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INTERNATIONAL FINANCIAL REPORTING STANDARDS AND DEVELOPMENT OF FINANCIAL REPORTING STANDARDS IN TURKEY

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Abstract

European Union has decided that IFRS will be effective from the beginning of 2005. IMF, World Bank, IOSCO and the other similar organizations have also determined their policies according to IFRS. Similarly in Turkey, banks and firms which have registered to İstanbul Stock Exchange have prepared their financial statements due to IFRS since January 1, 2005. Moreover, Turkish Accounting Standards Board which has the authority and power for the determination and application of Turkish Accounting Standards has accepted harmonization (uniformity) with IFRS in order to get international acceptance.

TASB is the unique organization which has been authorized for the development and application of the accounting standards in Turkey. Therefore, acceptance and application of these standards by other regulatory organizations will be inevitable for the coming periods.

Key words: International Financial Reporting Standards, Turkish Financial Reporting Standards

1. INTRODUCTION

In the world, by the studies in the field of accounting, it has been tried to present fair and significant information in the accounting applications and reports for long years. Especially the national accounting standards, which have been developed by the national accounting standards boards or committees of developed countries, has served to this purpose. Under the leadership of these countries and also by the participation of the representatives of some developing countries, International Accounting Standards Committee (IASC) has been established in 1973. Then International Accounting Standards (IAS) have been developed and issued. In addition, IAS has been accepted by many countries as a base for the national accounting standards that will be developed. In recent years, the concept of "International Accounting Standards" has been changing into "International Financial Reporting Standards" (IFRS) by the continuing studies related with the standards.

From 1990s, it has been tried to develop accounting principles and policies which are in accordance with world standards and applicable for all entities in Turkey. While considering the European Union (EU) integration process and globalization, being harmonious with IAS/IFRS and application of these standards have become inevitable for Turkey. Thus, various boards have been established

in Turkey and have performed lots of studies in order to develop national accounting standards which are in compliance with IAS/IFRS. First of these boards was Turkish Accounting and Auditing Standards Board (TMUDESK). It was established in 1994 and had continued its activities until Turkish Accounting Standards Board (TASB) was established. Following TMUDESK, some official organizations have prepared legal arrangements related with their activity fields. These arrangements are; Communiques for Accounting Application Regulations issued by Banking Regulation and Supervision Agency (BDDK), Communique Serial: XI, No:25 "Communique For Accounting Standards in Capital Market" issued by Capital Market Board (CMB) and Turkish Accounting Standards (TAS=IAS, TFRS=IFRS), which are harmonized with IFRS, issued by TASB. When TAS are put into application, unlike the limited arrangements of CMB and BDDK, it will cover all entities in Turkey.

The last establishment for accounting standards in Turkey is Turkish Accounting Standards Board (TASB). TASB has established through the Capital Market Law in 1999. It is authorized to develop the accounting standards of Turkey. TMUDESK has completed its activities by the establishment of TASB and TASB has become the unique authority. TASB has translated IAS/IFRS and issued TAS/TFRS which are harmonized with them.

The purpose of this article is to

examine the developments on the preparation of financial reporting standards in Turkey and the present situation of the TFRS.

2. DEVELOPMENT OF INTERNATIONAL ACCOUNTING STANDARDS

Recently the trend in the world is putting boundaries away and increasing the international capital movements. This trend has caused the development and application of international systems. One of the most impressive progresses relating to this subject took place in accounting standards.

For the formation of international capital movements, firms should prepare financial statements which are valid all over the world or at least in the stock exchanges where they would like to sell their securities. In order to realize that firms must prepare their financial statements based on generally accepted accounting standards all over the world. The question should be asked in this point is, "are there any international accounting standards that are applied and accepted by all the countries?". Eventhough it is extremely difficult to unify the application of accounting in one country; how can it be possible for the millions of firms all over the world, to prepare their financial statements according to the same standards or how can be these standards applicable for all kinds of firms all over the world. As a matter

of fact, countries of North American Free Trade Agreement (NAFTA) and member countries of EU have accepted different accounting standards. NAFTA countries have accepted United States Generally Accepted Accounting Principles (USGAAP). These principles has been developed by Financial Accounting Standards Board (FASB) which is a committee dependent on Security Exchange Commission (SEC). USGAAP is rule based and this is its most significant feature. Therefore, it has prepared too detailed.

On the other hand, EU has firstly accepted IAS which has been prepared by an independent organization named International Accounting Standards Committee (IASC). This committee has published 41 standards and some of them were abrogated by the others. IASC was reorganized in April 2001 and after this reorganization the name of IASC has been changed as International Accounting Standards Board (IASB). The standards that are issued by IASB has started to be called as International Financial Reporting Standards (IFRS). It has been decided that the old standards will be called as IAS until the new standards abrogate them. Following these developments 31 IAS and 6 IFRS has been issued and has become effected (www.iasb.org, September 29, 2006). Through the support of International Organization of Securities Commissions (IOSCO) and EU integration process, IASB has become the leader organization for

the harmonization of accounting standards (www.iosco.org/about, September 29, 2006) .

As parallel to the international progresses on IFRS, FASB and IASB have signed the Norwalk Agreement in 2002. According to this agreement, it has been decided that the differences between GAAP and IFRS will be eliminated by taking into consideration the IFRS principles as a base and also the new standards will be accepted and applied both locally and internationally (KAYA, 2004, p.13-14).

From the beginning of 2005, it has been compulsory to apply IFRS for all of the entities whose headquarters are in the borders of EU and which are registered in a stock exchange. Today lots of countries which are not members of EU have also accepted these standards all over the world. Turkey is one of these countries and Expert Accountants' Association of Turkey (TMUD) and Union of Chambers of Certified Public Accountants of Turkey (TÜRMOB) which are the 2 important organizations on accounting profession, are the members of IASB.

3. ACCOUNTING STANDARDS APPLICATIONS IN TURKEY

European Union, as it has mentioned before, has decided that IFRS will be effective from the beginning of 2005. IMF, World Bank, IOSCO and the other similar

organizations have also determined their policies according to IFRS. Similarly in Turkey, banks and firms which have registered to İstanbul Stock Exchange have prepared their financial statements due to IFRS since January 1, 2005. Moreover, Turkish Accounting Standards Board which has the authority and power for the determination and application of Turkish Accounting Standards has accepted harmonization (uniformity) with IFRS in order to get international acceptance. Therefore, Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) are formed by translating IFRS set into Turkish and a copyright fee was paid to IASB.

New Turkish Commercial Legislation will be in force from the beginning of 2007. Due to this Legislation; every company, whether public or not, must apply TFRS (translation of IFRS). This shows that, same as developed countries, information based accounting has started to be preferred instead of tax-based accounting in Turkey.

Besides, TASB has started to prepare a simplified set of accounting standards for small and medium enterprises (SMEs), that are parallel to the IASB's draft. The purpose of TFRS for SMEs is to provide information about the financial position, performance and cash flows of an entity that is useful to the users in making economic decisions (www.iasb.org/ Current+ Projects, October 20, 2006).

3.1. IMPORTANT ARRANGEMENTS IN THE DEVELOPMENT PROCESS OF ACCOUNTING STANDARDS IN TURKEY

The development of TFRS, which has been issued and put into application by TASB, is the result of a long-term harmonization process. Although the development of TFRS has been started by the translation of IFRS, these standards are based on several legal arrangements and developments. The most important ones of these arrangements are publication of The Law No: 3568 "The Law of Independent Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy" and the application of "Uniform Accounting System".

3.1.1. The Law of Profession (Law No: 3568) in Turkey

Accounting profession in Turkey has received its legal public recognition with the Law No: 3568 "The Law of Independent Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy" released on 13.06.1989 in Official Gazette. The objectives of this Law are explained in the 1st article of the Law No: 3568 as follows:

"..... to ensure the healthy and reliable functioning of operations and transactions in enterprises to audit and evaluate the results of the operations within the framework of the relevant legislation, to present the actual facts to the use of the

concerned persons and authorities, to regulate the fundamentals concerning the establishment, organization, operations, activities and the elections of the principle organs of CERTIFIED GENERAL ACCOUNTANCY", CERTIFIED PUBLIC ACCOUNTANCY AND SWORN-IN CERTIFIED PUBLIC ACCOUNTANCY and the Chambers of Certified Public Accountants and Sworn-In Certified Public Accountants."

Professional chambers and Union of Chambers of Certified Public Accountants of Turkey (TÜRMOB) which were established with the legal recognition of accounting profession in Turkey undertook national and international representation of the profession, lead many national researches and made contributions to international professional researches. Thus, professions in Turkey obtained important rights. Furthermore, accounting profession became reputable and the interest to the profession increased.

Chamber of Certified Public Accountants of İstanbul organised a round table meeting about application of International Standards in SMEs with participation of a group composed of academicians, professionals and representatives of TASB, CMB and Banking Regulation and Supervision Agency (BDDK). Ideas explained in the report of this meeting are as follows (ISMMMO, 2005,p.10-11):

- Definition of SMEs is required. Financial reporting standards for

SMEs should be prepared by Turkish Accounting Standards Board (TMSK) as a separate set.

- The objective of preparation of financial reporting standards for SMEs should be making fair and reliable financial reporting to financial information users. Financial reporting standards for SMEs should target to all SMEs.
- Criteria for companies that will apply these standards should be determined.

Union of Chambers of Certified Public Accountants of Turkey (TÜRMOB) has attempted some international cooperation projects. On 9-10 October 2004, in The General Assembly meeting of TÜRMOB, a contract was signed between TÜRMOB and ACCA (The Association of Chartered Certified Accountants). This contract enables professionals to enter the ACCA exams and to be exempted from certain courses (ARIKAN, 2005, p.374).

3.1.2. Application of Uniform Accounting System

By the obligation of the application of Uniform Accounting System on January 1, 1994, a new era in accounting applications of Turkey has begun. 14 communiques has been released and adapted to actual developments. The purpose of these regulations is to provide fair

accounting for operations and results of companies that keep accounting records on the balance sheet basis; to secure a fair reflection of the information presented to financial information users through financial statements, by maintaining the consistency and comparability of that information and to facilitate the audit of these companies.

Application of uniform accounting system is a big step in the standardization of accounting practices. Because, uniform accounting system was prepared as compatible with the 4th directive¹ which regulates accounting applications in the member countries of European Union. Within the standardization process in European Union, 4th, 7th and 8th directives are references (YALKIN, AKDOĞAN, 1994, p.5). In accordance with 4th directive, legal regulations are made in uniform accounting system. These are:

- a) Basic concepts of accounting
- b) Explanations on accounting policies
- c) Principles of financial statements
- d) Preparation and presentation of financial statements
- e) The framework of uniform chart of accounts, the chart of accounts and explanations

¹ This directive dated 25 July 1978 includes principles of preparation of financial statements of corporations.

3.2. TURKISH ACCOUNTING AND AUDIT STANDARDS BOARD (TMUDESK)

TMUDESK was founded according to a directive accepted by the board of directors of TÜRMOB on February 9, 1994. TMUDESK had continued its operations in order to determine the preparation principles of financial statements of companies and other enterprises in Turkey; to develop auditing standards for independent audit of financial statements until establishment of TASB. TMUDESK also made some studies to develop TAS during this period. In order to achieve these goals and conduct these studies, 30 commissions were established (YALKIN, 2002, p.4).

It is not possible to consider purposes of TMUDESK on accounting standards separate from those of IASC. In accordance with those of IASC, purposes of TMUDESK for developing accounting standards can be summarized as follows (YALKIN, 2001, p.3):

1. To develop and to issue accounting standards that will provide a basis to preparation and presentation of financial statements. To provide acceptance and application of these standards in the country.
2. To provide harmonization of Turkish Accounting Standards with International Accounting Standards.
3. To consider the requirements of Turkish economy.

4. To conduct studies relating to harmonization of regulations on preparation and presentation of financial statements and accounting standards and methods.

5. To take the advantage of generally accepted accounting concepts and terms while developing accounting standards.

TMUDESK conducted its studies concerning these purposes and accepted 11 standards' drafts as "Turkish Accounting Standards" on April 14, 1996 and issued them on January 1, 1997. These 11 standards were the first standards that were issued by TMUDESK. As shown in Appendix-1, Board had issued 19 standards during its operation period. However, standards which were accepted by TMUDESK had not been applied by entities; because TMUDESK did not have any sanction power in order to force entities to apply these standards.

3.3. TURKISH ACCOUNTING STANDARDS BOARD (TASB)

Turkish Accounting Standards Board (TASB) has been authorized to develop accounting standards in Turkey by an additional article of Capital Markets Law. According to this article, TASB has been charged to determine and issue national accounting standards which will provide development and adoption of accounting principles. The purpose of TASB, with its standards, is to ensure fairness, reliability,

comparability and comprehensibility of financial statements. Board is composed of members from Ministry of Finance, Ministry of Industry and Trade, Turkish Treasury, The Council of Higher Education, Capital Markets Board, Banking Regulation and Supervision Agency, Union of Chambers and Commodity Exchanges (one member from each of them); one sworn-in certified public accountant and one certified public accountant from TÜRMOB (www.tmsk.org.tr, October 5, 2006).

With its first meeting on March 7, 2002, TASB took over the tasks of TMUDESK and began its operations as a single establishment for developing accounting standards. Board, accepted harmonization in order to make TAS/TFRS valid in international arena. Thus, Board has signed an agreement with International Accounting Standards Committee Foundation (IASCF) and had the right to translate international accounting standards in Turkish.

TASB has founded commissions consist of academicians, independent auditors and other specialists who have researches on international accounting standards and conducted translation studies. In these studies, Board gave priority to accounting terms accepted by IASB and translated standards by using these terms. Translations are presented to related companies, institutions and public and had their final form after adjustments.

As a result of these studies, TASB released 31 Turkish Accounting Standards and 6 Turkish Financial Reporting Standards in accordance with IAS/IFRS and the framework of the standards (**Appendix-2**). Standards issued by TASB has been in effect since the beginning of 2006. It is possible to group TAS and TFRS as follows (GREUNING, 2006, p.5-6):

STANDARDS RELATED TO PRESENTATION OF FINANCIAL STATEMENTS

- Framework
- TFRS 1: First-Time Adoption of TFRS
- TAS 1: Presentation of Financial Statements
- TAS 7: Cash Flow Statements
- TAS 8: Profit or Loss for The Period, Fundamental Errors and Changes in Accounting Policies

STANDARDS RELATED TO FINANCIAL STATEMENTS OF GROUP

- TFRS 3: Business Combinations
- TAS 27: Consolidated and Separate Financial Statements
- TAS 28: Investments in Associates
- TAS 31: Financial Reporting of Interest in Joint Ventures

STANDARDS RELATED TO BALANCE SHEET AND INCOME STATEMENT

- TFRS 2: Share-Based Payment
- TFRS 4: Insurance Contracts
- TAS 2: Inventories
- TAS 11: Construction Contracts

- TAS 12: Income Taxes
- TAS 16: Property Plant and Equipement
- TAS 17: Leases
- TAS 18: Revenue
- TAS 19: Employee Benefits
- TAS 20: Accounting for Government Grants and Disclosure of Government Assistance
- TAS 21: The Effects of Changes in Foreign Exchange Rate
- TAS 23: Borrowing Costs
- TAS 32: Financial Instruments: Disclosure and Presentation
- TAS 36: Impairment of Assets
- TAS 37: Provisions, Contingent Liabilities and Contingent Assets
- TAS 38: Intangible Assets
- TAS 39: Financial Instruments: Recognition and Measurements
- TAS 40: Investment Property
- TAS 41: Agriculture

STANDARDS RELATED TO DISCLOSURES OF FINANCIAL STATEMENTS

- TFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- TFRS 6: Exploration for and Evaluation of Mineral Resources
- TAS 10: Events After the Balanced Sheet Date
- TAS 14: Segment Reporting
- TAS 24: Related Party Disclosures
- TAS 26: Accounting and Reporting by Retirement Benefit Plans
- TAS 29: Financial Reporting in Hyperinflationary Economies
- TAS 30: Disclosures in The

Financial Statements of Banks and Similar Financial Institutions

- TAS 33: Earnings per Share
- TAS 34: Interim Financial Reporting

An important development for the wide practice of TAS/TFRS and unifying the applications, is the draft of Turkish Commercial Law, that is expected to be effective in the near future. According to the draft, entities must apply accounting practices in the framework and Turkish Accounting Standards issued by TASB, while recording and preparing financial statements. With this regulation, financial statements of the entities in Turkey will become valid in international capital markets.

As mentioned above, TASB has started its studies on TFRS for SMEs, compatible with draft standards for SMEs (International Financial Reporting Standard for Small and Medium-Sized Entities-IFRS for SMEs) issued by IASB (**Appendix-3**). This study becomes more important regarding to the rules of Basel-II, which will be effective in 2008. Therefore, by Basel-II, SMEs must apply international accounting standards in order to provide loans from banks. The borrowing costs of the entities which do not fulfill this condition will increase and these companies will have difficulties to provide loans.

3.4. OTHER APPLICATIONS CONCERNING ACCOUNTING STANDARDS

As it is known, in Turkey, studies for developing national accounting standards in accordance with international accounting standards, were primarily conducted by T穆DESK. After the studies of T穆DESK, various official organizations have constituted regulations within their operating domains. These regulations has been also developed by Banking Regulation and Supervision Agency for banking sector and by Capital Market Board for publicly traded companies. As a result of the studies of these institutions, listed companies and banks prepare their financial statements in accordance with International Accounting-Financial Reporting Standards.

This application in banking sector became effective with Communiques for Accounting Application Regulations issued by Banking Regulation and Supervision Agency **(Appendix-4)**. These communiques have include accounting standards in accordance with IAS/IFRS determining the principles of preparation and presentation of financial statements for banking sector. Through the application of these standards in banking sector, reliable accounting records and financial statements has been provided since 2005. In the banking sector where international operations are intense, application of IAS is an important development for Turkey. Furthermore, as mentioned above,

in line with the rules of Basel-II effective from 2008, it will be obligatory for all companies to work with banks. Considering this development, it is appropriate that Banking Regulation and Supervision Agency put into practice the accounting standards in accordance with IFRS (www.tmsk.org.tr/basin, October 5, 2006).

In order to make capital markets more transparent and increase interest of local/foreign individual/institutional investors to shares of listed companies, CMB developed accounting standards in accordance with IFRS. In this respect, CMB issued Communique For Accounting Standards in Capital Market on November 15, 2003. With this communique, publicly traded companies has started to prepare and present financial statements and reports in accordance with IFRS. **(Appendix-5)**.

While the standards developed by BDDK and CMB are compulsory only for the companies subjected to their legislations, the application domain of these standards has been limited. Besides, these standards have caused differentiation among accounting applications.

4. CONCLUSION

TASB is the unique organization which has been authorized for the development and application of the accounting standards in Turkey. Therefore, acceptance and application of these standards by other regulatory organizations will be inevitable for the coming periods.

Through the global developments, several changes and a lot of legal arrangements have been made in Turkey. The most important one of these arrangements is the changing of the Turkish Commercial Law. The draft of New Turkish Commercial Law has still been in the discussion of the related commissions of Parliament. It is expected that, this draft will be accepted and New Turkish Commercial Law will be effected in the near future. Wide application of TAS/TFRS can be obtained by this Law and Basel-II, which is an important subject for banks and publicly traded companies.

In addition, the studies of TASB on TFRS for SMEs, compatible with the draft of standards for SMEs issued by IASB, can be considered as a positive development. TFRS for SMEs should be put into practice by considering the opinions of academicians and members of the accounting profession.

The development and application of TAS/TFRS have increased the quality of accounting data, especially the quality of information covered by financial statements. Besides, the financial statements of the entities in Turkey, will be prepared according to internationally accepted accounting standards.

In Turkey, the successful arrangements related with accounting profession and accounting applications have been made by the contribution and common efforts of members of accounting profession, universities

and accounting organizations. Considering the results of the former arrangements, we believe that the application of TAS/TFRS will be accomplished.

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**APPENDIX-1 TURKISH ACCOUNTING STANDARDS (TAS) ISSUED BY
TURKISH ACCOUNTING AND AUDITING STANDARDS BOARD (TAMUDSK)**

TAS-1	Presentation of Financial Statements
TAS-2	Financial Reporting in Hyperinflationary Economies
TAS-3	Cash Flow Statements
TAS-4	Sales and Other Ordinary
TAS-5	Consolidated Financial Statements
TAS-6	Accounting for Investments in Associates
TAS-7	Accounting for Investments
TAS-8	Tangible, Intangible Fixed Assets and Assets Subject to Special Depreciation
TAS-9	Depreciation Accounting
TAS-10	For Net Profit or Loss for The Period, Fundamental Errors and Changes in Accounting Policies
TAS-11	Reporting Financial Information By Segment
TAS-12	Accounting for The Effects of Changes in Foreign Exchange Rates
TAS-13	Inventories
TAS-14	Borrowing Costs
TAS-15	Research and Development Costs
TAS-16	Disclosures in The Financial Statements of Banks and Similar Financial Institutions
TAS-17	Leases
TAS-18	Construction Contracts
TAS-19	Provisions, Contingent Liabilities and Contingent Assets

**APPENDIX-2 TURKISH ACCOUNTING STANDARDS (TAS) AND TURKISH
FINANCIAL REPORTING STANDARDS (TFRS) ISSUED BY TURKISH
ACCOUNTING STANDARDS BOARD (TMSK)**

TAS-1	Presentation of Financial Statements
TAS-2	Inventories
TAS-7	Cash Flow Statements
TAS-8	Profit or Loss for The Period, Fundamental Errors and Changes in Accounting Policies
TAS-10	Events After the Balanced Sheet Date
TAS-11	Construction Contracts
TAS-12	Income Taxes
TAS-14	Segment Reporting
TAS-16	Property Plant and Equipment
TAS-17	Leases
TAS-18	Revenue
TAS-19	Employee Benefits
TAS-20	Accounting for Government Grants and Disclosure of Government Assistance
TAS-21	The Effects of Changes in Foreign Exchange Rate
TAS-23	Borrowing Costs
TAS-24	Related Party Disclosures
TAS-26	Accounting and Reporting by Retirement Benefit Plans
TAS-27	Consolidated Financial Statements and Accounting for Investments
TAS-28	Accounting for Investments in Associates
TAS-29	Financial Reporting in Hyperinflationary Economies
TAS-30	Disclosures in The Financial Statements of Banks and Similar Financial Institutions
TAS-31	Financial Reporting of Interest in Joint Ventures
TAS-32	Financial Instruments: Disclosure and Presentation
TAS-33	Earnings per Share
TAS-34	Interim Financial Reporting
TAS-36	Impairment of Assets
TAS-37	Provisions, Contingent Liabilities and Contingent Assets
TAS-38	Intangible Assets
TAS-39	Financial Instruments: Recognition and Measurements
TAS-40	Investment Property
TAS-41	Agriculture
TFRS-1	First-Time Adoption of TFRS
TFRS-2	Share-Based Payment
TFRS-3	Business Combinations
TFRS-4	Insurance Contracts
TFRS-5	Noncurrent Assets Held for Sale and Discontinued Operations
TFRS-6	Exploration for and Evaluation of Mineral Resources

**APPENDIX-3 CONTENT OF TFRS FOR SMEs WHICH ARE IN THE PREPARATION
PROCESS BY TMSK (HARMONIZED WITH DRAFT OF IFRS FOR SMEs)**

1	Scope
2	Concept and Pervasive Principles
3	General Standards of Financial Statements Presentation
4	Balance Sheet (Financial Position Statements)
5	Income Statement
6	Statements of Changes in Equity
7	Statements of Income and Retained Earnings
8	Cash Flow Statements
9	Notes to The Financial Statements
10	Consolidated Financial Statements
11	Accounting Policies, Estimates and Errors
12	Financcail Assetes and Financcail Liabilities
13	Inventories
14	Investments in Associates
15	Investments in Joint Ventures
16	Investment Property
17	Property Plant and Equipment
18	Intangible Assets Other Than Goodwill
19	Business Combination and Goodwill
20	Leases
21	Provision and Contingencies
22	Equity
23	Revenue
24	Government Grants
25	Borrowing Costs
26	Share-Based Payment
27	Impairment of Non-Financial Assets
28	Employee Benefits
29	Income Taxes
30	Financial Reporting in Hyperinflationary Economies
31	Foreign Currency Translation
32	Segment Reporting
33	Events After The End of The Reporting Period
34	Related Party Disclosures
35	Earnings Per Share
36	Specialised Industries
37	Discontinued Operations and Assets Held for Sale
38	Interim Financial Reporting
39	Firs-Time Adoption of TFRS for SMEs

**APPENDIX-4 ACCOUNTING STANDARDS ISSUED BY BANKING REGULATION
AND SUPERVISION AGENCY (BDDK)**

Communique 1	Financial Instruments
Communique 2	Property Plant and Equipment
Communique 3	Intangible Assets
Communique 4	Leases
Communique 5	Accounting For The Banking Operations With The Common Risk Groups
Communique 6	Accounting For Combinations, Take-overs and Joint Ventures in Banking Sector
Communique 7	Impairment of Assets
Communique 8	Provisions, Contingent Liabilities and Contingent Assets
Communique 9	Accounting for Government Grants and Disclosure of Government Assistance
Communique 10	Employee Benefits
Communique 11	The Effects of Changes in Foreign Exchange Rate
Communique 12	Profit or Loss for The Period, Fundamental Errors and Changes in Accounting Policies
Communique 13	Events After the Balanced Sheet Date
Communique 14	Financial Reporting in Hyperinflationary Economies
Communique 15	Consolidated Financial Statements and Accounting for Investments, Accounting for Investments in Associates, Financial Reporting of Interest in Joint Ventures
Communique 16	Cash Flow Statements
Communique 17	Presentation of Financial Statements, Reports and Disclosures
Communique 18	Accounting For Income Taxes
Communique 19	Presentation of Financial Statements, Reports and Disclosures for Private Financial Corporations

APPENDIX-5 ACCOUNTING STANDARDS ISSUED BY CAPITAL MARKET BOARD (CMB)

Section 1	Framework for The Preparation and Presentation of Financial Statements
Section 2	Presentation of Financial Statements
Section 3	Interim Financial Reporting
Section 4	Cash Flow Statements
Section 5	Revenue
Section 6	Inventories
Section 7	Property Plant and Equipment
Section 8	Intangible Assets
Section 9	Impairment of Assets
Section 10	Borrowing Costs
Section 11	Financial Instruments
Section 12	Business Combinations
Section 13	Consolidated Financial Statements and Accounting for Investments, Accounting for Investments in Associates, Financial Reporting of Interest in Joint Ventures
Section 14	The Effects of Changes in Foreign Exchange Rate
Section 15	Financial Reporting in Hyperinflationary Economies
Section 16	Earnings per Share
Section 17	Events After the Balanced Sheet Date
Section 18	Provisions, Contingent Liabilities and Contingent Assets
Section 19	Profit or Loss for The Period, Fundamental Errors and Changes in Accounting Policies
Section 20	Leases
Section 21	Related Party Disclosures
Section 22	Segment Reporting
Section 23	Disclosures in The Financial Statements of Banks and Similar Financial Institutions
Section 24	Construction Contracts
Section 25	Discontinuing Operations
Section 26	Accounting for Government Grants and Disclosure of Government Assistance
Section 27	Investment Property
Section 28	Income Taxes
Section 29	Employee Benefits
Section 30	Accounting and Reporting by Retirement Benefit Plans
Section 31	Agriculture
Section 32	Disclosure of Financial Statements and Reports, Presentation of Them to CMB and Istanbul Stock Exchange
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