizable value, present value and fair value. Different valuation measures associated with these valuation measures are available in the standards. These; recoverable amount, deprivation value, value in use, net realizable value, tax base, cost of inventories, cost of acquisition, conversion costs, business-specific value, amortized amount, book value, financial asset and amortization calculated using the effective interest method of financial debt the estimated cost, intrinsic value, fair value less costs to sell and residual value.

3.1. Historical Cost Method

Historical cost in TMS / TFRS: Assets are measured with the amounts of cash and cash equivalents paid for their acquisition on the date they are acquired or with the market values of the assets that are given in return (Conceptual Framework, Art. 100). At this point, historical cost generally represents fair value. Debts are shown with the amount obtained in return for debt or with the amount of cash or cash equivalents required to cover the debt, such as in corporate tax, in debts arising from the normal activities of the enterprise (Tokay & Deran, 2008, p.26).

The historical cost approach is divided into the traditional historical cost (acquisition cost) and the adjusted historical cost method (adjusted for inflation). The reason for this distinction; In addition to contributing to the production of reliable information based on historical cost, it causes financial statements to present unrealistic data and information during inflation periods (Tokay & Deran, 2008, p.26).

3.2. Current Cost Method

Current cost in TMS / TFRS; In paragraph 100 of the TASB Conceptual Framework, it is stated that the current cost of assets will be shown with the amount of cash or cash equivalents currently required to purchase the same asset or an asset equivalent to this asset. Debts are shown with the undiscounted amounts of cash and cash equivalents required to pay off the liability (Conceptual Framework, Art. 100).

As the name suggests, the value taken as basis in current cost measure is the current value (Başağaç, 2006: 31). Current value is the exchange price that should be paid today to obtain the same asset or a similar asset (Gücenme, 1996, p.65).

3.3. Realizable Value

Realizable Value in TMS / TFRS; In paragraph 100 of the TASB Conceptual Framework, it is stated that the realizable value of the asset is the amount of cash or cash equivalents that would be acquired in the event of disposal of an asset under normal operating conditions and the realizable value of the debt is the undiscounted amount of cash or cash equivalents that are required to be settled under normal operating conditions.

3.4. Present Value

Present Value in TMS / TFRS; Assets are shown with the current discounted values of the future net cash inflows to be created in the future under the normal operating conditions of the company and the current discounted values of the net cash outflows that must be paid in the future for closing under the normal operating conditions of the enterprise (Conceptual Framework, Art. 100). In cases where the market price is not available or is not found reliable, this amount represents the fair value (Tokay & Deran, 2008, p.27).

3.5. Fair Value

In the standards, the concept of fair value is expressed as the amount that may arise in the event of an asset transfer or fulfillment of a liability between knowledgeable and willing parties in a mutual bargaining environment. The inclusion of the fair value approach in accounting standards emerged with the Saving-Loans Crisis in the USA in the 1980s. Since there was no valuation rule with the market price of assets in accounting for banks at this date, banks were able to manipulate their balance sheets by selling their financial assets recorded at historical cost at market price and reporting by increasing their equity to show that they have a strong financial structure (Senel et al., 2011, p.60.). This approach disrupted the quality of bank balance sheets, and provided financial information users with information other than real information. Especially in Anglo-Saxon countries where strong capital shares are the majority, the need for truthful information has become even more important. Therefore, in the preparation of financial statements, fair value has been applied primarily in Anglo-Saxon countries (Pamukçu, 2011, p.85).

In line with these needs, "SFAS 157 - Fair Value Measurements" standard was published in 2006 by the FASB (American Accounting Standards Board). This standard, which explains a rule-based measurement, introduced a new perspective to the calculation of fair value. This regulation includes the methods and models that businesses will use in measuring the fair value. (Fornaro & Barbera, 2007, p. 32). It is known that the fair value approach has entered the International Accounting Standards with the "IAS 20 - Government Incentives and Aids" standard issued in 1982.

When the standards published by IASC (International Accounting Standard Committee) and its successor IASB (International Accounting Standard Board) and its studies are examined, it is seen that most of them include future economic benefits and expected cash outflow statements regarding assets and liabilities. In fact, future transactions form the essence of registration and valuation (Tokay et al., 2005, p.13). The understanding adopted today in accounting has changed and focusing on future events and market price (fair value) instead of historical cost and past events (Du, Lin, & McEnroe, 2010). With these studies, fair value accounting has been used as a part of financial reporting for financial institutions since the 1990s. Fair value accounting has been examined in terms of relevance and reliability after this date. (Du, Lin, & McEnroe, 2010, p.6).

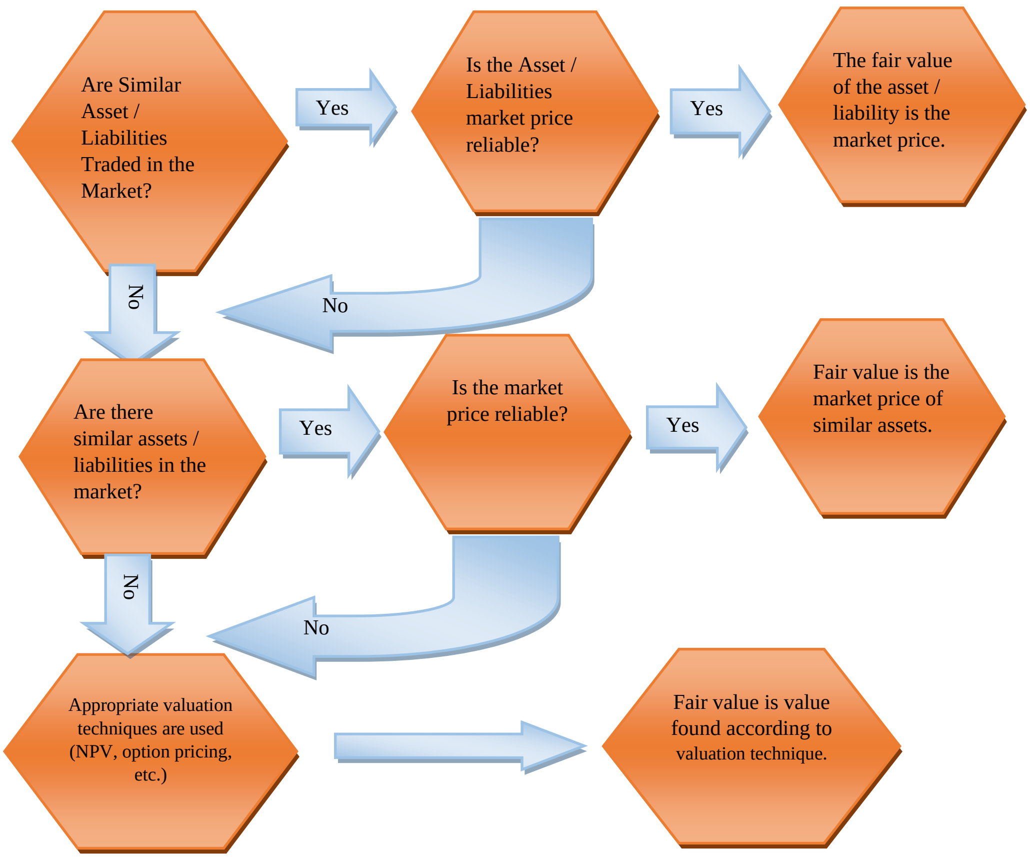

Figure 1: Fair Value Detection Hierarchy

Resource: Aktaş and Deran, "Fair Value" Karşılığı Olarak Gerçeğe Uygun Değer Kavramı ve Tespit Hiyerarşisi, 2006, p.8

3.6. Other Valuation Measures in the Standards

Recoverable amount; An asset or cash-generating unit is the greater of its value in use with its fair value less costs to sell (TMS 36: 13). If the recoverable value is fair value (the fair value is greater than the value in use), this measure corresponds to the realizable value measure from the four basic valuation measures specified in the conceptual framework. If the recoverable value is the value in use (the value in use is greater than the fair value), this measure corresponds to the present value principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008, p.29).

The value of deprivation; Although it is not in the Full Set Accounting Standards, it is related to the cost of replacement and the recoverable amount from the valuation metrics included in the standards. The value of the asset to the owner or the enterprise is referred to as the cost of deprivation. In other words, the cost of deprivation of the asset is the cost of deprivation of that asset (Şensoy, 2005, p.10).

Use value; It is defined as the present value of future cash flows expected to be obtained from an asset or cash-generating unit (TMS 36: 6). This measure corresponds to the present value principle among the four basic valuation measures specified in the conceptual framework (Tokay & Deran, 2006, p.29).

Net Realizable Value; In the normal course of business, it refers to the amount obtained by deducting the estimated cost of completion and the estimated sales expenses required to realize the sale from the estimated selling price (TMS 2: 6). This measure corresponds to the realizable value principle among the four basic valuation measures specified in the conceptual framework (Tokay & Deran, 2008, p.29).

Tax base; It refers to the amount / value of an asset or liability carried in terms of tax. The tax base of an asset is the amount that can be deducted as tax expense from the taxable economic benefit that the entity will provide in the future at the carrying amount of the asset. If future economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount (TMS 12: 3).

Cost of inventories; It includes all purchasing costs, conversion costs and other costs incurred to bring the inventories to their current status and position (TMS 2: 10). This measure corresponds to the historical cost principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008, p.29).

Purchase price; It includes import duties and other taxes (other than those which may be reimbursed by the business from the tax administration) and shipping, handling costs and other costs that can be directly linked to the acquisition of goods, supplies and services. Commercial discounts and other similar discounts are subject to discount in determining the purchase cost (TMS 2:11). This measure corresponds to the historical cost principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008, pp.29-30).

Conversion costs; It includes costs directly related to production, such as direct labor costs. These costs also include the amounts that are distributed systematically from fixed and variable general production expenses incurred in the conversion of raw materials and materials into finished products (TMS 2: 13). This measure corresponds to the historical cost principle among the four basic valuation principles specified in the conceptual framework (Tokay and Deran, 2008, p.30).

Business-Specific Value; Refers to the present value of the cash flows expected to be generated from the continued use of an asset and when it is disposed of at the end of its useful life, or to meet a liability (TMS 16: 6). This measure corresponds to the present value measure among the four basic valuation principles specified in the conceptual framework (Tokay and Deran, 2008, p.31).

Depreciates; It refers to the amount found by deducting the residual value from the cost of an asset or other amounts substituted for cost in financial statements (TMS 36: 6). This measure corresponds to the historical cost principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008, p.30).

Book value; It is defined as the amount that an asset is reflected in the financial statements after deducting the accumulated depreciation and accumulated impairment losses (TMS 36: 6). This measure corresponds to the historical cost principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008, p.30).

Amortized Cost of Financial Asset and Financial Debt Calculated Using Effective Interest Method; After deducting principal repayments from the measured value of the financial asset or financial liability during initial recognition, deducting or adding the difference between the initial amount and the maturity amount, the accumulated amortization calculated using the effective interest method, and making any discount for impairment or non-collection (directly directly or by using a provision account) then the remaining amount (TMS 39: 9). This measure corresponds to the present value principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008, p.30).

Estimated cost; It is the amount estimated in terms of cost or depreciated cost at a certain date. In addition, in depreciation or amortization transactions, it is assumed that the entity initially reflected the relevant assets and liabilities in the financial statements as of the specified date and that the cost at that date is equal to the estimated cost ”(TFRS 1. Annex A.). This measure corresponds to the historical cost principle among the four basic valuation principles specified in the conceptual framework (Tokay & Deran, 2008: 30-31).

Intrinsic value; It is the difference between the stocks that the counterparty has the right to approve or receive (conditionally or unconditionally) and the price (if any) the counterparty has to pay (or will pay) for these stocks. For example, the intrinsic value of a stock option with an exercise price of 15 TL on a stock with a fair value of 20 TL is 5 TL (TFRS 2: 15).

Fair value less costs to sell; It is the value found by deducting the costs of disposal from the amount that should be obtained as a result of the sale of an asset or cash-generating unit in a mutually-negotiated environment between knowledgeable and willing groups (TMS 36: 4).

Residual value; It is the estimated amount obtained by deducting the estimated costs of disposal from the amount expected to be obtained as a result of disposal when an asset reaches its condition and age at the end of its estimated useful life (TMS 16: 3).

4. VALUATION DIMENSIONS IN BOBI FRS

The individual or consolidated financial statements of the real or legal person merchants who are obliged to keep books as per the laws they are subject to pursuant to the 88th and Provisional Article 1 of the Turkish Commercial Code numbered 6102 (TCC). Turkey Accounting Standards (TAS) has foreseen the need to prepare accordingly. Pursuant to the aforementioned articles, regarding the 2013 accounting period of the POA; TMS / TFRS applications are foreseen in the individual and consolidated financial statements of the enterprises subject to independent audit. However, it has been evaluated that determining the scope of application of TMS / TFRS as the same as the scope of independent audit will force many enterprises under a certain size to apply TMS / TFRS, which is a more complex set of standards, with the expansion of the scope of independent audit in the following years, and this will impose additional costs on these enterprises. In addition, the European Union member countries and some other developed countries are limited to the scope of application of International Financial Reporting Standards (IFRS) only to companies listed on the stock exchange and are less costly and simpler financial reporting frameworks appear to be established to apply compared to IFRSs for businesses of different sizes other than those listed on the stock exchange (https://www.kgk.gov.tr/DynamicContentDetail/5151/Bu%CC%88yu%CC%88k-ve-Orta-Boy-I%CC%87s%CC%A7letmeler-I%CC%87c%CC%A7in-Finansal-Raporlama-Standard%C4%B1-(BOBI%CC%87-FRS).

After examining the practices of other countries, the KGK separated the scope of application of TMS / TFRS from the scope of independent auditing in 2014 and limited the scope to organizations of public interest (PIE). In addition, TMS / TFRS application has been left voluntarily for businesses other than PIEs. The valid financial reporting framework to be applied by enterprises that do not apply TMS / TFRS has been determined as the Accounting System Application General Communiqués (MSUGT), the first of which was published in the Official Gazette dated 26/12/1992 and numbered 21447 (M). However, MSUGT did not show sufficient sensitivity to the basic qualitative and supportive qualitative features of the presented financial statements due to its focus on the correct calculation of the tax base. Therefore, BOBI FRS has been created by the UPS. BOBI FRS will be considered as the financial reporting framework to be taken as basis in the preparation of the financial statements of companies that are subject to independent audit and do not apply TMS / TFRS to their general assembly in accordance with the TCC. BOBİ FRS entered into force on the date of its publication to be applied in accounting periods starting on 1/1/2018 and after (https://www.kgk.gov.tr/DynamicContentDetail/5151/Bu%CC%88yu%CC%88k-ve-Orta-Boy-I%CC%87s%CC%A7letmeler-I%CC%87c%CC%A7in-Finansal-Raporlama-Standard%C4%B1-(BOBI%CC%87-FRS). Valuation measures in BOBI FRS are listed below.

- Cost Value (Historical cost),
- Present value,
- Fair value,
- Recoverable amount,
- Value in use,
- Net realizable value,
- Book value,
- Nominal value,
- Tax base value,
- Residual value,
- Amortized cost of financial assets and financial debt calculated using the effective interest method,
- Purchase cost,
- Conversion costs,
- Depreciates,
- Estimated cost and
- It is a fair value less costs to sell.

Since the valuation measures in the BOBI FRS are the same as the valuation measures in the TMS / TFRS, there will be no additional explanation for the valuation measures.

5. VALUATION MEASURES IN THE TAX PROCEDURE LAW

The basic regulations on valuation in tax law are included in the third book titled "Valuation" of the Tax Procedure Law numbered 213 (provisions from m.258 to m.330). In order to ensure tax justice between businesses, these provisions of the Tax Procedure Law must be followed.

Valuation measures are determined in Article 261 of the Tax Procedure Law. In accordance with the aforementioned regulation, valuation is carried out with one of the valuation metrics chosen according to the type and importance of the economic asset; Cost price, Stock market value, Savings value, Relative value, Nominal value, Current value, Equivalent value and equivalent fee, Tax value. In addition, apart from the valuation measures specified in Article 261, there are some additional valuation measures regarding special cases determined in other articles of the Tax Procedure Tax Law and other relevant tax laws. It is possible to list them as follows; Purchase price, Purchase equivalent price, Average retail price.

5.1. Cost Price

In Article 262 of the Tax Procedure Law, the cost value is defined as "the sum of all expenses related to the payments made for the acquisition of an economic asset or to increase its value". The cost corresponds to the historical cost from the Full Set Accounting Standards and valuation measures used in BOBI FRS. While the definition of cost value does not distinguish between assets and liabilities in the Tax Procedure Law, the definition of cost value in the Full Set Accounting Standards is made separately for both assets and liabilities in the conceptual framework.

5.2. Stock Exchange Rate

Article 263 of the Tax Procedure Law regulating the exchange rate, "The stock market value expresses the average values of the transactions in the stock exchange on the last trading day before the valuation of the economic assets registered in both the securities and exchange exchange and commerce exchanges. In cases where there are obvious instabilities in prices except normal behavior, the Ministry of Finance is authorized to take the average of the prices formed in the stock market for 30 days before the valuation day instead of the last trading day "(VUK, Art.263).

5.3. Savings Value

The savings value is defined in the Tax Procedure Law article 264 as "The real value of an economic asset for its owner on the valuation day". The savings value corresponds to the present value from the Full Set Accounting Standards and valuation measures used in BOBI FRS.

5.4. Registration (Registered) Value

According to article 265 of the Tax Procedure Tax Law, "the account value of an economic asset shown in the accounting records". The comparative value corresponds to the book value used in the Full Set Accounting Standards and BOBI FRS.

5.5. Nominal Value

According to Article 266 of the Tax Procedure Law, nominal value is the values written on all kinds of bonds and bonds. Nominal value, also expressed as nominal value, is the numerical amount written on the specified economic assets. Nominal value is included in BOBI FRS, but is included as nominal value in Full Set Accounting Standards.

5.6. Current Value

According to Article 266 of the Tax Procedure Law, current value is defined as "the normal purchase and sale value of an economic asset on the valuation day". In other words, the current value can be defined as the value that can be accepted in the market if the economic assets are sold on the valuation day. The market value of economic assets arises as a result of mutual negotiations between the seller and the buyer, and both parties have to consider the purchase and sale prices of the same quality goods in the market (Aydın, 2002: 31). The market value corresponds to the net realizable value from the Full Set Accounting Standards and the valuation measures used in BOBI FRS.

5.7. Equivalent Value and Fee

Equivalent Value and Fee According to article 267 of the Tax Law, the equivalent value is "the value that an asset whose real value is unknown or unknown or cannot be determined correctly will have compared to its precedent if it is sold on the valuation day." However, there are some principles that must be met in order to determine this value truthfully.

According to the Tax Procedure Law, Article 267, the equivalent price is determined in order according to the following principles.

a) Average price basis

b) Cost price basis

c) Basis of discretion

Equivalent Value and Fee is similar to the approach of taking the market price of similar assets as the basis for determining the fair value from the valuation measures used in the Full Set Accounting Standards and BOBI FRS.

5.8. Assessed Value

Tax value according to VUK Art.268; the market value of the building and the land. This amount is determined in accordance with Article 29 of the Real Estate Tax Law and in accordance with the provisions of the statute specified in the same article.

The tax value can be compared with the tax base value from the Full Set Accounting Standards and the valuation measures used in BOBI FRS.

5.9. Purchase Price

The purchase price represents the amount paid or borrowed during the acquisition of an economic asset. Although it looks like the cost price, there are some differences between them. The most important difference between the two valuation measures is that all other expenses related to the purchase are added to the purchase price in the cost price, whereas the purchase price does not include the expenses made in addition to the purchase price (Çınar, 2007: 35).

5.10. Purchase Equivalent Price

Pursuant to the provisional article 4 of the Tax Procedure Law, those who will be subject to income and corporate tax liability for the first time on the basis of the balance sheet, value other assets other than depreciation subject assets with the purchase equivalent value, unless the cost value is known.

5.11. Average Retail Price

Pursuant to the provision of Article 63 of the Income Tax Law, the months (all valuable items other than money) given to service providers are valued according to the average retail prices of the day and place of issue.

6. A COMPARATIVE REVIEW OF TMS / TFRS, BOBİ FRS AND THE APPRAISAL MEASURES INCLUDED IN THE TAX PROCEDURE LAW IN TERMS OF THE FINANCIAL STATEMENT OF THE ASSET STRUCTURE

6.1. Valuation of Financial Assets

In this section, valuation measures in TMS / TFRS, BOBI FRS and VUK on the valuation of cash assets, valuation of receivables and valuation of securities, which are among the elements of the balance sheet, are compared.

Financial assets; It consists of the safe and bank, our receivables with and without notes, stocks, securities such as bonds and bills. Financial assets defined in TAS 39 Financial instruments standard in terms of TMS / TFRS; It is explained under four headings: For Trading, Ready to Sell, Held to

Maturity and Loans and Receivables. The difference that will occur during the measurement of these assets is reported only in equity for assets available for sale, while it is reflected in profit / loss for others.

Table 1: Valuation of Cash Assets

MAIN ACCOUNT		VALUATION OF CASH ASSETS		
		TMS/TFRS	**BOBİ FRS**	**VUK**
CASH	TL	**First Record**	**First Record**	**First Record**
		Fair Value	Fair Value	Nominal value
		Next Record	**Next Record**	**Next Record**
		Fair Value	Fair Value	Nominal value
	FOREIGN CURRENCY	**First Record**	**First Record**	**First Record**
		Fair Value (TL Equivalent)	Spot Exchange (TL Equivalent)	Stock Market Value
		Next Record	**Next Record**	**Next Record**
		Fair Value (TL Equivalent)	Spot Exchange (TL Equivalent)	Stock Market Value
BANKS	CURRENT ACCOUNT TL/ CURRENCY	**First Record**	**First Record**	**First Record**
		Fair Value (TL Equivalent)	Fair Value / Spot Exchange (TL Equivalent)	Recorded value/Stock Market Value
		Next Record	**Next Record**	**Next Record**
		Fair Value (TL Equivalent)	Fair Value / Spot Exchange (TL Equivalent)	Recorded value/Stock Market Value
	TIME DEPOSIT ACCOUNT TL/ CURRENCY	**First Record**	**First Record**	**First Record**
		Fair Value	Fair Value	Nominal Value (TL Equivalent)
		Next Record	**Next Record**	**Next Record**
		Amortized amount	Amortized amount	Restricted Gaining/ (Stock Market Value + Restricted Gaining)

In terms of TMS / TFRS and BOBI FRS, the cash account in TL terms is valued at fair value in terms of foreign currency cash account in terms of TMS/TFRS at the fair value, in terms of BOBI FRS at the spot rate. He stated that the Turkish Lira currencies in the cash account according to the VUK Art.284 will be valued with nominal value, that is, the (nominal) value written on the money. He stated that foreign currencies will be valued with the stock market value according to the Tax Procedure Law, and in case the stock market value is not reliable, the purchase price will be taken as basis instead of the stock market value. In terms of TMS/TFRS, it is essential to bring foreign currency financial assets to their current (fair value) value on the date of preparation of the financial statements. While transactions in foreign currency are first recorded in BOBI FRS, the amount in foreign currency is converted into the currency used by weight using the spot rate on the transaction date. Spot rate is the current exchange rate with immediate delivery. Transaction date refers to the date on which the transaction was first registered (BOBI FRS, Chapter 20, item 8). It is explained in the BOBI FRS that the concept of cash refers to cash in the enterprise and demand deposits (BOBİ FRS, Chapter 2 article 3). Therefore, demand bank deposits will be valued at fair value or spot exchange rate as in the cash account. According to TFRS 9, bank deposits in TL will be recorded with fair value at the first recognition. In the valuation at the end of the period, according to TFRS 9 and BOBİ FRS, "cost amortized with effective interest" principle is applied. In the Tax Procedure Law, there is the provision "Receivables based on deposit or loan agreements are taken into consideration together with the interest to be calculated until the valuation date". The interest rate to be applied in the same article is T.C. It is stated that the Central Bank is the official discount rate.

In the initial accounting of foreign currency term bank deposits, there is no difference between the legislation as in demand deposits, and according to all of them, the registration will be made at the cost value, that is, the exchange rate in which the foreign currency is obtained. Two different calculations will be made in the valuation at the end of the period. One of them is the maturity difference (interest), the other is the exchange rate difference. TFRS 9 and BOBİ FRS take into account the effective interest rate in the calculation of the maturity difference (Yücel et al., 2020, p.30).

Table 2: Valuation of Receivables

MAİN ACCOUNT		VALUATION OF RECEIVABLES		
		TMS/TFRS	**BOBİ FRS**	**VUK**
RECEIVABLES	**Receivables with commercial paper or without commercial paper**	**First Record**	**First Record**	**First Record**
		Fair Value (Discounted Amount)	The period between the date of first registration and the date of collection is measured at the nominal value of receivables that is one year or less. Accounts receivable that are more than one year (except for capital accounts receivable called for payment) are measured at their amortized value.	Recorded Value
		Next Record		**Next Record**
		Discounted Amount		Recorded Value (Rediscount applies at receivables with commercial paper)
CHECKS RECEIVED	**Current Account**	**First Record**	**First Record**	**First Record**
		Fair Value (Check Price)	Fair Value (Nominal Value)	Recorded Value
		Next Record	**Next Record**	**Next Record**
		Fair Value (Check Price)	Fair Value (Nominal Value)	Recorded Value
	Time Deposit Account	**First Record**	**First Record**	**First Record**
		Fair Value (Discounted Amount)	The valuation is made by following the process in receivables with commercial paper or without commercial paper. Active interest rate is used in rediscount transactions.	Recorded Value
		Next Record		**Next Record**
		Amortized Cost		Recorded Value
VALUELESS RECEIVABLES	The amount is extraction from balance sheet.			Expenditure is recorded over its recorded value.

According to the BOBİ FRS, it is explained that the receivables with commercial paper or without commercial paper will be measured with nominal value if the maturity is less than one year, and on the amortized value if the term is longer than one year (BOBİ FRS, Chapter 9, Article 8). In addition, since the deferred checks received are deemed as vouched receivables in accordance with the concept of priority of essence, which is one of the basic accounting concepts, the valuation provisions for bonded receivables also apply to post-dated checks. According to TFRS 9.5.3, receivables with and without notes will be recorded at their fair value in the first recognition (Yücel et al., 2020: 29-30). In terms of TFRS 9, the separation of maturity differences varies depending on whether the related receivable has a maturity of one year and more than one year. This situation makes both BOBI FRS and TMS / TFRS approaches similar. According to VUK Art.281, receivables are valued with their relative values. Receivables linked to the year that are not due can be valued at the valuation day. In this case, if the interest rate is declared in the bill, this rate is used. If this rate is not announced, the official discount rate of the Central Bank of the Republic is applied for the receivables with notes.

It is stated that checks issued in foreign currency according to the Tax Procedure Law article 266 will essentially be valued at the stock exchange rate. However, because there is no stock market in Turkey, foreign currencies, checks received will be evaluated at the rate the Treasury and the Ministry of Finance determined and declared.

Bad receivables differ in terms of VUK and TMS / TFRS-BOBİ FRS. While TMS / TFRS and BOBİ FRS section 9.39 (ç) does not refer to any valuation measure and explains that the related asset should be derecognised.

Table 3: Valuation of Securities

MAİN ACCOUNT	VALUATİON OF SECURİTİES		
	TMS/TFRS	**BOBİ FRS**	**VUK**
COMMON STOCKS	**First Record**	**First Record**	**First Record**
	Fair Value	Shares traded on the public market are valued at the transaction price, excluding transaction costs, while others are valued at the transaction costs and the cost generated by the transaction price sum.	Purchasing Price
	Next Record	**Next Record**	**Next Record**
	Fair Value	Stocks traded in the public market are valued at fair value, others are valued at cost by deducting any impairment losses, if any.	Purchasing Price
BONDS - SHARES (PUBLIC SECTOR – PRIVATE SECTOR)	**First Record**		**First Record**
	Fair Value	It is valued over the transaction price that Including transaction costs.	Purchasing Price
	Next Record		**Next Record**
	Amortized Cost		Stock Market Value or Restricted Gaining

In terms of BOBI FRS, the valuation of stocks varies depending on whether they are traded on the stock exchange or not. While the stocks traded in the public market are valued over the transaction price excluding the transaction costs, the valuation will be made over the cost amount consisting of the transaction costs and the transaction price for the stocks not traded in the public markets. In subsequent measurements, the value differences that arise when measuring stocks traded in public markets at fair value are reflected in profit or loss using "Financial Investments Value Increase Earnings" or "Impairment Losses from Financial Investments" (BOBİ FRS, Chapter 9, Articles 20-21) . In TMS / TFRS, stocks are not differentiated according to whether they are traded in the stock exchange or not, and it is explained that stocks will be valued at fair value. In addition, the same article includes the provision that transaction costs related to the acquisition of stocks cannot be added to the cost of the stock. Differences arising from valuation according to TFRS 9 are reported in profit and loss. It states that transaction costs arising from the acquisition or issuance of financial assets other than those whose fair value changes are reflected in profit or loss are added to the fair value or deducted from the fair value (TFRS 9, Section 5 clause 5.1.1). There is no such statement in BOBI FRS.

Bonds and bills, which are evaluated within the scope of debt instruments, are measured over transaction prices by including transaction costs according to BOBI FRS (BOBI FRS Chapter 9, item 12). VUK by m.279, shares are at least 51 percent of the fund's portfolio with the investment fund participation certificates the purchase price consists of shares of companies already established in Turkey, which are described apart from the rest will be all kinds valued at the market value of securities.

6.2. Comparison of Valuation Dimensions for Stocks

According to TMS / TFRS, the cost of inventories consists of all purchasing costs, conversion costs and other costs incurred to bring the stocks to their current status and position. According to the Tax Procedure Law, the cost of inventories consists of the payments made due to the purchase and the sum of all expenses made in relation to these payments.

Table 4: Valuation of Inventories

MAIN ACCOUNT	VALUATİON OF INVENTORIES		
	TMS/TFRS	BOBİ FRS	VUK
INVENTORIES	First Record	First Record	First Record
	Cost Price	Cost Price	Cost Price / Equivalent price can be used under certain conditions.
	Next Record	Next Record	Next Record
	It is valued with the lower one of cost and net realizable value.	It is valued with the lower one of cost and net realizable value.	Cost Price / Equivalent price can be used under certain conditions.

When the table is examined, the valuation measure used in the first acquisition of the asset is the same in terms of TMS / TFRS, BOBI FRS and VUK. In subsequent valuations, there is a difference in terms of VUK. While the method used in determining the costs is the full cost method in the Tax Procedure Law, it is the normal cost method in the Full Set Accounting Standards. There is also a difference in terms of borrowing costs. In the Full Set Accounting Standards, if the asset is a qualifying asset, the expense should be added to the cost if it is directly related to this asset, while other expenses should be shown as interest expense directly, whereas for VUK it is added to the cost in forward purchases, this situation is optional in credit purchases. According to the Tax Procedure Law, stocks are valued at cost in terms of both purchased and produced goods. However, in cases where the sales price on the day of the valuation show a decrease of 10% or more compared to the cost of the goods, the taxpayers apply the precedent value measure, except for the procedure in the second line of Article 267, instead of the cost price. Valuation with the lower of cost and net realizable value in the following valuations in terms of Full Set Accounting Standards indicates that a provision is reserved for impairment.

6.3. Comparison of Tangible Fixed Assets

In the General Communiqué on Accounting System Implementation (MSUGT, Sequence no: 1), tangible fixed assets are defined as "items of physical assets acquired to be used in business activities and whose estimated useful life is more than one year".

Table 5: Valuation of Tangible Fixed Assets

MAIN ACCOUNT	VALUATİON OF TANGİBLE FİXED ASSETS		
	TMS/TFRS	**BOBİ FRS**	**VUK**
LAND, CONSTRUCTION IN PROGRESS, LAND IMPROVEMENTS, BUILDINGS, MACHINERY, EQUIPMENT AND INSTALLATIONS, MOTOR WEHICLES, FURNITURE AND FIXTURES, OTHER TANGIBLE FIX ASSETS	**First Record**	**First Record**	**First Record**
	Cost Price	Cost Price	Cost Price
	Next Record	**Next Record**	**Next Record**
	It is chosen one of the cost or revaluation methods.	It is valued over cost or revaluation price by deducting damages accumulated depreciation and accumulated decrease in value.	Cost Price
FIX ASSETS ADVANCES GIVEN	Recorded Value/ Valuation rate	There is no explanation about this.	Recorded Value / Valuation rate

In terms of VUK Art.269, TMS / TFRS (TMS 16) and BOBI FRS (Section 12), the valuation measure to be used for the initial measurement of tangible fixed assets is the same and it is explained that it will be measured at cost. In terms of BOBI FRS, TMS / TFRS and VUK, expenditures made until they are ready for use and expenses other than daily maintenance and repair are added to the cost. This situation differs in subsequent measurements. The situation in terms of borrowing costs is the same as in stocks. There are some differences in the determination of the cost of the forward purchases of tangible fixed assets. According to TMS / TFRS, if the payment is deferred beyond the normal loan terms, the difference between the cash amount and the total amount payable will be reflected in the financial statements as interest during the loan period (except in the case of qualifying assets) (TMS 16 article 23). In BOBI FRS, it varies according to whether the term is one year or not. In other words, "Tangible fixed assets purchased for a payment of one year or less are measured on the amount of cash paid or expected to be paid, without separating the maturity difference." Tangible fixed assets purchased in return for a payment with a maturity of more than one year are separated and measured over the cash price (in other words, over the price the company would pay if the company had made a cash payment). It is explained that the amount of interest will be recognized as interest expense calculated according to the effective interest method (BOBİ FRS Chapter 12 item 9).

The useful life is mentioned in TMS / TFRS (TMS 16), BOBI FRS (Chapter 12 article 25) and Tax Procedure, but there is a difference in determining the useful lives. While TMS / TFRS 'depreciation rate is determined by the enterprise, the rate in the Tax Procedure Law is determined by the Ministry of Treasury and Finance.

One important element that should be mentioned in particular is how the lands and buildings that exist together will be valued. Land and buildings are considered separable assets in terms of TMS / TFRS (TMS 16), BOBİ FRS (Section 12 article 5) and it is stated that it is not possible to allocate depreciation over the value corresponding to the land that has an indefinite life. In terms of VUK, land prices are evaluated within building costs and depreciation is allocated over the said costs.

6.4. Comparison of Intangible Fixed Assets

As a common definition in terms of the Tax Procedure Law and TMS/TFRS, intangible fixed assets consist of the expenses that the enterprise benefits from or expects to benefit in a certain way that do not have any physical assets, capitalized expenses and rights and goodwill that are legally protected under certain conditions. Since there is no separate regulation regarding intangible fixed assets in the Tax Procedure Law, the cost value measure will be used in the valuation of such assets, in accordance with the provision that intangible rights in Article 269 of the VUK will be valued like real estates. Unlike others, the valuation of Foundation and Organization Expenses is made with a "comparative value".

Table 6: Comparison of the Valuation Basis of Intangible Fixed Assets

MAIN ACCOUNT	COMPARİSON OF THE VALUATİON BASİS OF INTANGİBLE FİXED ASSETS		
	TMS/TFRS	**BOBİ FRS**	**VUK**
RIGHTS	There is no explanation about this.	There is no explanation about this.	Cost Price
GOODWILL	In the first measurement, the cost is tracked by the amount after deducting accumulated amortization and accumulated impairment losses from the cost in the next measurement. Depreciation is not applied to Goodwill and is subjected to an impairment test.	In the first measurement, the cost is tracked by the amount after deducting accumulated amortization and accumulated impairment losses from the cost in the next measurement. Depreciation is applied to Goodwill.	Cost Price
PRE-OPERATING EXPENSES	There is no explanation about this.	There is no explanation about this.	Recorded Value
RESEARCH AND DEVELOPMENT EXPENSES	Cost price (development expense) expenses incurred during the research phase are not capitalized, when they occur, they are reflected in profit or loss as expenses.	Cost price (development expense) expenses incurred during the research phase are not capitalized, when they occur, they are reflected in profit or loss as expenses.	Cost Price
SPECIAL COSTS	There is no explanation about this.	There is no explanation about this.	Cost Price

As can be seen in Table 6, establishment and organization expenses in the Tax Procedure Law are valued with the comparative value and the rest with the cost value. There is a difference in subsequent measurements for all of them. The cost method and revaluation (fair value) method are included in the Full Set Accounting Standards.

Table 7: Intangible Fixed Assets by Acquisition Method

Intangible Fixed Assets by Acquisition Method			
	TMS/TFRS	**BOBİ FRS**	**VUK**
INTANGIBLE FIXED ASSET ACHIEVED BY BUSINESS COMBINATION	Acquisition Cost (Fair value on the date of acquisition)	Acquisition Cost (Fair value on the date of acquisition)	There is no explanation about this.
INTANGIBLE FIXED ASSET ACHIEVED WITH GOVERNMENT SUBSIDY METHOD	Fair value and nominal amount (unlimited expenses will be added by making it ready for use).	There is no explanation about this.	There is no explanation about this.
INTANGIBLE FIXED ASSET ACHIEVED WITH EXCHANGE OF ASSETS	It is fair value. It is the book value of the asset disposed of when it cannot be measured.	The fair value of the monetary item paid is added to the net book value of the non-monetary item to be disposed or the fair value of the monetary item received is deducted from the net book value of the non-monetary item to be disposed.	Equivalent Value
IF PURCHASED FROM OUTSIDE	Cost Price	Cost Price	Cost Price
IF DEVELOPED IN-ENTERPRİSE	Cost Price (Development Expense)	Cost Price (Development Expense)	Cost Price

In terms of BOBI FRS section 21.9 and TMS / TFRS (TFRS 3.18), the valuation of intangible fixed assets acquired through business combination is similar and it is explained in the standards that the asset will be measured at its fair value on the acquisition date. There is no disclosure of intangible assets acquired through business combination in the Tax Procedure Law.

In terms of BOBİ FRS section 14.8 and TMS / TFRS and VUK, it is emphasized that the valuation measure to be used in the case of outsourcing the intangible fixed asset is the same for the three applications and the valuation will be made over the cost value.

According to BOBI FRS section 14.12, the net book value of the non-monetary item disposed of should be determined in order to find the cost of the intangible fixed asset acquired. If a monetary item is received or given during this process, some points should be considered in order to calculate the cost correctly. In this case, the net book value of the non-monetary item disposed of is added to the fair value of the monetary item paid or the cost is calculated by deducting the fair value of the monetary item from the net book value of the non-monetary item to be disposed.

In terms of BOBI FRS section 14.8 and TMS / TFRS and VUK, the intangible fixed asset developed within the enterprise is the same for all three applications and it is explained that the valuation will be made at cost. The point to be considered is that the research and development phase during the creation of the intangible fixed asset within the company is separable. If there is no discrimination in terms of expenditures, the process is evaluated as a research phase and these expenses are reflected in profit / loss as expenses.

In terms of Full Set Accounting Standards and Tax Procedure, borrowing costs and useful life are the same as in stocks.

6.5. Real Estates for Investment

Investment properties; Real estates (land or property) that are held (by the owner or the tenant according to the lease agreement) for the purpose of obtaining rental income or appreciation gain or both, different from the purposes such as in the production, procurement, administration or sale within the normal course of business (building or part of the building or both).

Table 8: Investment Properties

INVESTMENT PROPERTIES			
	TMS/TFRS	**BOBİ FRS**	**VUK**
PURCHASING	Cost Price	Cost Price	Cost Price
TERM PURCHASING	Equivalent advance payment amount at TMS/TFRS (Interest is recorded as an expense).	There is no explanation about this.	Maturity difference, adds to the cost.
BY LEASING	It is valued with the lower of its present value of the minimum lease payments with fair value.	It is valued with the lower of its present value of the minimum lease payments with fair value.	It is valued with the lower of its present value of the minimum lease payments with current value.
BUILT BY ENTERPRISE	Fair Value or Cost Price	There is no explanation about this.	Cost Price

The unit of measure used during the initial accounting of investment properties is the same for the three applications. There are some differences in measurement after the first recognition. The Full Set Accounting Standards and BOBI FRS included two methods for subsequent measurement. These; cost method and revaluation (fair value) method. It is explained that the situation has not changed for the next measurement in terms of VUK and that the investment properties will be measured with the cost value.

In terms of Full Set Accounting Standards, BOBI FRS and VUK, expenditures made until the investment property is ready for use and expenses excluding daily maintenance and repair will be added to the cost.

There is also a difference in terms of borrowing costs. These differences are the same as explained for tangible fixed assets. In terms of depreciation, in Full Set Accounting Standards and BOBI FRS, the situation is as in tangible fixed assets (BOBI FRS Chapter 13, item 10). Likewise, the explanations for tangible fixed assets for VUK are the same as for investment securities. In other words, the depreciation rate is determined according to the useful life determined by the Ministry of Finance.

7. CONCLUSION

This study shows that the Full Set Accounting Standards and BOBI FRS play a role in providing financial information needs and help financial information users to report financial information in the form of an appropriate, transparent, clear, understandable, comparable and truthful presentation. In terms of VUK, the situation is to ensure tax justice and to eliminate situations that may lead to tax losses.

While the Full Set Accounting Standards and BOBI FRS focus on future events and market price, the VUK is based on past events and cost price. While worthless receivables are derecognised in the Full Set Accounting Standards and BOBI FRS, VUK charges an expense over the registered value.

The Full Set Accounting Standards for tangible fixed assets and investment properties clearly state that expenses incurred until they are ready for use in terms of BOBİ FRS and VUK and expenses excluding daily maintenance and repair will be added to the cost. In this respect, he makes similar statements in three applications. This situation differs in subsequent measurements. In terms of borrowing costs, the situation is as in stocks.

There is also a difference in terms of borrowing costs. In the Full Set Accounting Standards, if the asset is a qualifying asset, it must be added to the cost, and other expenses must be shown as direct interest expense. In BOBI FRS, it varies according to whether the term is one year or not. In other words, "Tangible fixed assets purchased for a payment of one year or less are measured on the amount of cash paid or expected to be paid, without separating the maturity difference." Tangible fixed assets purchased in return for a payment with a maturity of more than one year are separated and measured at the cash price (in other words, over the price that the company would pay if the company had made a cash payment). It was announced that the amount of interest will be accounted as interest expense calculated according to the effective interest method. For VUK, adding to the cost in term purchases, this situation is optional for purchases on credit. The useful life is mentioned in the Full Set Accounting Standards and Tax Procedure Law, but it is different in terms of determined rates. While the rate is determined by the enterprise in the Full Set Accounting Standards, the rate in the Tax Procedure Law is determined by the Ministry of Finance.

One important element that should be mentioned in particular is how the lands and buildings that exist together will be valued. Land and buildings are considered separable assets in terms of Full Set Accounting Standards and it is not possible to make depreciation over the value corresponding to the land that has an indefinite life. In terms of VUK, land prices are evaluated within building costs and depreciation is allocated over the said costs.

In conclusion, I should state that the CMB, BRSA and the Turkish Commercial Code will take the standards as criteria from 2013 onwards. This situation will provide convenience to both domestic investors and potential investors abroad, and a common value or information that everyone understands easily will emerge. This will clear up conflicts.

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