

# **UNIFORM CHART OF ACCOUNTS**

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## **FOREWORD**

The introduction of the Uniform Chart of Accounts as of 1 January 1994 marks the beginning of a new era for Turkish accounting practice. As explained in more detail in the first chapter of this booklet, the Communiqués introduced by the Ministry of Finance on the Uniform Chart of Accounts regulate the basic concepts and principles of accounting in addition to providing a guideline for the preparation and presentation of financial statements.

This regulation primarily aims at ensuring a true and fair reflection of the operations and results of companies by imposing common criteria for the accounting of each and every transaction as well as their conclusive presentation. It is clear that such a regulation helps to facilitate audits by the Ministry of Finance and the collection of necessary information and compilation of statistics by the Government, to be used in the preparation of its long term development plans. For our purposes, however, maybe the most significant benefit to be derived through the introduction of such principles lies under the standardisation that has been brought about, which provides us with:

- clearer guidelines for performing our function as accounting and finance professionals,
- the means for a better supervision and control of our operations as accounting and finance managers and directors,
- a more organised accounting function on which to base our decisions and future projections as the top management team,
- results that are significantly easier for us to interpret and understand for the purposes of evaluating our position as the shareholders, and

- more reliable and comparable results on which to base our evaluations and decisions as investors.

We take great pleasure in providing you with this explanatory guide which we hope will help you to become more familiar with the Turkish accounting principles. We would like to take this opportunity to emphasise that we, as PricewaterhouseCoopers, are ready to assist you whenever you may need help or advice.

## **I Introduction**

On the basis of the authority given to the Ministry by Article 175 and repeated in Article 257 of Tax Law no. 213, regulations are made on the subjects below:

- (a) Basic Concepts of Accounting
- (b) Explanation of Accounting Policies
- (c) Principles of Financial Statements
- (d) Preparation and Presentation of Financial Statements
- (e) Framework of Uniform Chart of Accounts and its Functions

### **1 Purpose of the regulation**

This regulation is made in order to provide a true and fair accounting of operations and results of enterprises and companies owned by legal and real entities that keep accounting records on a balance sheet basis; to secure a fair reflection of the information presented to the interested parties through financial statements; by maintaining the consistency and comparability of that information and to facilitate the audit of these firms.

### **2 Nature of the regulation**

It is not only the owners or shareholders of a company who are directly related with the operations and results of that company. Apart from these people, establishments which have commercial, financial and economical relationships with the company, including individuals, creditors, finance and investment companies and other public institutions and establishments concerned with the activities and results of a company. They would like to have true and fair information. The source of this information is the financial statements prepared on the basis of accounting records and documents.

The most important factor that leads interested parties to form decisions on this information depending on financial statements is that they are reliable and comparable. When producing statistics on national income accounts from a macro view; preparing development plans; regulating national and international capital movements and controlling and directing economical activities by the Government; conformity on accounting becomes important. It is also clear that when the audit of financial statements presented to interested parties becomes necessary, the application of uniform chart of accounts would reduce and facilitate the audit work to be performed.

This regulation is directed towards:

- (a) conveying information on accounts to interested parties sufficiently and correctly,
- (b) comparing different periods of the same company with other companies,
- (c) maintaining the same title meaning for all accounts in the financial statements for all sectors,
- (d) obtaining conformity on accounting terminology to make them comprehensive for everyone,
- (e) establishing the reliance between the companies and the related parties.

Compliance with the procedures and principles foreseen in this regulation are compulsory and it is the responsibility of the companies to remove any contradictions with the sentences of the regulation during the preparation of financial reports and declarations.

### **3 Context of the regulation**

Legal and real entities that keep accounting records on a balance sheet basis are in the context of the regulation. In other words, such enterprises and companies must comply with the procedures and principles of accounting, defined by this communique. Whether these companies belong to public enterprises and institutions, or they have different legal structures, these or special laws, or benefit from tax exemptions and exceptions do not constitute obstacles to fulfil these obligations. They must operate in compliance procedures and principles defined for these companies.

**However, some establishments that are required to use different accounting techniques in their operations but still keep records on the balance sheet basis, like:**

- (a) Banks and Insurance Companies,**
- (b) Private Financial Institutions,
- (c) Financial Leasing Companies (including those operating in factoring business, etc.)
- (d) Marketable Securities Investment Funds, Intermediaries (brokerage houses, etc) and Investment Shareholdings,

**are not liable to fulfil other obligations of this communique provided that they comply with:**

- II- ‘Basic Concepts of Accounting’,**
- III- ‘Explanation of Accounting Policies’ and**
- IV- ‘Principles of Financial Statements’.**

Sole propnetors, on the other hand, are only liable to comply with the ‘Basic Concepts of Accounting’.

### **4 Effective date**

Accounting procedures and principles suggested by this communique will be effective starting from:

- (a) 1.1.1994, for those using the calendar year as the fiscal accounting period,

- (b) The date the fiscal accounting period starts within 1994 calendar year, for those that apply irregular accounting periods.

## **II Basic concepts of accounting**

Basic concepts of accounting are as follows:

1. Social responsibility concept
2. Entity concept
3. Going concern concept
4. Cut-off concept
5. Monetary unit concept
6. Costing concept
7. Objectivity concept
8. Consistency concept
9. Full disclosure concept
10. Prudence concept
11. Materiality concept
12. Substance over form concept

### **1 Social responsibility concept**

This concept points out the responsibilities of accounting in fulfilling its function and shows the context, meaning, place and target of accounting. Social responsibility concept expresses the necessity of protecting the benefit of the whole society in preparation and presentation of accounting and execution of the applications.

### **2 Entity concept**

Entity concept implies that a company has an entity other than its shareholders, directors, personnel and other related parties and that the accounting procedures of the company should be executed in the name of this entity.

### **3 Going concern concept**

This concept implies that the company will be operating without any limits in term of corporate life. The operation period is not dependent on the life spans of the owners or shareholders. This concept is the main idea of the costing concept.

If this concept is not valid or abolished for the company, this fact should be explained in the footnotes to the financial statements.

### **4 Cut-off concept**

Cut-off concept implies the division of the endless life span of companies into specific periods and the determination of the results of each period independent from others. According to this concept, the results of activities are evaluated in their related periods. This concept also requires that income and expenses are recorded on an accruals basis and

turnover, income and profits are matched with the costs, expenses and losses of the same period.

If this concept is not valid or abolished for the company, then this fact should be explained in the footnotes to the financial statements

## **5 Monetary unit concept**

This concept indicates the expression of economic activities by a common measure. Accounting entries are made by the use of the national monetary unit.

## **6 Costing concept**

Costing concept implies that items should be valued at their acquisition costs, except for cash, receivables and other items of which the acquisition costs cannot be determined.

## **7 Objectivity concept**

This concept implies that accounting records should be based on appropriately prepared objective documents reflecting reality, and that basic accounting principles to be applied should be chosen objectively without prejudice.

## **8 Consistency concept**

The consistency concept states the fact that the accounting policies selected for accounting applications should be used consistently in consecutive periods. The aim of this concept is the comparability of companies' financial position, results of activities and comments therein. The consistency concept implies the standardisation of financial statements in valuation measures and recording systems in similar situations and firms. Companies may change their accounting policies, if they have valid reasons. However, these changes and their monetary effects should be disclosed in footnotes to the financial statements.

## **9 Full disclosure concept**

This concept implies that financial statements are clearly and fairly presented to assist in the decision-making process of the readers. It also implies that possible events which are not shown in financial statements, but could affect the results are to be disclosed as well.

## **10 Prudence concept**

This concept expresses the requirement of being prudent for accounting events and considering the risks that the company may face. Therefore, companies accrue for their probable expenses, losses and liabilities, but probable income or profits are not recorded. However, this concept does not justify over accruals or the creation of hidden reserves.

## **11 Materiality concept**

This concept implies that the value of an item or financial activity at a certain level can affect evaluations or decisions made on financial statements. Material accounts, financial activities and other items should be included in financial statements.

## **12 Substance over form concept**

Substance over form concept implies that the substance should be taken as a basis rather than the legal form in the accounting and evaluation of transactions. In general, the form and substance of transactions are parallel to each other, but there might be differences in some cases. In such cases, priority should be given to the substance over form concept.

## **III Explanations on accounting policies**

- 1 If the financial statements of a company are prepared by taking the going concern, consistency and the cut-off concepts into consideration, these concepts do not need to be disclosed. But if there is a deviation from these concepts then they should be disclosed in the footnotes together with the reasons.
- 2 The concepts of prudence, substance over form and materiality should lead the selection and application of accounting policies.
- 3 All of the important accounting policies included in the financial statements should be explained clearly.
- 4 The explanations relating to the accounting policies applied constitute an integrity with the financial statements. Explanations concerning the accounting policies are fundamental principles for the completeness and accuracy of financial statements. Such explanations should be provided to the accounting department by the management of the company.
- 5 Erroneous and fictitious transactions in the balance sheet, income statement and other statements cannot be corrected through the disclosure of accounting policies or footnotes. Corrections can only be made in accordance with the accounting policies applied and they are reflected in the financial statements.
- 6 Financial statements should have comparative figures.
- 7 If there has been a change in the financial policies which may have or already has a significant effect on either the current periods' or the following periods' statements then the effects along with their reasons should be disclosed in the financial statements.

## **IV Principles of financial statements**

Principles of financial statements express the rules to be applied during the course of preparing the basic financial statements.

For issues not covered in this communique, priority should be given to accounting standards which will be issued later; otherwise in compliance with the accounting concepts, the principles applied for such a company in its sector or principles determined by the international standards will be applicable respectively.

In case the fundamental concepts and principles used in the preparation of financial statements differ from the Turkish Commercial Code and other relevant legislations, companies are required to make necessary adjustment to information in accordance with the regulations in question.

Such arrangements can not change the unity of the financial statements prepared in the framework of principles mentioned in this section.

Financial statements include the following tables:

1. Balance sheet
2. Income statement
3. Cost of sales table
4. Sources and application of funds
5. Cash flow table
6. Profit distribution table
7. Statement of changes in shareholders' equity.

Balance sheet and income statement tables along with their footnotes and appendices constitute the basic financial statements, whereas the others form the supplementary financial statements.

## **1 Purpose of financial statements**

Purposes of financial statements are as follows:

- 1.1. To provide useful information in the decision making process of investors, creditors and other related parties.
- 1.2. To provide useful information to evaluate future cash flows.
- 1.3. To provide information on assets, liabilities, change in such items and operating results.

## **2 Characteristic of information in the financial statements**

In order to help the decision-makers understand financial statements easily and quickly they should be comprehensive, appropriate to the needs, reliable, comparable and be timely prepared and presented.

## **3 Preparation principles of basic financial statements**

Preparation principles of basic financial statements are divided into 2 groups parallel to basic financial statements.

3.1. Income statement principles

3.2. Balance sheet principles

- (a) Principles related with assets
- (b) Principles related with liabilities
- (c) Principles related with shareholders' equity.

## **4 Income statement principles**

The principal purpose of the income statement is to present sales, revenues, cost of sales, expenses, accounts related with profit and loss and operating results of certain periods classified and appropriate to reality.

All sales, revenues, profits; costs, expenses and losses are presented using the gross amount and such sales, revenue and profit items cannot be netted off by any cost, expense and loss items in the income statement.

Income statement principles are indicated below:

- (a) Unrealized sales, income and profits should not be shown as realized, the ones which are realized should not be shown more or less than their real value. In order to show correct operating results of certain period (or periods), correct accounting entries should be made at the beginning and end of the period (or periods).
- (b) Sales and income of a certain period should be matched with the cost and expenses incurred, to generate them. In order to show costs and expenses appropriate to reality, stocks, receivables and payables should be closed correctly at the beginning and end of each period.
- (c) Depreciation, amortization and depletion charges should be provided for tangible, intangible and depletable assets.
- (d) Costs should be allocated appropriately between tangible fixed assets, stocks, repair and maintenance and other expense groups. Direct costs should be accrued directly, whereas costs relating to more than one operation should be accrued and allocated by considering time and usage factors.
- (e) Unusual and extraordinary profits and losses should be accrued in the period they relate but should be shown separately from normal operating results.
- (f) All profits and losses should be shown in the income statement of the current period except for the ones which have a material effect on the financial statements of the previous periods.
- (g) Accruals should not be used to transfer the profit of a period to the following period, or to decrease the current period profit arbitrarily.
- (h) When changes occur in the valuation and costing method of the company, the net effect of these changes should be disclosed.
- (i) Expenses and losses stemming from the consequences of possible future events or conditional cases, as well as those expenses and losses that can be approximated to their actual values are reflected in the income statement on an accruals basis. Income

and profit depending on possible future events are not accrued even if they have a high possibility to occur, but are explained in the footnotes to the financial statements.

## **5 Balance sheet principles**

The principal purpose of the balance sheet is to indicate the financial position of a company clearly and fairly at a specific date through recording and stating the sources provided by the investments of the owners and shareholders, retained profits, external borrowings and finally assets acquired by using these sources.

All assets, liabilities and shareholders' equity are shown at their gross values. This principle does not prevent the preparation of the balance sheet according to the net value basis. The discount items must be shown clearly below the individual accounts.

Balance sheet principles relating to assets, liabilities and shareholders' equity are explained as follows:

### **5.1. Principles relating to assets**

1. Assets which can be converted to cash within one year are classified as current assets in the balance sheet.
2. Long-term assets which cannot be converted to cash within a year or within the company's normal operating period, and from which the company benefits from services longer than a period, are classified as non-current assets in the balance sheet. Non-current assets which have a life of less than a year at the end of the balance sheet date, are reclassified as current assets.
3. Provisions for diminution in value of assets is compulsory, in order to show the assets at their net realisable values. In the valuation of marketable securities, receivables, stocks and other current assets provisions are made where considered necessary.

This principle is also valid for receivables, marketable securities, participations and related companies which are classified in non-current assets.

4. Prepaid expenses and accrued income should be recorded and shown in the balance sheet separately.
5. Notes receivable classified in current and non-current assets should be discounted at the balance sheet date to state them at their net realisable value.
6. Accumulated depreciation of tangible and amortization of intangible fixed assets should be shown separately in the balance sheet.
7. The accumulated depletion of assets, subject to depletion, should be shown separately in the balance sheet.
8. Receivables from and payables to shareholders, personnel, related companies and participations should be shown separately in the balance sheet.

9. When the value of receivables cannot be determined they are not accrued, instead they are disclosed in the footnotes and appendices of the balance sheet.
10. Guarantees and mortgages given and taken should be disclosed in footnotes of the balance sheet. The insurance amount related to assets should also be explained in the footnotes and appendices.

## **5.2. Principles about liabilities**

1. Liabilities due in one year or in the normal operation period of the company are shown under short-term liabilities in the balance sheet.
2. Liabilities which are not due in one year or in the normal operation period of the company are shown under long-term liabilities in the balance sheet. At the balance sheet date, the ones with a maturity less than one year are transferred to short-term liabilities group.
3. All liabilities of the company which are known and estimated to their appropriate amounts including ones which cannot be determined definitely or which are controversial, should be recorded and identified on the balance sheet. Liabilities which are known but cannot be estimated to their appropriate amounts should be defined clearly in the footnotes of balance sheet.
4. Deferred income and accrued expenses should be identified, recorded and shown separately in the balance sheet.
5. Notes payable in short and long-term liabilities should be subject to discounting to state them at their net present value.
6. The amounts which belong to shareholders, personnel, investments and related companies of payables, advances taken and other related accounts which are shown in long-term and short-term liabilities of the balance sheet should be shown separately as a basic principle.

## **5.3. Principles about equities**

- 1 The rights of owners or shareholders of the company on the company's assets are represented in equities. The company's paid-up capital at the balance sheet date, undistributed profit (which may be shown under different captions) generated by operations and net profit (loss) for the period should be shown in the equities group of the balance sheet.
- 2 Paid-up capital of the company is shown as a single account in the balance sheet. But, if the basic capital is separated to different share groups, basic capital accounts should be shown in the balance sheet footnotes in a manner to reflect each group's rights during the profit distribution or liquidation as well as other important ownership characteristics.
- 3 The current and previous periods' losses are shown as deductible items under the equity group in order to show the net equity figure in the balance sheet.

- 4 Equity consists of paid-up capital, capital reserves, retained earnings, previous periods' profits (losses) and current period profit (loss). Profit reserves consist of legal, statutory and general reserves, the undistributed position of operational profit, like provisions in the nature of reserves and special funds. Capital reserves consist of items like premium reserves, invalidated shares and revaluation. Capital reserves cannot be transferred as income to income statements

## **V Preparation and presentation of financial statements**

### **1 Basic financial statements**

This section consists of principles of preparation and presentation of the balance sheet and income statement that constitute the financial statements.

#### **A Balance sheet**

##### **1 *Definition of balance sheet***

The balance sheet is a financial statement as at a certain date showing the assets and the sources stemming from these assets.

##### **2 *Balance sheet preparation rules***

In the preparation of the balance sheet, the explanations of the financial statements are accepted as a basis.

The assets side of the balance sheet is classified according to the liquidity (from the most liquid to the least) and liabilities are classified according to their maturity (from short-term to the long-term).

##### **3 *Structure of the balance sheet***

Companies prepare their balance sheets using the forms in Appendices (Table 1-2) to maintain uniformity and comparability.

Assets are categorized into two groups; current assets and non-current assets. Current assets consist of assets which could be converted into cash, or used in one year, or in the normal operating period of the company. Non-current assets consist of assets which would be disposed of or depreciated in one year under normal conditions.

Liabilities consist of short-term liabilities and equity. Short-term liabilities are to be paid in one year whereas long term liabilities are to be paid after one year. Equity is the source allocated to the company by owners or shareholders.

The balance sheet items cannot be netted off. If an item which is classified as "other" in the table exceeds 20% of the total amounts of its group, this item should be classified separately.

##### **4 *Explanations on balance sheet items***

Accounts in the context of the balance sheet are placed in parallel with the numeration and explanations in the chart of accounts.

Grouping and numerations of items in the detailed balance sheet are as follows (as indicated in Appendix Table 2).

## **ASSETS**

### **CURRENT ASSETS**

#### **A Liquid Assets**

1. Cash in hand
2. Cheques received
3. Banks
4. Cheques given
5. Other liquid assets

#### **B Marketable Securities**

1. Common stocks
2. Private sector securities, notes and bonds
3. Public sector securities, notes and bonds
4. Other marketable securities
5. Provision for diminution in value of marketable securities (-)

#### **C Trade Receivables**

1. Customers
2. Notes receivable
3. Discount of notes receivable (-)
4. Deposits and guarantees given
5. Other trade receivable
6. Doubtful trade receivables
7. Provision for doubtful trade receivables (-)

#### **D Other Receivables**

1. Receivables from shareholders
2. Receivables from subsidiaries
3. Receivables from affiliated companies
4. Receivables from personnel
5. Other doubtful receivables
6. Provision for other doubtful receivables (-)

#### **E Stocks**

1. Raw materials and supplies
2. Work-in-process production

3. Finished goods
4. Commercial goods
5. Other stocks
6. Provision for diminution in value of stocks (-)
7. Advances given

F Prepaid Expenses and Income Accruals

1. Prepaid expenses for the following months
2. Income accruals

G Other Current Assets

1. Deductible VAT
2. Other VAT
3. Prepaid taxes and funds
4. Work advances
5. Advances given to personnel
6. Stockcount and delivery shortage
7. Other current assets
8. Provision for other current assets (-)

**2 NON-CURRENT ASSETS**

A Trade Receivables

1. Customers
2. Notes receivable
3. Discount of notes receivable (-)
4. Deposits and guarantees given
5. Provision for doubtful receivables (-)

B Other Receivables

1. Receivables from shareholders
2. Receivables from subsidiaries
3. Receivables from affiliated company
4. Receivables from personnel
5. Other receivables
6. Discount of other notes receivable (-)
7. Provision for other doubtful receivables (-)

C Financial Non-Current Assets

1. Long-term marketable securities
2. Provision for diminution in value of long-term securities (-)
3. Subsidiaries
4. Capital commitment to subsidiaries
5. Provision for diminution in value of subsidiaries (-)
6. Affiliated companies

7. Capital commitment to affiliated companies
8. Provision for diminution in value of affiliated companies
9. Other non-current financial assets
10. Provision for other non-current financial assets (-)

D Tangible Non-Current Assets

1. Land
2. Underground installation and land improvements
3. Buildings
4. Machinery and equipment
5. Motor vehicles
6. Furniture and fixtures
7. Other tangible assets
8. Accumulated depreciation (-)
9. Construction-in-progress
10. Advances given

E Intangible Assets

1. Rights
2. Goodwill
3. Preoperating expenses
4. Research and development expenses
5. Leasehold improvements
6. Other intangible assets
7. Accumulated depreciation (-)
8. Advances given

F Assets Subject to Depletion

1. Research expenses
2. Preoperation and development expenses
3. Other depletable assets
4. Accumulated depletion (-)
5. Advances given

G Prepaid Expenses and Income Accruals for the Following Years

1. Prepaid expenses for the following years
2. Income accruals

H Other Non-Current Assets

VAT deductible in the following years

Other VAT

Other current assets

**LIABILITIES**

## **SHORT-TERM LIABILITIES**

### **A Financial Liabilities**

1. Bank loans
2. Principal and interest payments of long-term loans
3. Principal, instalment and interest payments of bonds
4. Bonds and commercial papers issued
5. Other marketable securities issued
6. Premium reserves of marketable securities (-)
7. Other financial liabilities

### **B Trade Payables**

1. Suppliers
2. Notes payable
3. Discount of notes payable (-)
4. Deposits and guarantees taken
5. Other trade payables

### **C Other Payables**

1. Payables to shareholders
2. Payables to subsidiaries
3. Payables to affiliated companies
4. Payables to personnel
5. Discount of other notes payable (-)
6. Other miscellaneous payables

### **D Advances Taken**

### **E Taxes Payable and Other Liabilities**

1. Taxes and funds payable
2. Social security premiums payable
3. Overdue, deferred payables or other payables
4. Other payables

### **F Provisions for Liabilities and Expenses**

1. Provisions for tax and other liabilities relating to the profit of the period
2. Prepaid tax and other liabilities for the current year profit (-)
3. Provision for severance payments
4. Provision for other liabilities and expenses

### **G Deferred Income and Expense Accruals for Following Months**

1. Deferred income
2. Expense accruals

H Other Short-Term Liabilities

1. VAT calculated
2. Other VAT
3. Stockcount and delivery surpluses
4. Other miscellaneous short-term liabilities
- 4 LONG-TERM LIABILITIES**

A Financial Liabilities

1. Bank loans
2. Bonds issued
3. Other marketable securities issued
4. Premium reserves on marketable securities (-)
5. Other financial liabilities

B Trade Payables

1. Suppliers
2. Notes payable
3. Discount of notes payable (-)
4. Deposits and guarantees taken
5. Other trade payables

C Other Payables

1. Payables to shareholders
2. Payables to subsidiaries
3. Payables to affiliated companies
4. Discount of other notes payable (-)
5. Liabilities to the sale (deferred or payable in instalments)
6. Other miscallenous payables

D Advance Taken

E Provisions for Liabilities and Expenses

1. Provision for severance payments
2. Provisions for other liabilities and expenses

F Deferred Income and Expense Accruals for Following Years

Deferred income  
Expense accruals

G Other Long-Term Liabilities

VAT deferred or postponed to the following years  
Other miscellaneous long-term liabilities

**5 SHAREHOLDERS' EQUITY**

A Paid-in Share Capital

Capital  
Unpaid capital (-)

B Capital Reserves

- 1. Premium reserves
- 2. Profit from invalidation of shares
- 3. Revaluation fund on fixed assets
- 4. Revaluation fund on subsidiaries
- 5. Other capital reserves

C Retained Earnings Reserves

- 1. Legal reserves
- 2. Statutory reserves
- 3. Extraordinary reserves
- 4. Other retained profits
- 5. Special reserves

D Prior Years' Profits

E Prior Years' Losses

F Profit (Loss) for the Period

**5 Footnotes to the balance sheet**

- 1. Maximum registered capital amount payable in partnerships that have accepted registered capital system .....TL
- 2
- (a) The total amount of all types of advances and loans granted during the current accounting period .....TL
- (b) The year-end balance of the advance or the loan of .....TL

Executive managers such as the chairman and the members of Board of Directors, general

manager, general coordinator, assistant general managers and the general secretary

- 3. Total amount of insurance on assets ..... TL
- 4. Total amount of mortgages and other guarantees received in return for the receivables ..... TL
- 5. Total amount of mortgages and other guarantees given in relation to the liabilities ..... TL
- 6. Total amount of commitments which are not included in liabilities ..... TL
- 7. Foreign currencies on cash and at banks:

Currency	Amount	Foreign Exchange Rate (TL/..)	Total Amount (TL)
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

- 8. Receivables in foreign currencies (advances included):

Currency	Amount	Foreign Exchange Rate (TL/..)	Total Amount (TL)
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

- 9. Payables in foreign currencies (advances included):

Currency	Amount	Foreign Exchange Rate (TL/..)	Total Amount (TL)
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

- 10. Amount of securities and commercial papers in circulation which are guaranteed by bank ..... TL
- 11. Amount of investment incentives that the company will benefit from during the current period and in the following accounting periods ..... TL
- 12. Amount of the bonds which can be converted into shares ..... TL
- 13. List of shares which constitute the share

capital: .....TL

Type	Series	Number	Normal Value	Amount TL
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

14. Amount of the shares issued during the current period .....TL
15. The owner or the shareholders who hold, at least, 10% of the company:

Name	Share Portion	Amount Per Share (TL)
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

16. Institutions, affiliated companies and subsidiaries in which the company has 10% or more shares:

Name	Share Portion	Total Capital (TL)	Profit for the Last Period (TL)
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

17. Stock valuation method:
- (a) Method applied in the current period .....TL
- (b) Method applied in the previous period .....TL
- (c) If there is a change of method, increase (+) or decrease (-) in the stock amount arising from the change in the valuation method during the current period .....TL
18. Movements in the balance of fixed assets in the current period:
- (a) Cost of fixed assets purchased, produced or constructed .....TL
- (b) Cost of fixed assets sold or disposed .....TL
- (c) Increases in the value of fixed assets in the current period due to revaluation .....TL

- For the cost of fixed assets (+)
- For the accumulated depreciation (-)
- 

19. Amounts due from/to parent company, related companies or subsidiaries in trade payables and trade receivables:

	Trade Receivables	Trade Payables
Parent company		
Affiliated companies		
Subsidiaries		
20. Number of personnel in the current period.		
21. Information about the post balance sheet events which are to be disclosed.		
22. Information about all kinds of contingent losses and income (but are significant to a certain extent) whose amounts cannot be estimated (Nature of legal disagreements which the company would be liable for or which can affect the year-end profit/loss is disclosed in this part.		
23. Information about changes in estimations which have a significant effect on the profit of the company and their monetary effects,		
24. Amount related to the blocked part of the bank deposits		.....TL
25. Amount of marketable securities stated under marketable securities and long-term marketable securities headings which were issued by the subsidiaries and affiliated companies of the company and the names of these related companies		.....TL
26. Amount of bonus shares acquired as a result of capital increases from internal sources at affiliated companies and subsidiaries		.....TL
27. Unaccrued interest expenses of short and long-term loans and marketable securities, classified in terms of types of loans and marketable securities related to the following period		.....TL
28. Total amount of liabilities such as commitments and guarantees given on behalf of the shareholders, subsidiaries and affiliated companies		.....TL

- 29. Other issues which have a significant effect on the financial statements or which are to be disclosed to make these clear, meaningful and understandable. ....TL
- 30. Date at which the balance sheet is approved and becomes effective. ....TL

**B Income statement**

**1 Definition of the income statement**

The income statement consists of total income generated and total expenses and costs of a company during a specific period and the net profit or net loss in the related period as a result.

**2 Income statement preparation rules**

The explanations given in the Principles of Financial Statements are taken as a basis during the preparation of the income statement. Income from the main activity of the company, from other ordinary activities of a continuous nature and from extraordinary activities of temporary nature are stated separately. Accordingly, expenses related to the main activity of the company, expenses of a continuous nature from other ordinary activities and expenses of temporary nature arising from the extraordinary activities are also stated separately.

**3 Structure of the income statement**

Companies prepare their income statements in the format given in Appendices 3-4 in order to provide uniformity when making comparisons.

Deductions between the accounts of the income statement are not allowed. Income and expenses stated under “others” heading are disclosed separately in case the total amount of these accounts exceed 20% of the group of accounts to which they belong. Items with nil balances are not included in the income statement.

**4 Explanations on the income statement items**

Items in the income statement are placed in accordance with the order and explanations stated by the chart of accounts.

Items included in the income statement, as can be seen from Appendix 4, are listed as follows:

**A GROSS SALES**

- Domestic sales
- Export sales
- Other sales

**B SALES DISCOUNTS (-)**

Returns from sales (-)  
Sales discounts (-)  
Other discounts (-)  
NET SALES

C COST OF SALES (-)

1. Cost of goods sold (-)  
2. Cost of commercial goods sold (-)  
3. Cost of services sold (-)  
4. Cost of other sales  
GROSS SALES PROFIT OR LOSS

D OPERATING EXPENSES (-)

Research and development expenses (-)  
Marketing, sales and distribution expenses (-)  
General and administrative expenses (-)

OPERATING PROFIT OR LOSS

E INCOME AND PROFIT FROM OTHER OPERATIONS

1. Dividend income from subsidiaries  
2. Dividend income from affiliated companies  
3. Interest income  
4. Commission income  
5. Provision no longer required  
6. Other income and profit from operations

F EXPENSE AND LOSS FROM OTHER OPERATIONS (-)

1. Interest expense on notes discounted (-)  
2. Commission expenses (-)  
3. Provision expenses (-)  
4. Other expenses and losses (-)

G FINANCIAL EXPENSES (-)

Short-term borrowing expenses (-)  
Long-term borrowing expenses (-)

ORDINARY PROFIT OR LOSS

H EXTRAORDINARY INCOME AND PROFIT

Income and profit relating to prior periods  
Other extraordinary income and profit

I EXTRAORDINARY EXPENSE AND LOSS (-)

Non-operating department expense and loss (-)  
 Expense and loss relating to prior periods (-)  
 Other extraordinary expense and loss (-)

CURRENT PERIOD PROFIT OR LOSS

J CURRENT PERIOD PROVISION FOR TAX AND OTHER LEGAL LIABILITIES  
 NET PROFIT (LOSS) FOR THE PERIOD

**5 Foot-notes to the income statement**

Following explanations are included in the income statement as additional information:

1.	All depreciation, amortization and depletion expenses of the period	TL
	(a) Depreciation expenses	TL
	aa) Normal (ordinary) depreciation expenses	TL
	bb) Depreciation expenses due to revaluation	TL
	(b) Amortization and depletion	TL
2.	Provision for the period	TL
3.	Financial expenses for the period	TL
	(a) Related to production costs	TL
	(b) Related to cost of fixed assets	TL
	(c) Those directly written as an expense	TL
4.	Amount of financial expenses relating to the parent company, the main shareholder, affiliated companies (Those whose disclosed exceed 20% of the total amount are disclosed separately)	TL
5.	Sales to the parent company, main shareholder, affiliated companies and subsidiaries (Those whose shares exceed 20% of the total amount are disclosed separately)	TL
6.	Amounts of interest, rent and similar payments to the parent company, main shareholder, affiliated companies and subsidiaries (Those whose shares exceed 20% of the total amount are disclosed separately)	TL
7.	The total amount of salaries and other similar benefits provided to executive managers such	

- as the chairman and the members of the Board of Directors, general manager, general coordinator, assistant general managers .....TL
8. Increase (+) or decrease (-) in depreciation expenses of the period due to change in the depreciation calculation methods .....TL
  9. Stock valuation systems(Process or order costs etc.) and methods (Weighted average cost, FIFO, moving average cost, etc.).
  10. Main reasons of not performing a physical stock count either totally or partially if any exists.
  11. In case the totals of either sales of by-products, scrap, etc. or sales of services which are stated under domestic and export sales account exceed 20% of gross sales, amount of these materials and services .....TL
  12. The explanatory note on the sources and amount of expenses and losses and the amount of the income and expenses related to the previous period
  13. Dividend and profit per share for common and preferred stocks

## **2 Other financial statements**

This section includes principles relating to the preparation and presentation of the funds flow statement, profit distribution table, cost of sales table and statement of changes in shareholders' equity, which constitute other financial statements.

### **A Funds flow statement**

This section comprises principles relating to the preparation and the presentation of funds flow statements which summarize the funds provided to finance the company's activities in a certain period and how these are used, and explains changes occurring in the financial status of the company.

#### **1 Definition**

The concept of 'fund', as it is used in the funds flow statement covers all financial sources or net operating capital or cash and other liquid assets.

Funds flow statements are classified as:

- i) Funds Flow Statement
- ii) Cash Flows Statement
- iii) Net Working Capital Movement Schedule

according to the contents of 'fund' concept.

- Funds Flow Statement: This statement shows the funds the company provided during a specified period and how these are used. The concept of 'fund' in this statement consists of all financial instruments.
- Cash Flow Statement: Cash flows occurring in a certain period are stated in this statement by disclosing their sources and how they are used. In this statement, 'fund' concept comprises cash on hand and at the banks.
- Net Working Capital Movements Schedule: This schedule shows the sources of net operating capital existing in a certain accounting period and how they are used. In this schedule 'fund' concept comprises net working capital, which states the difference between current assets and short-term liabilities.

## **2      *Content***

The content of this section is limited by the determination and the presentation of funds and cash flow statements and sources and uses of funds.

## **3      *Purpose of the funds flow statement***

The purpose of preparing the funds flow statements is to provide the users of financial statements with information about the investment and financing activities and the changes in the financial status of the company during the period. These statements explain all important aspects of a company's financing and investment activities which directly affect the cash or net working capital of the company. They also summarize:

- i) The funds provided from the investment and financing activities performed during the period,
- ii) The changes in the financial position of the company during the period.

## ***Preparation rules of funds flow statement***

- i) Funds flow statements are presented with the basic financial statements. These tables are prepared to include figures relating to both the current period and the previous periods for each accounting period they are prepared.
- ii) The meaning attached to the concept of fund is clearly stated.
- iii) Funds provided from usual activities or funds, which are used in the activities, are presented under separate headings. Hence, the company's ability to create funds and the amount of funds used in the activities are clearly defined.

- iv) If the related amounts are significant then the funds provided from the extraordinary operations other than the ordinary activities of the company are stated under a separate heading in the funds flow table.
- v) Some financial transactions occur through the change of one kind of an asset by another. Such a case is explained in a funds flow statement since it is part of the financing and investment activities of the company (e.g. giving common shares in return for a bond debt).
- vi) The aspects of each financial and investment operation are explained separately in order to gain more benefit from the funds flow statements. For example, funds provided from the sale of a fixed asset and funds released for its purchase are explained separately, or if a fixed asset is purchased by issuing bonds, these bonds and the purchased fixed assets are stated separately.
- vii) Each company or group of companies, considering the conditions they operate in, prepare funds flow statements to disclose the maximum information possible.

Funds flow statements are prepared according to the 'net method', starting from the ordinary profit, the corrections are made by giving information about the income and expenses, which do not cause any movement in funds.

Statement of cash flows are prepared according to the gross method and income generating funds and costs and expenses causing a movement in funds are stated separately.

- vii) Those accounts which do not cause any funds flow but change because of transferring certain amounts from one account to the other are not included in funds flow statement. For example; the addition of a 'revaluation fund' or reserves to paid-up share capital.

### ***Structure of the funds flow statement***

Companies prepare their funds flow statements as indicated in table 6-7 to provide comparability and conformity by forming statements in the same pattern.

### ***Explanations on the funds flow statement items***

#### ***6.1. Funds flow statement***

#### **A Sources of funds**

1. Sources provided from operations: Net source amounts provided from company's activities are stated under this heading.

Profit in the income statement is regarded as a source of funds in the calculation of this item. Expenses which are effective in generating profit, but do not provide fund flows are added to and income which does not provide fund flows is deducted from this amount.

Expenses not necessitating any fund outflow and therefore to be added are depreciation charges, provisions and the current period portion of the prepaid expenses and income for the following months which do not provide fund inflows, current period portion of deferred income and provisions no longer required are deducted from this profit.

2. Sources provided from extraordinary operations: In this group, the net amount provided from extraordinary operations of the company is stated.

Items which do not cause funds outflow are added and those generating funds inflow are deducted from the extraordinary income which shows the positive difference between extraordinary income and profits and extraordinary expense and losses.

It is necessary that the source provided from the sale of fixed assets is stated in the funds flow statement, and for this reason, extraordinary income and profit account is deducted in case of profit from the sale of fixed assets and added in case of loss.

3. Decrease in current assets: Expresses decrease in the gross values of current assets.
4. Decrease in fixed assets: Decrease in fixed assets is a source of fund as well. Therefore sources provided from the sale of fixed assets are disclosed at their sales values in the statement.
5. Increase in short-term liabilities: Expresses the increase in short-term liabilities except for the provisions for expenses and liabilities in the balance sheet.
6. Increase in long-term liabilities: Expresses the increase in long-term liabilities except for the provisions for expenses and liabilities in the balance sheet.
7. Capital increase: Expresses the increase in capital which have been provided from external sources.
8. Share premium reserves: Share premium reserves related to the current period are also sources of fund.

## B Application of funds

1. Application of funds related with operations: When the operations of the company for the period have resulted in a loss, this loss is regarded as a use of funds.

Expenses, which do not cause funds outflow, decrease the loss. On the other hand, income, which does not provide funds inflow, increases the loss. A positive amount obtained as a result of these increases and decreases, is regarded as a source of fund.

2. Uses for extraordinary operations: The negative difference between extraordinary income and profit and extraordinary expense and loss expresses the extraordinary loss. The negative difference obtained by the addition of items which do not provide funds outflow and deduction of items which do not provide funds inflow, is the use of funds related with the extraordinary operations of the company. If this amount is positive, it should be regarded as a source of fund.

3. Taxes and other fees paid: Expresses the corporate and income taxes including statutory levies which have been paid out of previous year's profit.
4. Dividends paid: Expresses dividends paid to shareholders and others out of previous period profit and reserves.
5. Increase in current assets: Expresses the increase in gross value of the current assets.
6. Increase in fixed assets: Includes increases arising from the gross values of fixed assets, except for increases resulting from revaluation.
7. Decrease in short term liabilities: Expresses the decreases in short term liabilities except for decreases in the provision for liabilities and expenses.
8. Decrease in long-term liabilities: Expresses the decreases in long term liabilities except for decreases in the provisions for liabilities and expenses.
9. Decrease in capital: Expresses the decreases in capital in accordance with the related regulation.

#### 6.2. *Statement of cash flows*

The main items of the statement of cash flows which shows the flow of cash in a company at a certain period is explained below. During the evaluation of these items of accounts, not causing cash inflow and outflow, such as depreciation, provisions, discount amounts, bad debts, previous year income and profit as well as expenses and losses for the previous period, should be taken into consideration.

##### A Cash at the beginning of the period

Expresses the cash amount in liquid assets at the beginning of the period. Checks that are not post-dated and that are receivable upon submittance are also regarded as cash.

##### B Cash inflows during the period

1. Cash provided from sales: Expresses the cash inflow provided from sales of goods and services, that are related with the company's main activity. Decreases in receivables arising from sales are added, and increases are deducted from net sales revenue to obtain this amount.
2. Cash provided from other income and profit: Cash inflows provided from items defined as other income, and profit in the income statement is stated under this group. Income, which does not provide cash inflows, but obtained on an accruals basis and decreases in deferred income reflected in the current period are deducted from the total of other income and profit. Items which do not provide cash inflow such as provisions no longer required are deducted from this total.
3. Cash provided from extraordinary income and profit: Includes cash inflows provided from activities of the company which are defined as items of extraordinary income and profit in the income statement. Income which is obtained on an accruals basis, but not

collected and amounts which have been collected in advance in the previous periods, but reflected in the current period or items which will never provide cash flows are deducted from this total.

4. Cash provided from short-term liabilities: Expresses cash inflows provided from short term borrowings arising from activities of the company except for purchases of goods and services, which are related with the company's main operations. Cash inflows due to the issuance of marketable securities, increases in bank loans and other short-term liabilities are stated separately.
5. Cash inflows from the increase in long-term liabilities: Indicates the cash obtained from the long-term borrowings apart from income arising from trading activities of the company. The cash increase due from the issuance of long-term marketable securities, bank loans and increases in long-term liabilities are indicated separately.
6. Cash inflows from capital increase: Cash inflows occurring due to capital increases are placed in this group.
7. Cash inflows from the premium reserve of marketable securities: Cash due from the premium reserve of marketable securities is placed in this group.
8. Other cash inflows: Cash obtained from the decline in current and fixed assets, marketable securities and receivables arising from non-operational sales constitute 'other cash'.

*C Cash outflows during the period*

1. Cash outflows due to costs: In order to reach the outflow of cash due to costs, the total amount consisting of depreciation expenses, increases in trade payables and decrease in stocks should be deducted from the total of cost of sales, increase in stocks and decrease in trade payables.
2. Cash outflows due to operating expenses: In order to reach the cash outflows due to operating expenses, the sum of depreciation and provision expenses which do not require any cash outflow, accrued expenses and the current portion of the prepaid expenses is deducted from the sum of research and development expenses, marketing expenses, sales distribution expenses and general and administrative expenses.
3. Cash outflows due to ordinary expense and losses from other operations: Expenses incurred from other operations cause outflows of cash. Depreciation and provision expenses, expenses and losses which do not require cash outflows, accrued expenses and the current portion of the prepaid expenses are deducted from the expenses incurred from other operations item to yield the cash outflows due to expenses from other operations.
4. Cash outflows due to financial expenses: This figure is the cash outflows arising from financial expenses not allocated to costs.

5. Cash outflows due to extraordinary expenses and losses: This figure is the cash outflows arising from activities classified as extraordinary expense/loss items in the income statement.
6. Cash outflows related to fixed asset investments: This is the cash expenditure item incurred for investment on fixed assets.
7. Short-term liability payments/Repayments of short-term sources obtained: These are the cash outflows due to repayment of non-operational short-term borrowings. Principal payments of marketable securities, loans received and others are indicated separately. Tax and dividend payments are not included under this heading.
8. Long-term liability payments/Repayments of long-term sources obtained: These are the cash outflows stemming from repayments of non-operational long-term liabilities. Principal payments of marketable securities, loans received and others are indicated separately.
9. Taxes and duties paid: Comprises income, corporate and other taxes paid during the accounting period.
10. Dividends paid: These are the cash outflows due to payments of dividends during the accounting period.
11. Other cash outflows: These are the cash outflows stemming from increases in marketable securities and receivable items except for those arising from sales and other current assets.

*D Cash at the end of the period*

The total cash present in the company and at banks constitutes the cash at the period end. Cheques that are not post-dated and that are receivable upon submittance are also included here.

*E Increase or decrease in cash*

The difference between cash inflows and outflows within the accounting period indicates the increase or decrease in cash. In other words, if the cash inflow is more than the cash outflow for the period, this figure indicates a net cash inflow or vice versa. The difference between cash balances at the end and beginning of the accounting period constitutes the increase or decrease in cash.

**B Profit distribution table**

*1 Definition*

This is the table which shows the profit distribution scheme of the company.

*2 Purpose*

The purpose of preparing the profit distribution tables is a clear indication of the taxes payable, retained earnings, and distributable profit items which are to be paid from the profit for the period and the calculation of the dividend and profit per share.

### **3 *Preparation rules of profit distribution table***

- i) The profit distribution table is prepared so that the distribution from profit for the period and distribution from reserves items are indicated separately.
- ii) Taxes payable, legal liabilities, 1. and 2. dividends payable to the shareholders, 1. and 2. legal reserves, general reserves, and the funds retained from the profit are clearly indicated.
- iii) If there are preferred shares, dividends paid to preferred and common shares are stated separately in the profit distribution table.
- iv) Dividends paid to shareholders for founder shares and income sharing bonds and income sharing certificates that have been issued in accordance with the legislation are stated separately in the profit distribution table.

### **4 *Structure of the profit distribution table***

The profit distribution table is prepared to include previous and current period data (Table 8).

### **5 *Explanations on the profit distribution table***

#### **A Distribution of profit for the period**

The distribution of profit for the period is explained in this section.

1. Profit for the period: Comprises profit before taxes and legal liabilities in the income statement.
2. Taxes payable and legal liabilities: Comprises the taxes and legal liabilities calculated on the profit for the period.
3. Previous years' losses: Expresses the losses coming from previous periods.
4. 1. legal reserve: Comprises first legal reserve which should be calculated as 5% in accordance with Turkish Commercial Code.
5. Other legal reserves: Comprises the reserves and provisions which should be allocated from profit for the period in accordance with the legislation or funds, like the finance fund and renewal fund left in the company to strengthen the financial position.
6. 1. dividend payable to shareholders: Includes 1. dividend which will be distributed to shareholders on paid-up capital by the company in accordance with the related legislation and articles of association.

7. Dividends payable to personnel: Includes dividends which will be distributed to personnel by the decision of the General Assembly.
8. Dividends payable to board of directors: Includes dividends which will be distributed to the board of directors by the decision of the General Assembly.
9. 2. dividend payable to shareholders: Comprises the 2. dividend to be distributed to shareholders by the decision of the General Assembly.
10. 2. legal reserve: This is 10% of the rest of profit (excluding 5% of 1.dividend payable to the shareholders).
11. Statutory reserves: Comprises reserves which should be allocated in accordance with the articles of association.
12. General reserves: Profit for the previous period and reserves, which have been decided to be retained by the board of directors, for extraordinary cases, are considered as general reserves.
13. Other reserves: Comprises other reserves which are distributed by decision of the General Assembly.
14. Special funds: Funds which are retained in accordance with the related rules of legislation.

#### B Distribution from reserves

Distribution from reserves and profits, which were retained in the previous years are stated in this section.

1. Distributed reserves: This comprises reserves which are distributed in the current period though they were allocated in the previous years.
2. 2. Legal reserves: This is 10% of the distributable reserves and previous years' losses.
3. Dividends to shareholders: This comprises the portion to be paid to shareholders from distributed reserves or undistributed profits.
4. Dividends to the personnel: This comprises the portion to be paid to personnel from distributed reserves or undistributed profits.
5. Dividends to Board of Directors: This comprises the portion to be paid to the board of directors from distributed reserves or undistributed profits.

#### C Profit per share

Distributable profit per share is stated under this heading.

#### D Dividends per share

Dividends per share are stated under this heading.

## **C Cost of sales statement**

The cost of sales account is prepared as a separate statement including movements in stocks during the period and cost of finished goods, raw materials and supplies, commercial goods sold and services rendered (Appendix 5). This statement is supplementary to the income statement.

The main items of the cost of sales statement are as follows:

### **1 Cost of direct raw materials and supplies**

The costs relating to goods directly used in the production of finished goods or constituting the basic element of the product are included in this group. The cost of the primary goods and materials which are not directly used in the production and sold are comprised in the part of the cost of sales table relating to trading activities.

### **2 Direct labour costs**

These costs comprise the cost of direct labour which is utilized during the production of finished goods and which can be added to the costs.

### **3 General production expenses**

All expenses which are directly related to production other than the direct raw materials and supplies and direct labour costs are stated under this account.

### **4 Changes in work-in-progress**

The difference between the beginning and ending work-in-progress is stated in this group. A portion of raw materials, direct labour and general production expenses is allocated in work-in-progress.

### **5 Changes in finished goods**

The production cost is composed of direct raw materials, direct labour, general production expenses and the amount of work-in-progress utilized. The cost of goods sold is calculated by adding the difference between the beginning and ending stocks of finished goods to the production costs.

The total amount of cost of goods, commercial goods and services sold is stated under "Cost of sales" account in the statement.

## **D Statement of changes in shareholders' equity**

### **1 Definition**

Increases and decreases in items of shareholders' equity during the related period are stated in the statement of changes of shareholders' equity.

### **2 Purpose**

The statement of changes in shareholders' equity is prepared to state the changes in the items of shareholders' equity in the current period, especially for share capital companies.

### **3 *Rules for the preparation of the statement of changes in shareholders' equity***

3.1. Statement of changes in shareholders' equity is presented to include the current and previous period data.

3.2. This statement is prepared to indicate:

- the periods, opening balances of paid up capital, capital reserves, profit reserves and profit/(loss) for the previous periods and net profit/(loss) for the current period,
- decreases and increases in these items during the period and,
- their balances at the end of the period, separately.

### **4 *Structure of the statement of changes in the shareholders' equity***

The changes in shareholders' equity statement is prepared as indicated in Table 9, including the current period and previous periods amounts. The statement is shown with an example in order to facilitate understanding. The horizontal items can change according to the events affecting shareholders' equity.

### **5 *Explanations on the statement of changes in shareholders' equity items***

1. Columns (a column for each item), profit/(loss) are set up for paid-up capital, capital reserves, reserves, current year profit/(loss) and shareholders' equity. The movement of each item is followed up in its own column. Transactions which increase the shareholders' equity are shown as positive and items which decrease it are shown as negative in parentheses.
2. Current and previous year figures are shown and compared in the statement by stating the nature of the increase and decrease in the shareholders' equity in a row and recording it in the column of the related item.

## **VI The framework of uniform chart of accounts, the chart of accounts and explanations**

Companies are required to establish their accounting systems according to the framework of uniform chart of accounts.

### **A The framework of uniform chart of accounts**

#### **CLASSIFICATION OF ACCOUNTS:**

1. CURRENT ASSETS
2. NON-CURRENT ASSETS
3. SHORT-TERM LIABILITIES

4. LONG-TERM LIABILITIES
5. SHAREHOLDERS' EQUITY
6. INCOME STATEMENT
7. COST ACCOUNTING
- 8.
9. CONTINGENCIES AND COMMITMENTS

## **GROUP OF ACCOUNTS**

### **1 CURRENT ASSETS**

10. Liquid Assets
11. Marketable Securities
12. Trade Receivables
13. Other Receivables
- 14.
15. Stocks
- 16.
17. Contract progress cost
18. Prepaid Expenses and Income Accruals for the Following Months
19. Other Current Assets

### **2 NON-CURRENT ASSETS**

- 20.
- 21.
22. Trade Receivables
23. Other Receivables
24. Financial Non-Current Assets
25. Tangible Non-Current Assets
26. Intangible Non-Current Assets
27. Assets Subject to Depletion
28. Prepaid Expenses and Income Accruals for the Following Years
29. Other Non-Current Assets

### **3 SHORT-TERM PAYABLES**

30. Financial Liabilities
- 31.
32. Trade Payables
33. Other Payables
34. Advances Taken
35. Advances received for contracts in progress
36. Taxes Payable and Other Liabilities
37. Provisions for Liabilities and Expenses
38. Deferred Income and Expense Accruals for the Following Months
39. Other Short-Term Liabilities

### **4 LONG-TERM LIABILITIES**

40. Financial Liabilities
- 41.
42. Trade Payables

- 43. Other Payables
- 44. Advances Taken
- 45.
- 46.
- 47. Provisions for Liabilities and Expense
- 48. Deferred Income and Expense Accruals for the Following Years
- 49. Other Long-Term Liabilities

## **5 SHAREHOLDERS' EQUITY**

- 50. Paid-up Share Capital
- 51.
- 52. Capital (Legal) Reserves
- 53.
- 54. Retained Earnings
- 55.
- 56.
- 57. Previous Years' Profits
- 58. Previous Years' Losses
- 59. Profit (Loss) for the Period

## **6 INCOME STATEMENT**

- 60. Gross Sales
- 61. Sales Discounts (-)
- 62. Cost of Sales (-)
- 63. Operating Expenses (-)
- 64. Income and Profit from Other Operations
- 65. Expense and Loss from Other Operations (-)
- 66. Financial Expenses (-)
- 67. Extraordinary Income and Profit
- 68. Extra Ordinary Expense and Loss (-)
- 69. Net Profit (Loss) for the Period

## **7 COST ACCOUNTING**

### **ALTERNATIVE 7/A**

- 70. Transitory Accounts for Cost Accounting
- 71. Direct Raw Materials and Supplies
- 72. Direct Labor Expenses
- 73. General Production Expenses
- 74. Cost of Production of Services
- 75. Research and Development Expenses
- 76. Marketing, Sales and Distribution Expenses
- 77. General and Administrative Expenses
- 78. Financial Expenses

### **ALTERNATIVE 7/B**

#### **79 Expense Types**

- 790. Direct Raw Materials and Supplies
- 791. Wages and Expenses of Workers
- 792. Salaries and Expenses of Employees
- 793. External Utilities and Services Obtained
- 794. Miscellaneous Expenses
- 795. Taxes, Duties and Fees
- 796. Depreciation and Depletion Expenses
- 797. Financial Expenses
- 798. Reflection Account Expenses
- 799. Cost of Production

## **8 FREE**

## **9 CONTINGENCIES AND COMMITMENTS**

- 90.
- 91.
- 92.
- 93.
- 94.
- 95.
- 96.
- 97.
- 98.

## **10 FREE**

## **B Chart of accounts**

### **1 CURRENT ASSETS**

#### **10 Liquid Assests**

- 100. Cash in hand
- 101. Cheques received
- 102. Banks
- 103. Cheques given and payment orders (-)
- 104.
- 105.
- 106.
- 107.
- 108. Other liquid assets
- 109.

#### **11 Marketable Securities**

- 110. Common stocks
- 111. Private sector bonds, shares and notes
- 112. Public sector bonds, shares and notes
- 113.
- 114.

- 115.
- 116.
- 117.
- 118. Other marketable securities
- 119. Provision for diminution in value of marketable securities (-)

## **12 Trade Receivables**

- 120. Customers
- 121. Notes receivable
- 122. Discount of notes receivable (-)
- 123.
- 124.
- 125.
- 126. Deposits and guarantees given
- 127. Other trade receivables
- 128. Doubtful trade receivables
- 129. Provision for doubtful trade receivables (-)

## **13 Other Receivables**

- 130.
- 131. Receivables from shareholders
- 132. Receivables from subsidiaries
- 133. Receivables from affiliated companies
- 134.
- 135. Receivables from personnel
- 136. Other receivable (-)
- 137. Discount of other notes receivables
- 138. Other doubtful receivables
- 139. Provision for other doubtful receivables (-)

## **14**

## **15 STOCKS**

- 150. Raw materials and supplies
- 151. Work-in-process – production
- 152. Finished goods
- 153. Commercial goods
- 154.
- 155.
- 156.
- 157. Other stocks
- 158. Provision for diminution in value of stocks (-)
- 159. Stock advances given

## **16**

**17 Contract progress cost**

**18 Prepaid Expenses and Income Accruals for the Following Months**

- 180. Prepaid expenses for the following months
- 181. Income accruals
- 182.
- 183.
- 184.
- 185.
- 186.
- 187.
- 188.
- 189.

**19 Other Current Assets**

- 190. Deferred VAT
- 191. Deductible VAT
- 192. Other VAT
- 193. Prepaid Taxes and Funds
- 194.
- 195. Work advances
- 196. Advances given to personnel
- 197. Stock count and delivery shortages
- 198. Other current assets
- 199. Provision for other current assets (-)

**2 NON-CURRENT ASSETS**

**20**

**21**

**22 Trade Receivables**

- 220. Customers
- 221. Notes receivables
- 222. Discount of notes receivables (-)
- 223.
- 224.
- 225.
- 226. Deposits and guarantees given
- 227.
- 228.
- 229. Provision for doubtful receivables (-)

**23 Other Receivables**

- 230.
- 231. Receivables from shareholders
- 232. Receivables from subsidiaries
- 233. Receivables from affiliated companies
- 234.
- 235. Receivables from personnel
- 236. Other miscellaneous receivables
- 237. Discount of other notes receivables (-)
- 238.
- 239. Provision for other doubtful receivables (-)

## **24 Financial Non-Current Assets**

- 240. Long-term marketable securities
- 241. Provision for diminution in value of long-term securities (-)
- 242. Subsidiaries
- 243. Capital commitment for subsidiaries (-)
- 244. Provision for diminution in value of investments (-)
- 245. Affiliated companies
- 246. Capital commitment to affiliated companies
- 247. Provision for diminution in value of affiliated companies (-)
- 248. Other non-current financial assets
- 249. Provision for other non-current financial assets (-)

## **25 Tangible Non-Current Assets**

- 250. Land
- 251. Underground installations
- 252. Buildings
- 253. Machinery, equipment and installations
- 254. Motor vehicles
- 255. Furniture and fixtures
- 256. Other tangible assets
- 257. Accumulated depreciation
- 258. Construction-in-progress
- 259. Fixed asset advances given

## **26 Intangible Non-Current Assets**

- 260. Rights
- 261. Goodwill
- 262. Pre-operating expenses
- 263. Research and development expenses
- 264. Leasehold improvements
- 265.
- 266.
- 267. Other intangible assets
- 268. Accumulated depreciation (-)
- 269. Advances given

## **27 Assets Subject to Depletion**

- 270.
- 271. Research expenses
- 272. Preparation and development expenses
- 273.
- 274.
- 275.
- 276.
- 277. Other depletable assets
- 278. Accumulated depletion (-)
- 279. Advances given

## **28 Prepaid Expenses and Income Accruals for the Following Years**

- 280. Prepaid expenses for following years
- 281. Income accruals
- 282.
- 283.
- 284.
- 285.
- 286.
- 287.
- 288.
- 289.

## **29 Other Non-Current Assets**

- 290.
- 291. VAT deductible in the following years
- 292. Other VAT
- 293. Long-term stocks
- 294. Stocks and tangible assets to be disposed
- 295. Prepaid tax and funds
- 296.
- 297. Other non-current assets
- 298. Provision for diminution in value of stocks (-)
- 299. Accumulated depreciation (-)

# **3 SHORT-TERM LIABILITIES**

## **30 Financial Liabilities**

- 300. Bank loans
- 301.
- 302.
- 303. Principal and interest payments of long-term loans
- 304. Principal, instalment and interest payments of bonds
- 305. Bonds and shares issued
- 306. Other marketable securities issued
- 307.
- 308. Premium reserves of marketable securities (-)
- 309. Other financial liabilities

### **31**

### **32**

- 320 Suppliers
- 321 Notes payable
- 322 Discount of notes payable (-)
- 323
- 324
- 325
- 326 Deposits and guarantees given
- 327
- 328
- 329 Other trade payables

### **33 Other Payables**

- 330
- 331 Payables to shareholders
- 332 Payables to subsidiaries
- 333 Payables to affiliated companies
- 334
- 335 Payables to personnel
- 336 Other miscellaneous payables
- 337 Discount of other notes payables (-)
- 338
- 339

### **34 Advances Taken**

- 340 Advances taken for orders
- 341
- 342
- 343
- 344
- 345
- 346
- 347

348

349 Other advances taken

**35 Advances received for contracts in progress**

**36 Taxes Payable and other liabilities**

360 Taxes and funds payable

361 Social security premiums payable

362

363

364

365

366

366.

367.

368. Overdue, deferred payables or payables on instalments to the State

369. Other liabilities

**37 Provisions for Liabilities and Expenses**

370. Provisions for tax and other liabilities relating to the profit of the period

371. Prepaid tax and other liabilities for the current year profit (-)

372. Provision for severance payments

373. Provision for expenses relating to costing

374.

375.

376.

377.

378.

379. Provision for other liabilities and expenses

**38 Deferred Income and Expenses Accruals for the Following Months**

380. Deferred income for the following months

381. Expense accruals

382.

383.

384.

385.

386.

387.

388.

389.

**39 Other Short-Term Liabilities**

390.

- 391. VAT calculated
- 392. Other VAT
- 393.
- 394.
- 395.
- 396.
- 397. Stock count and delivery surpluses
- 398.
- 399. Other miscellaneous short-term liabilities

#### **4 LONG-TERM LIABILITIES**

##### **40 Financial Liabilities**

- 400. Bank loans
- 401.
- 402.
- 403.
- 404.
- 405. Bonds issued
- 406.
- 407. Other marketable securities issued
- 408. Premium reserves of marketable securities (-)
- 409. Other financial liabilities

##### **41**

##### **42 Trade Payables**

- 420. Suppliers
- 421. Notes payable
- 422. Discount of notes payable (-)
- 423.
- 424.
- 425.
- 426. Deposits and guarantees taken
- 427.
- 428.
- 429. Other trade payables

##### **43 Other Payables**

- 430. Payables to shareholders
- 431. Payables to subsidiaries
- 432. Payables to affiliated companies
- 433.
- 434.
- 435.

- 436. Other miscellaneous payables
- 437. Discount of other notes payable (-)
- 438. Liabilities to the state (deferred or payable in instalments)
- 439.

**44 Advances Taken**

- 440. Advances taken for orders
- 441.
- 442.
- 443.

- 444.
- 445.
- 446.
- 447. Other advances taken

**45**

**46**

**47 Provisions for Liabilities and Expenses**

- 470.
- 471.
- 472. Provisions for severance payments
- 473.
- 474.
- 475.
- 476.
- 477.
- 478.
- 479. Provisions for other liabilities and expenses

**48 Deferred Income and Expenses Accruals for the Following Years**

- 480. Deferred income for the following years
- 481. Expense accruals
- 482.
- 483.
- 484.
- 485.
- 486.
- 487.
- 488.
- 489.

**49 Other Long-Term Liabilities**

- 490.
- 491.

- 492. VAT deferred or postponed to the following years
- 493. Participation in the establishment
- 494.
- 495.
- 496.
- 497.
- 498.
- 499. Other miscellaneous long-term liabilities

## **5 SHAREHOLDERS' EQUITY**

### **50 Paid-up share capital**

- 500 Capital
- 501 Unpaid Capital (-)

### **51**

### **52 Capital Reserves**

- 520 Premium reserves
- 521 Profit from invalidation of shares
- 522 Fixed asset revaluation fund
- 523 Investment revaluation fund
- 524
- 525
- 526
- 527
- 528
- 529 Other capital reserves

### **53**

### **54 Retained Earnings**

- 540 Legal reserves
- 541 Statuary reserves
- 542 General reserves
- 543
- 544
- 545
- 546
- 547
- 548 Other retained profits
- 549 Special reserves

### **55**

### **56**

### **57 Previous Years' Profits**

570 Previous years' profits

**58 Previous Years' Losses**

580 Previous years' losses

**59 Profit (Loss) for the Period**

590 Net Profit for the period

591 Net Loss for the period (-)

**6 INCOME STATEMENT**

**60 Gross Sales**

600 Domestic Sales

601 Export Sales

602 Other Sales

**61 Sales Discount (-)**

610 Returns from sales (-)

611 Sales discounts (-)

612 Other discounts (-)

613

614

615

616

617

618

619

**62 Cost Of Sales (-)**

620 Cost of finished goods sold (-)

621 Cost of commercial goods sold (-)

622 Cost of services sold (-)

623 Cost of other sales (-)

624

625

626

627

628

629

**63 Operating Expenses (-)**

629 Research and development expenses (-)

630 Marketing, sales and distributing expenses (-)

631 General and administrative expenses (-)

632  
633  
634  
635  
636  
638  
639

**64 Income and Profit from Other Operations**

640 Dividend income from subsidiaries  
641 Dividend income from affiliated companies  
642 Interest Income  
643 Commission Income  
644 Provision no longer required  
645 Marketable securities sales profit  
646 Foreign exchange gains  
647 Discount interest income  
648  
649 Other income and profit from operations

**65 Expense and Loss From Other Operations (-)**

650  
651  
652  
653 Commission expenses (-)  
654 Provisions (-)  
655 Marketable securities sales losses (-)  
656 Foreign exchange losses (-)  
657 Interest expense on discounted notes (-)  
658  
659 Other expenses and losses (-)

**66 Financial Expenses (-)**

660 Short-term borrowing expenses (-)  
661 Long-term borrowing expenses (-)

**67 Extraordinary Income and Profit**

670  
671 Income and profit relating to previous periods  
672  
673  
674  
675  
676  
677  
678

679 Other extraordinary income and profit

**68 Extraordinary Expense and Loss (-)**

680 Non-operating department expense and loss (-)

681 Expense and loss relating to previous periods (-)

682

683

684

685

686

687

688

689 Other extraordinary expense and loss (-)

**69 Net Profit (Loss) for the Period**

690 Net profit (loss) for the period

691 Provisions for taxation and other legal liabilities (-)

692 Net profit (loss) for the period

**COST ACCOUNTING (ALTERNATIVE 7/A)**

**70 Transitory Accounts for Cost Accounting**

700 Transitory accounts for accounting

701 Reflection accounts for cost accounting

**71 Direct Raw Materials and Supplies**

710 Direct raw materials and supplies expenses

711 Reflection account for direct raw materials and supplies

712 Price differences of direct raw materials and supplies

713 Quantity differences of direct raw materials and supplies

**72 Direct Labour Expenses**

720 Direct labour expenses

721 Reflection account for direct labour expenses

722 Direct labour wage differences

723 Direct labour time differences

**73 General Production Expenses**

730 General production expenses

731 Reflection account for general production expenses

732 Budget differences of general production expenses

- 733 Productivity differences of general production expenses
- 734 Capacity differences of general production expenses

**74 Cost of Production of Services**

- 740 Cost of production of services
- 741 Reflection account for cost of production of services
- 742 Cost of production of services difference account

**75 Research and Development Expenses**

- 750 Research and development expenses
- 751 Reflection account for research and development expenses
- 752 Research and development expenses difference account

**76 Marketing, Sales And Distribution Expenses**

- 760 Marketing, sales and distribution expenses
- 761 Reflection account for marketing, sales and distribution expenses
- 762 Marketing, sales and distribution expenses difference account

**77 General Administrative Expenses**

- 770 General administrative expenses
- 771 Reflection account for general administrative expenses
- 772 General administrative expenses difference account

**78 Financial Expenses**

- 780 Financial expenses
- 781 Reflection account for financial expenses
- 782 Financial expenses difference account

**79 Expense Types (Alternative 7/B)**

- 790 Direct raw materials and supplies
- 791 Wages and expenses of workers
- 792 Salaries and expenses of personnel
- 793 External utilities and services obtained
- 794 Miscellaneous expenses
- 795 Taxes, duties and fees
- 796 Depreciation and depletion expenses
- 797 Financial expenses
- 798 Reflection account for expenses
- 799 Cost of production

**8 FREE**

**9 CONTINGENCIES AND COMMITMENTS**

## **0 FREE**

# **C Explanations of the chart of accounts**

## **1 CURRENT ASSETS**

This main group of accounts comprises cash in hand and at banks and other liquid assets or assets planned to be consumed within one year or in the operating period of the company. This group comprises of liquid assets, marketable securities, trade receivables, other short term receivables, inventories, prepaid expenses, income accruals, and other current assets.

## **10 LIQUID ASSETS**

This group comprises cash in hand and at banks and other liquid assets (excluding marketable securities). This group includes the following accounts:

### **100. CASH IN HAND**

This account contains domestic currency and TL equivalent of foreign currencies held by the company.

#### **Recording of transactions**

This account is credited when payment orders are given and when the company deposits cash to its bank accounts. The account always gives debit balances.

### **101. CHEQUES RECEIVED**

This account comprises the cheques which are received from real and legal entities, but have not been endorsed or given to banks for collection.

#### **Recording of transactions**

This account is debited with the nominal values of cheques and credited with THA real values.

### **102. BANKS**

This account is used to follow up cash, which is deposited and drawn at domestic and foreign banks and similar financial institutions.

#### **Recording of transactions**

This account is debited when the company deposits cash to its bank accounts and credited when the company draws cash from its bank accounts or when the third party cashes in cheques issued by the company.

### **103. CHEQUES GIVEN AND PAYMENT ORDERS (-)**

Payment orders or payments by cheques to third parties are followed up in this account.

#### **Recording of transactions**

This account is credited when cheques are issued or when payment orders are given and debited when they are collected from banks.

**104.**

**105.**

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#### **108. OTHER LIQUID ASSETS**

This account comprises stamps, matured coupons, bank remittances (like cash in transit) and mail orders.

#### **Recording of transactions**

This account is credited when cheques are issued or when the payment orders are given, and debited when they are collected from banks.

**109.**

### **11 MARKETABLE SECURITIES**

This account group is used to follow up income derived from marketable securities and capital gains income. Also to follow up income from price fluctuations, interest or dividend income from marketable securities like mutual funds, government bonds, treasury bills, commercial papers, investment fund participation certificates, profit and loss participation certificates and income participation certificates. Provisions for the diminution of value of these marketable securities are also followed up in this group. This group includes the following accounts:

#### **110. COMMON STOCKS**

Common stocks held temporarily are followed up in this account.

#### **111. PRIVATE SECTOR SECURITIES, NOTES AND BONDS**

Securities, notes and bonds issued by the private sector are followed up in this account.

#### **112. PUBLIC SECTOR SECURITIES, NOTES AND BONDS**

Securities, notes and bonds issued by public sector are followed up in this account.

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**114.**

**115.**

**116.**

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### **118. OTHER MARKETABLE SECURITIES**

Marketable securities other than mutual funds, securities, notes and bonds issued by the public and private sector are followed up in this account.

#### **Recording of transactions**

Marketable securities are debited with their acquisition values in the accounts stated above and credited upon disposal with the same value.

Acquisition expenses of marketable securities are detailed in the relevant expense account "65. Expenses and losses from other activities" group. Losses arising from the disposal of marketable securities are also detailed in the relevant account in "65. Expense and loss from other activities" group whereas profits are followed up in the relevant account in "64. Income and profit from other operations" group.

### **119. PROVISION FOR DIMINUTION IN VALUE OF MARKETABLE SECURITIES (-)**

Provisions for losses arising from significant or continuous diminution in market values of marketable securities are followed up in this account in order to offset the effect of the losses.

#### **Recording of transactions**

This account is credited to " 654. Provisions " account in " 65. Expense and loss from other activities" group and debited for the diminution in value. With the disposal of the marketable securities or when the expected diminution for the marketable securities is not realized, then this account is netted off by crediting " 644. Provisions no longer required" account with the provision.

## **12 TRADE RECEIVABLES**

Notes receivable one receivables arising from trading activities, which are to be converted into cash within one year, are stated in this account. Receivables arising from trading

activities of the parent company, investments and partnerships are stated under the relevant accounts of this group. This group comprises the following accounts:

#### **120. CUSTOMERS**

This account includes receivables arising from transactions arising from the field of activity.

##### **Recording of transactions**

This account is debited with the arising receivables and credited when these receivables are collected.

#### **121. NOTES RECEIVABLES**

This account includes notes receivables arising from transactions in the field of activity.

##### **Recording of transactions**

This account is debited when the notes receivables are taken and credited when these notes receivables are cashed in.

#### **122. DISCOUNT OF NOTES RECEIVABLES (-)**

The rediscount amounts of notes receivable are followed up in this account, in order to value the notes receivable with the net present value at the year-end.

##### **Recording of transactions**

This account is credited with rediscounted amounts '652. Rediscount Expenses' account in accounts group '65. Expenses and losses from other operations' is debited with the rediscounted amount. In the following accounting period, this account is netted off by transferring to '642. Interest income' account in '64. Income and profit from other operations' accounts group.

**123.**

**124.**

**125.**

#### **126. DEPOSITS AND GUARANTEES GIVEN**

Deposits and guarantees given to third parties in return for commitment for the completion of a project or a contract are followed up in this account.

##### **Recording of transactions**

This account is credited with deposits and guarantees given, and credited when these deposits and guarantees are collected or deducted.

## **127. OTHER TRADE RECEIVABLES**

## **128. DOUBTFUL TRADE RECEIVABLES**

This account comprises notes receivable and other receivables which are not collected on due dates and afterwards are, therefore dishonored, for which legal obligations are used.

### **Recording of transactions**

This account is debited for the amount of doubtful receivable while related receivable account is credited so that this receivable is excluded from trade receivables. The account is credited if the receivable becomes irrecoverable.

## **129. PROVISION FOR DOUBTFUL TRADE RECEIVABLES (-)**

This account consists of provisions for doubtful trade receivables. Provision for doubtful trade receivables are calculated by referring to the previous periods. The provision for doubtful trade receivables and also provision for '128-. Doubtful trade receivables' are stated in this account. For receivables under guarantee, a provision is set up only for the excess amount.

This account can be grouped in line with different objectives.

### **Recording of transactions**

This account is credited with the amount of doubtful receivable while '654- Provision Expenses' account is debited. If some portion or all of the doubtful receivable is collected then this account will be debited with as much as the amount collected and '644 Provisions No Longer Required' account is credited. If the doubtful receivable becomes irrecoverable then this account is debited and the relevant account is credited. If the arising loss exceeds the provision then the loss equivalent to the provision will be debited to this account and the exceeding portion will be debited in '681- Previous period expenses or losses' account and the irrecoverable amount will be credited to the relevant creditors account.

Where the doubtful receivables which have been netted off from receivables account and debited to this account, are collected, they are transferred to '671. Income and profits related to previous' account.

## **13 OTHER RECEIVABLES**

This account group comprises notes receivables and other receivables, which do not result from trading activities and expected to be collected within a year. Doubtful receivables related to this group and provisions that are put aside for this receivable are also followed up in this group. This account group comprises the following:

### **130.**

### **131. RECEIVABLES FROM SHAREHOLDERS**

This account comprises receivables from shareholders related to non-operating activities (such as lending and other similar reasons).

#### **Recording of transactions**

This account is debited when a receivable arises, and credited when this receivable is collected.

### **132. RECEIVABLES FROM SUBSIDIARIES**

This account comprises receivables from subsidiaries related to non-operating activities (such as lending and similar reasons).

#### **Recording of transactions**

This account is debited when a receivable arises, and credited when this receivable is collected.

### **133. RECEIVABLES FROM AFFILIATED COMPANIES**

This account comprises receivables from affiliated companies for non-operating activities (such as lending and similar reasons).

#### **Recording of transactions**

This account is debited when a receivable arises, and credited when this receivable is collected.

### **134.**

### **135. RECEIVABLES FROM PERSONNEL**

This account comprises various receivables from its personnel and workers.

### **136. OTHER RECEIVABLES**

These are receivables which result from non-trading activities and that are not included in any of the accounts stated above.

### **137. DISCOUNT OF OTHER NOTES RECEIVABLE (-)**

The rediscount amounts of note receivable are followed up in this account. In order to value the relevant note receivable with their net present value at the balance sheet date.

#### **Recording of transactions**

The rediscounted amount is credited to this account and debited to '652- Interest expense on discounted notes' account. In the following period, this account is netted-off by transferring the amount to '642. Interest income' account.

### **138. OTHER DOUBTFUL RECEIVABLES**

This account comprises other receivables and notes receivables which are not collected on due dates, which are brought to court, and have tried to be collected by letter twice.

#### **Recording of transactions**

This account is debited with the amount of other doubtful receivable while the related receivable account is credited in order to omit the doubtful receivable from trade receivables. The account is credited if the receivable becomes irrecoverable or recoverable.

### **139. PROVISION FOR OTHER DOUBTFUL RECEIVABLES (-)**

This account includes provisions made for doubtful notes receivable and doubtful receivables regarded as irrecoverable. Provision for the guaranteed receivable is put aside on the exceeding amount.

#### **Recording of transactions**

This account is credited and '654. Provisions' account is debited in the amount of the provision. For receivables under guarantee, a provision is set up only for the excess amount.

When the expected loss is not realized partially or totally, the unrealized loss amount is credited in '644. Provisions no longer required' account and in this account as debit. When the doubtful receivables become irrecoverable, this account is debited and relevant account is credited. If the arising loss exceeds the provision, this account is debited as the provision and the excess amount is debited to '681- Expense and loss relating to previous periods' account and relevant receivable account is credited.

Where the doubtful receivable was written off from the receivable account and then debited to this account, are collected, they are transferred to '671- Income and profit relating to previous periods' account.

**14**

## **15 STOCKS**

This group comprises assets like raw materials, work-in-progress, finished goods, trading goods, by-products and scrap which are used in production and planned to be depleted or stocks may be liquidated in a year. Inventories for which invoices are not received are stated in the relevant accounts. Accounts stated in this group are the following:

## **150. RAW MATERIALS AND SUPPLIES**

Raw materials, auxiliary materials and packaging materials, by-products and others, used in production and other operations are followed up in this account.

### **Recording of transactions**

The materials are recorded in the debit with their purchase or production price, and credited in case of sale transfer or consumed.

## **151. WORK-IN-PROGRESS & PRODUCTION**

Goods whose production process have not been completed but started and have taken a certain portion of expenses like those of direct raw materials, labor and general production expenses are followed up in this account.

### **Recording of transactions**

At the end of the cost accounting period, this account is debited as much as raw material and direct labor and general administrative expenses are. Cost of goods whose production process completed is credited to this account and debited to the related inventory accounts.

## **152. FINISHED GOODS**

Goods obtained after the production process that are ready for sale are followed up in this account.

### **Recording of transactions**

This account is debited when the finished goods are transferred to the warehouses and credited when the goods are shipped out of the warehouses for sale or other purposes.

## **153. COMMERCIAL GOODS**

Goods purchased for resale purposes are followed up in this account.

### **Recording of transactions**

Goods purchased for resale are debited in this account with their purchase price, this account is credited when the goods are shipped out of the warehouses for sale or other purposes.

**154.**

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## **157. OTHER STOCKS**

Products, scraps etc. that are not included in the accounts stated above are followed up in this account.

### **Recording of transactions**

Products and scraps are debited into this account with their purchase price, this account is credited when these goods are shipped out of the warehouses for sale or other purposes.

### **158. PROVISION FOR DIMINUTION IN VALUE OF STOCKS (-)**

This account is used for recording the provisions set-up for physical or economical losses incurred in the value of stocks due to natural disasters or other reasons that reduce the value of the market price of the goods.

### **Recording of transactions**

When the market value diminishes, '654-Provision expenses' account is debited and this account is credited. When these stocks are either used in a process or sold, then a comparison is made with the related inventory account, and the provision is transferred to '644. Provisions no longer required' account.

### **159. STOCK ADVANCES GIVEN**

Advance payments made for purchase orders either to local companies or foreign ones are followed up in this account.

### **Recorded of transactions**

Payments are debited to this account and credited when the goods are received, in this account.

**16**

### **17 CONTRACT PROGRESS COST**

**170-178.**

These accounts are used for recording the cost of construction and repair extending overyears.

### **18 PREPAID EXPENSES AND INCOME ACCRUALS FOR THE FOLLOWING PERIOD**

This group of accounts is composed of expenses that arise in the current period, but actually relate to following periods or which will be debited in the following period. The following accounts are stated in this group:

### **180. PREPAID EXPENSES FOR THE FOLLOWING PERIOD**

Expenses relating to the following months, but paid in advance and which should not be recorded in expense accounts in the current period are followed up in this account.

### **Recording to transactions**

Prepaid expenses that will be debited to expense and cost accounts in the following period are debited to this account. In the following months, the account is credited when the amounts are transferred to related expense accounts.

### **181. INCOME ACCRUALS**

This account stands for current period revenues that will be collected from third parties or revenues to be debited in the following period:

### **Recording of transactions**

At the end of the period, amounts to be calculated relating to the current period will be debited in this account. In the following period, when the receivables are collected this account is credited and related accounts are debited.

**182.**

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### **19 OTHER CURRENT ASSETS**

Other current assets that are not stated above are recorded in this group. They are as follows:

### **190. TRANSFERRED VAT**

Undeductable VAT in one period which is deducted in the following period.

### **191. DEDUCTIBLE VAT**

VAT paid at the time of purchase of goods and services is recorded and followed up in this account.

### **Recording of transactions**

When goods and services are purchased, VAT to be deducted is debited in this account. Discounts in line with the regulations and adjustments made are credited to this account.

## **192. OTHER VAT**

VAT that is not paid during import in line with investment incentives is recorded in this account until the time it can actually be deducted, and is followed up in this account. (The postponement period is at most one year).

### **Recording of transactions**

Postponed VAT accrued during import for goods under the investment incentives, deferred by imposition and approval of the customs authorities, is debited to this account and corresponding liability account is credited.

## **193. PREPAID TAXES AND FUNDS**

Income, corporate and other taxes and funds that are paid in advance in accordance with the related regulations are followed up in this account.

### **Recording of transactions**

Prepaid income tax, corporation and other taxes and funds stated by the regulations are debited to this account.

At the year-end, they are debited to the '371. Prepaid tax and other liabilities relating to the current year profit' account, in '37. Provision for liabilities and expenses' group but the amount transferred cannot be higher than the balance in '370. Provisions for tax and other liabilities relating to the profit of the period'. The portion that cannot be transferred remains as the balance of this account.

## **194.**

## **195. WORK ADVANCES**

This account is used for recording the advances given to personnel and others who will buy goods and services and realise expense and payments on behalf of the company.

## **196. ADVANCES GIVEN TO PERSONNEL**

Advances given to personnel for the purposes of covering expenses claims made and services realized by them on behalf of the company, as well as advances given to personnel which are accounted for in their salaries and wages are followed up in this account.

## **197. STOCKCOUNT AND DELIVERY SURPLUSES**

Shortages determined during the cash, stocks and tangible fixed assets counts and also during the transfer of these items between different departments are temporarily recorded in this account.

### **Recording of transactions**

In case of shortages, this account is debited. If the shortages are compensated from those who are responsible, this account is credited.

## **198. OTHER CURRENT ASSETS**

Current assets other than the ones mentioned above are followed up in this account.

## **199. PROVISION FOR OTHER CURRENT ASSETS (-)**

If the amounts of shortages on cash, stock and fixed asset counts which cannot be transferred to their related permanent accounts are more than the excess of counts, then the provision for this difference is followed up in this account.

### **Recording of transactions**

The provision is credited to this account and debited to '654. Provisions' account. If the reason for the provision is realized, then the amount is debited to this account and credited to '197. Stockcount and delivery shortages account.

## **2 NON-CURRENT ASSETS**

This group of accounts comprises assets purchased for the operations of the company, which are not intended to be sold in one accounting period. Fixed assets can be classified as trade receivables, other receivables, financial fixed assets, tangible assets, intangible assets, assets subject to depletion, expenses related to the following years and income accruals and other fixed assets.

**20.**

**21.**

## **22. TRADE RECEIVABLES**

Notes receivable and trade receivables with a maturity of more than one year are followed up in this account. Receivables with maturity less than a year are transferred to related accounts in current assets. If there are receivables from the parent company, subsidiaries or investments, these are disclosed in the details of accounts in this group. Accounts of this group are as follows:

### **220. CUSTOMERS**

This account consists of receivables arising from sales of goods and services, which are related with the main field of activity of the company.

## **221. NOTES RECEIVABLE**

This account comprises notes receivable arising from the sale of goods and services, which are related with the main activity of the company and all other notes receivable.

## **222. DISCOUNT OF NOTES RECEIVABLE (-)**

This account is used to follow up discounts on notes receivable in order to value the notes receivable at the balance sheet date. The amount of discount is disclosed under the 'notes receivable' account as a deduction item.

**223.**

**224.**

**225.**

## **226. DEPOSITS AND GUARANTEES GIVEN**

This account is used to follow up deposits and guarantees with a maturity over a year and which are granted to third parties for whom a project is undertaken or a commitment is given to.

**227.**

**228.**

## **229. PROVISION FOR DOUBTFUL RECEIVABLES (-)**

The application of the ratio, which is obtained from the average of two preceding accounting periods bad debt/total credit sales figures, to the current credit sales reveals the provision for doubtful trade receivables for the period. This amount and the provision for '128- Doubtful trade receivables' are stated in this account. For receivables under guarantee, a provision is set up only for the amount exceeding the guarantee. The recording of the transactions is the same as ' 129. Provision for doubtful trade receivables' account.

## **23. OTHER RECEIVABLES**

This account comprises receivables arising from non-operating activities and which, are not expected to be collected within a year. Receivables with a maturity which falls below one year are transferred to related accounts in current assets. This group comprises the accounts stated below.

**230.**

## **231. RECEIVABLES FROM SHAREHOLDERS**

This account comprises receivables from shareholders relating to non-operating activities (which arise from lending or other similar reasons).

### **232. RECEIVABLES FROM SUBSIDIARIES**

This account comprises receivables from subsidiaries relating to non-operating activities (which are lending and other similar reasons).

### **233. RECEIVABLES FROM AFFILIATED COMPANIES**

This account comprises receivables from affiliated parties relating to non-operating activities (which arise by lending or other similar reasons).

**234.**

### **235. RECEIVABLES FROM PERSONNEL**

This account includes various long-term receivables from personnel. Advances given are not followed up in this account.

### **236. OTHER MISCELLANEOUS RECEIVABLES**

Receivables arising from non-operating activities and which are not included in any of the accounts mentioned above are stated in this account.

### **237. DISCOUNT OF OTHER NOTES RECEIVABLES (-)**

Discounts on notes receivables stated in other receivables group are followed up in this account.

**238.**

### **239. PROVISION FOR OTHER DOUBTFUL RECEIVABLES (-)**

This includes provisions made for doubtful notes receivable and doubtful receivables regarded as irrecoverable. Provisions for receivables under guarantee are set up only for the amount exceeding the guarantee.

### **Recording of transactions**

Definitions, classifications and recordings of the accounts receivable stated above are the same as the related receivables accounts in current assets.

### **24. FINANCIAL NON-CURRENT ASSETS**

Long-term marketable securities which have been held due to legal liabilities or non-liquid marketable securities, or which have lost the marketability are followed up in this group. Also shares held for partnership purposes are recorded in this account. This group comprises the following accounts:

### **240. LONG TERM MARKETABLE SECURITIES**

Shares held for participation purposes but which do not fulfill the minimum share capital requirements or mutual funds which have lost their marketability are followed up in this account. Also mutual funds kept due to legal requirements are also recorded in this account.

### **Recording of transactions**

When marketable securities are acquired '240. Long-term marketable securities' account is debited and in case of disposal, the account is credited.

### **241. PROVISION FOR DIMINUTION IN VALUE OF LONG TERM SECURITIES (-)**

When long-term marketable securities significantly or continuously diminish in market value, provisions for the arising losses are recorded in this account.

### **Recording of transactions**

The recording of transactions is explained in '119. Diminution in value of marketable securities' in the current assets group.

### **242. SUBSIDIARIES**

Mutual Funds and share capital which have been held for participating purposes (in management) or in order to determine partnership with other companies; directly or indirectly are followed up in this account. An investments participation account is used to follow up a minimum 50% shareholding and voting rights in partnerships.

In order to invest in any corporation, and in order to acquire the voting rights and participate in management, a minimum 10% of company shares must be held.

### **243. CAPITAL COMMITMENTS FOR SUBSIDIARIES (-)**

Capital commitments regarding subsidiaries are followed up in this account.

### **Recording of transactions**

Where capital commitments regarding subsidiaries are made, this account is credited and '242. Subsidiaries account is debited. The account is debited when commitments are realized.

### **244. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS (-)**

A significant or continuous diminution in the market value of participation shares is followed up in this account.

### **Recording of transactions**

'654. Provisions' account is debited and this account is credited. If the investment for which provision is made is disposed of or diminution in value is not realized '644. Provisions no longer required' account is credited while this account is debited.

### **245. AFFILIATED COMPANIES**

This account is used for investments for which the company has more than 50% capital or voting rights. A board election right is the main criteria for affiliated ownership.

### **Recording of transactions**

When there is a capital commitment to a affiliated company or a common stock purchase, this account is debited, whereas, when such participation shares are sold this account is credited.

### **246. CAPITAL COMMITMENT TO AFFILIATED COMPANIES (-)**

Capital commitments to affiliated companies are followed up in this account.

### **247. PROVISION FOR DIMINUTION IN VALUE OF AFFILIATED COMPANIES (-)**

A continuous or significant diminution in the market value of the participation shares of affiliated companies are followed up in this account.

### **Recording of transactions**

'654. Provisions' account is debited and this account is credited, where the investment for which a provision is made is disposed of or diminution in value is not realized, '644. Provisions no longer required' account is credited while this account is debited.

### **248. OTHER NON-CURRENT FINANCIAL ASSETS**

Non-current financial assets which are not be stated in the above listed accounts are noted in this account.

### **249. PROVISION FOR OTHER NON-CURRENT FINANCIAL ASSETS (-)**

Continuous or significant diminution in value of other financial assets is followed up in this account.

### **25. TANGIBLE NON-CURRENT ASSETS**

Assets held for company's activities with a useful life of longer than a year are followed up in this group. Accumulated depreciation of these assets is stated under this account as a deductible item.

### **250.LAND**

Land owned by the company is stated in this account.

### **251. UNDERGROUND INSTALLATIONS**

All kinds of roads, tunnels, landings, drills and other similar constructions are stated in this account.

## **252. BUILDINGS**

Buildings owned by the company and the spare parts are stated in this account.

## **253. MACHINERY, EQUIPMENT AND INSTALLATIONS**

All kinds of machinery, plant and equipment with spare parts, transportation equipment (forklift, conveyor etc.) used in the production process are stated in this account.

## **254. MOTOR VEHICLES**

All motor vehicles used for company's operations are stated under this account. Motor vehicles used for service purposes in the transportation sector are followed up in this account but the total value of motor vehicles used mainly in the production process in the transportation sector, are stated in the balance sheet footnotes.

## **255. FURNITURE AND FIXTURES**

All kinds of office machinery, equipment, furniture and fixtures such as shelves, chairs, tables etc. which are used for the continuity of the services of the company are stated under this account.

## **256. OTHER TANGIBLE ASSETS**

Other tangible assets can not be included in the accounts stated above, are included in this account.

### **Recording of transactions**

The tangible assets account is debited with the cost of purchases, transfers and production of these assets. Those tangible assets that are sold or transferred are credited from this account.

## **257. ACCUMULATED DEPRECIATION (-)**

This account is used for the depreciation of fixed assets within their useful lives.

### **Recording of transactions**

The depreciation charge is credited to this account. The depreciation of sold or transferred assets are debited to this account whereas the related fixed asset account is credited.

## **258. CONSTRUCTION-IN-PROGRESS**

All types of material, labor and general expenses made regarding assets under construction are recorded as tangible fixed assets when construction is completed, are followed up in this account.

### **Recording of transactions**

All direct and indirect expenses incurred in the construction-in-progress are debited to this account whereas all investments that are completed are credited and debited to tangible assets.

## **259. FIXED ASSET ADVANCES GIVEN**

Advance payments to foreign or domestic suppliers regarding tangible fixed assets ordered are followed up in this account. This account also comprises order advance expenses.

When a payment is made, this account is debited and credited when the goods are received.

## **26. INTANGIBLE NON-CURRENT ASSETS**

Rights, patents and goodwill utilized, assets without physical appearance are followed up in this group.

### **260. RIGHTS**

It comprises legal rights purchased like franchises, patents, know-how, license, trade-marks as well as usage or utilization rights.

#### **Recording of transactions**

Rights received are debited to this account in the amount of their cost values. They are amortized over their useful lives, if the useful life is unknown then these are depreciated over five years in equal installments.

### **261. GOODWILL**

This account comprises the positive difference between the taking-over costs of an enterprise and the net worth calculated over market value. If the market value cannot be determined, the net book value is taken as a basis.

#### **Recording of transactions**

Goodwill amounts paid are debited to this account. They are amortized over five years in equal installments.

### **262. PREOPERATING EXPENSES**

Where expenses are incurred for the continuity and growth of the company or establishment of a new branch are capitalized and no gain is obtained, then expenses occurred are followed up in this account.

#### **Recording of transactions**

This account is debited with the amount of cost. Pre-operating expenses are amortized over five years in equal installments.

### **263. RESEARCH AND DEVELOPMENT EXPENSES**

The capitalized portion of all kinds of expenses incurred for new products or improvement of technologies, used by the company is followed up in this account.

### **Recording of transactions**

Related costs are debited to this account and depreciated over five years.

### **264. LEASEHOLD IMPROVEMENTS**

This account composes of assets and expenses, excluding ordinary maintenance and repair expenses, which are made for the improvement and extension of the useful lives of rented immovables but will be left to the owner upon the expiration of the rent period.

### **Recording of transactions**

Expenses incurred are debited to this account and are depreciated during the rent period. If the rent period is more than five years, these expenses are depreciated in five equal installments.

**266.**

### **267. OTHER INTANGIBLE ASSETS**

Other intangible assets, which are not stated in the accounts mentioned above, are followed up in this account.

### **268. ACCUMULATED DEPRECIATION (-)**

This account is used for depreciation of intangible fixed assets during their useful lives.

### **Recording of transactions**

Depreciation charges are debited to this account. For those that have been disposed this account is credited.

### **269. ADVANCES GIVEN**

This account comprises advances given to domestic and foreign suppliers for the purchase of intangible fixed assets.

### **Recording of transactions**

When a payment is made this account is debited. When the assets are received, this account is credited.

### **27. ASSETS SUBJECT TO DEPLETION**

This account comprises expenses highly dependent on the timing and intensity of production operations and are closely related to a certain tangible asset or made for an asset subject to complete consumption.

**270.**

### **271. RESEARCH EXPENSES**

Expenses made for the following research are stated up in this account.

- determining entrance points into a mine,
- research made before starting an operation,
- topographical, geological, geophysical investigation of land for oil drilling.

If no productive reserves are determined expenses incurred are recorded as a loss.

## **272. PREPARATION AND DEVELOPMENT EXPENSES**

Expenses relating to:

- Opening the mine cover and entering into ore beds.
- Establishing a continuous connection between the mine and ore bed,
- Dividing the ore beds into productive sections,
- Opening horizontal, vertical or inclined roads to provide transportation and ventilation of reserves,
- Sinking, cleaning, deepening, completion of petroleum wells,,
- Labour, fuel, repair and maintenance, transportation and material expenses to complete the above operations.

**273.**

**274.**

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**276.**

## **277. OTHER DEPLETABLE ASSETS**

This account is used to follow up special depletable assets.

### **Recording of transactions**

Where expenses incurred are linked to certain assets this account is debited and when the reverse happens this account is credited.

## **278. ACCUMULATED DEPLETION (-)**

Assets subject to depletion are depreciated according to their classifications.

### **Recording of transactions**

The depletion charge of such assets is credited to this account and when they are disposed this account is debited.

## **279. ADVANCES GIVEN**

This account includes advance payments made for special depletable assets.

### **Recording of transactions**

When a payment is made as an advance this account is debited. When the payment is justified the advance is credited.

## **28. PREPAID EXPENSES AND INCOME ACCRUALS FOR THE FOLLOWING YEARS**

This group of accounts includes income accrued in the related accounting period but not collected during the same period and expenses realized in the current accounting period but relating to the following years. The accounts included in this group are stated below.

### **280. PREPAID EXPENSES FOR THE FOLLOWING YEARS**

This account includes prepaid expenses, which are related with the following accounting periods.

### **Recording of transactions**

When advance payments are made for future periods and costs, this account is debited. In the related period this account is credited by transferring the related amounts to 'Prepaid expenses for the following months' account included in current assets.

## **281. INCOME ACCRUALS**

The current period portion of income which will be collected from third parties or debited to their accounts for a year or more are debited to this account and related income accounts are credited.

### **Recording of transactions**

At the end of each period, income related to the current accounting period are debited to this account and the related accounts are credited. In the following years, when receivables are ascertained, this account is netted off by debiting third party accounts.

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**289.**

## **29. OTHER NON-CURRENT ASSETS**

Those not included in the previous sections are stated under this account.

**290.**

## **291. VAT DEDUCTIBLE IN THE FOLLOWING YEARS**

This account comprises VAT deductible in the following years, which is related to fixed assets purchased or produced and subject to depreciation.

### **Recording of transactions**

The VAT deductible in the following years are debited to this account during the year. At the end of the balance sheet period the amount corresponding to the period is transferred to '191. Deductible VAT' account.

## **292. OTHER VAT**

This account comprises VAT exceeding one year, which is deferred, deductible or collected.

## **293. LONG-TERM STOCKS**

This account comprises stocks that are in excess of use resulting from excess purchase, slow production and slow turnover in a period of one year.

## **294. STOCKS AND TANGIBLE ASSETS TO BE DISPOSED**

This account consists of stocks and tangible fixed assets than cannot be used in the activities of the company and which have no marketability.

## **295. PREPAID TAX AND FUNDS**

This account includes prepaid tax and funds to be deducted in the following years.

**296.**

## **297. OTHER NON-CURRENT ASSETS**

All other tangible fixed assets that are not stated in the accounts above are recorded in this account.

## **298. PROVISION FOR DIMINUTION IN VALUE OF STOCKS (-)**

To avoid the risk of any significant reductions in physical or economical values of stocks due to natural disasters like fire, earthquake, flood or deteriorating, decaying, spoiling, breaking or reductions in the market prices of the stocks due to technological improvements or changes in fashion, this provision account is used.

### **Recording of transactions**

Recording of this account is explained in '158. Provision for diminution in value of stocks' included in current assets.

### **299. ACCUMULATED DEPRECIATION (-)**

Depreciation of assets is followed up in this account.

## **3 SHORT – TERM LIABILITIES**

Short-term liabilities consist of the liabilities of the company which are paid within one accounting period. This account is grouped as financial liabilities, trade payables, other payables, advances taken, taxes payables and other liabilities, provisions for liabilities and expenses, deferred income and expense accruals and other short-term liabilities.

### **30. FINANCIAL LIABILITIES**

Financial liabilities include the company's short-term debts to financial institutions, liabilities relating to loans obtained through capital market instruments or principal payments and the interests of long-term financial debts which mature within one year.

### **300. BANK LOANS**

This account comprises the amount of short-term loans provided by banks and other financial institutions.

### **Recording of transactions**

Short-term loans are credited when taken and debited when paid.

### **301.**

### **302.**

### **303. PRINCIPALS AND INTEREST PAYMENTS OF LONG-TERM LOANS**

This account includes the principal payments of long-term loans which are payable within one year from the balance sheet date. The remaining portion of loans for which the due date is less than one year and the related interests which are accrued but unpaid are also included.

### **304. PRINCIPAL INSTALMENT AND INTEREST PAYMENTS OF BONDS**

The principal and instalments of bonds for which the due date falls within one year of the balance sheet date and the related accrued but unpaid interests are stated in this account.

#### **Recording of transaction**

The principal instalments and interests mentioned above are credited and debited when they are paid.

### **305. NOTES AND SHARES ISSUED**

Short-term monetary and capital market tools such as financial bonds and bank notes in circulation are recorded in this account.

#### **Recording of transactions**

When the securities are issued the nominal value of such securities are debited to this account and the other related accounts are debited. When such securities are paid, this account is debited.

### **306. OTHER MARKETABLE SECURITIES ISSUED**

Marketable securities which are not classified as notes and issued are stated under this account.

#### **Recording of transactions**

When the securities are issued, the nominal value of such securities are debited to this account and the other related accounts are debited. When such securities are paid this amount is credited.

**307.**

### **308. PREMIUM RESERVES OF MARKETABLE SECURITIES (-)**

This account includes the difference, which relates to following periods, between the selling price and the nominal value of bonds shares and other marketable securities, if these are issued at lower values than their nominal values.

#### **Recording of transactions**

The difference between the selling price and the nominal value of bonds shares and other marketable securities relating to the next period and the amounts transferred from account "408. Premium reserves of marketable securities" are debited, the amounts depleted in parallel to the maturities of the securities and the amounts transferred from the account group "66. Financial expenses" are credited to the account.

### **309. OTHER FINANCIAL LIABILITIES**

Those not stated in any of the accounts above are included in this account.

#### **Recording of transactions**

If a liability arises this account is credited and when the liability is paid this account is debited.

**31.**

### **32. TRADE PAYABLES**

The company's payables relating to its trading activities either with or without notes are recorded in this group.

### **320. SUPPLIERS**

Payables without a promissory note arising from the company's purchases of goods and services in relation to trading activities are followed up in this account. The amounts due to group companies are disclosed in the footnotes.

#### **Recording of transactions**

When the liability without a promissory note arises this account is credited and when it is paid this account is debited.

### **321. NOTES PAYABLE**

This account includes the company's trade payables to be paid in notes arising from purchases of goods and services in relation to the trading activities. The amounts due to group companies are disclosed in the footnotes.

#### **Recording of transactions**

Promissory notes payable are credited to this account and debited upon payment.

### **322. DISCOUNT OF NOTES PAYABLE (-)**

This account is used to follow up the discount amounts allocated to notes payable in order to state these payables at their net realisable value at the balance sheet date.

#### **Recording of transactions**

The amounts of discounts calculated are debited to this account and credited to "642. Interest income". This account is netted off by transferring the balance to "652 Interest expense on discounted notes" in the following accounting period.

**323.**

**324.**

**325.**

### **326. DEPOSITS AND GUARANTEES TAKEN**

This account is used to follow up the amounts taken as a return for a claim fixed by certain agreements in order to enforce third parties to deal with a certain work and to pay a certain amount.

#### **Recording of transactions**

Deposits and guarantees taken are credited to this account and those given back or that are considered against a liability are debited to this account.

**327.**

**328.**

### **329. OTHER TRADE PAYABLES**

Those not stated in any of the other accounts of this group are included in this account.

### **33. OTHER PAYABLES**

This group consists of payables which do not result from the trading activities and which are payable within one year.

#### **Recording of transactions**

In case a liability arises this account is credited and when the liability is paid this account is debited.

**330.**

### **331. PAYABLES TO SHAREHOLDERS**

This account includes payables to shareholders due to operations which are not the main activity of the company.

#### **Recording of transactions**

In case a liability arises this account is credited and when the liability is paid this account is debited.

### **332. PAYABLES TO SUBSIDIARIES**

Payables to subsidiaries due to operations other than the main subject of the company are stated in this account.

### **Recording of transactions**

Where a liability arises this account is credited and when the liability is paid this account is debited.

### **333. PAYABLES TO AFFILIATED COMPANIES**

Except for capital commitments, the company's payables to its affiliated companies due to operations other than the main trade of the company are stated under this heading.

### **Recording of transactions**

In case a liability arises this account is credited and when the liability is paid this account is debited.

**334.**

### **335. PAYABLES TO PERSONNEL**

Company's payables to the personnel are recorded to this account.

### **Recording of transactions**

Where a liability arises this account is credited and when the liability is paid this account is debited.

**336.**

### **337. DISCOUNT ON OTHER NOTES PAYABLES (-)**

The discounts allocated to other notes payables in order to state these notes at the balance sheet date are followed up in this account.

### **Recording of transactions**

Amounts calculated are debited to this account and credited to "642. Interest income" This account is terminated by transferring the balance to "652. Interest expense on discounted notes."

**338.**

### **339. OTHER MISCELLANEOUS PAYABLES**

Those items which are not trade payables and not included in any of the accounts above are collected under this heading.

### **34. ADVANCES TAKEN**

These are the advances from third parties for goods and services to be delivered or for other reasons.

#### **340. ADVANCES TAKEN FOR ORDERS**

The cash advances taken from third parties for goods and services sold and to be delivered in the future are stated in this account.

#### **Recording of transactions**

Advances taken for orders are credited to this account. When the goods or services are rendered, this account is debited.

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#### **349. OTHER ADVANCES TAKEN**

The account comprises all the short-term advances except for the ones mentioned in the accounts above.

### **35. ADVANCES RECEIVED FOR CONTRACTS IN PROGRESS**

This group includes the advances received for construction and repair costs over years.

#### **350.-358. ADVANCES RECEIVED FOR CONTRACTS IN PROGRESS**

These accounts are used being parallel to the 170-178 accounts.

### **36. TAXES PAYABLE AND OTHER LIABILITIES**

Taxes, fees, duties, deductions, insurance premiums, contributions to unions, syndicate instalments and other such liabilities which the company is both responsible and liable to pay are stated under this heading.

### **360. TAXES AND FUNDS PAYABLE**

This account includes the taxes, fees, duties and funds payable related personnel, third parties or the company itself in relation to the economic activities of the company.

#### **Recording of transactions**

If the liabilities defined above are to be deferred or paid by instalments to exceed one year then they are transferred to “438. Liabilities to the State (Deferred or payable in instalments)” Account.

### **361. SOCIAL SECURITY PREMIUMS PAYABLE**

The account includes the retirement deductions, insurance premiums of the personnel and the related shares of employers and other payables to the social security institutions that the company has to deduct from the earnings of the employees according to the social security legislation.

#### **Recording of transactions**

If the social security deductions are payable in more than one year than they are transferred to “438. Liabilities deferred or instaled to the State (Deferred or payable in instalments)” account.

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**367.**

### **368. OVERDUE, DEFERRED PAYABLES OR PAYABLES ON INSTALMENTS TO THE STATE**

The account comprises the taxes and other liabilities which were not paid within the legal duration and which will mature within one year from the balance sheet date.

### **Recording of transactions**

In addition to the liabilities mentioned above the part of the liabilities in account 438 which will mature in more than one year are also transferred from that account and credited to this account.

### **369. OTHER LIABILITIES**

Except for the ones defined under a special heading in this group of accounts, all liabilities are stated in this account.

### **Recording of transactions**

When accruals are needed this account is credited and when such liabilities are settled by way of payment, this account is debited.

### **37. PROVISIONS FOR LIABILITIES AND EXPENSES**

Liabilities and expenses for which the related amounts cannot be precisely determined or the ones for which the accrual date is not definitely known are included in this group of accounts. The provisional accounts under this heading are not used to stabilize the assets.

### **370. PROVISIONS FOR TAX AND OTHER LIABILITIES RELATING TO THE PROFIT OF THE PERIOD**

This account consists of provisions for corporate taxes payable on current year profit, other taxes and deductions, funds and other payables.

### **Recording of transactions**

The amounts related to the items defined above are credited to this account. The account is then debited when the tax accrual is actualized, the related amount is netted off with the "371. Prepaid tax and other liabilities for the current year profit" account and the remaining amount is transferred to the "360. Taxes and funds payable" account.

### **371. PREPAID TAX AND OTHER LIABILITIES FOR THE CURRENT YEAR PROFIT (-)**

The income and corporation taxes paid in advance according to the legislation are stated in this account.

### **Recording of transactions**

The transfers from "193. Prepaid taxes and funds" account to be deducted from the provisions for the taxes and other legal liabilities related to the current year profit are debited

to this account and credited to account 193. The amounts accrued and netted off from income tax are credited to this account.

### **372. PROVISION FOR SEVERANCE PAYMENTS**

Severance payments calculated in accordance with the principles determined and which are payable within one year are stated in this account.

#### **Recording of transactions**

When transfers are made from account "472. Provision for severance payment", this account is credited. When such liabilities are settled by way of payment, this account is debited.

### **373. PROVISION FOR EXPENSES RELATING TO COSTING**

This account is used to record the provisions for the estimated depreciation, repairs and maintenance, bonuses, financial and other such expenses during the course of determining monthly costs or allocating the expenses on a monthly basis which will be accrued during the following months or at the year-end.

#### **Recording of transactions**

When costs to be included in the monthly costing are estimated, this account is credited.

When the exact amounts are known, this account is debited.

**374.**

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### **379. PROVISION FOR OTHER LIABILITIES AND EXPENSES**

This is the account in which the provision for short-term liabilities and expenses is recorded.

#### **Recording of transactions**

Those accounts not included elsewhere and are not fundamental enough to be followed in separate accounts are credited to this account. When such liabilities are settled by way of payment, this account is debited.

### **38. DEFERRED INCOME AND EXPENSE ACCRUALS FOR THE FOLLOWING MONTHS**

This group of accounts includes the income arising during the current accounting period but is related to the following months, and expenses which are related to the current accounting period but will be paid in the following months.

### **380. DEFERRED INCOME FOR THE FOLLOWING MONTHS**

The portion of the income earned in relation to the following accounting periods which is related to a period less than one year is included in this account.

#### **Recording of transactions**

Income collected in advance is credited to this account. Such income is transferred to the related accounts in the related periods.

### **381. EXPENSE ACCRUALS**

The accrued expenses for which the payment will be done in the following months and which are definitely supported by documents are stated under this heading.

#### **Recording of transactions**

Accruals are credited to this account while the related cost and expense accounts are debited.

### **39. OTHER SHORT-TERM LIABILITIES**

Those not stated in the group of accounts above are included in this group.

#### **390.**

### **391. VAT CALCULATED**

VAT related to the goods sold or services supplied and VAT related to the goods and services for which the sales transaction is terminated are stated in this account.

#### **Recording of transactions**

VAT calculated is credited to this account while corrections are debited. At the taxation period "191. Deductible VAT" account is compared and if the balance of this account is higher, this account is transferred to "360. Taxes and funds payable".

### **392. OTHER VAT**

This account is categorized as:

- i) VAT related to imports of capital goods with incentive which is deferred; and,
- ii) VAT related to the goods and services exported which is deferred and will be cancelled in the future.

#### **Recording of transactions**

The amount of VAT relating to the imports of capital goods with incentive which is deferred via imposition and accrual of the customs authorities is credited to this account and debited to the related account in the assets. After it is cancelled according to the legislation, this transaction is reversed.

In case the imports are not made in the way anticipated in the investment incentive certificate the deferred amount of VAT is debited to this account and credited to the accrual account in the liabilities.

The amount of VAT postponed by the tax department is credited to this account and debited to "391. VAT calculated" account and when it is cancelled or when the imports cannot be realized the transaction is reversed.

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### **397. STOCKCOUNT AND DELIVERY SURPLUSES**

The excessive amounts determined during the counts of cash, stocks and tangible fixed assets and during the transfer of these items between the departments are temporarily recorded in this account.

#### **Recording of Transactions**

The excessive amounts determined in the cash count are credited to the account. For the payments to third parties supported by documentation debit entries are made.

The amounts which stay in this account for a certain period are transferred to "671 Income and profit relating to previous periods".

The excessive amounts determined during the stockcount which are proved to be non-exceptional items are debited to the account and credited to the related cost account.

The fixed assets count surpluses are recorded with a debit entry to the related fixed asset account and a credit entry to this account. The amounts that are documented to be written as profit are debited to this account in return for a credit entry to "679. Other extraordinary income and profit."

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### **399. OTHER MISCELLANEOUS SHORT – TERM LIABILITIES**

Those not included in any of the other accounts in this group are stated under this heading.

## **Recording of Transactions**

Other short-term liabilities are transferred to this account while payments are debited.

## **4 LONG-TERM LIABILITIES**

Long-term liabilities include the company's liabilities to financial institutions, stock exchange market and related third parties of maturity dates of more than one year with respect to the balance sheet date.

It is categorized into the following groups: Financial liabilities, trade payables, other payables, advances taken, taxes payable and other liabilities, provisions for liabilities and expenses, deferred income and expense accruals for the following years and other long-term liabilities.

### **40. FINANCIAL LIABILITIES**

Financial liabilities include the company's long-term debts to banks and other financial institutions or liabilities relating to loans obtained by issuing securities are stated in this group.

#### **400. BANK LOANS**

This account comprises long-term loans provided from the banks and other financial institutions.

#### **Recording of Transactions**

Long-term loans taken are credited to this account. When paid, this account is debited. Principal installments payable after a year are credited to "303 Principal and interest payments of long-term loans" while this account is debited.

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#### **405. BONDS ISSUED**

The bonds issued by the company for which the due dates are more than one year are followed up in this account. If the company also issues bonds which can be converted into shares or cash, the amounts and natures of these bonds are disclosed in the footnotes.

#### **Recording of Transactions**

The amount of bonds issued are credited to this account. The principal payments and the interests of the bonds which are payable within one year from the balance sheet date are debited to this account by transferring the amount to "304. Principal and interest payment of bonds."

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**407. OTHER MARKETABLE SECURITIES ISSUED**

All other marketable securities with maturity dates exceeding one year except for the participation shares and those not defined in the paragraphs above are included in this account.

The participation shares and other marketable securities which are included in share capital by nature are not stated in this account. In case the company issues participation shares, the related amount of capital is stated under the Capital heading which is in the shareholders' Equity and when they are repurchased they are recorded to the Marketable Securities Group.

**Recording of Transactions**

Nominal values are credited to this account. Principal and instalment payments maturing after one year are transferred to "306. Other marketable securities issued" by debiting this account.

**408. PREMIUM RESERVES OF MARKETABLE SECURITIES**

Part of the difference between the selling price and the nominal value of bonds and other marketable securities which relates to the following periods is stated in this account.

**Recording of Transactions**

In case marketable securities are issued with a value lower than the nominal value, then this account is debited. The portion relating to the next period is transferred to "308 Premium reserves of marketable securities" by crediting this account.

**409. OTHER FINANCIAL LIABILITIES**

Those not stated in the account above are included in this account.

**Recording of Transactions**

When a liability arises this account is debited. When the liability is settled by way of payment, this account is credited.

**41.**

**42. TRADE PAYABLES**

Trade payables for which the due date is more than one year from the balance sheet date are recorded to this account. The amounts due to subsidiaries and to affiliates are disclosed in the footnotes.

**420. SUPPLIERS**

The payables without-notes arising from the company's purchases of goods and services in relation to the trading activities which mature in more than one year are followed up in this account.

#### **421. NOTES PAYABLE**

This account includes the company's trade payables in notes arising from purchases of goods and services in relation to the trading activities which mature in more than one year.

#### **422. DISCOUNT OF NOTES PAYABLE (-)**

This account is used to record discount amounts allocated to notes payable in order to revalue these payables at their net realisable value at the balance sheet date.

#### **Recording of Transactions**

This account is debited for discount of notes whereas "642. Interest income" included in "64. Income and profit from other operations" is credited. In the following period "652. Interest expense on discounted notes" included in "65. Expense and loss from other operations" is debited.

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#### **426. DEPOSITS AND GUARANTEES TAKEN**

Part of the deposits and guarantees taken for which the due date exceeds one year are stated in this account.

#### **Recording of Transaction**

The deposits and guarantees for which the maturity date becomes closer than one year at the balance sheet date are transferred to the "326. Deposits and Guarantees Taken Account."

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#### **429. OTHER TRADE PAYABLES**

Those payables not stated above for which the due date exceeds one year are included in this account.

#### **Recording of Transactions**

When a liability arises this account is credited. If the term becomes less than a year then this account is debited by transferring the liability to “329. Other trade payables”.

### **43. OTHER PAYABLES**

This group includes payables which are not related to trade activities maturing in more than one year.

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### **431. PAYABLE TO SHAREHOLDERS**

This account includes payables to shareholders due to operations which are not the main activity of the company and which mature in a period longer than one year.

#### **Recording of Transactions**

When a liability arises this account is credited. If the term becomes less than a year this account is debited by transferring the liability to account 331.

### **432. PAYABLES TO SUBSIDIARIES**

The long-term payables to investments due to operations other than the main trade of the company are stated in this account.

#### **Recording of Transactions**

When a liability arises this account is credited. If the term becomes less than a year this account is debited by transferring the liability to “332. Payables to investments.”

### **433. PAYABLES TO RELATED COMPANIES**

Except for capital commitments, the company’s payables to its subsidiaries due to operations other than the main subject of the company are stated under this heading.

#### **Recording of Transactions**

When a liability arises this account is credited. If the term becomes less than a year this account is debited by transferring the liability to “333 Payables to related companies.”

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**437. DISCOUNT OF OTHER NOTES PAYABLE (-)**

The discounts allocated to other long-term notes payables in order to revalue these notes at the balance sheet date are followed up in this account.

### **Recording of Transactions**

It is as explained in account “337 Discount of other notes payable.”

### **438. LIABILITIES TO THE STATE (DEFERRED OR PAYABLE IN INSTALMENTS)**

The account comprises the taxes and other liabilities which are not paid within the legal time period and which will mature in more than one year.

### **Recording of Transactions**

For the amounts included in “368. Overdue, deferred payables or payables on installments to the state” account whose maturity is over a year, are credited to this account and when the maturity is less than a year this account is debited.

### **439. OTHER MISCELLANEOUS PAYABLES**

Those items which are not trade payables and not included in any of the accounts above are collected in this account.

### **Recording of Transactions**

When the liability arises, this account is credited and when the maturity is less than a year at the balance sheet date, this account is debited by making a transfer to the account “339. Other miscellaneous payables.”

### **44. ADVANCES TAKEN**

These are the advances for which the due date exceeds one year from the balance sheet date.

### **Recording of Transactions**

Advances taken are credited to this account and when the maturity is less than a year this account is debited by making a transfer to account “340. Advances taken for orders”.

### **440. ADVANCES TAKEN FOR ORDERS**

The long-term advances taken, depending on a contract, before the delivery of goods and services are stated in this account.

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#### **449. OTHER ADVANCES TAKEN**

All long-term advances except for the ones stated above are included in this account.

#### **Recording of Transactions**

Advances taken are credited to this account and when the maturity is less than a year this account is debited by making a transfer to the account "349. Other advances taken."

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#### **47. PROVISIONS FOR LIABILITIES AND EXPENSES**

This group includes provisions for long-term liabilities and expenses which arise at the balance sheet date but whose amounts are not identifiable or ones which the accrual date is not definitely known. The provisional accounts under this heading are not used to organize assets.

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#### **472. PROVISION FOR SEVERANCE PAYMENTS**

The amount of the severance payment calculated in accordance with the principles determined is followed up in this account.

#### **Recording of Transactions**

The severance payment calculated is debited to the related expense account and credited to this account. The severance payments that are expected to be made in the following period are transferred to "372. Provision for severance payments" by debiting this account.

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#### **479. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES**

Provisions for long-term liabilities and expenses are stated in this account.

##### **Recording of Transactions**

The liabilities and expenses for which provisions were made in this account but will be paid in the following accounting period are debited to this account and credited to "379. Provision for other liabilities and expenses."

#### **48. DEFERRED INCOME AND EXPENSE ACCRUALS FOR THE FOLLOWING YEARS**

This group includes income collected in advance which relates to following accounting periods from the balance sheet date and expenses relating to the current accounting year but will be paid in following periods.

#### **480. DEFERRED INCOME FOR THE FOLLOWING YEARS**

Part of the income collected in advance in relation to the following accounting periods which covers a period longer than one year is stated under this heading.

##### **Recording of Transactions**

Income collected as advance are credited to this account. For those which become short-term, a transfer is made to account "380. Deferred income for the following months."

#### **481. EXPENSE ACCRUALS**

The accrued expenses for which the payment will be done in the following years and which are definitely supported by documentation are stated under this heading.

##### **Recording of Transactions**

This account is credited against expenses and costs relating to accruals. For those which become short-term a transfer is made to account ""381 Expense accruals."

#### **49. OTHER LONG-TERM LIABILITIES**

Those not stated in the groups above are included in this group.

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#### **492. DEFERRED OR WAIVED VAT TO FOLLOWING YEARS**

VAT which has to be paid for imports of capital goods with incentives but which is deferred until the time when it may physically be deducted is comprised in this account. The VAT relating to goods sold by domestic manufacturers to exporters under the condition that they are exported which can't be completely deducted, so is deferred till the next balance sheet period and is also included in this account.

### **Recording of Transactions**

This account is used like account "392. Other VAT" at the balance sheet date.

### **493. PARTICIPATION IN THE ESTABLISHMENT**

The amount of participation of third parties to the costs relating with the establishment in order to benefit from these are recorded in this account.

### **Recording of Transactions**

The amount of participation credited to this account when collected and the amortized portions calculated according to the useful life of the of the establishment are debited to the account whereas "649. Other income and profit from operations" is credited.

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### **499. OTHER MISCELLANEOUS LONG-TERM LIABILITIES**

Those not stated in any of the other accounts of this group are included in this account.

### **Recording of Transactions**

Accrued amounts are credited to this account and when the liability becomes short term this account is debited by making a transfer to account "339. Other miscellaneous short-term liabilities".

## **5 SHAREHOLDERS' EQUITY**

This account comprises the amount of capital investments made by owners or shareholders of the company, capital reserves, reserves, profits or losses of previous years and profits or losses of the current year.

## **50. PAID-UP SHARE CAPITAL**

### **500. CAPITAL**

The amount of capital allocated to the company or the capital stated in the Articles of Association and registered with the Trade Registry is comprised in this account. If capital is issued in relation to the transfer of a partnership into the Registered Capital System its amount and the upper limit of the registered capital is also disclosed in the footnotes.

#### **Recording of Transactions**

A capital commitment is credited to this account and amount unpaid is debited to unpaid capital.

### **501. UNPAID CAPITAL (-)**

This is the amount of the capital allocated to the company or undertaken by the shareholders but not yet paid.

#### **Recording of Transaction**

A capital commitment is credited to '500. Capital' account and the same amount is debited to this account. When the related amounts are paid this account is credited.

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## **52. CAPITAL RESERVES**

This group of accounts includes premium reserves, participation shares invalidated and the amounts arising from capital movements such as revaluation and which are added to the reserves of the company

### **520. PREMIUM RESERVES**

The amount resulting from the sale of shares issued with premiums is recorded to this account.

#### **Recording of transactions**

The difference between the nominal and sales value of this account is credited to this account or vice versa if such amounts are added to capital, this account is debited.

### **521. PROFIT FROM INVALIDATION OF SHARES**

The amount of payments made in relation to the value of invalidated shares after the deficiency in the proceeds from the issue of shares is netted off as stated in this account.

## **522. FIXED ASSET REVALUATION FUND**

The net amount of increase in the value of fixed assets arising from revaluation is stated in this account.

### **Recording of Transactions**

The net revaluation is credited to this account. In case the revaluation is capitalised or used for any other purpose this account is debited.

## **523. SUBSIDIARIES REVALUATION FUND**

In case the revaluation fund is added to capital in the affiliates and subsidiaries, the amount of increase allocated to the company's shares is comprised in this account.

### **Recording of Transactions**

The revaluation is credited to this account while '242. Subsidiaries' or '245. Affiliates' account is debited.

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## **529. OTHER CAPITAL RESERVES**

Those not stated in any of the other accounts in this group are included in this account.

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## **54. RETAINED EARNINGS**

This account consists of profits retained according to the law, decrees of Articles of Association or Board Minutes.

## **540. LEGAL RESERVES**

The reserves calculated according to the decrees of law are classified in this account.

### **Recording of Transactions**

Legal reserves from current year's profit are credited to this account.

## **541. STATUTORY RESERVES**

The reserves calculated on the basis of Articles of Association are included in this account.

### **Recording of Transactions**

This account works like the '540. Legal reserves' account.

## **542. GENERAL RESERVES**

The extraordinary reserves that the General Assembly decides to distribute and the undistributed profit are considered as extraordinary reserves.

### **Recording of Transactions**

This account works like the '540. Legal reserves' account.

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## **548. OTHER RETAINED PROFITS**

Those not statement above are included in this account.

### **Recording of Transactions**

Amounts retained from profit are credited to this account.

## **549. SPECIAL RESERVES**

The legal funds, which are required to be allocated to the company or which are legally required to be saved up and such other funds, are recorded under Special Reserves heading.

### **Recording of Transactions**

Amounts retained from profit are credited to this account.

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## **57. PREVIOUS YEARS' PROFITS**

## **570. PREVIOUS YEARS' PROFITS**

This account comprises previous years' profit, which was not distributed to the shareholders and was not kept in reserves.

## **58. PREVIOUS YEARS' LOSSES (-)**

### **580. PREVIOUS YEARS' LOSSES**

This account comprises previous years' net losses.

### **590. NET PROFIT FOR THE PERIOD**

This comprises the net profit after tax.

#### **Recording of Transactions**

'692. Net profit (loss) for the period' is credited into this account by a debit in that account.

### **591. NET LOSS FOR THE PERIOD (-)**

This comprises the net loss of the period.

#### **Recording of Transactions**

'692. Net profit (loss) for the period' is credited into this account by a debit in that account.

## **6 INCOME STATEMENT**

This group of accounts consists of gross sales, sales discounts, cost of sales, operating expenses, income and profit from other operations, expense and loss from other operations, financial expenses, extraordinary income and profit, and extraordinary expenses and loss incurred within the current operating period of the enterprise.

### **60. GROSS SALES**

This group of accounts consists of total amounts received or accrued in exchange of goods or services constituting the main subject of the enterprise. Subsidies on goods sold and services rendered, term differences on selling date, foreign exchange rate differences arising from export and tax rebates are included in this account. Value Added Tax realised within that period is not included in gross sales. Gross sales can be classified as domestic sales, exports and other income.

#### **600. DOMESTIC SALES**

This account comprises total amounts received or accrued in exchange of goods sold and services rendered to the domestic real or legal entities.

## **Recording of Transactions**

The sales amount is credited into this account.

### **601. EXPORT SALES**

This account comprises total amounts received or to be received in exchange for goods sold and services rendered to foreign customers.

## **Recording of Transactions**

This is the same as domestic sales.

### **602. OTHER SALES**

The firm may incur loss or face a decline in the operating revenue as a result of the efforts to comply with governmental policies or export incentive requirements. These losses may be compensated with revenues and subsidies such as exemption from taxes and duties, tax rebates, late payment fees, price stabilisation support premium and other revenue items.

## **Recording of Transactions**

Subsidies, tax rebates, late payment fees etc. generated from operations in the accounting period are credited into this account.

Such revenues are followed up in this account.

### **61. SALES DISCOUNTS (-)**

This group of accounts consists of amounts deducted from sales in order to obtain the net sales revenue figure.

This is classified as sales return, sales discounts and other discounts.

### **610. RETURN FROM SALES (-)**

This account comprises the invoice amount of returned goods.

## **Recording of Transactions**

The return amount from sales will be debited into '610 return from sales' account and the corresponding account is credited.

### **611. SALES DISCOUNTS (-)**

This account consists of all cash and quantity discounts made after the preparation of the invoice and the realisation of the sale.

The cash discount is the percentage allowance granted to the purchaser provided that the credit sales amount is paid before the due date.

The quantity discount is the allowance granted for high-volume purchases exceeding certain quantities or cash amounts.

### **Recording of Transactions**

'611 – sales discounts' account is debited and the corresponding 'Trade receivables' account is credited.

### **612. OTHER DISCOUNTS (-)**

Sales taxes (VAT excluded), levies, compulsory discounts, due from damaged and defected goods and transportation expenses undertaken by the seller in the account of the purchaser are classified in this account.

### **Recording of Transactions**

The discount or allowance made on goods sold or services rendered are debited into '612 – other discounts' account without being deducted from the sales revenue.

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### **62. COST OF SALES (-)**

This group of accounts consists of the cost of services, finished goods, semi-finished goods, raw materials, commercial goods, and stock movements within the accounting period.

In other words, it consists of all expenses incurred for the production of goods supplied and services rendered to the customer.

### **620. COST OF FINISHED GOODS SOLD (-)**

### **Recording of Transactions**

The total cost of goods are credited into fee account 152 and debited into this account.

### **621. COST OF COMMERCIAL GOODS SOLD (-)**

This account consists of the cost of commercial goods and similar items, which are bought to be sold without being subject to any change.

### **Recording of Transactions**

The total cost of commercial goods sold is credited into '153 – Commercial Goods' account and debited into this account.

### **622. COST OF SERVICES SOLD (-)**

Costs of services produced are recorded in this account.

### **Recording of Transactions**

Enterprises using alternative 7/A credit '741. Reflection account for cost of production of services' and debit 622 account.

Enterprises using alternative 7/B (small businesses) credit '799. cost of production' and debit 622 account.

### **623. COST OF OTHER SALES (-)**

Costs incurred for the collection of other sales income related to the main subject of the company.

### **Recording of Transactions**

Cost of sales are debited to this account.

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### **63. OPERATING EXPENSES (-)**

This group of accounts consists of research and development, marketing, sales, distribution, general and administrative expenses, which are not allocated to production costs but are still, related to the main subject of the company. The real operating expenses are transferred to this account by crediting the reflection accounts, at the end of the accounting period.

### **630. RESEARCH AND DEVELOPMENT EXPENSES (-)**

Uncapitalized research and development expenses incurred in order to reduce the production costs, increase sales and implement new production technologies are recorded here. In addition, the accrued amortisation charges of such capitalised expenses are also included in this account.

Expenses relating to research and development activities are followed up in group 7 and are credited into

- a) '751. Reflection account for research and development expenses' in option 7/A;
- b) '798. Reflection' in option 7/B;

and debited into this account.

### **631. MARKETING, SALES AND DISTRIBUTION EXPENSES (-)**

This account consists of depreciation and amortisation charges, taxes and duties, externally provided services, personnel expenses, indirect labour and material expenses related to the marketing, sales and distribution of goods and services. Expenses related to marketing activities are followed up in group 7, and expenses in this nature are transferred to this account by crediting '761. Reflection account for marketing, sales and distribution expenses' for alternative 7/A and '798. Reflection account of expenses' for alternative 7/B at the end of the accounting period.

### **632. GENERAL AND ADMINISTRATIVE EXPENSES (-)**

This account includes indirect materials, indirect labour, personnel expenses, external services, miscellaneous expenses, taxes and duties, and depreciation expenses which are not directly related with the cost of sales or production. Expenses related to administrative activities are included in group 7 and, are credited into '771. Reflection account for general and administrative expenses' in option 7/A; and into '798. Reflection account of expenses' in option 7/B. Finally they are transferred to this account at the end of each period.

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### **64. INCOME AND PROFIT FROM OTHER OPERATIONS**

Apart from operational income of the firm, income on the sale of marketable securities, repo (repurchase agreement) transactions, foreign exchange differences, rent, dividend and interest income from subsidiaries and long-term investments are included in this account.

#### **640. DIVIDEND INCOME FROM SUBSIDIARIES**

Dividend income from subsidiaries of which the companies have shares in their capital, are followed up in this account. Income or losses generated from the sale of marketable securities such as common stock and bonds are not recorded in this account.

#### **641. DIVIDEND INCOME FROM AFFILIATED COMPANIES**

Dividend income received from related companies is followed in this account.

#### **642. INTEREST INCOME**

Interest income provided from all short and long-term financial investments is followed up in this account.

#### **643. COMMISSION INCOME**

Accrued commission income is followed up in this account.

#### **644. PROVISIONS NO LONGER REQUIRED**

The cancelled portion of provisions provided for asset accounts are followed up in this account.

#### **645. GAINS ON MARKETABLE SECURITIES' SALES**

When marketable securities are sold, the positive difference between the cost value and the sales value is followed up in this account.

#### **646. FOREIGN EXCHANGE GAINS**

Gains occurring on foreign exchanges are followed up in this account.

#### **647. DISCOUNT INTEREST GAINS**

Discount interest gains occurring on notes payables as at the period-end are included in this account.

#### **648.**

#### **649. OTHER INCOME AND PROFIT FROM OPERATIONS**

Other income and profit from operations which are not stated under the accounts mentioned above are included in this account. Profit from foreign exchanges, sale of marketable securities and such others are recorded in this account.

**65. EXPENSE AND LOSS FROM OTHER OPERATIONS (-)**

Expenses from operations other than the main activities of the firm are followed up in this account.

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**652. INTEREST EXPENSE ON DISCOUNTED NOTES (-)**

The interest expense on discounted notes receivable and payable which are related to other operations of the company are recorded in this account.

**653. COMMISSION EXPENSES (-)**

Commissions paid to agencies, representatives and such enterprises for the other operations of the company are included in this account.

**654. PROVISIONS (-)**

Expenses relating to the provisions provided for the asset accounts are followed up in this account.

**655. LOSSES ON MARKETABLE SECURITIES SALES (-)**

When marketable securities are sold, the negative difference between the cost and the sales value is followed up in this account.

**656. FOREIGN EXCHANGE LOSSES (-)**

Losses occurring on foreign exchange are followed up in this account.

**657. DISCOUNT INTEREST LOSSES (-)**

Discount interest losses occurring on notes payables as at the period-end are included in this account.

**658.**

**659. OTHER EXPENSES AND LOSSES (-)**

Expenses and losses from other operations of the company, such as losses from foreign exchange, sale of marketable securities and such others are followed up in this account.

**66. FINANCIAL EXPENSES (-)**

Uncapitalized interest expenses, foreign exchange differences and loan commissions incurred from loans received are recorded in this account.

**660. SHORT-TERM BORROWING EXPENSES (-)**

Uncapitalized interest and other expenses incurred from loans with terms up to one year are followed up in this account.

Financial expenses followed up in group 7 are credited to

- a) '781. Reflection account for financial expenses' for option 7/A;
- b) '798. Reflection account of expenses' for option 7/B and debited to '660. Short-term borrowing expenses'.

**661. LONG-TERM BORROWING EXPENSES (-)**

Interest and other similar expenses incurred from loans with terms of more than one year are followed up in this account.

**67. EXTRAORDINARY INCOME AND PROFIT**

Apart from operational income, income obtained from unusual sale of fixed assets and similar transactions are recorded in this group of accounts.

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**671. INCOME AND PROFIT RELATING TO PREVIOUS PERIODS**

Amounts that have not been included in the financial statements of the prior accounting periods due to clerical errors are stated in this account.

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**679. OTHER EXTRAORDINARY INCOME AND PROFIT**

Income and profit obtained from the unusual sale of fixed assets not covered in the accounts mentioned above are recorded in this account.

**68. EXTRAORDINARY EXPENSE AND LOSS (-)**

Apart from the main activity of the firm, expenses arising from irregular occasions and transactions are placed in this account.

**680. NON-OPERATING DEPARTMENT EXPENSE AND LOSS (-)**

The expenses relating to the periods when production is ceased and sections which do not operate are recorded in this account.

**681. EXPENSES AND LOSS RELATING TO PREVIOUS PERIODS (-)**

Amounts that have not been included in the financial statements of the previous periods due to clerical errors are indicated in this account.

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**689. OTHER EXTRAORDINARY EXPENSE AND LOSS (-)**

The account consists of all extraordinary expenses and losses which are not listed in the accounts mentioned above.

**69. NET PROFIT (LOSS) FOR THE PERIOD**

**690. NET PROFIT (LOSS) FOR THE PERIOD**

The period-end balances of the income and expense accounts are transferred into this account. Revenue-natured balances are credited and expense-natured balances are debited into this account. The final balance of this account indicates the profit or loss for the period.

**691. PROVISIONS FOR TAXATION AND OTHER LEGAL LIABILITIES (-)**

The taxes and legal liabilities computed on the profit for the period in accordance with the related legislation are debited to this account while being credited to account '370. Provisions

for taxes and other legal liabilities relating to the profit of the period'. This account is netted-off with '690. Net profit (loss) for the period' and the balance is transferred to '692. Net profit (loss) for the period' account.

### **692. NET PROFIT (LOSS) FOR THE PERIOD**

The differences arising from the netting off of '690. Net profit (loss) for the period' and '691. Provisions for taxation and other legal liabilities' is recorded in this account. Profit after tax is credited while the net loss for the period is debited to this account. This account is closed at the end of the period by transferring the balance to the '590. Net profit for the period' account.

## **COST ACCOUNTING**

Expenses incurred for goods and services in order to obtain the desired quality and form are accumulated and transferred to the cost elements in cost accounts.

The expense accounts in this section are presented as two alternatives, as 7/A and 7/B, in order to provide flexibility in the application. The expense items are considered according to their functions in the general ledger in 7/A, and according to their types in 7/B. Thus, firms

are provided with flexibility in classifying expenses and keeping the general ledger according to their needs, organisation structures and size. Flexibility for the application of different costing methods is also provided.

## **COST ACCOUNTING IN 7/A ALTERNATIVE**

This alternative is necessarily recommended to especially large and medium sized production and service firms. Expenses in this alternative, are grouped according to their functions in the legal books when they are actually realized. At the same time, they are followed through the auxiliary accounts both on a type basis and on the related expenses basis. When auxiliary accounts consisting of expense types are kept to indicate relevant expense items, the method will be applied in line with its purpose. Since in this recording method, expenses are followed by their functions, types and relevant cost centers at the same time, accounting records are reduced considerably and production and service costs of each production level are determined in a certain order.

In this application, cost accounts are classified as follows:

### **70. TRANSITIONARY ACCOUNTS FOR COST ACCOUNTING**

This group of accounts are used where cost accounting operates separately from the general accounting.

#### **71. DIRECT RAW MATERIALS AND SUPPLIES**

#### **72. DIRECT LABOUR EXPENSES**

#### **73. GENERAL PRODUCTION EXPENSES**

#### **74. COST OF PRODUCTION OF SERVICES**

#### **75. RESEARCH AND DEVELOPMENT EXPENSES**

#### **76. MARKETING, SALES AND DISTRIBUTION EXPENSES**

#### **77. GENERAL AND ADMINISTRATIVE EXPENSES**

#### **78. FINANCIAL EXPENSES**

#### **79. EXPENSE TYPES**

Expense types and cost centers which will be used in auxiliary accounts are as in account numbers 0-9 and 10-99 respectively.

Each of the cost account groups in this section, are grouped as expense accounts, reflection accounts and difference accounts at general ledger level.

## **EXPENSE ACCOUNTS**

Expenses incurred or accrued during the period are debited to these accounts. Journal vouchers prepared to be recorded to expense accounts include the cost centre and expense type numbers.

### **REFLECTION ACCOUNTS FOR EXPENSES**

These accounts are used to reflect all expenses if the actual cost system is applied and expenses calculated per standards, if the standard cost is applied, to related accounts.

### **DIFFERENCE ACCOUNTS**

When standard cost method is applied the difference between actual costs and standard costs is recorded to these accounts. These accounts can give debit or credit balances.

### **70. TRANSITORY ACCOUNTS FOR COST ACCOUNTING**

These accounts are used to link general accounting and cost accounting, if they need to be kept separately.

### **700. TRANSITORY ACCOUNTS FOR COST ACCOUNTING**

This account provides the link between general accounting and cost accounting and is used by general accounting.

In case of separation of general and cost accounting, cost related expenses are debited to this account.

#### **Recording of Transactions**

As all related expenses are accrued, they are debited to this account and credited to related asset and liability accounts. At the end of cost periods, data produced by cost accounting are credited to this account, and debited to related accounts.

### **701. REFLECTION ACCOUNTS FOR COST ACCOUNTING**

This account is used in cost accounting to link general accounting and cost accounting and to transfer expenses which are recorded to '700. Transitory accounts for cost accounting' to related accounts.

#### **Recording of Transactions**

Expenses debited to '700. Transitory accounts for cost accounting' in general accounting are credited to this account in cost accounting and debited to functional expense accounts. Balances transferred from cost accounting to general accounting are debited to this account and credited to relevant functional expense reflection accounts.

### **71. DIRECT RAW MATERIALS AND SUPPLIES EXPENSES**

This group of accounts comprises expense, reflection and variance accounts relating to materials directly used in the production, usage of which can be economically separated.

#### **710. DIRECT RAW MATERIALS AND SUPPLIES EXPENSES**

The usage of materials directly included in production is followed up in this account in actual amounts. The cost of raw materials which are sold and not used in production are not included in this account.

##### **Recording of Transactions**

Direct raw materials and supplies drawn out of warehouses in main or supporting production centers is debited to this account and credited to '150. Raw materials and supplies'. The expense type and cost center codes should be recorded on the voucher prepared to accrue expenses in the enterprises which apply mutual time recording system.

Corrections related to this account are credited to the account. At the end of period, this account is compared with '711. Reflection account for direct raw materials and supplies' account and netted off.

#### **711. REFLECTION ACCOUNT FOR DIRECT RAW MATERIALS AND SUPPLIES**

Expenses debited to '710. Direct raw materials and supplies expenses' account in the application of the standard cost method are debited to '151. Work-in-process production' account against the credit entries of this account. At the end of the period, this account is netted off with '710. Direct raw materials and supplies expenses' account.

#### **712. PRICE DIFFERENCES OF DIRECT RAW MATERIALS AND SUPPLIES**

When the standard cost method is applied, this account is used to follow the negative or positive price differences between actual direct raw material expenses and standard direct raw material expenses recorded as costs. Negative price differences are debited and positive price differences are credited into this account. At the end of the period, this account is netted off into related stock and cost of sales accounts.

#### **72. DIRECT LABOUR EXPENSES**

This account consists of expenses, reflection and difference accounts relating to labour costs which are directly related with the production.

#### **720. DIRECT LABOUR EXPENSES**

These expenses are related to cost centers and consist of labour expenses which are directly allocated to production costs for a good or a service. These costs comprise labour costs for

which 'time spent per worker' can be measured without an allocation key, and finished goods expensed for can be followed.

### **721. REFLECTION ACCOUNT FOR DIRECT LABOUR EXPENSES**

Expenses debited to '720. Direct labour expenses' account in the application of the standard costs method are debited to '151. Work-in-progress-production' account against credit entries of this account. At the end of the period, this account is netted off with '710. Direct raw materials and supplies expenses' account.

In enterprises using the actual cost method, unproductive labour is debited to '680. Non-operating department expense and loss' account under normal conditions.

### **722. DIRECT LABOUR WAGE DIFFERENCES**

When the standard cost method is applied, this account is used to follow negative or positive wage differences between actual direct labour expenses and standard direct labour expenses recorded as costs.

Negative price differences are debited and positive price differences are credited into this account. At the end of the period, this account is netted off with related stock and cost of sales accounts.

### **723. DIRECT LABOR TIME DIFFERENCES**

When the standard cost method is applied, this account is used to record negative or positive time differences between actual costs and standard cost.

Negative time differences are debited and positive time differences are credited to this account. At the end of the period, this account is netted off with the related stock and cost of sales accounts.

### **73. GENERAL PRODUCTION EXPENSES**

#### **730. GENERAL PRODUCTION EXPENSES**

This group consists of production expenses, other than direct labour and direct raw material and supplies costs, related with the firm's production and services provided for production.

These expenses,

- should have the nature of a production or a service cost
- should have the nature of reflection to costs of production and services through the distribution method rather than being distributed directly considering their types and values.

Accrued expenses are debited to this account. At the end of the period, this account is compared with '731. Reflection account for general production expenses' and netted off.

### **731. REFLECTION ACCOUNT FOR GENERAL PRODUCTION EXPENSES**

Standard general production costs in the application of the standard cost method and expenses debited to '730. General production expenses' account, in the application of the actual cost method, are debited to '151. Work in progress-production' account and related asset and profit/loss accounts against the credit entries in this account.

### **732. BUDGET DIFFERENCES OF GENERAL PRODUCTION EXPENSES**

This account is used to record positive or negative budget differences between actual general production expenses and standard costs that are allocated on costs.

Negative differences are debited and positive differences are credited into this account. At the end of the period, this account is netted off with the related stock and cost of sales accounts.

### **733. PRODUCTIVITY DIFFERENCES OF GENERAL PRODUCTION EXPENSES**

This account is used to record positive or negative productivity differences between actual general production expenses and standard costs that are allocated on costs.

Negative differences are debited and positive differences are credited into this account. At the end of the period, this account is netted off with the related stock and cost of sales accounts.

### **734. CAPACITY DIFFERENCES OF GENERAL PRODUCTION EXPENSES**

This account is used to record positive or negative capacity differences between actual general production expenses and standard costs that are allocated on costs.

Negative differences are debited and positive differences are credited into this account. At the end of the period, this account is netted off with the related stock and cost of sales account.

### **74. COST OF PRODUCTION OF SERVICES**

This group relates to service companies. For service companies, 71, 72 and 73 numbered groups of accounts are not applicable. Instead of these accounts, the accounts under this group number 74 are applied for these companies. Production costs of service companies are followed through the accounts under this group.

### **740. COST OF PRODUCTION OF SERVICES**

In service companies, actual expenses that have been made for services provided, are debited into this account. At the end of the period, this account is netted off with '741. Reflection account for cost of production of services' account.

### **741. REFLECTION ACCOUNT FOR COST OF PRODUCTION OF SERVICES**

Standard service costs in the standard cost method application, and balances debited to '740. Cost of Production of Services' account in the actual cost method application, are debited to

'622. Cost of services sold' account against credit balances in this account. At the end of the period, this account is netted off with '740. Cost of production of services' account.

#### **742. COST OF PRODUCTION OF SERVICES DIFFERENCE ACCOUNT**

Positive or negative differences between actual and standard service costs are followed in this account. Negative variances are debited and positive variances are credited into this account. At the end of the period, this account is netted off with '622. Cost of services sold' account.

#### **75. RESEARCH AND DEVELOPMENT EXPENSES**

This group consists of expense, reflection and difference accounts related to research and development activities.

#### **750. RESEARCH AND DEVELOPMENT EXPENSES**

Expenses made for decreasing production costs, increasing sales, developing new production methods or adapting existing methods to firm's operations, developing new production equipment, enhancing sales and marketing operations, in other words, research and development expenses related to trading purposes are recorded in this account

Research and development expenses which are not capitalised and amortisation of capitalised expenses accrued for this period are debited into this account. At the end of the period, this account is closed against '751. Reflection account for research and development expenses' account.

#### **751. REFLECTION ACCOUNT FOR RESEARCH AND DEVELOPMENT EXPENSES**

Standard research and development costs in the application of the standard cost method and expenses debited to '750. Research and development expenses' account, in the application of the actual cost method, are debited to '630. Research and development expenses' closing account or related asset accounts against the credit entries in this account.

#### **752. RESEACH AND DEVELOPMENT EXPENSES DIFFERENCE ACCOUNT**

Positive and negative differences between actual and standard research and development expenses are recorded in this account.

Negative differences are debited, positive differences are credited into this account. At the end of the period, this account is netted off with '630. Research and development expenses' account.

#### **76. MARKETING, SALES AND DISTRIBUTION EXPENSES**

This group consists of expense, reflection and difference accounts related to marketing, sales and distribution activities.

#### **760. MARKETING, SALES AND DISTRIBUTION EXPENSES**

Expenses made between the time the product is entered into stocks, or the service is completed, to the time the product is delivered to the customers, are debited in this account. At the end of the period, this account is closed against '761. Reflection account for marketing, sales and distribution expenses.

#### **761. REFLECTION ACCOUNT FOR MARKETING, SALES AND DISTRIBUTION EXPENSES**

Standard marketing, sales and distribution costs in the application of the standard cost method and expenses debited to '760. Marketing, sales and distribution expenses' account, in the application of actual cost method, is debited to '631. Marketing, sales and distribution expenses' account against the credit entries in this account.

At the end of the period, this account is closed against '760. Marketing, sales and distribution expenses'.

#### **762. MARKETING, SALES AND DISTRIBUTION EXPENSES DIFFERENCE ACCOUNT**

Positive and negative variances between actual and standard marketing costs are recorded in this account.

Negative variances are debited, positive variances are credited into this account. At the end of the period, this account is closed against '631. Marketing, sales and distribution expenses' account.

#### **77. GENERAL AND ADMINISTRATIVE EXPENSES**

This group consists of expense, reflection and variance accounts relating to administration.

#### **770. GENERAL AND ADMINISTRATIVE EXPENSES**

Expenses made for firm's administrative functions, determination of business policies, development of organisation, office services, public relations, security, law affairs, personnel affairs, accounting and finance services including collection and loan departments are debited into this account.

#### **771. REFLECTION ACCOUNT FOR GENERAL AND ADMINISTRATIVE EXPENSES**

Standard administration costs in the application of the standard cost method and expenses debited to '770. General and administrative expenses' account, in the application of actual cost method, is debited to '632. General and administrative expenses' account against credit entries in this account. At the end of the period, this account is closed to '770. General and administrative expenses' account.

#### **772. GENERAL AND ADMINISTRATIVE EXPENSES DIFFERENCE ACCOUNT**

Positive and negative variances between actual and standard, general and administrative costs are recorded in this account and, at the end of the period this account is closed against '632. General and administrative expenses' account.

#### **78. FINANCIAL EXPENSES**

This group consists of expense, reflection and variance accounts, for interest and similar expenses, which are not capitalised and also relating to firm's borrowing policies.

#### **780. FINANCIAL EXPENSES**

Interest, commission, foreign exchange losses and similar expenses of funds borrowed to run the business are debited into this account.

#### **781. REFLECTION ACCOUNT FOR FINANCIAL EXPENSES**

Standard financial costs in the application of the standard cost method and expenses debited to '780. Financial expenses' account, in the application of the actual cost method, is debited to '66. Financial expenses' closing account against the credit entries in this account.

#### **782. FINANCIAL EXPENSES DIFFERENCE ACCOUNT**

Positive and negative variances between actual and standard financial costs are recorded in this account. Negative variances are debited and positive variances are credited into this account. At the end of the period this account is closed against the relevant account in '66. Financial expenses' account group.

### **0 – 9 EXPENSE TYPES**

Expense type accounts represent expenses which are included in the cost of production of goods and services.

These accounts are detailed according to the firm's needs. Expense type accounts can be classified as fixed, variable or semi-variable.

Expense groups are as follows:

0. Raw material
1. Wages and related expenses
2. Salaries and related expense
3. External services and utilities
4. Various expenses
5. Taxes and duties
6. Amortisation, depreciation and depletion

7. Financial expenses

0. Raw material expenses

Raw material expenses cover all direct and indirect material costs and costs of subcontractor's production which are consumed to produce goods and services and to maintain firm's operations.

1. Wages and related expenses

This group comprises all accrued wages and related expenses made for workers employed to maintain business activities, and to produce goods and services (including all expenses like direct labour expense, overtime, production premiums, bonuses, holiday pay, social security employee share, weekends pay, all social payments and other worker expenses).

2. Salaries and related expenses

This group comprises all accrued salaries and related expenses made for administrative and office personnel employed to maintain business activities, and to produce goods and services.

3. External Utilities and Services

Expenses made for external services obtained, such as utilities, repairs and maintenance, communication and transportation, which are required to maintain business activities, and firms operations are recorded in this group.

4. Miscellaneous Expenses

This group includes expenses which are not covered by the above groups, such as insurance, rent, travel, judicial and notary expenses, royalty expenses, etc.

5. Taxes and Duties

Includes taxes and duties accrued according to legislation.

6. Amortisation, Depreciation and Depletion

Includes amortisation, depreciation and depletion expenses of tangible and intangible fixed assets.

7. Financial Expense

Interest and commission expenses, and exchange rate differences of short or long-term borrowing made for investment or operational purposes are recorded in this group.

Recording of transactions in the expense type accounts

Expenses, as they accrue, are recorded to the related expense type accounts in the auxiliary accounts, at the same time they are recorded to the related functional expense accounts.

## **10 – 99      COST CENTERS**

A cost center represents a unit in the production cycle, or a place in the unit, where cost of production and services are generated. It is used in the planning and control of expenses and their fairly accumulation and allocation.

Cost centers are usually determined according to the organisation chart of the institutions.

Cost centers are classified as follows:

- Main production cost centers
- Auxiliary production cost centers
- Auxiliary service cost centers
- Investment cost centers
- Production premises management cost centers
- Research and development cost centers
- Marketing, sales and distribution cost centers
- General and administrative cost centers

The above classification constitutes a basis for the grouping of cost centers. Cost centers which are created according to the firm's operations and technological flow of the operations can be included under one of these groups.

## **7/B CHOICE COST ACCOUNTS**

Trading companies, and small service and manufacturing companies apply this method to record their expenses.

In this method, expenses are recorded to the general ledger according to their types through the accounting period. In cost calculation periods, these expenses are transferred to the related cost centers according to their functions, cost of service and products or the closing accounts with use of cost allocation keys.

In converting expense types to their functions and posting them to the related cost centers, companies can choose the necessary recording system for transferring expense accounts to related cost centers and functional expense accounts. They are also allowed to use auxiliary accounts to follow functional expense accounts and cost centers. In this way, expense types can be followed in auxiliary books according to their functions and posted to cost centers while they are recorded in the general ledger as they accrue.

In the choice 7/B, companies use cost accounts in group 79. In this method, cost account groups are classified as follows:

#### **79. EXPENSE TYPES**

- 790. Direct raw materials and supplies
- 791. Wages and expenses of workers
- 792. Salaries and expenses of personnel
- 793. External utilities and services obtained
- 794. Miscellaneous expenses
- 795. Taxes, duties and fees
- 796. Depreciation and depletion expenses
- 797. Financial expenses
- 798. Reflection account of expenses
- 799. Cost of production

#### **Recording of transactions**

Expenses, as they accrue through the accounting period, are debited to 790-797 related expense accounts which are grouped on a type basis.

In production and service companies, balances accumulated in expense type accounts according to their functions and cost centers, are credited to '798. Reflection account of expenses' account and debited to '799. Cost of production' account and '630. Research and development expenses', '631. Marketing, sales and distribution expenses', '632. General and administrative expenses', related account in '66. Financial expenses' group, related accounts in '680. Non-operating department expenses and losses group, or for the amount to be capitalised, related asset accounts. At the end of the period, '799. Cost of production' account is closed to '151. Work-in-process-productions' and '152. Finished goods' accounts in manufacturing companies, and to '622. Cost of services sold' account in service companies.

In trading companies, amounts debited to expense type of accounts through the period, are debited to 630, 631, 632 income statement accounts according to their functions at the end of the accounting period and to the related account in '66. Financial expenses' group, and credited to '798. Reflection account of expenses' account. Accounts 798 and 799 are closed against each other at the end of the accounting period.

Table 1

**SUMMARY OF BALANCE SHEET**  
(.....TL)\*

	<u>Previous Period</u>	<u>Current Period</u>
<b>ASSETS</b>		
<b>I. CURRENT ASSETS</b>		
<b>A. Liquid Assets</b>		
<b>B. Marketable Securities</b>		
1. Provision for diminution in value of marketable securities (-)		
<b>C. Trade Receivables</b>		
1. Discount on notes receivable (-)		
2. Provision for doubtful trade receivables (-)		
<b>D. Other Receivables</b>		
1. Discount on notes receivable (-)		
2. Provision for doubtful trade receivables (-)		
<b>E. Stocks</b>		
1. Provision for diminution in value of stocks (-)		
2. Stock advances given		
<b>TOTAL CURRENT ASSETS</b>		
<b>II. NON-CURRENT ASSETS</b>		
<b>A. Trade Receivables</b>		
1. Discount on notes receivable (-)		
2. Provision for doubtful trade receivables (-)		
<b>B. Other Receivables</b>		
1. Discount on notes receivable (-)		
2. Provision for doubtful trade receivables (-)		
<b>C. Financial Non-current Assets</b>		
1. Long-term marketable securities		
2. Provision for diminution in value of long-term securities (-)		
3. Subsidiaries		
4. Capital commitment for subsidiaries (-)		
5. Provision for diminution in value of subsidiaries (-)		
6. Affiliated companies		
7. Capital commitment for affiliated companies		
8. Provision for diminution in value of affiliated companies (-)		
9. Other non-current financial assets		
10. Provision for diminution in value of other non-current Financial assets (-)		
<b>D. Tangible Non-current Assets</b>		
1. Tangible assets (gross)		
2. Accumulated depreciation (-)		
3. Construction in progress		
4. Fixed asset advances given		
	<u>Previous Period</u>	<u>Current Period</u>

- E. **Intangible Non-current Assets**
  - 1. Intangible assets (gross)
  - 2. Accumulated amortization (-)
  - 3. Advances given
- F. **Assets Subject to Depletion**
  - 1. Assets subject to depletion
  - 2. Accumulated depletion
  - 3. Advances given
- G. **Prepaid Expenses and Income Accruals for the Following Years**
- H. **Other Non-current Assets**

**TOTAL NON-CURRENT ASSETS**

**TOTAL ASSETS**

**LIABILITIES**

**I. SHORT-TERM LIABILITIES**

- A. **Financial Liabilities**
- B. **Trade Payables**
  - 1. Discount on notes payable (-)
- C. **Other Payables**
  - 1. Discount on other notes payable (-)
- D. **Advances Taken**
- E. **Taxes Payable and Other Liabilities**
- F. **Provisions for Liabilities and Expenses**
  - 1. Provisions for tax and other liabilities relating to the profit of the period
  - 2. Prepaid tax and other liabilities for the current year profit (-)
  - 3. Provision for severance payments
  - 4. Provision for other liabilities and expenses

**TOTAL SHORT-TERM LIABILITIES**

**II. LONG-TERM LIABILITIES**

- A. **Financial Liabilities**
- B. **Trade Payables**
  - 1. Discount on notes payable (-)
- C. **Other Payables**
  - 1. Discount on other notes payable (-)
- D. **Advances Taken**
- E. **Provisions for Liabilities and Expenses**
  - 1. Provisions for severance payments
  - 2. Provisions for other liabilities and expenses
- F. **Deferred Income and Expense Accruals for the Following Years**
- G. **Other Long-term Liabilities**

**TOTAL LONG-TERM LIABILITIES**

Previous Period

Current Period

**III. SHAREHOLDERS' EQUITY**

**A. Paid-up Share Capital**

1. Capital
2. Unpaid Capital (-)

**B. Capital Reserves**

1. Premium reserves
2. Profit from invalidation of shares
3. Fixed asset revaluation fund
4. Subsidiaries revaluation fund
5. Other capital reserves

**C. Retained Earning Reserves**

1. Legal reserves
2. Statutory reserves
3. General reserves
4. Other retained profits
5. Special reserves

**D. Previous Years' Profits**

**E. Previous Years' Losses**

**F. Profit / (Loss) for the Period**

**TOTAL SHAREHOLDERS' EQUITY**

**TOTAL LIABILITIES**

**DETAILED BALANCE SHEET  
(.....TL)\***

Previous Period

Current Period

**ASSETS**

**I. CURRENT ASSETS**

**A. Liquid Assets**

1. Cash in hand
2. Cheques received
3. Banks
4. Cheques given and payment orders (-)
5. Other liquid assets

**B. Marketable Securities**

1. Common stocks
2. Private sector bonds, notes and shares
3. Public sector bonds, notes and shares
4. Other marketable securities
5. Provisions for diminution in value of marketable securities (-)

**C. Trade Receivables**

1. Customers
2. Notes receivable
3. Discount on notes receivable (-)
4. Deposits and guarantees given
5. Doubtful trade receivables
6. Provisions for doubtful trade receivables (-)

**D. Other Receivables**

1. Receivables from shareholders
2. Receivables from subsidiaries
3. Receivables from affiliated companies
4. Receivables from personnel
5. Other receivables
6. Discount on other notes receivable (-)
7. Other doubtful receivables (-)
8. Provision for other doubtful receivables (-)

**E. Stocks**

1. Raw materials and supplies
2. Work-in-process
3. Finished goods
4. Commercial goods
5. Other stocks
6. Provision for diminution in value of stocks (-)

	7.	Stock advances given		
<b>F.</b>		<b>Contract progress cost</b>		
<b>G.</b>		<b>Prepaid Expenses and Income Accruals for the Following Months</b>		
	1.	Prepaid expenses for the following months		
	2.	Income accruals		
			<u>Previous Period</u>	<u>Current Period</u>
<b>H.</b>		<b>Other Current Assets</b>		
	1.	Deferred VAT		
	2.	Deductable VAT		
	3.	Other VAT		
	4.	Prepaid taxes and funds		
	5.	Work advances		
	6.	Advances given to personnel		
	7.	Stockcount and delivery shortages		
	8.	Other current assets		
	9.	Provision for other current assets (-)		

**TOTAL CURRENT ASSETS**

**II. NON-CURRENT ASSETS**

<b>A.</b>		<b>Trade Receivables</b>		
	1.	Customers		
	2.	Notes receivable		
	3.	Discount on notes receivable (-)		
	4.	Deposits and guarantees given		
	5.	Provision for doubtful receivables (-)		
<b>B.</b>		<b>Other Receivables</b>		
	1.	Receivables from shareholders		
	2.	Receivables from subsidiaries		
	3.	Receivables from affiliated companies		
	4.	Receivables from personnel		
	5.	Other receivables		
	6.	Discount on other notes receivable (-)		
	7.	Provision for other doubtful receivables (-)		
<b>C.</b>		<b>Financial Non-current Assets</b>		
	1.	Long-term marketable securities		
	2.	Provision for diminution in value of long-term securities (-)		
	3.	Subsidiaries		
	4.	Capital commitment for subsidiaries (-)		
	5.	Provision for diminution in value of subsidiaries (-)		
	6.	Affiliated companies		
	7.	Capital commitment for affiliated companies (-)		
	8.	Provision for diminution in value of affiliated companies (-)		
<b>D.</b>		<b>Tangible Non-current Assets</b>		
	1.	Land		
	2.	Underground installations		
	3.	Buildings		
	4.	Machinery, equipment and installations		
	5.	Motor vehicles		

6. Furniture and fixtures
7. Other tangible assets
8. Accumulated depreciation (-)
9. Construction in progress
10. Fixed asset advances given

	<u>Previous Period</u>	<u>Current Period</u>
<b>E. Intangible Assets</b>		
1. Rights		
2. Goodwill		
3. Pre-operating expenses		
4. Research and development expenses		
5. Leasehold improvements		
6. Other intangible assets		
7. Accumulated depreciation (-)		
8. Advances given		
<b>F. Assets Subject to Depletion</b>		
1. Research expenses		
2. Preparation and development expenses		
3. Other depletable assets		
4. Accumulated depletion (-)		
5. Advances given		
<b>G. Prepaid Expenses and Income Accruals for the Following Years</b>		
1. Prepaid expenses for the following years		
2. Income accruals		
<b>H. Other Non-current Assets</b>		
1. VAT deductible in the following years		
2. Other VAT		
3. Long-term stocks		

**TOTAL NON-CURRENT ASSETS**  
**TOTAL ASSETS**

## **LIABILITIES**

### **I. SHORT-TERM LIABILITIES**

- |  |  |
|--|--|
| <b>A. Financial Liabilities</b>                          |  |
| 1. Bank loans  |  |
| 2. Principal and interest payments of long-term loans    |  |
| 3. Principal, installment and interest payments of bonds |  |
| 4. Bonds and shares issued                               |  |
| 5. Other marketable securities issued                    |  |
| 6. Premium reserves of marketable securities (-)         |  |
| 7. Other financial liabilities                           |  |
| <b>B. Trade Payables</b>                                 |  |
| 1. Suppliers   |  |
| 2. Notes payable   |  |
| 3. Discount on notes payable (-)                         |  |

	4.	Deposits and guarantees taken		
	5.	Other trade payables		
<b>C.</b>		<b>Other Payables</b>		
	1.	Payables to shareholders		
	2.	Payables to subsidiaries		
	3.	Payables to affiliated companies		
	4.	Payables to personnel		
	5.	Discount on other notes payable (-)		
	6.	Other miscellaneous payables		
			<u>Previous Period</u>	<u>Current Period</u>
<b>D.</b>		<b>Advances Taken</b>		
<b>E.</b>		<b>Advances received for contracts in progress</b>		
<b>F.</b>		<b>Taxes Payable and Other Liabilities</b>		
	1.	Taxes and funds payable		
	2.	Social security premiums payable		
	3.	Overdue, deferred payables or payables On instalments to the state		
	4.	Other liabilities		
<b>G.</b>		<b>Provisions for Liabilities and Expenses</b>		
	1.	Provisions for tax and other liabilities relating to the profit of the period		
	2.	Prepaid tax and other liabilities for the Current year profit (-)		
	3.	Provision for severance payments		
	4.	Provision for other liabilities and expenses		
<b>H.</b>		<b>Deferred Income and Expense Accruals for the Following Months</b>		
	1.	Deferred income for the following months		
	2.	Expense accruals		
<b>I.</b>		<b>Other Short-Term Liabilities</b>		
	1.	VAT calculated		
	2.	Other VAT		
	3.	Stockcount and delivery surpluses		
	4.	Other miscellaneous short-term liabilities		
		<b>TOTAL SHORT-TERM LIABILITIES</b>		

## II. LONG-TERM LIABILITIES

<b>A.</b>		<b>Financial Liabilities</b>	
	1.	Bank loans	
	2.	Bonds issued	
	3.	Other marketable securities issued	
	4.	Premium reserves of marketable securities (-)	
	5.	Other financial liabilities	
<b>B.</b>		<b>Trade Payables</b>	
	1.	Suppliers	
	2.	Notes payable	
	3.	Discount on notes payable (-)	
	4.	Deposits and guarantees taken	
	5.	Other trade payables	

- C. Other Payables**
  - 1. Payables to shareholders
  - 2. Payables to subsidiaries
  - 3. Payables to related affiliated
  - 4. Discount on other notes payable (-)
  - 5. Liabilities to the state (deferred or payable in instalments)
  - 6. Other miscellaneous payables

**D. Advances Taken**

**E. Provisions for Liabilities and Expenses**

- 1. Provisions for severance payments
- 2. Provisions for other liabilities and expenses

Previous Period

Current Period

**F. Deferred Income and Expense Accruals for the Following Years**

- 1. Deferred income for the following years
- 2. Expense accruals

**G. Other Long-Term Liabilities**

- 1. VAT deferred or postponed to the following years
- 2. Other miscellaneous long-term liabilities

**TOTAL NON-CURRENT LIABILITIES**

**III. SHAREHOLDERS' EQUITY**

**A. Paid-in Share Capital**

- 1. Capital
- 2. Unpaid capital (-)

**B. Capital Reserves**

- 1. Premium reserves
- 2. Profit from invalidation of shares
- 3. Fixed asset revaluation fund
- 4. Subsidiaries revaluation fund
- 5. Other capital reserves

**C. Retained Earning Reserves**

- 1. Legal reserves
- 2. Statutory reserves
- 3. General reserves
- 4. Other retained profits
- 5. Special reserves

**D. Previous Year's Profits**

**E. Previous Year's Losses**

**F. Profit (Loss) for the Period**

**TOTAL SHAREHOLDER'S EQUITY**

Footnotes:

1

2

\* Companies will state their amounts in thousands, millions, billions or trillions or according to their size.

**APPENDIX**

**Table 3**

**SUMMARISED INCOME STATEMENT  
(.....TL)\***

	<u>Previous Period</u>	<u>Current Period</u>
<b>A. GROSS SALES</b>		
<b>B. SALES DISCOUNTS (-)</b>		
<b>C. NET SALES</b>		
<b>D. COST OF SALES (-)</b>		
<b>GROSS PROFIT/(LOSS)</b>		
<b>E. OPERATING EXPENSES (-)</b>		
<b>OPERATING PROFIT/(LOSS)</b>		
<b>F. INCOME AND PROFIT FROM OTHER OPERATIONS</b>		
<b>G. EXPENSE AND LOSS FROM OTHER OPERATIONS (-)</b>		
<b>H. FINANCIAL EXPENSES</b>		
<b>PROFIT OR LOSS</b>		
<b>I. EXTRAORDINARY INCOME AND PROFIT</b>		
<b>J. EXTRAORDINARY EXPENSE AND LOSS (-)</b>		

**PROFIT/(LOSS) FOR THE PERIOD**

**K. PROVISIONS FOR TAXATION AND OTHER LEGAL LIABILITIES (-)**

**NET PROFIT/(LOSS) FOR THE PERIOD**

Footnotes:

1

2

- Companies will state their amounts in thousands, millions, billions or trillions or according to their size.

**APPENDIX**

**Table 4**

**DETAILED INCOME STATEMENT  
(.....TL)\***

	<u>Previous Period</u>	<u>Current Period</u>
<b>A. GROSS SALES</b>		
1. Domestic sales		
2. Export sales		
3. Other sales		
<b>B. SALES DISCOUNTS(-)</b>		
1. Returns from sales (-)		
2. Sales discounts(-)		
3. Other discounts (-)		
<b>C. NET SALES</b>		
<b>D. COST OF SALES (-)</b>		
1. Cost of goods sold (-)		
2. Cost of commercial goods sold (-)		
3. Cost of services sold (-)		
4. Cost of other sales (-)		
<b>GROSS PROFIT/ (LOSS)</b>		
<b>E. OPERATING EXPENSES (-)</b>		
1. Research and development expenses (-)		
2. Marketing, sales and distribution expenses (-)		
3. General and administrative expenses (-)		
<b>OPERATING PROFIT/(LOSS)</b>		

**F. INCOME AND PROFIT FROM OTHER OPERATIONS**

1. Dividend income from subsidiaries
2. Dividend income from affiliated companies
3. Interest income
4. Commission income
5. Provisions no longer required
6. Gains on marketable securities' sales
7. Foreign exchange gains
8. Discount interest gains
9. Other income and profit from operations

**G. EXPENSE AND LOSS FROM OTHER OPERATIONS (-)**

1. Interest expenses on discounted notes (-)
2. Commission expenses (-)
3. Provisions (-)
4. Losses on marketable securities' sales (-)
5. Foreign exchange losses (-)
6. Discount interest losses (-)
7. Other expense and losses (-)

Previous Period

Current Period

**H. FINANCIAL EXPENSES (-)**

1. Short-term borrowing expenses (-)
2. Long-term borrowing expenses (-)

**PROFIT / (LOSS)**

**I. EXTRAORDINARY INCOME AND PROFIT**

1. Income and profit relating to previous periods
2. Other extraordinary income and profit

**J. EXTRAORDINARY EXPENSE AND LOSS (-)**

1. Non-operating department expense and loss (-)
2. Expense and loss relating to previous periods (-)
3. Other extraordinary expense and loss (-)

**PROFIT /(LOSS) FOR THE PERIOD**

**K. PROVISIONS FOR TAXATION AND OTHER LEGAL LIABILITIES (-)**

**NET PROFIT / (LOSS) FOR THE PERIOD**

Footnotes:

1

2

- Companies will state their amounts in thousands, millions, billions or trillions or according to their size.

## APPENDIX

### Table 5

#### STATEMENT OF COST OF SALES (.....TL)\*

Previous Period

Current Period

#### **COST OF PRODUCTION**

- A. Direct raw materials and supplies expenses**
- B. Direct labour expenses**
- C. General production expenses,**
- D. Use of work-in-process**
  - 1. Beginning inventory (+)
  - 2. Ending inventory (-)

#### **COST OF GOODS PRODUCED**

- E. Changes in finished goods**

1. Beginning inventory (+)
2. Ending inventory (-)

**I. COST OF GOODS SOLD**

**COMMERCIAL ACTIVITIES**

- A. Beginning inventory (+)
- B. Purchases (+)
- C. Ending inventory (-)

**II. COST OF COMMERCIAL GOODS**

**III. COST OF SERVICES AND GOODS SOLD**

**APPENDIX**

**Table 6**

**SOURCES AND USES OF FUNDS  
(.....TL)\***

Previous Period

Current Period

**A. SOURCES**

1. Sources provided from operating income
  - (a) Operating profit
  - (b) Depreciation (+)
  - (c) Expenses not causing fund outflows (+)
  - (d) Income not causing fund inflows (-)
2. Sources provided from extraordinary profit
  - (a) Extraordinary profit
  - (b) Expenses not causing fund outflows (+)
  - (c) Income not causing fund inflows (-)
3. Decrease in current assets
4. Decrease in non-current assets

5. Increase in long-term payables  
(Does not include provisions for debts and expenses)
6. Increase in short-term payables  
(Does not include provisions for debts and expenses)
7. Capital increase (Paid in cash or other external assets)
8. Share premium

**B. USES**

1. Uses related with operations
  - (a) Operating loss
  - (b) Depreciation (+)
  - (c) Other expenses not causing fund outflow (+)
  - (d) Other income not causing fund inflow (-)
2. Uses related with extraordinary operations
  - (a) Extraordinary loss
  - (b) Expenses not causing funds outflow (+)
  - (c) Income not causing funds inflow (-)
3. Taxes and other fees paid (from profit of the previous period)
4. Dividends paid
  - (a) From profit of the previous period
  - (b) From reserves
5. Increase in current assets
6. Increase in non-current assets
7. Decrease in short-term payables
8. Decrease in long-term payables
9. Decrease in capital

**APPENDIX**

**Table 7**

**STATEMENT OF CASH FLOWS  
(.....TL)**

Previous Period

Current Period

**A. CASH AT THE BEGINNING OF THE PERIOD**

**B. CASH INFLOW DURING THE PERIOD**

1. Cash inflow generated from sales
  - (a) Net sales revenue
  - (b) Decrease in trade receivables
  - (c) Increase in trade receivables (-)
2. Cash provided from other operating income and profit
3. Cash provided from extraordinary income and profit
4. Increase in short-term liabilities (not related to purchases)

- (a) Due to issuance of marketable securities
- (b) Due to loans taken
- (c) Other increases
- 5. Increase in long-term liabilities (not related to purchases)
  - (a) Due to issuance of marketable securities
  - (b) Due to loans taken
  - (c) Other increases
- 6. Cash provided from capital increase
- 7. Cash provided from premium reserves
- 8. Other cash inflow

### C. CASH OUTFLOW DURING THE PERIOD

- 1. Cash outflow due to costs
    - (a) Cost of sales
    - (b) Increase in inventories
    - (c) Decrease in trade payables (due to purchases)
    - (d) Increase in trade payables (due to purchases)
    - (e) Depreciation and expenses which do not require cash outflow (-)
    - (f) Decrease in inventories (-)
  - 2. Cash outflow due to operating expenses
    - (a) Research and development expenses
    - (b) Marketing, sales and distribution expenses
    - (c) General administrative expenses
    - (d) Depreciation and other expenses which do not require cash outflow (-)
  - 3. Cash outflow due to other expenses and losses
    - (a) Other expenses and losses from other operations
    - (b) Depreciation and other expenses which do not require cash flow (-)
  - 4. Cash outflow due to financial expenses
- |   | <u>Previous Period</u> | <u>Current Period</u> |
|---|------------------------|-----------------------|
| 5. Cash outflow due to extraordinary expenses and losses                                |                        |                       |
| (a) Extraordinary expenses and losses   |                        |                       |
| (b) Depreciation and other expenses and losses<br>Which do not require cash outflow (-) |                        |                       |
| 6. Cash outflow due to investments in non-current assets                                |                        |                       |
| 7. Payments of short-term liabilities (not related to purchases)                        |                        |                       |
| (a) Principal payments of marketable securities   |                        |                       |
| (b) Principal payments of loans taken   |                        |                       |
| (c) Other payments  |                        |                       |
| 8. Payments of long-term liabilities (not related to purchases)                         |                        |                       |
| (a) Principal payments of marketable securities   |                        |                       |
| (b) Principal payments of loans taken   |                        |                       |
| (c) Other payables  |                        |                       |
| 9. Taxes paid and others  |                        |                       |
| 10. Dividends paid  |                        |                       |
| 11. Other cash outflows   |                        |                       |

**D. CASH AT THE END OF THE PERIOD (A+B+C)**

**APPENDIX**

**Table 8**

**PROFIT DISTRIBUTION TABLE  
(.....TL)**

	<u>Previous Period</u>	<u>Current Period</u>
<b>A. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1. PROFIT FOR THE YEAR		
2. TAXES PAYABLE AND LEGAL LIABILITIES (-)		
- Corporation tax (income tax)		
- Income tax deduction		
- Other taxes and legal liabilities		
A- NET PROFIT FOR THE PERIOD		

3. PREVIOUS YEAR'S LOSSES
4. FIRST LEGAL RESERVE (-)
5. LEGAL RESERVES KEPT IN THE COMPANY

**NET DISTRIBUTABLE PROFIT FOR THE YEAR**

6. **FIRST DIVIDEND TO SHAREHOLDERS (-)**
  - To common shareholders
  - To preferred shareholders
7. **DIVIDENDS TO PERSONNEL (-)**
8. **DIVIDENDS TO BOARD OF DIRECTORS (-)**
9. **SECOND DIVIDENDS TO SHAREHOLDERS (-)**
  - To common shareholders
  - To preferred shareholders
10. SECOND LEGAL RESERVE
11. STATUTORY RESERVES (-)
12. GENERAL RESERVES  
**(UNDISTRIBUTED PROFIT)**
13. **OTHER RESERVES**
14. **SPECIAL FUNDS**

**B. DISTRIBUTION FROM RESERVES**

1. **DISTRIBUTED RESERVES**
2. **SECOND LEGAL RESERVE (-)**
3. **DIVIDENDS TO SHAREHOLDERS**
  - To common shareholders
  - To preferred shareholders
4. **DIVIDENDS TO EMPLOYEES (-)**
5. **DIVIDENDS TO BOARD OF DIRECTORS (-)**

**C. PROFIT PER SHARE**

1. To common shareholders (TL %)
2. To preferred shareholders (TL %)

**D. DIVIDENDS PER SHARE**

1. To common shareholders (TL %)
2. To preferred shareholders (TL %)