Evaluation of Accounting Policies Released in Financial Table Footnotes of Entities Trading in İstanbul Stock Exchange from the Perspective of Turkey Accounting Standard 40 (Investment Property Standard)

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Extensive Summary

Entities trading in Istanbul Stock Exchange have to prepare their financial tables according to International Accounting/Financial Reporting Standards. Turkey Accounting Standard 40 “Investment Property Standard” is one of these standards that must be executed by the entities trading in ISE. In this standard, as in some of other standards, alternative methods that can be selected by entities in accounting practices is indicated. By the selection of one of the mentioned alternative methods, the accounting policy of the entity is occured. The selected accounting policies can be resulted in differences in activity situation and results and analysis of financial tables. Therefore, users of financial tables must know the accounting policies executed by the entity for making their comments healthy.

The aim of this study is to make a determination of situation related to which accounting policy is selected through the alternative accounting policies regarding investment property in the entities trading in ISE, and to betray if some important matters that must be explained in financial table footnotes are explained or not is exposed by sectors.

With this aim, first of all Turkey Accounting Standard 40 “Investment Property Standard” is explained. And then, financial tables and financial table footnotes dated 31.12.2012 of 259 entity trading in ISE and subjected to Capital Markets Board of Turkey, are investigated.

At the end of the investigation, the reached results concerning investment property at entities trading in ISE are listed below:
1. Most of the entities trading in ISE (66%) have investment property.
2. Sectors that all entities have investment property is observed, however sectors that is composed of entities without investment property is observed, too.
3. Investment Properties are reported at all of the trading in ISE entities’ balance sheet as a separate item.
4. When most of the entities (64%) do not give information concerning first entering books into accounts of investment property, cost amount is used by all of the information giving entities.
5. In evaluation of investment property at later periods, fair value method is preferred more with a difference of 3% to cost method.
6. When most of the entities that evaluate investment property by cost method in consequent periods (48%) are not giving depreciation information, the choice of entities that give information is linear depreciation without sectoral difference.
7. When most of the entities that evaluate investment property by cost method in consequent periods (67.5%) are denoting the fair value of investment property at financial table footnotes, some of which do not give any information about fair value. The biggest care in this subject is expended by Technology (100%), Paper and Paper Products Edition and Publication (100%) and Chemistry, Gas Oil, Rubber and Plastic Products (83%) sectors.
8. When the fair value is determined by a specialist in nearly half of the entities (55.6%) that use cost method in consequent periods and give information about fair value in footnotes; in some of which (22.2%) fair value is not determined by a specialist.
9. Some of the entities (14%) that evaluate investment of property by fair value method do not give information about if fair value is determined by a specialist or not. In all off the information giving entities at this subject, fair value is determining by a specialist.
10. There is one entity declaring policy although it does not have investment property at Food, Drink and Tobacco Sector.

According to the detections above, the study come to the conclusion that, the entities do not show the needed sensitivity to declare the accounting policies they use and mandatory matters in their financial table footnotes.