

## **HISTORICAL DEVELOPMENT OF UNIFORM ACCOUNT PLANS IN TURKEY (1923-1971)**

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### **ABSTRACT**

Nihat KİVER created the first accounting plan studies of the Republic period in 1925 for "Türkiye Sanayi ve Maadin Bankası" and four factories affiliated with this Bank. Then, in 1971, the experiment of the uniform account plan of the State-Owned Enterprises began. Therefore, since the establishment of the Republic in the State Economic Enterprises accounting practices, it has been the locomotive of the transition to a single chart of accounts in Turkey.

In 1972, the Uniform General Account Plan, implemented in the State Economic Enterprises, tried to provide uniformity. At its inception, the Uniform General Account Plan was launched as a scientific application to meet the needs of private companies. In the initial stage, it was compulsory for State-Owned Enterprises and voluntarily for the private sector.

This study uses descriptive analysis. Study investigates uniform accounting initiatives of PEEs for over 48 years, between 1923 and 1971. The study highlights a uniform chart account process from a historical progress perspective, which forms its significance. In this study, attempts to create a uniform chart of accounts and the changes and developments in the transition period to the implementation of a uniform chart of accounts were tried to be determined. In addition, This study aimed at the transition to the Uniform Accounting System in Turkey reveals the contribution of accounting and reporting systems.

**Keywords:** Uniform Chart of Accounts, Public economic enterprises, Accounting History Page.

**Jel Code:** H83, M41 , M48

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## TÜRKİYE'DEKİ TEK DÜZEN HESAP PLANLARININ TARİHSEL GELİŞİMİ (1923-1971)

### ÖZ

Cumhuriyet dönemi ilk hesap planı çalışmaları 1925 yılında kurulan Türkiye Sanayi ve Maadin bankası ve bankaya bağlı dört fabrika için Nihat Kiver tarafından oluşturulmuştur. Ve 1971 yılında da iktisadi devlet teşekküllerinin tek düzen hesap planı denemesi başlamıştır. Dolayısıyla Cumhuriyetin kuruluşundan itibaren İktisadi Devlet Teşekküllerindeki muhasebe uygulamaları Türkiye'de ki tek düzen hesap planına geçişin lokomotifi olmuştur.

1.1.1972'de KİT'lerde uygulamaya başlanan "Tekdüzen Genel Hesap Planı" ile muhasebe hesap planı uygulamalarında bir yeknesaklık sağlanmaya çalışılmıştır. Oluşturulan "Tekdüzen Genel Hesap Planı"nın işletmelerin ihtiyaçlarını dikkate alan, bilimsel niteliğe sahip bir uygulama olması da amaçlanmıştır. Başlangıç aşamasında iktisadi devlet teşekkülleri için zorunlu, özel sektör içinse isteğe bağlı olarak uygulamaya konulmuştur.

Bu çalışma, tanımlayıcı analiz yöntemi kullanılmaktadır. Çalışma 1923-1971 yılları arasında 48 yılı aşkın süre KİT'lerin tek düzen hesap planı hazırlama girişimlerini incelemeyi amaçlamaktadır. Çalışma, tekdüzen hesap planı sürecini, önemini tarihsel gelişim perspektifinden vurgulamaktadır. Çalışmada tek düzen hesap planının uygulamaya geçiş sürecinde yaşanan değişimler ve gelişmeler tespit edilmeye çalışılmış ve Tek Düzen Muhasebe Sistemine geçişin Türkiye muhasebe ve raporlama sistemine katkılarının ortaya konulması hedeflenmiştir.

**Anahtar Kelimeler:** Tek Düzen Hesap Planı, İktisadi Devlet Teşekkülleri, Muhasebe Tarihi.

**Jel Kodu:** H83, M41 , M48

### 1. INTRODUCTION

The idea of doing a single chart of accounts in Turkey began with the Public Economic Enterprises (PEEs) generated during the First Republic. In those years, the PEEs were the primary indicator of the State's responsibility to ensure economic development

It was born as a result of the state's desire to play an active role in economic and commercial activities in order to carry out some public activities. The first public venture established in Turkey, which had previously State Industrial Office and Industrial Credit Bank is undertaking activities Sümerbank. Then, Etibank was established in 1935 to carry out mining and electricity activities (Güldamla, 1966 :11).

It was born due to the State's desire to play an active role in economic and commercial activities to carry out some public activities. Thus, the first public venture established in Turkey, which had State Industrial Office and Industrial Credit Bank, is undertaking activities Sümerbank. Then, Citibank was established in 1935 to carry out mining and electricity activities (Güldamla, 1966 :11).

In the Republican period, the definition of the PEEs was made with the Law numbered 3460 dated 17.06.1938, and in 1964 the second general arrangement was created with the Law

numbered 440. In this Law, the economic State is included in the name, and ve more than half of the capital belongs to the State. Economic state entities alone or together, established to operate based on commercial principles in the financial field and the establishment of the Law stated that they would be subject to this Law No. 440". Afterward, this Law became the basis of the studies conducted with a uniform accounting system.

PEEs, as a result of economic and social state understanding and to create resources in a mixed economic model by the State or the State established by the participation of capital organizations (Tecer, 2005:59).

The main difference between the PEEs from private enterprises is that private enterprises are for-profit. In contrast, PEEs are intended to improve the interests of society and the State rather than profit (Ete, 1946:.55).

In terms of accounting and significantly cost accounting, Turkey plans to use the first account due to industrialization that began in the 1930s with a special place in Ataturk's State Economic Enterprises with Sümerbank (Güvemli, 2016:226). The account plan prepared by German scientists and used at Sümerbank was developed from the account plan used in Germany. The account plan used in Sümerbank was then used in the State Economic Enterprises and then spread to the private sector. This account plan, which was used for many years, was changed in 1964, 1971, and 1984 (Durmuş and Arat, 2004:97).

During the period from the foundation of the Republic until 1971, when the uniform chart of accounts started to be implemented, it is essential to see the contribution of the accounting practices in the State Economic Enterprises to the transition to the uniform chart of accounts. During these years, many legal arrangements/reforms were made, and these reforms affected the accounting development in the State Economic Enterprises. Therefore we have divided into three periods according to the effects in the PEEs; 1923-1933, 1933-1939, and 1939-1971.

1923-1933 was when national accounting practices were used in Economic State Institutions that did not have a wide range of activities. During this period, account for organizations in enterprises (Aslan, 2015:32). Indeed, studies have also established the first accounting organization for Turkey Industry and Mines Bank, and four factories belonging to the Bank were created by Nihay Kiver in 1925. The changes made in these years enabled the establishment of a general account plan in the national sense, and the accounts representing the operational activities by numbers began to be used (Aldemir, Yazıcı, and Uysal, 2017:141-143; SPO 1970:33, SPO Yayını,1973:33-34).

Between the years 1933 and 1939, with the First Five-Year Development Plan, some PEEs have been established in line with the increasing industrialization moves, and a wide range of accounting applications have begun with the consultancy of German business engineers in the economic state enterprises whose field of activity is expanding (Güvemli 2017:29). In addition, Sümerbank was established in 1933, and Citibank was established in 1935 to finance numerous PEEs set by accelerating industrialization. However, in those years, each of the PEEs used the account plan which they thought was most appropriate for them, so it was seen that there was no unity in terms of account plans.

This period can be considered a period for establishing and a system for the State Economic Enterprises (Aslan 2015, p.106). In search of this system, all PEEs searched for standard account plans to implement the same account plan and ensure unity. However, an individual account plan has been established for Citibank and Sümerbank companies (especially because Citibank is in the mining sector). Therefore, Citibank and Sümerbank PEEs have made significant contributions to the development of accounting organizations (Aslan, 2015:76).

Sümerbank's account plan was prepared in 1938-1943 by Prof. Dr. Sachsenberg based on the 1937 German Compulsory Account Framework. This account plan was adopted by most public and private enterprises in Turkey and put into practice. (Istanbul YMO 2006:46, Koç and Yalkın 1994: 11; Akdoğan and Aydın 1987:85).

On the other hand, Law No. 3460 was enacted in 1938 for these state-controlled enterprises to continue their activities under market conditions, conduct audits on behalf of the assembly, and systematically report the results of financial activities (Aslan, 2015:105). The economic enterprises' accounting system and financial statements, budgets, and profit and loss statements are established in this Law. In addition, seven balance sheet types are organized according to economic lines of business (Güvemli, 2007:143). Nevertheless, it is stated that there is not a complete unity of terminology in the financial statements in 1938-39 (Aslan 2015:110).

Also, Güvemli (2017:.29) said three trends affected accounting thinking between 1923-1950. Therefore, it is observed that there are three currents, the first trend in which accounting gains importance due to the receipt of taxes by the declaration procedure and in which the accounting develops mainly with audit, accounting flow created by the consultancy of German business engineers between the years 1933-1939 and currently created by the support of academic staff and economic state institutions.

Law No. 3460 in 1938 and Sachsenberg's accounting system for Sümerbank in 1939 was implemented in all economic state enterprises. However, in 1942, the Association of Accounting Experts in Turkey, despite establishing a sufficient number and quality, could not survive due to the lack of accountants (Güvemli, 2013: 37).

In preparing the Turkish Commercial Code no. 6762, which came into force in 1957, German Professor Hirsch presided over and laid down rules for the accounting principles and books to be applied (Akdoğan and Aydın 1987:85).

After the 1960s, the development of relations with the US, and the inclusion of the Marshall Plan to Turkey, the effects of the American system of accounting practices began to be seen. Thus, in 1962, the Revision Committee of PEEs was established. It has been assigned to examine the financial structures of economic state enterprises, take measures, and determine the principles of re-evaluation of the items (Güvemli, Güvemli, and Aslan, 2018:175-176). When the Commission for the Reorganization of State Economic Enterprises completed its work in 1968, it prepared a set of seven books, and some of these books were published by the State Planning Organization.

As a result of these studies, the pilot implementation of the uniform accounting system was realized in 1969 at Azot Sanayi A.Ş., and in 1972 this system was implemented in 27 PEEs (Uman, 1980: 139-140). Furthermore, in 1972, the Uniform Accounting Coordination Continuous Specialization Commission was established at the State Planning Organization, and the uniform accounting system covering the cost accounting account framework was introduced in 1977 (Gökten, 1980: 163-164).

This study focuses on the uniform chart of accounts of the Republic Period and applications of a uniform chart of funds in the State Economic Enterprises; firstly, brief information is given about the definition, establishment, and development of PEEs, and then the uniform chart of accounts is explained.

## 2. ACCOUNTING UNIFICATION STUDIES IN TURKEY

The information generated by the accounting system should be comparable and reliable for investors, economists, bankers, brokers, and other users of information. This situation necessitated the uniformity of the accounting information in terms of form and substance (SPO Publication, 1973).

Business management and quality research processes are facilitated by uniformizing accounting documents and the information contained therein. Conducting accounting activities according to uniform forms and principles; in terms of its practical results, it facilitates comparisons between the provision of information and its data and makes it possible to disseminate and recognize appropriate and experimental methods (Hiçşmaz, 1970:14).

The uniformity in accounting is divided into three categories as form/material, partial/collective, and general/private. This distinction has been separated in terms of form and content of tables and determination of rules and frameworks to be followed in line with business and public needs (SPO: 1325-KD 261, 1973:27).

In this study, the developments in the accounting systems of the PEEs during the Republican period were divided into three periods for a clearer understanding of the issue as 1925-1950- French School, 1926-60 German School, and 1960-1972 American School (Güvemli, 2013: 21).

### 2.1. The Period of 1850-1925

The accounting that Turkey applied to be enacted began with Kanunname-i Trade, which translated the French Commercial Code in 1850. With this Law, the obligation to keep the book to merchants has been the first regulation affecting accounting for that period (Akdoğan and Aydın 1987:84; Koç, and Yalkın 1994:11).

During this period, the French commercial Law and the French works on accounting information were translated. In addition, in 1883, Istanbul Commerce School was established and participated in the accounting education syllabus. In addition to the French influence in the education system, the French influence was seen in the courses opened to train the personnel of the General Debt Administration established in 1880 (SPO: 1325-KD: 261, 1973: 33).

Until the early periods of the Republic, the French school inherited from the Ottoman Empire continued to be used in accounting theory and practice. However, accounting was seen only as a means of providing state control over taxation and other similar purposes for businesses (Dinç and Atasel, 2016:269).

The 1923 İzmir Economic Congress is a mixed economic period in which the decision to continue the operation of the facilities taken over from the Ottoman period is continued, as well as providing opportunities to the private sector for the development of the national economy and implementing policies towards the private sector (Güvemli, 2001: 9) In the Congress, and it was decided to take measures to increase the share of the private sector in the economy together with participants from many different industries (Kandas, 1989: 48). In 1924, "Turkey Business Bank" and "Turkey Industry and Mines Bank" were established by Law No. 633. To the Bank with this Law, he transferred to factories to be in the 51% stake in itself. The plant was authorized to move to the Turkish joint-stock Company (Turkey and Worldwide Public Enterprises Comparative Research and Analysis Report and Policy Recommendations 2015: 3). Therefore, Turkey Industry and Mines Bank and its affiliated Hereke, Feshane, Bakirkoy Tosya Rice Factory Textile Factory can be counted as the first organization representing the State Economic Enterprises (SPO Publications, 1973:33).

## **2.2. The Period of 1926-1960**

With the entry into force of the Turkish Commercial Code No. 865 taken from the German Commercial Code in 1926, it can be said that the German influence on accounting has started (Akdoğan and Aydın 1987: 85). According to Güvemli (2003: 137), the main reason for the transition to German influence was the alliance with Germany during the war (Uçma, 2012: 155). The period of German power was divided into three periods, and these three periods were named as the periods of German influence (SPO 1970:33-34);

- First period is between 1926 and 1938. In 1926, Commercial Code No. 865 entered into force. And in 1938, Law No. 3460 on the organization of the economic State and administration and surveillance was published.
- Period The period from 1939 to 1947
- Period The period from 1947 to 1960

Estate and Orphan Bank were established in 1926, and Industrial Incentive Law was issued in 1927 (Güvemli, 2001: 458). Although the decisions taken in the Congress were supported by the Incentive Industry Law of 1927, the expected positive results could not be obtained due to the lack of sufficient capital accumulation of the private enterprise, infrastructure problems, lack of trained workforce and the effects of the 1929 economic crisis that shook the world. Thereupon, a new economic model had to be implemented. It is possible to summarize the basis of this new model as realizing industrialization with the financial enterprises that the State will establish itself in a planned way" (SAI 2010: 4-5).

State Economic Enterprise, representing the first organization in Turkey, is Industry and Mines Bank and accordingly Hereke, Feshane, Bakirkoy Textile Factory, and Tosya Rice Factory (SPO Publication, 1973:33). Turkey Industry and Mines bank only domestic goods production to meet the needs of the market is not in line with the requirements established the

State's Markets (Sümerbank 1943:10) has been established. These markets were transferred to Sümerbank with the establishment of Sümerbank in 1933 (Sumerbank 1943:193). Turkey Industry and Mines Bank, the subsidiary with Law No. 2058, established the Office of the State Industrial, and banking enterprises were transferred to the Industrial Credit Bank of Turkey Law No. 2064. (SAI 2010: 6).

The changes made in these years enabled the establishment of a general account plan in the national sense, and the accounts representing the operational activities by numbers started to be used. However, with increasing industrialization moves, account organizations became more complicated when their fields of activity expanded. For this reason, Sachsenberg from German Professors was invited to establish business accounting of Sümerbank (Aldemir, Yazıcı, and Uysal, 2017:141-143; SPO Publication, 1973:33).

Professor Dr. Sachsenberg prepared the accounting plan of Sümerbank from 1938 to 1943, based on the 1937 German Compulsory Account Framework. It has been put into this account plan adopted by most public and private sector business practices in Turkey. (Istanbul YMO 2006: 46; Koç and Yalkın 1994:11; Akdogan and Aydın 1987:85). In the 1923-1950 period, since there were no private enterprises with national qualifications, the regulations related to accounting practices were mainly developed for state institutions (Güvemli, 2001: 6).

Law No. 3460 was enacted in 1938 for these state-controlled enterprises to continue their activities under market conditions, conduct audits on behalf of the assembly, and systematically report financial activities' results (Aslan, 2015:105). In this Law, the economic enterprises' accounting system and financial statements, budgets, and profit and loss statements are established. In addition, seven balance sheet types are organized according to economic lines of business (Güvemli 2007: 143).

When we look at the period from 1923 to 1950, when the tax reform took place, it was the Income Tax (1926) and the Treatment Tax (1927) Act that governed accounting practices (Dinc and Atasel, 2016,:270, Güvemli, 2018a:43). During these years, the Islamic conception of taxation based on Islamic rules shifted to the integrated tax scheme with the west. (Güvemli, 2018a:42). In 1924, the symbol of the Ottoman tax system and the most important source of income, asar (one-tenth), was abolished, and income tax was introduced to replace the vacant income. Therefore, income tax was collected from the industrial establishments that produce textiles, clothing, shoes, salt, soap, plates, and bowls and trade companies that sell them to the villagers and the citizens. As a result, the people living in rural areas started to pay their taxes when buying industrial products, not from agricultural products (surpasses) and animal assets (menstruation) (Güvemli, 2018a:43).

These taxes have begun a multi-led period on the accounting date. It has made it possible to proceed with the declaration procedure. It has increased the importance given to the accounting system, and it has introduced regulations that make the State based on accounting records (Güvemli, 2001: 147). These taxes would be determined from profit, sales, and other accounting data. Therefore, the new tax scheme provided the opportunity to develop a double-entry method (Güvemli, 2018a:43).

The regulators of the tax laws taken from the west between 1926 and 1930 had added to each Law, such as sales book, invoice book, warehouse book, as well as the daily book and inventory book in the Commercial Code, which they thought would facilitate the calculation and collection of that tax. Thus, it was expressed as a multi-led period and continued until the Tax Reform of 1949 (Güvemli, 2018a:44).

However, it is observed that the tax books are not mentioned much in the academic books written in that period, and there is not much information about keeping the large number of books stipulated in tax laws. (Güvemli, 2018a : 45). But Turkey established the Association of Accounting Professionals, and for the first time in Turkey, academics and practitioners came together.

Then, with the emergence of the audit requirement, in 1936, with Law No. 2996 on the Organization and Duties of the Ministry of Finance, the audits of income controllers began. Thus, with the income tax, an accounting system consisting of documents, ledger records, provisioning, and the establishment of financial statements was formed. (Güvemli, 2001: 147; Güvemli, Güvemli and Aslan, 2018: 157; Güvemli, 2018a: 43). Thus, with the income tax, an accounting system consisting of documents, ledger records, provisioning, and the establishment of financial statements was developed (Güvemli, 2001:147; Güvemli, Güvemli, and Aslan, 2018: 157; Güvemli, 2018a: 43).

Between 1923 and 1950, accounting developed in three branches that are not much related to each other. The first is the development of tax laws and accounting depending on Finance. The second development was made with the contribution of Turkish employees and German business engineers who had a small number of business education in the State Economic Enterprises, and the concepts of cost accounting, business control, consolidated financial statements, and uniform financial statements began to be used. Finally, the third development was introducing and disseminating the double-entry method of Turkish accounting academics (Güvemli, 2018b:18).

According to Güvemli et al. (2018), this period, which covers the period between 1923 and 1950, is considered the first phase of the Republic in accounting history and the second phase of the 1950-1980 period.

### ***2.2.1. The Period of 1926-1938***

Since the Commercial Code No. 865, which entered into force, was taken from the German Commercial Code, the explanations and published works on company accounts and balance sheets were based on German sources.

With Law No. 865, the books obliged to be kept by Law have been introduced. These books are inventory books, journal books, and copybooks. The giant ledger is not among the obligatory books to be kept a significant deficiency. The importance of the Law taken from Germany in terms of accounting paved the way for applying the double-entry method to comply with the modern trade rules (Turkish Commercial Code 1926: Articles 66-86). Although the provisions in this Law are related to accounting, there are deficiencies in terms of registration.

Professor Nihat Kiver prepared the accounting system applied in the enterprises between 1926-1938. In this period, a general account plan has been started to be formed with the

activities carried out, and accounting accounts have been recorded (SPO Publication,1973:.33-34). However, as a result of increasing industrialization efforts in the period, the accounting structure required by the factories changed, and Professor Sachsenberg from Germany was invited to meet this change and assigned to establish business accounting (SPO Publication,1973:.33-34).

It prioritizes fixed assets in the balance sheet created in line with the needs of factories and enterprises. Sümerbank's financial statements were prepared in this direction (Güvemli, 2001: 503). Sachsenberg shows the accounting practices of enterprises or factories and defines the types of expenses, holders, supply, and distribution tables (Akdogan and Aydin, 1987: 85).

In the Turkish Commercial Code, tax laws were enacted to eliminate deficiencies and innovations in accounting practices in our country. Each tax that was issued obliged to keep the books required following its own needs.

1926 - 1930 between the years which has an important place in Turkey in terms of accounting practices "Earnings Tax Law, Treatment Tax Law, and Internal Excise Tax Treatment, including three tax law have been published. (Güvemli, 2013: 14).

a) Earnings Tax Law: It replaces the income tax, and the Dividend Tax Law applied by the Ottoman Empire. In 1949, this tax was replaced by the corporate tax applied today. Earnings tax is the first tax that is collected through declarations through financial statements. (Earnings Tax Law 1926 : Article 6,11,12). In the Law, the definition and regulation of the balance sheet and the statement of profit/loss are discussed extensively (Articles 12-13).

b) The Treatment Tax Law: The Treatment Tax, which constitutes the basis of the value-added tax applied today, envisages the taxation of 7% to 10% from the sales of industrial facilities and the income of enterprises engaged in banking and insurance activities. (Law of Treatment Tax 1927:Articles 13, 87). The transaction tax is a tax that is collected from the monthly accounting records created upon the declaration. In this way, accounting records have become very important for the State. Thus, the Commercial Code's number of books required to be kept increased from three to seven.

c) Excise Tax: This fee is collected according to the monthly accounting records from the sugar factories during sales and the production and import of fuel. (Law of Employment Tax 1930:Articles 1-4).As with the other two taxes, the excise tax obliged to keep two additional books in addition to the other books: sales book and invoice book.

It was stated which items of the balance sheet were to be issued by these tax laws and the principles in which these items will be evaluated. Furthermore, it determined the balance sheet items, how the profit and loss statement should be arranged, and the items of income and expense items. Unfortunately, these studies, which are essential steps in accounting, could not be fully implemented due to insufficient human resources in the sectors (Güvemli, 2001:138).

The balance sheet prepared by the Turkish joint-stock Company of Şark Sanayi Group by these laws is shown below.

**Table 1: Balance Sheet Prepared by the Şark Sanayi Kumpanyası Türk A.Ş.**

Active	Passive
<p><b>Real Estate Inventories:</b> Plots, construction, machinery and equipment Cash and cash convertible values: Miscellaneous inventories Cash Desk Banks Miscellaneous debtors portfolio <b>Business borrowers:</b> sundry <b>Off-Balance Sheet Accounts:</b> Collateral deposit Debtors due to bail</p>	<p><b>Company's debts to itself:</b> Capital Reserve fund Provision account Matlubat industrial and various risks provision Exceptional reserve fund Special reserve fund <b>Depreciation:</b> Previous and current period depreciation on land, construction, machinery and equipment The Company's debts to third parties 8,9,10,11 and 12 numbers vouchers Banks Various creditors Business creditors: Sundry <b>Off-balance sheet accounts:</b> Deposits Creditors due to bail <b>Profit and Loss:</b> Previous year profit Net profit for the period</p>
<b>TOTAL</b>	<b>TOTAL</b>

Source: June 25, 1938 Turkey Official Gazette

In addition, Article 13 of the Income Tax Law published in 1926 states how the income statement should be prepared. However, no classification has been made in the presentation of income and expenses within these principles. Furthermore, it is seen that the balance sheet and income statements prepared in the PEEs and other state institutions were different from each other in that period. For example, the balance sheet of the Sümerbank Hereke Weaving Factory, which was established in 1938 as the Public Economic Enterprises, is shown below;

**Table 2: Balance Sheet of Sümerbank Hereke Weaving Plant in 1938**

ACTIVE	Quantity	Percentage
Fixed assets		
Original Amount		
Depreciation (-)		
Mutual Assets:		
Raw materials and articles		
Borrower accounts		
Cash assets		
Temporary accounts		
PASSIVE		
Supplied from own source (own funds) capital investment		
Reserve fund		
Miscellaneous provisions		
Pure snow		
Supplied from foreign origin (foreign sources):		
Temporary accounts		

Source:Prime Ministry Supervisory Board

In 1938, the Supreme Board of Auditors was established with Law No. 3460 on economic state formation. As a result, a different auditing system was established for financial state enterprises than private sector enterprises. The accounting plans and Accounting Principles taken from Germany started to be applied in economic state enterprises.

Law No. 3460 aims to establish the structure of public institutions. In addition, the condition of comparability is brought to the agenda of the companies' balance sheets and activity reports (SPO Publication,1973:35). According to Law No. 3460, which can provide uniform uniformity among institutions, seven balance sheet types have been prepared by economic business lines, and forms have been designed for quarterly activity reports reflecting the characteristics of enterprises (Yıldırım, 1975:3).

Thus, in the annual reports published by the state-owned enterprises since 1938, the current and previous data are included in the footnotes or in the form of additional information (Akbulut and Yanık, 2008:64).

### **2.2.2. The Period of 1939-1947**

In 1938, the Law No. 3460 was issued on the organization and administration and accounting of the economic entities established by the State. Thus, in 1939, Sachsenberg's accounting system for Sümerbank began to be implemented in all state-owned enterprises.

**Table 3: Balance Sheet Created by Sachenberg in 1939**

Active	Passive
Fixed assets	Capital
Land	Reserves
Buildings	Reserve fund
machinery	Accumulated Depreciation
Miscellaneous installation	Miscellaneous provisions
Fixtures	Finished goods emita deign for money
Tools and materials	Interjection
Securities	Provision for liquidation accounts
Raw materials and materials	Provision of various materials and prices
Semi-finished commodity	Payee accounts
Finished goods	Debt securities
Accounts payable	Dealers
Notes receivable	Receivables
Treasury bills	Calculates
customers	Rediscount of treasury bills
Miscellaneous debtors	Sümerbank Istanbul branch
Calculates	Profit
Suspicious debtors	Total
General Directorate of Sümerbank	Off-balancesheet accounts
Cash assets	
Safe	
Banks	
Total	
Off-balance sheet accounts	

*Source:* Akbulut, Özerhun, Yıldız and Yanık, Serap (2008) Historical Development of Financial Statements in Turkey, Gazi Publications, Ankara.

The primary balance sheet format applied in all economic state institutions since 1939 is shown above. The periodicity principle included the period separator accounts in the balance sheet, and the asar (one-tenth) were not included in the total assets and liabilities. In the preparation of the tables, expenses under the influence of Schoenberg are classified by considering the costs, places, and types of expenses.

The balance sheet and income statement prepared by the economic state institutions did not change much until the uniform accounting system started to be implemented in 1972. However, the balance sheets and income statements have been prepared in more detail since 1940. Although there has not been much change until 1972, horizontal and ratio analyzes have been started to be classified on the active side of the balance sheets as tied values and revolving values. On the liabilities side, they are classified as equity and foreign resources.

In the same period, no legal regulations were made on the financial statements required by private sector enterprises. Therefore, businesses generally prepare balance sheets and income statements according to their needs. For example, the balance sheet prepared by Arçelik in this period is shown below (Yücesoy, 1963:199).

**Table 4: Balance Sheet of Arçelik AŞ**

Active	Passive
Current assets	Current debts
Cash	Debt securities
credit	Bank credits
Notes receivable	Payables to partners
Other receivables	Long-term debts
warehouses	Customer advances
Semi-finished products	Issued bonds
Manufacturing stock closure	Estimated warranty costs
Orders	borrowed funds
100% margin imports	Our commitments
Permanent assets	Feel the rights
Plots	capital investment
Building	Reserves
Installation	Snow to be distributed
fixtures	Profit or Loss
Accumulated depreciation (-)	
Our commitments	
Other assets	
Depozityo on	
Prepaid expenses	
Advances Payments	

*Source:* Yücesoy, Cevat (1963), Accounting Plans in Accounting. Istanbul Academy of Economic and Commercial Sciences Publications for Demand Publications and Aid Office. Istanbul.

Societe Anonyme Fiduciaire Suisse from Geneva was invited to prepare a study guide on the financial and productivity controls for which the Supreme Supervisory Board, which started its operations in 1939, was in charge.

In the texts prepared by this organization, detailed information about the balance sheet and profit and loss statements prepared according to the comparison of the planned and actual activity results of the periods and the principles of the rate analysis are presented. In addition, analytical table models to be applied to the operating tables are provided (SPO Publication, 1973: 44).

In addition, the adoption of Law No. 3460, the National Protection Law No. 3780, and the second five-year development plan during this period are among the other developments concerning economic state enterprises between 1931-1950 (Aslan, 2015: 34). Mainly due to the results between 1939-1945, the understanding of statism made itself feel more. The second five-year development plan, which was decided to be implemented in 1939, could not be implemented, and as a result, the planned facilities could not be established. (Kandas, 1989:7).

By the year 1942, it was founded to develop the accounting profession Accounting Professionals Association of Turkey. However, it could not survive due to the lack of sufficient and qualified accountants. (Güvemli, 2013:37).

The impact of the war economy with the end of the Second World War survived, as a result of increased commercial relations with western countries has emerged a new economic

problem in Turkey (Hiçşmaz, 1970:62). In 1946, with the Five-Year Industrial Plan, the State was obliged to lead the development to eliminate or reduce the impact of post-war situations. As a result of this situation, the necessity of re-regulation in accounting applications emerged, and the third period under German influence started.

### **2.2.3. The Period of 1948-1960**

In the 1938s, the different continuous solutions to the problems such as the supervision of public and private enterprises, municipalities, and private administrations, which played an active role in the economy, prevented the development of the accounting and auditing profession.

In this period, which is called the third period of the German school, the Turkish Commercial Code No. 6762 was prepared and entered into force. In addition, German Professor Hirsch presided over the drafting of the Law, and the articles concerning the companies were modernized. The rules regarding accounting principles and books to be kept were put into practice. In addition, the most crucial development in this period can be demonstrated by the realization of tax reform.

The committee strives to establish uniform accounting systems in the State Economic Enterprises, utilizing foreign experts, universities, different government departments, different professions, and persons with sufficient technical knowledge of the functions and procedures of modern accounting. In this direction, many PEEs were contacted, and brief examinations were made on their status. As a result of these examinations, a new regulation is necessary for accounting applications.

In the tax reform carried out in line with the needs of the country's economic structure, education under German influence played an important role. In this direction, Prof.Dr. Firtz Neumark and accountant Ali Alaybek, who studied in Germany, played an active role in the process. The tax reform was completed in 1949 and put into force in 1950. Along with the reform studies, taxpayers have been closely involved in accounting practices (Hiçşmaz, 1970: 62). This tax reform and the effects of some of the provisions on accounting have led to the current accounting practices (Akdogan and Aydin, 1987: 85).

The Tax Procedure Law, the essential Law of the 1949 Tax Reform, states that the tax procedure law should guide accounting to a tax approach (Güvemli 2018a: 44). However, accounting arrangements in this period were made not because of the need for accounting by enterprises but rather to collect the information needed by the government to collect taxes (Dinç and Atasel, 2016:270).

With the transition from the mixed economic model to liberal economic policies after 1950, the idea of the sale of PEEs became prominent, and there was a tendency towards liberalization and private enterprise. Instead of the Public Economic Enterprises, the small-sized enterprises of the private sector have turned to the development model (Güvemli, 2018b:19). However, the tradition of the state bureaucracy and the opposing views of the executives of the economic State did not allow these practices to be fully concluded (Evsile, 2018:62-74). Each economic state enterprise had a considerable production power (Güvemli,

2001:22). In addition, the period of 1950-1960 is considered a period of unplanned and unbalanced growth (Evsile, 2018:73).

With the coming of power of the Democratic Party, a special commission chaired by Professor Hirsch was formed to determine the general condition of the PEEs and determine the ways of transferring the institutions that do not have to perform their activities to the private sector as Public Economic Enterprises. However, this Commission did not meet the expectations (Aysan and Özmen, 1981: 39). The main reasons for this are that despite the state-owned privatization administration, they do not have the capital to buy businesses in the private sector. Therefore, after the 1950s, economic state enterprises were used as a tool to provide support to the private sector (Karluk, 1994: 21).

As stated in the electoral rhetoric, the Democratic Party reduced the taxes on agriculture to improve agriculture and started the mechanization process with the help of America. As a result, the ways of selling the products produced in the villages in the city centers have been facilitated. Thus significant improvements have been realized in the country's economy (Aysan and Özmen, 1981: 45).

The foreign capital law no. 6224, which was enacted in 1954, is a legal regulation introduced by the Democratic Party (Law no. 6224, 1954). With this Law, the role of foreign capital in the Turkish economy has increased, and Turkish enterprises have the opportunity to meet with foreign business cultures. This Law, which shapes foreign capital investments in the Turkish economy, has remained in force for a long time. The enterprises established with this regulation bring important innovations in activities such as account planning and budget preparation.

With the entry into force of the Turkish Commercial Code No. 6762 in 1957, the required books to be kept were journals, giant ledger, inventory book, and decision book (Article 66). In addition to the definitions of these books, the description of the balance sheet is made in articles 70, 71, 72, 73, and 74 of the same Law. The obligatory books have to be kept for ten years (article 68). In Article 75 of the Law (For the interested parties to obtain as accurate a view as possible of the economic and financial situation of the enterprise, inventories and balance sheets must be prepared in a comprehensive, clear, and understandable manner with the currency of the country by the commercial principles) an order and system are tried to be introduced to accounting.

The 6762 law era in which the case was brought to Turkey has a fair trade law. Information and documents created by accounting now by Law have been made comparable, clear, and understandable.

#### **2.2.4. The Period of 1960-1972**

Since 1960, the mixed economy model has been preferred and the transition to the planned period (Aktan, 1992: 132). In this period, the importance given to PEEs increased. In this direction, to make it more efficient and profitable, research was started, and their legal structures were changed (Özmen, 1987: 17).

By making severe changes in the structuring of sectors in the 1960s, reshaping the basic concepts of the 1930s, and protective policies were adopted in industrialization (Akalm, 2003:

97). In this period, import substitution policies were stretched, and the importance of heavy and capital intensive State Economic Enterprises increased. During this period, the government provided the required money mainly through external borrowing and started the transition to the planned development period.

When we look at the period after 1960, it is stated that the affected school is the American school. Indeed, after 1960 impact of the American system of accounting practices in Turkey with developments in economic and cultural relations with the US has already been observed. Moreover, at the end of the second world war, because America became a world power and financial support in 1948 within the framework of the Marshall Plan began during this period, Turkey has been included assistance (Uçma, 2012:168).

Moreover, when we look at 1960-1972, the effects of economic system change and tax reforms on accounting were discussed Güvemli (2018b:19). On the other hand, in the same period, the development of accounting was limited to adding new disciplines such as business finance, financial statement analysis, and management accounting to the accounting-finance science, except that the economic state enterprises tried uniform chart of accounts.

To solve the financial, administrative, and economic problems experienced by the economic state enterprises in the early 1960s, Law No. 154 on the Arbitration of the State Debts of the Treasury and the Economic State Enterprises was enacted. As a result of this Law, studies have been carried out to improve the national uniform accounting system (Uçma, 2012: 169).

In Article 127 of the 1961 Constitution, the supervision of the PEEs was left to the TGNA. However, Law No. 440 adopted in 1964 regulated the establishment, management, and maintenance of the PEEs. A commission has been established to implement and control these decisions. In the same year, the State Investment Bank was established to finance the State Economic Enterprises and guarantee their activities with Law No. 441 (Günege, 1983:31).

The report issued by the Revision Committee of the Economic State Enterprises, published in 1962, is one of these studies. It is stated that it is necessary to establish a reorganization committee. In 1962, the University of Istanbul Business Administration Institute, which was given the task of determining the application principles of the Uniform Accounting System in the PEEs, submitted the report Temel Basic Accounting Proposals and Recommendations to the PEEs to the Ministry.

The Tax Procedure Law No. 213, adopted in 1961, made significant changes in accounting. Tax Procedural Law No. 213 strengthened both the fiscal operation relationship and the accounting finance relationship. In addition, the Law emphasized the importance of accounting books in terms of tax and led to the development of accounting in line with tax accounting. However, the freedom to hold books in Article 175 of the Law delayed the transition to a uniform account plan. For this reason, the uniform chart of accounts could only be applied in academic studies and PEEs during this period (Güvemli, Güvemli and Aslan 2018:170).

In 1964, the second general arrangement was made with Law No. 440 on the Establishments and Subsidiaries of the Economic State Enterprises to examine the organizations' financial structures and determine the measures to be taken; and choose the

principles for the re-evaluation of assets and liabilities. Thus, though limited by the application of state-owned enterprise, the Commission has identified for the first time applied uniform accounting and valuation principles in Turkey again. The work carried out by the Commission has been the basis of the job done in a single order. (Güvemli, Güvemli and Aslan, 2018: 175-176).

In 1965, Mehmet Yazıcı published a work called Uniform Accounting Framework of Turkish Businesses within the framework of the necessity of a written reference source that accountants in the accounting profession could follow in the establishment of a national accounting account framework and an accounting plan related to accounting events and transactions associated with the creation of a national accounting account framework and related accounting plan (Aslan, 2015, pp.35-36).

Later, with the reform studies made for the State Economic Enterprises, in the framework of the provisions of Law No. 440 between 1964-1968, the economic affairs and accounting systems of historical state enterprises in the historical development of all enterprises to develop a uniform plan applicable to all enterprises engaged in accounting theory and practitioners "A State Commission on Reorganization "was established. The Commission prepared and published eight accounting handbooks in 1968 and proposed a Uniform General Accounting Plan (Koç and Yalkın, 1994:11-12; Avder and Erdoğan 2006:15). These books are as follows:

1. Improvement and Uniformization of Accounting Procedures,
2. Basic Concepts and Principles of Accounting, Generally Accepted Income (Profit and Loss) Principles, Generally Accepted Balance Sheet Principles- (First Book: Basic Concepts and Principles, Second Book: Generally Accepted Profit-Loss Principles, Third Book: Generally Accepted Balance Sheet Principles),
3. Uniform Chart of Accounts Plan and Explanations,
4. Report System,
5. Organization of Financial Affairs Accounting and Control Departments,
6. Terms and Definitions,
7. Adjustment of the Balance Sheets of the Enterprise via Revaluation,
8. Special Reports on the Revaluation of Balance Sheets:

First Book: Re-evaluation of Balance Sheets (Pierre Lauzel),

Second Book: Report on the Re-evaluation of Balance Sheets of Organizations (Yorgi Demirgil - Turgut Var) and

Third Book: Bookkeeping based on Balance Sheet Re-evaluation in Private Enterprises (Ahmet Kılıçbay).

After the expiry of the mandate of the Commission, which continued its activities between 1964 and 1968, the Reorganization Group established at the State Planning Organization took over the works. When the Commission for the Reorganization of Economic State Institutions completed its creation in 1968, it prepared a set of seven books, and some of

these books were published by the State Planning Organization (Güvemli, Güvemli and Aslan 2018: 175-176).

The Commission on the Reorganization of PEEs, established by Law No. 440, then imposed the obligation to implement the Uniform Accounting System for PEEs and this purpose between 1968-1970 (Arıkan Yahya, 1996:53); 7 reports have been published:

- Improvement and Uniformization of Accounting Procedures,
- Basic Concepts of Accounting and Generally Accepted Accounting Principles,
- Report System,
- Uniform General Account Plan and Explanations,
- Organization of Financial Affairs, Accounting and Control Offices,
- Terms and Explanations,
- Revision of the balance sheets of the enterprise.

In this way, an important step was taken for accounting harmonization in PEEs, and this arrangement has become an example for future regulations and private sector organizations.

Until 1972, which was completed in 1968 with the work of the Supreme Supervisory Board, until the Genel Uniform Chart of Accounts Plan de started to be implemented in PEEs, there was no unity in the accounting system (Public Economic Enterprises sSAI 1968: 8). The Uniform Accounting System, which was put into practice, had a scientific feature and an application that took into account the needs of the enterprises. The passed accounting system was compulsory for economic state enterprises, optional for the private sector, was put into practice as a guide (Koç and Yalkın, 1994: 11-12).

The first uniform account plan was implemented in 1969 at the Azot Sanayi AŞ, a Public Economic Enterprises (Koç, Yalkın, 1994: 17).

During the work of uniformization of the accounting plans of the PEEs (Uniform), 51 Economic State Establishments, which were active during 1964-1968, were grouped into nine main groups according to their business lines: 1- Manufacturing industry, 2- Mining, 3- Transportation, 4- Trade, 5 - Service, 6 - Construction, 7 - Agriculture, 8 - Insurance, 9 - Banking, and considering this list (except for the Bank and insurance), the leading accounting account plan has been prepared. It is stated that this business plan can be arranged according to the needs of every enterprise, provided that the basic structure of the project is not changed (Public Economic Enterprises AI 1968: 8).

In line with the studies carried out, the pilot implementation of the uniform accounting system was realized in 1969 at Azot Sanayi A.Ş., and this system was put into practice in 27 PEEs in 1972 (Uman, 1980:139-140). In 1970, an Inter-ministerial Uniform Accounting System Audit Commission was established to eliminate the problems in the uniform accounting system. This commission carried out a trial application in Türkiye Şeker Fabrikaları A.Ş. Between the years 1970-1971. Studies have continued to create a uniform cost and budget system in the third five-year development plan (Göktan, 1980:163-164). In addition, the Uniform Accounting Coordination Continuous Specialization Commission was established in

1972 at the State Planning Organization, and the uniform accounting system covering the cost accounting account framework was introduced in 1977 (Göktan, 1980:163-164).

Aslan (2015:126) states that the profit and loss account has been used in PEEs until 1971 since 1972, vertical income statement has been used, and before 1972, there is no evidence and document regarding the use of income statement.

DESİYAB (State Industrial and Worker Investment Bank) was established with the decree numbered 13 of the Law numbered 1877 published in 1975. TESTAŞ, TEMSAN, TAKSAN, and TÜMOSAN were established in cooperation with the Bank. In the 1982 Constitution, the state economic enterprises are "more than half of the capital directly or indirectly, to direct the state-owned public establishments and partnerships to be audited by the Grand National Assembly of Turkey principles regulated by law" are arranged. More than half of its resources and assets belong to the public, have economic and social primary duties, and the supervision is left to the legislature. In the First Five-Year Development Plan, 75 PEEs were listed in 1962 (SPO 1963: 84-85), and this number reached 271 in 1984 (Özmen 1987:19).

In 1980, with the January 24 decisions, the transition from the mixed economic model to the free market economy began. In this direction, efforts were made to privatize many Economic State Entities due to the decrease in the role of the State in the market and to increase the share of the private sector.

In the privatization of PEEs, the help of experts was taken to narrow its share in the economy (Özmen, 1987:21). In line with this contraction, subsidies given to the PEEs were reduced, the prices of products produced by PEEs were increased, and the number of personnel was reduced (Karluk, 1994:22). However, although it was decided to narrow the PEEs, the establishment of new PEEs has not been abandoned (Karluk, 1994,p. 23).

### **3. UNDERTAKEN ACCOUNT PLAN OF THE ECONOMIC STATE ORGANIZATIONS, 1970**

Economic state institutions have played an essential role in creating today's accounting system and in the utilization of Western European experiences. In addition, some of the personnel trained under the Public Economic Enterprises undertook a school task in developing and expanding the accounting system by contributing to the accounting systems of these companies by switching to private sector enterprises in the 1950s (Güvemli, 2007: 143).

State-owned development and industrialization through the efforts to contribute to the country's economy were used in economic state enterprises. By this mission, the responsibility for the development of the accounting and accounting-based financial controls system falls to the State Economic Enterprises. In this framework, an efficient accounting system should be established to effectively maintain the efficiency and financial controls of the institutions in the economy. At this stage, studies were carried out to regulate the accounting structures applied by Sümerbank and Citibank. Performed to hold the accounting structure of the state-owned enterprise, the uniform chart of accounts to their work and other applications has contributed significantly to the development of accounting in Turkey (Aslan, 2015: 67).

As stated earlier, Turkey, Industry, and Mines Bank's accounting system of four factories that are under the responsibility of Prof. Nihat Kiver has developed. The German Professor Sachsenberg was commissioned to establish the accounting system of Sümerbank, which was established in 1933. Schoenberg, types of cost due to the study, the cost of new concepts such as locations, and cost statements for the distribution began to be used in Turkey. In addition, the accounting system developed and applied for Sümerbank was later applied for all PEEs.

With the entry into force of Law No. 440 on Economic Enterprises and Associations in 1964, PEEs aim to ensure that they operate by the rules of the mixed economy to help them achieve capital accumulation and achieve this objective (Law no. 440 on the Public Economic Enterprises).

In the provisional article 1 of the Law, it has been decided to establish the Commission for the Reorganization of PEEs, "to examine the financial structure of the Establishments and to determine the measures to be taken; also to determine the principles for the re-evaluation of the assets and liabilities of the Entities" was counted among the duties of the Commission. Based on these two statements, they have pioneered the determination and implementation of the uniform chart of accounts and revaluation principles in the country, even though it is limited to the economic state enterprises of the Commission.

The first book published by the Commission was established to improve and uniformize accounting procedures (SPO, 1970). In this book, the historical development of the double-entry system and the evaluation of the accounting system applied for the first time were realized. In addition, general and unique principles of a uniform accounting system are examined in this book.

The basic concepts of accounting and generally accepted accounting principles in the second book, the basic concepts of accounting are listed as follows (SPO, 1970);

- The concept of social responsibility,
- The concept of personality,
- The concept of business continuity,
- The concept of money measure,
- The concept of periodicity,
- Cost basis concept,
- Objective document concept,
- Report system concept,
- Full disclosure concept,
- The concept of conservatism.

In addition, the principles of income and expense, the tenets of assets, the principles of foreign resources, and the principles of equity are detailed in this book.

After the financial statement principles and basic concepts were explained by the Commission, work on the uniform accounting plan was started in the PEEs (Public Economic

Enterprises, 1968). The main groups of the uniform account plan prepared by the Commission are shown in the table below.

Table 5: Uniform Chart of Accounts Prepared for Public Economic Enterprises

Current assets	100 - 199
Fixed assets	200 - 299
Short term debts	300 - 399
Long-term debt and equity	400 - 499
Revenue accounts	500 - 599
Expenses (cost)	600 - 699
Functional cost and expense calculations	700 - 799
Profit and loss, supply and distribution accounts	800 - 899

It is seen that income-expense accounts and cost accounts are considered in the structure for budgeting and differences. In this respect, it is one of the first attempts to show the profit and loss account in the income statement. The confusion on this issue has been substantially eliminated in the 1992 uniform chart of accounts. Thus, this account plan, prepared for the implementation of the State Economic Enterprises, plays a leading role in the history of Turkish accounting and the process of uniformization of accounting.

In the book prepared by the Commission and covering the reporting system, preparations were made regarding the financial statements (SPO, 1970). The preliminary financial information in the reporting system includes:

- The balance sheet and income statement.
- The profit distribution table.
- The fund flow table.
- The cash flow statement.

**Table 6: Uniform Balance Sheet Prepared for State Economic Enterprises**

ACTIVE	PASSIVE
<b>I. Current assets</b>	<b>I. Short term liabilities</b>
A. Cash - banks	A. Loans received
B. Share certificates and bonds	B. Long-term loan installments
C. Receivables	C. Payables
1. Notes receivable	1. Debt securities
2. Receivables from sales	2. Sellers
3. Receivables from personnel	3. Payables to personnel
4. Receivables from associates	4. Payables to associates
D. Advances given	D. Advances received
E. Stocks	E. Taxes, duties etc debts
1. First item stock	F. Expense Accruals
2. Semi-finished products	G. Income for the coming months
3. Products	Total short-term resources
4. Commercial goods	
5. Other	<b>II. Long-term liabilities</b>
Provision for impairment of inventory (-)	A. Loans received
Total assets	B. Payables
<b>II. Fixed beings</b>	C. Advances received
A. Long-term receivables	D. Income for the coming years
B. Share of capital in associates	E. Specific provisions
C. Business connection account	F. Affiliates connection account
D. Tangible Fixed Assets	U.v. A. sum of resources
Accumulated depreciation (-)	<b>III. Own resources</b>
E. Intangible assets	A. Capital
Accumulated depreciation (-)	B. Outstanding capital (-)
F. Assets subject to special depletion	C. Revaluation difference
Accumulated depreciation (-)	D. Reserves
D. Other fixed assets	E. Profits
Total assets	F. Losses (-)
<b>TOTAL ASSETS</b>	<b>TOTAL RESOURCES</b>
<b>TOTAL LIABILITY</b>	

Source: Report System, SPO publication no. 864 KD 97, 1970

It is the first balance sheet prepared for PEEs, which has been implemented in line with the uniform account plan. Although it was developed only for PEEs, the country plays an essential role in integrating the accounting system with the accounting system applied in western countries. However, due to the preparation of the Public Economic Enterprises in mind, it could not solve the account complexity experienced in the private sector. Therefore, this balance sheet structure prepared and applied for PEEs is very close to the uniform balance sheet structure used in 1992.

**Table 7: Uniform Income Statement Prepared for the Public Economic Enterprises**


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1. Gross sales proceeds
Sales of goods and services
Subsidies received
Tax refunds
2. Discounts from revenue (-)
Cash box discounts refunds
Other discounts
3. Net sales proceeds (1-2)
4. Cost of sales (-)
5. Gross sales profit (3-4)
6. Circuit expenses (-)
Research costs
Marketing expenses
General and administrative expenses
7. Operating profit (5-6)
8. Non-operating income and profits (+)
Interest income
Profit shares of associates
Accrued expenses from previous years
9. Non-operating expenses (-) Interest expenses
10. Profit or loss for the period (7 + 8-9)

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Source: Report System, SPO publication no. 864 KD 97, 1970

**Table 8: Table of Costs of Sales Prepared for State-Owned Enterprises**


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1. Production cost
Direct materials and materials
Direct labor
General manufacturing expenses
Most direct material
Most direct workmanship
Additional fees for fees
Benefits and services from outside
Insurance premiums and production-related taxes
Depreciation and depreciation
2. Semi-finished stock exchange (+ -)
Semi-finished products at the beginning of the period (+)
Semi-finished products of the period (-)
3. Cost of manufactured goods or services (1 + - 2)
4. Unallocated expenses (-)
Expenses for non-current assets
Special engineering costs
5. Finished goods stocks (+ -)
Products at the beginning of the period (+)
End of period products (-)
6. Cost of goods sold (3 + 4 + -5)

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Source: Report System, SPO publication 864 KD 97, 1970.

The vertical income statement and the cost of goods sold for the PEEs are the first such tables developed and proposed by the government in the history of Turkish accounting. Thus, PEEs pioneered the accounting system as the foremost practitioners of these statements. However, since the main application area of the studies is the PEEs, it has been adopted by the private sector, and as a result, it has not become widespread.

The formed Commission also explained the terms related to accounting regulations and published the book of terms and explanations to provide unity in terms of accounting practices (SPO, 1970). This book, which contains many words and document definitions, is one of the few references in the literature as an annotated dictionary.

As the control department responsible for the accounting and accounting records accountable for the accounting and accounting records, the accounting department is responsible for budgeting, planning, and financing the accounting system to bring the order of accounting to the PEEs by the Commission. Thus, they are divided into three (SPO, 1970). This structure is essential in terms of forming the basis of the business structure that is created today.

The reorganization commission made efforts to re-evaluate the financial statements of enterprises against inflation (Public Economic Enterprises, 1968). In the book prepared by the Commission and published by revising the balance sheets of the undertakings by means of revaluation, the valuation methods in the Tax Procedure Law are discussed using the European valuation system.

In light of these explanations, the accounting system prepared for implementing the State Economic Enterprises has played an essential role in developing and uniformity the Turkish accounting system. Moreover, it has played a crucial role in the implementation phase, the training of accountants in the market, and the application and testing of the developed accounting system (Güvemli, Güvemli, and Aslan 2018: 180).

#### **4. CONCLUSION**

This study tried to summarize the conditions under which the State Economic Enterprises are formed and why the account plan is needed.

PEEs were born with the idea that the State should play an active role in economic and commercial activities to perform some public activities. 1923 Izmir Economic Congress in the business taken over from the Ottoman period adopted to continue the state-run mixed economic model in 1925. "Turkey Industry and Mines Bank" was established. He transferred to factories to be in the 51% stake in itself, transferring to Turkish joint-stock Company will establish business authority it is given.

The expected positive results could not be obtained from the mixed economic model applied due to the insufficient private capital in the first years of the Republic, the harmful effects of the 1929 financial crisis, and the results of the Lausanne Treaty. Thus, the necessity of realizing industrialization arose with the economic enterprises that the State planned to establish itself.

Between 1933 and 1939, within the framework of the First Five-Year Development Plan, an increasing number of industrialization movements, and increasing the number of fields of activity, İDT started to implement accounting practices in a wide area with the influence of German operating engineers. In 1933, Sümerbank and 1935 were established in Citibank. At the time, unity could not be achieved in terms of the accounting plans since each of the IRCs used different accounting plans that matched them. Based on Sümerbank's 1937 German Compulsory Account Framework. Dr. The account plan prepared by Sachsenberg was adopted and implemented by most public and private sector enterprises. As can be seen, Citibank and Sümerbank State Economic Enterprises have made significant contributions to the development of the accounting account plan.

The liberal economic policies that began in the 1950s and the mixed economy in 1923 gradually developed towards the liberal economy and tended to prepare the end of financial state enterprises and signals that capitalism would be effective.

In 1957, the German Professor Hirsch was presided over in the preparation of the Turkish Commercial Code no. 6762, and the rules for the accounting principles and books to be kept were introduced.

After the 1960s, in line with accounting practices in Turkey, it has begun effects of the Marshall Plan, and the American system was established State Economic Enterprises Revision Committee in 1962. When the Commission for the Reorganization of State Economic Enterprises completed its work in 1968, it prepared a set of seven books.

In 1969, the pilot implementation of the uniform accounting system was initiated in Azot Sanayi A.Ş., and in 1972, it was implemented in 27 PEEs. Furthermore, in 1972, the Uniform Accounting Coordination Continuous Specialization Commission was established at the State Planning Organization, and in 1977 the uniform accounting system covering the cost accounting account framework was introduced.

The accounting system prepared for implementing the PEEs has played an essential role in the Turkish accounting system's development and uniformity, the training of accountants in the market, and the application and testing of the developed accounting system.

The liquidation process of economic state enterprises has an essential role in developing and uniformity the Turkish accounting system XXI. a century and completed privatizations begin with, though the impact on Turkey's economy and systematic accounting will always be found in the literature.

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