

ACCOUNTING STANDARDS OF SMALL AND MEDIUM-SIZED ENTERPRISES AND THE FUTURE OF ACCOUNTING PROFESSION

KOBİ MUHASEBE STANDARTLARI VE MUHASEBE MESLEĞİNİN GELECEĞİ

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ÖZ

Sınırların kalktığı ekonomik ve ticari hayatta tüm finansal tabloların ve dolayısıyla yatırımcıların aynı dili konuşması için yapılan çalışmalar hızla devam etmektedir. Muhasebe adına yapılan ve uygulamaya geçmeye hazırlanan Uluslararası Muhasebe Standartlarıdır. Bu muhasebe standartlarıyla tüm ülkelerin muhasebe sistemleri ortak bir paydada birleşecek ve karşılaştırılmaları mümkün hale getirilerek yatırımlara sağlıklı bir şekilde yön verecektir. Ülkemiz ve dünya ekonomisi için ciddi bir potansiyel olan KOBİ' lere özel Muhasebe Standartları oluşturma girişimleri de hızla devam etmektedir. Bu alanda yapılan çalışmalar ülkemizde de devam etmektedir. Amaç tüm ülkelerin finansal tablolarının anlamlı hale getirilip kullanıcılarına sunulmasında ortak bir standardın oluşturulmasıdır.

Anahtar Kelimeler: KOBİ' ler, KOBİ Muhasebe Standartları, Muhasebe mesleği.

ABSTRACT

Works are being done in the order to have the financial tables and even investors speak the same language in the economic and commercial life whose borders were removed. International Accounting Standards is a study, which is related to accountancy has been prepared to put into practice. Accounting Standards of all the countries will be united in an agreed denominator with these accounting standards and they will lead the investments in a healthy way by comparing each other. Attempts in forming a special Accounting Standards for Small and Medium Industrial Enterprises (SMEs), which are serious potential for the economy of our country and for the world, are going on, works on this field also continue in our country. The aim of this is to form an agreed standard in order to make the financial tables of the countries in an understandable shape and to present them to the users.

Key Words: SMEs, SMEs Accounting Standards, Accounting Profession

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I- INTRODUCTION

Accounting data has an important for investor, creditors, enterprise, economies, individual, etc. Accountancy is important to generate information these users. To generate this information ruggedly, enterprises must give true financial data. Turkey is a developing country and Turkey has foreign ingress-egress in its stock exchange. At the same time It invests abroad. To assess the financial data the same criteria with the others, accounting system must be comparable. Because of this accounting system has drifted a common accounting standards formation process. And Turkey has taken place in this exchange.

As is the world, in Turkey SMEs and their financial information have an important place in the economy too. Because of this, after International Financial Reporting Standards(IFRS), IFRS for SMEs has become important. And this IFRS has been generated since September 2003 by International Accounting Standards Board(IASB). IFRS for SMEs was published on 9 July 2009 by IASB. Turkish Accounting Standards Board(TMSK) has gone on to translate the English Draft to Turkish. And with Turkish Commercial Code Turkey is preparing to apply this Standard in Turkey.

This study focuses on the changes on accounting profession and importance of IFRS for SMEs with IFRS. In this context, in the second section deals with accountancy's future; third section deals with the place of SMEs in economies; fourth section deals with preparatory studies IFRS for SMEs and the last section deals with sample event. This study aims to help after IFRS for SMEs preparation studies.

II- ACCOUNTING PROFESSION AND ITS FUTURE

In our country, accounting profession was divided into three groups by the law no: 3568. The aim of this law is to organize the principles related with selecting the bodies, activities and audits of the organization, founding the "self employed accountancy", "self employed accounting and public accounting" and "sworn-in certified public accounting" professions and services and the chambers of certified public accountants and sworn in

Certified Public Accountants and the units at the chambers of Certified Public Accountants and sworn in Certified Public Accountants in order to make the activities and services in the businesses run in safe and healthy way and present the real condition in use of the related people and formal authorities in a neutral way by evaluating and auditing the results according to the related laws. The people, who get rights to do the profession according to the law, are called as Certified General Accountants, Certified Public Accountants and Sworn –in Certified Public Accountants. Besides, the highest organization of accounting profession is the Union of Chambers of Certified Public Accountants of Turkey (UCCPAT).

The importance of accounting profession is great for enterprises. In this country, the heart of economy and certainly the hearts of the businesses beat by means of accountancy. Because the owners of savings determine their roads in the lights of financial data explained to the public. That is, the investors or fund sellers and buyers decide their directions by observing the conditions of the sectors and businesses in the market.

As a result the saving owners have been doing their investments in the lights of the data explained to the public in this world where the savings have globalized and don't consider any borders. For this reason, this information given to the public must be presented to the users with an understandable, reliable and common language. That is, the investor should be able to reach to all financial information that he wished so that he can explain these obtained information and perform his plans.

Accounting profession has gained importance both in our country and in the world and the studies continue rapidly. All the member organizations of International Federation of Accountants-IFAC have been considered as the IASC members since 1983. The Association of Accounting Experts of Turkey and Union of Chambers of Certified Public Accountants of Turkey became the members (TURMOB) of IASC (Üstündağ,S,2003:4/8). The studies on this subject have speeded up with the increase in international investments and procedures by means of globalizing economy.

III- THE PLACE OF SMEs IN AN ECONOMY OF THE COUNTRY

SMEs definition has been defined different from country to country and even different in several sectors in a country. So, making a clear definition of SMEs is highly difficult. However if we want to define the SMEs in the most general meaning, the SMEs can be defined as a company whose employment number is less than 250 people according to the Treasury Undersecretaryship and its share proportion in administration capital is not much more than %25.

According to Draft IFRS for SMEs, SMEs don't have public accountability and SMEs publish general purpose financial statements for external users(Exposure Draft IFRS for SMEs,2007:14). These users are; enterprise owner who is not in enterprise management, capital lenders and information users like credit rating institutes(Akdoğan,2010:2). There are about 350 million different sized businesses and %90 (ninety percent) of these can be defined as SMEs and these SMEs have been supplying employment opportunities. The SMEs in EU are in the leading position of technological development.

In Turkey; The SMEs, consist of %98 of the businesses, have been supplying the %65 of the employment, %85 of the exportation and %35 of the supplementary value (value added tax).

SMEs have received share of %5 in banking credit volume. Because of this low share is that SMEs haven't have supplied enough financial information to creditors(Sayar and Okur,2007).

The accountancy is a vital element for the businesses to realize the investments after saving the data of the financial operations and sending the results to the users. The works related to bring the International Accounting (IAS) Standards into the accounting profession has continued rapidly day by day in recent years. One of the works that our country, which is in the membership process of European Union, has been doing for accounting profession is to adapt the International Accounting Standards to our accounting system and to put it into practice urgently.

One of the most important reasons of being the interest point of the small and Medium-Sized Enterprises in the world economies is that these enterprises have potential to give employment and labour. Big enterprises, which formed the essence of the economic development and developed until 1970s; as they reduced their employment capacities in the economic stagnation and regression in western European Countries and in the USA with the crisis in 1973, unemployed increased highly. Here the small and medium-sized enterprises gained importance in this period. So such enterprises handled the crisis successfully by adapting themselves to the economic conditions easily because of their flexible structures. As they haven't reduced the employment capacity, they also expanded the employment capacity by completing the market units that were left unemployed by the big enterprises. As a result of understanding the small and medium-sized enterprises are the great sources for employment, several support and encouraging policies have been put into practice to keep the existing ones and to encourage the new ones to be established in especially developed countries. Because several statistical researches showed the greatness and importance of the functions of the small and medium-sized enterprises in employment and in creating new works clearly(Sariarslan, 1994:33).

IV- PREPARATORY STUDIES ACCOUNTING STANDARDS FOR SMEs

When the world economy develops and widens, the domination of SMEs will increase. Because removing the commercial borders and removing the commercial restrictions in the world will make the SMEs reach the global markets simpler. SMEs require rehabilitations because the economy is quite dependent on SMEs, because the works done about SMEs will play roles in the future of the economy. SMEs have an important place in the economy of the country and in the social structure and their financial tables are important, too.

International Accounting Standards Committee (IASC) has been continuing its studies in order to define and validate the financial tables that SMEs prepared in the international style.

The aim of the studies also continuing in Turkey is to provide the international accounting unity, to increase the trust on the financial data, to give opportunity to be able to compare the financial data among the countries.

The professional organization and other important group representatives related with the profession made a round-table meeting in November 2005 and they explained that SMEs Accounting Standards are necessary and they concluded that the Turkish Accounting Standards Board (TASB) must be the only authority on this subject. TASB formed a new commission about SMEs accounting standards, UFRS' s works are followed closely and SMEs accounting standards, that the UFRS board would form, will be brought to our country soon. Forming and applying SMEs accounting standards is a serious process and the role of the employees of accounting profession group within this process is very important.

IFRS for SMEs was published on 9 July 2009 by IASB. For SMEs IFRS is summarized as per section. While IASB is preparing the Standard for SMEs, it takes into account developed and developing countries's conditions. According to Turkish Commercial Code draft, it is hoped that SMEs in Turkey will use this standard and Turkish Accounting Standards Board has gone on to translate the Standard that is 230 pages and 35 chapter from English to Turkish.

Fundamental characteristics of Standard for SMEs goes as follows(Özkan,2010:1-2):

- Unconcerned topics with SMEs aren' t included in the standard.
- Accounting policies that are easy to use have been offered in the standard.
- So principles have been simplified about assets, liability, income and expenditure's recognition and being evaluated.
- The standard require less comment and easier understandable than full set IFRS.

A serious preparation must be done to use it in cooperation both in our country and in the world in order to adapt very well. Because the differences of the countries, accounting systems, principles or standards, company structures, country economies and so the differences of SMEs structures and definitions may be the obstructing elements to speak about the accountancy in the same agreed language all over the world. In addition, the activity field of SMEs which is the common problem for the whole world and for our country must be expanded.

Using the standard by all the world SMEs makes accounting profession an international profession(Özkan,2010:47). Besides accounting standards which would be arranged for SMEs are very important in the accounting profession because preparing the financial tables of SMEs accounting standards according to

the reliable and accepted international accounting standards will result the investments become strong and stable.

There are three dimensions to use the standard for SMEs in Turkey. These are; Turkish Commercial Code Draft, integration to EU and perspective of TMSK. These dimensions must be stabilized(Çelik,2010:54).

V- SAMPLE EVENT INVESTIGATION

TURMOB (UCCPAT) arranged a symposium called as “Training of the Trainers” between 8 and 11 January 2007. The participants of this symposium were considered as the people who are there representative group of people performing the accounting profession. So several questions related to the developments of accounting standards in SMEs were asked to the participants of SMMM (Certified Public Accountants), SM (Independent Accountants), YMM (Sworn-In Certified Public Accountants), auditors and academicians for the development of accounting profession. The following findings were gained by us from the 150 people among them at the end of the evaluation.

Table 1: Evaluating the knowledge level of Turkish accounting standards in the titles that were performing the accounting profession.

	Choice	Professional Title					Total
		SMM	SMMM	YMM	Auditors	Others	
Have you any sufficient knowledge about the Accounting Standards of Turkey?	YES	2	45	7	1	7	62 (41,6%)
		3,2%	72,6%	11,3%	1,6%	11,3%	100,0%
	NO	2	9	0	0	3	14 (9,4)
		14,3%	64,3%	0,0%	0,0%	21,4%	100,0%
	Partially	4	51	6	1	11	73 (49)
		5,5%	69,9%	8,2%	1,4%	15,1%	100,0%
Total		8	105	13	2	21	149
		5,4%	70,5%	8,7%	1,3%	14,1%	100,0%

There are Certified Public Accountants, Independent Accountants and Sworn-in Public Accountants among them, % 41.6 of them have the sufficient knowledge about the Turkish Accounting Standards, % 49 of them partly have knowledge. Left %9.4 part of them hasn't got enough knowledge about Turkish Accounting standards. The most well-informed group among these profession groups about Turkish Accounting Standards is the Sworn-in Certified Public Accountants (YMM).

Table 2: Grouping the participants who are among performing the accounting profession and believe in SMEs Accounting Standards is necessary.

	Choice	Professional Title					Total
		SMM	SMMM	YMM	Auditors	Others	
Is it a different Accounting Standards necessary for SMEs?	YES	5	77	7	2	15	106(70%)
		4,7%	72,6%	6,6%	1,9%	14,2%	100,0%
	NO	3	29	6	0	6	44(30%)
		6,8%	65,9%	13,6%	0,0%	13,6%	100,0%
Total		8	106	13	2	21	150
		5,3%	70,7%	8,7%	1,3%	14,0%	100,0%

The necessity of accounting standards for SMEs are considered necessary and about %70 of the participants supported that it is necessary and % 30 of them didn't agree with this idea. While all of the auditors participating in the investigation accepted that it was necessary, Sworn-in Certified Public Accountants didn't accept that idea. A great majority of the Independent Accountants and Certified Public Accountants supported that the Accounting Standards of SMEs are necessary. Disagreement reasons of the participants who didn't agree in forming the Accounting Standards for SMEs are as in the following graph.

Table 3: The reasons of the participants who didn't agree in forming different Accounting Standards for SMEs are as follows:

	Choice	In your opinion, what is the reason of the necessity for the Accounting Standards of SMEs?					Total
		Current standards are sufficient	Accounting Standards must be applied for SMEs	Because of economic condition	Difficulties may occur in application	Others	
Is it a different Accounting Standards necessary for SMEs?	NO	29	1	5	5	3	43
		67,4%	2,3%	11,6%	11,6%	7,0%	100,0 %

As it can be understood from the table, certainly there is a group against forming a different Accounting Standards for SMEs. %30 of the participants doesn't see any appropriate reasons in forming different accounting standards. As it can be

understood from the graph, the choice that the participants agree on is that the existing accounting system is sufficient. Besides, some people, who don't agree on, think that new accounting standards would cause difficulties in practice.

Table 4: The advantages are as follows according to the participants who agree in forming different accounting standards for SMEs.

		What is the most important advantage that the SMEs Accounting Standards contribute in?						Total
		It raises the market value of the businesses	It helps the management make a strategic decision	It reduces the operation cost	It increases the data flow speed	It gives us a chance to compare it with international companies	Others	
Is it a different Accounting Standards necessary for SMEs?	Choice							
	YES	12	38	13	12	22	4	101
		11,9%	37,6%	12,9%	11,9%	21,8%	4,0%	100,0%

The most important advantage is the thought that it would contribute to the management while giving a decision according to the participants who agree in forming a different accounting standards for SMEs. The following advantage is that it would give us the chance of comparing it with the international companies. The third important advantage is that administration costs would reduce and the fourth advantage is that the market price of the business would increase and data flow would speed up.

Table 5: The participants' comments on would be done activities that the work-groups must do were showed on the following graph.

		Put the activities, that this work group must do, in priority order					Total
		Choose a pilot region for applying the SMEs standards	Organizing seminars	Preparing brochures	Organizing training courses	Others	
Is a work group or preparation group necessary to make the SMEs Accounting Standards to be applied easy?	Choice						
	YES	37	14	8	35	3	97
		38,1%	14,4%	8,2%	36,1%	3,1%	100,0%
Total		37	14	8	35	3	97
		38,1%	14,4%	8,2%	36,1%	3,1%	100,0%

A great part of the participants joined in this investigation agreed on the necessity of forming a work-group in the application of the accounting standards of SMEs. Before beginning the application ,first a pilot region will be selected and it will be tried first here according to the participants. Besides, it is thought that training courses and seminars will be organized and according to the some participants some advertising brochures must be prepared.

Table 6: The groups who will be affected most by the Accounting standards of SMEs are as follows.

	Choice	Which one will be affected more? Below persons or institutions if the Accounting Standards of SMEs are applied?							Total
		Top Management	Partners	Creditors	Tax Offices	Financial Annalists	Different Chambers and Units	Employees	
Professional Title	SMM	2	0	0	0	1	1	1	5
		40,0%	0,0%	0,0%	0,0%	20,0%	20,0%	20,0%	100,0%
	SMMM	17	12	15	7	15	6	3	75
		22,7%	16,0%	20,0%	9,3%	20,0%	8,0%	4,0%	100,0%
	YMM	2	1	2	0	2	0	0	7
		28,6%	14,3%	28,6%	0,0%	28,6%	0,0%	0,0%	100,0%
	Auditors	1	1	0	0	0	0	0	2
		50,0%	50,0%	0,0%	0,0%	0,0%	0,0%	0,0%	100,0%
Others	6	1	1	2	3	0	1	14	
		42,9%	7,1%	7,1%	14,3%	21,4%	0,0%	7,1%	100,0%
Total		28	15	18	9	21	7	5	103
		27,2%	14,6%	17,5%	8,7%	20,4%	6,8%	4,9%	100,0%

Dependent Accountants, Certified Public Accountants, Sworn-in Public Accountants, Auditors and Academicians think that Top Management certainly will be affected mostly by this new application. The effects on the financial annalists, who do the financial analysis and make the financial tables become meaningful, is very high as not to be neglected. Besides, the creditors who support sources for funds will also be affected. Besides the Partners, tax offices, the Chambers and the Units are among the Institutions that will be affected.

CONCLUSIONS

In the next years, accounting profession will focus on the topic of standards and because of the ease of the application, preparation will speed up. When looking over the share in the economy of the country, accounting profession members, Independent Accountants, certified Public Accountants, Sworn-in Certified Public Accountants and TURMOB and TMSK (Turkish Accounting Standards Board) must prepare themselves for the accounting standards prepared for SMEs.

In international arena, the enterprises must do some activities related to develop the preparation works, to follow the developments in the processes of European Union for Turkey's membership and competition power. To be in the closest place of the developments and to put these into force are very important in order to make the economy of the country stand up and make it reach to stabilization. After the investigation, forming an accounting standards for SMEs in Turkey will help to develop the accounting profession and to reach the international integration and then this profession will become a dynamic structure. So it is inevitable.

Of course putting in practice the standard will have some potential problems about integration because of majority of SMEs in economies. Once Turkish Commercial Code becomes law it is going to inhere to put in practice the standard.

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