AZERBAIJAN STATE UNIVERSITY OF ECONOMICS – UNEC

SABAH CENTER

Author:Elchin Zakaryayev Rafiq

Problems of accounting of transactions with securities in enterprises and application of IFRS(International Financial Reporting Standards)

Supervisor:Ph.d Tahmasib Hüseynov

Baku 2019

Acknowledgments

We would like to thank my supervisor because he helped me during my research work.He helped me with my study plan, with to find references about study.

ABSTRACT

Accounting is an essential and complex system. The correct and effective construction of this system, in some cases, depends on the future of the enterprise. The accounting department's business is to prepare the entity's internal management reports and financial statements and to maintain tax accounting. Here, as well as knowledge, factors such as proper distribution of worker-accountants, mutual assistance, and teamwork play an important role.

The main aim of the study is to identify the factors that affect the applicability of the standards for the independent auditors who are the most important parties of the accountant and to determine whether there is a relationship between these factors and the implementation success.

Key words: **Accounting, Financial Reporting, Reporting Standard.**

CONTENT

1.INTRODUCTION…………………………………………………………..7

2.THEORETICAL FRAMEWORK……………………………………......11

2.1.Financial standard analysis……………………………………………..11

2.2.Steps of financial standard analysis framework…………………………..17

2.3. Importance of financial standard notes and supplementary information**…21**

3.INVENTORY VALUATION METHOD………………………………...27

3.1. Financial reporting mechanics. Classification of business activities for financial reporting……………………………………………………..….27

3.2.Classification of financial reporting elements……………………………...33

3.3. Roles and attributes of financial reporting standard setting bodies and regulatory authorities……………………………………………………..39

4. CONCLUSION……………………………………………………55

REFERENCES……………………………………………………………..57

INTRODUCTION

Reports reflecting the real financial situation are essential for enterprise leaders to make important decisions about the future of the company. The quality of the information provided in the report allows comparing performance indicators for a number of reporting periods to a standard set of standards. Often businesses choose the standard of BMHS as standard. Unfortunately, not all accountants with great experience can match the entity's financial statements with the IFRS. Specialists of our company are ready to assist you in formulating reports that meet these standards. Compliance with IFRS (International Financial Reporting Standards) is a complicated and troublesome process, but enterprises that benefit from our services at affordable prices can be sure that the outcome will be successful.

1.1. Background of the study

Increasing transparency in the economy in the republic I want to emphasize the importance of the Third Eurasian Forum of Accountants and Auditors, which was held with the participation of representatives of influential organizations from Europe and Asia within the framework of purposeful activities. Naturally, such kind of events play an important role in rendering methodological assistance to the employees of economic development of the country, entrepreneurs, heads of economic entities of our country.

Healthy businesses and organizations in market economy finding financial sources, finding reliable partners, We need honest and reliable information to ensure continued profitability. Such information can be generated through accounting and reporting systems that meet modern standards. In this respect, the accounting of local companies, businesses and organizations operating in the country with the International Financial Reporting Standards may be one of the factors promoting their development. From the point of view of defining new principles of accounting, the Law of the Republic of Azerbaijan “On Accounting” the Law of 29 June, and the application of that Law.

The presidential decree is important documents in the area of accounting for state regulation. The main purpose of state regulation in this field is to develop accounting and accounting records in the country on the basis of International Financial Reporting Standards and the National Accounting Standards established on their basis for commercial and nonprofit organizations.

From the day it started the activity at the Ministry of Defense Industry important work to strengthen defense capacity was seen. It is set in front of the Ministry of Defense Industry it is crucial to conduct accurate accounting of targeted and purposeful expenditure of funds allocated from the state budget for the solution of strategic tasks. In this regard, the application of the International Financial Reporting Standards and the National Accounting Standards established on their basis are relevant to the Ministry of Defense Industry and its subordinate enterprises and organizations.

Regarding the improvement of the accounting system is more flexible in institutions and organizations subordinated to the ministry relevant structural changes to create a financial apparatus conducted and certification of personnel.

1.2. Motivation for the choice of research topic

Accounting and reporting in Azerbaijan are restructured and developed in accordance with international standards and standards in this field. Thus, the public-important entities of the country are currently conducting their accounting and reporting on International Financial Reporting Standards (IFRS). For all other commercial entities, National Accounting Standards (NAS) have been prepared and approved by the Ministry of Finance. The MMUSs themselves have been developed on the basis of IFRS. However, it is not a secret that it is difficult for practitioners of the country's accounting and reporting to apply theoretical-metorological principles and rules of IFRS.

1.3. Aim of research and research questions

The purpose of the diploma work is to study and master the methodology of accounting for inventory making based on the sample of a special agency.

To achieve this aim, the following tasks have been determined in the work:

- learn the contemporary laps of financial standard analysis;
- study stages of financial standard analysis framework;
- take into consideration ways to financial reporting mechanics;
- to current and parse the financial actions of the economic theme of the study;
- to study accounting of buy, outlay and other order of materials.

1.4. Research methodology

1.4.1. Research approach and strategy

The effects of IFRS applications on the consequences of the contemplation of the financial declaration of the establishments have been examined in the research. In this orientation, inquiring way was used in the study and the fact of the questionnaire were subjected to regress analysis.

1.4.2. Research method

In this research, International Financial Reporting Standards (IFRS) explained, compliance with IAS's elucidated the condition in USA, debated the notion of IFRS for SMEs and report about the growth in this field has been given.

1.5. Challenges and limitations

The profits of a powerful global financial reporting are comparable financial reporting for investors, stimulating international investment, needy price capital, efficient resource, creature of a top-interest economic growth. One of the primary motives of the passage to IFRS in USA is the process of harmonization with the EU, economic growth, the withdrawal of foreign investment to the country and to obtain stocks from the global market are among other significant motives.

1.6. Thesis method and structure

Needful to the deficit of investigation on auditors, one of the most needful parties in accounting standards, the study tricks on independent audit firms. The basic purpose of the research is to equate the factors that affect the applicability of the standards for the independent auditors who are the most needful parties of the accountant and to define whether there is a connection between these factors and the implementation luck. Other purpose of the study is to leaden the use of the structural equinox contemplation used in psychology, sociology, training and marketing fields in the field of accounting.

2.THEORETICAL FRAMEWORK

2.1.Financial standard analysis

While the political boundaries of the countries have been preserved by international agreements made in the last 50 years, the globalization process has begun by removing the economic boundaries. Globalization process of economic and social units and this interaction continues to increase. One of the areas of change is capital.

With globalization, capital movements accelerated. The current change necessitated the change in accounting practices, and a different accounting language was replaced by a common accounting language in every country. accounting practices in the first part of the study examined the development process in the world and Turkey, literature written in the second chapter, the world was created in order to develop a common accounting language International Accounting Standards and Small and Medium Accounting Standard for Business in explaining the differences between the Uniform Accounting Practice empirically will be revealed.

The phenomenon of globalization has created a need for ın universal financial language practice in the financial information system, in order to meet this requirement, International Financial Reporting Standards have been prepared, countries have been encouraged to adopt them, and a significant degree of implementation has been achieved in accounting retention and preparation of financial reports.

In addition, high-quality International Standards on Auditing have been prepared for the financial statements prepared and audited, thus ensuring the availability of reliable, transparent and comparable financial statements at international level.

In addition to these developments in the world, especially in the new Turkish Commercial Code, the corporation has entered into a process of institutionalization and ownership and management functions. In addition to fulfilling the legal responsibilities of accounting, the function of providing information to shareholders, interest groups, prospective investors and lenders has come to the fore (Kristian, 2006).

In accordance with these developments, the main objective of the accounting and auditing program is to train qualified experts equipped with modern knowledge and skills capable of holding accounting in accordance with national legislation, international financial reporting standards, preparing and interpreting financial statements, providing financial data to management, and applying international auditing standards.

Today, in the competitive environment of globalization, businesses in almost all sectors have undergone some stages of change and development with the effects of globalization. Businesses operating in different sectors, together with the process of globalization, to achieve customer satisfaction and thus to maintain their sustainability, to take strategic marketing decisions and to achieve strategic marketing goals, to ensure sustainable competitive advantage, and the interaction between the Marketing Information System (PBS) and Accounting Information System (MBS). started to use Strategic Marketing Accounting (SPM) as a tool.

Strategic Marketing Accounting (SPM), marketing and sales-related activities of the business; It is an accounting discipline that focuses on the indirect analysis of activities such as procurement, production and R & D and focuses on meeting the needs of strategic marketing decisions and market information, which consists of the tasks of strategic marketing in the enterprise. The aim of this study is to address the importance of Strategic Marketing Accounting in ensuring the sustainable competitive advantage of enterprises in the process of globalization. For this purpose, product / service costs and product / service pricing activities, which constitute the most important intersection point of the Accounting Information System (PBS) and Accounting Information System (MBS), have been tried to be taken into consideration in terms of SPM. After the information about MBS, the relationship between PBS and MBS is explained theoretically and the importance of SPM and its importance for today's enterprises were mentioned.

From the day of mankind, there has been a constant interaction and exchange. I would like to remind you that even the Egyptians who do not neglect to make an account have accounting information. It is a fact that even in the exchange procedure without money, the issues that will give credit are processed. In this work I wanted to share the history of accounting with you.

As a technical and economic entity, businesses are engaged in production and commercial activities to meet the needs of the society; on the other hand they provide income to the employees. It is possible to organize organizations in terms of accountability of enterprises which aim to produce goods and services and provide income. This organization that controls businesses through account is their management tool.

The accounting described as a recording technique of business activities is also a presentation art. Accounting, which is 7000 year old, has developed from the most primitive recording technique in parallel to today's technology. The accountants who record the activities of the enterprises are adhered to the recording techniques, shapes and conditions that change according to the time and have added their styles to the writing technique.

Accounting is defined as the systematic recording, sorting, summarizing and presenting of the transactions which can be expressed with money in the enterprise, analysis, synthesis and interpretation of information related to the operations. Previously, only the accounting required by the registration of activities undertook other duties according to changing economic conditions. Accounting assists business executives in decision-making and control functions and gains importance as a system that provides them with the necessary information.

Business managers will take account of whether the enterprises are developing in accordance with the predetermined objectives, how appropriate the activities are, the unit costs of the products they produce, the efficiency of the products they are producing, the actual profitability of the enterprise, the cost of the loans are covered by investments and the answers of similar questions. . Of course, in order for managers to make the right decision, the information provided by the accounting must be accurate and healthy. The validity and accuracy of the documents on which the accounting records are based will ensure that the accounting reports are realistic. In addition, the information recorded in the accounting period is reviewed by a casting process at the end of the period and the accuracy is checked and the assets in the entity are subject to valuation and they are provided to reflect the real situation.

As a result of the technological development in our time, accounting is maintained through computers. The use of computers helps to obtain fast and error-free information while eliminating the hand-counting of accounting.

In a group that closely monitors the situation of the enterprise, they are civil servants and workers working in that enterprise. The operating personnel learns the profitability status of the accounting data and requests a wage increase. In addition, the data provided from the accounting will reflect the information on the continuity of the work. Credit institutions; Those who give short-term loans to enterprises want to be informed about the enterprise's solvency, while long-term lenders want to be informed about the enterprise's income trend and investment policy. Necessary data on these issues are also provided by accounting. The taxes to be paid by state and public enterprises are closely related to the state. In order to control the taxes it will receive, the state needs information about the operation result and operation of the enterprise. In addition, micro and macro analysis related to the economy, also use the accounting data belonging to businesses. It is natural for the public to deal with the activities of the enterprises that affect the economic situation. Provides the necessary information about the enterprises which constitute a significant part of the society from public accounting. Workers 'and civil servants' unions; wages and other demands of workers and civil servants are made by the trade unions representing them. The basis of collective bargaining agreements is accounting data.

The accounting system of a country, the theory of accounting it is under the influence of elements (such as concepts, principles) and legal regulations. Providing a common accounting practice on a country-by-country basis is only possible through national accounting standards. These standards have been established by the country's accounting standards institutions. For example, in our country, Turkey Accounting and Auditing Standards Board (TMUDESK), USA 'in Financial Accounting Standards Board (FASB), Britain Accounting Standards Board (ASB). The main objective of these institutions is to create a national accounting system and its application. However, international intensive activities created by globalization have also revealed the sharing of the financial information of a company by the financial statement users of many countries. Differences between countries have prevented financial information from being comparable and uniform. While institutions that establish accounting standards in countries constitute an important force for global harmonization, these efforts alone are not sufficient for a common harmonization. All these developments led to the establishment of the International Accounting Standards Committee.

The first documents reflecting the use of the right to use are shown on which products or groups of products are devoted and spent. If the objects if it does not fall into place, it is a product of certain types of production (object of censorship) that relates to a certain stage of its production (a recording object of expenses) or, if the objects fall together, subject to the object of the account and to the object of the calculations at the same time.

Allows you to configure the scripts. It is known that such a grouping of production costs is only for the product's cost may be on the principal expenses that can be deducted independently. Analytical accounting of such costs, usually the calculation objects, objects of accounting, where expenses occur.

Expenses are calculated in the grouping and collection tables on the calculation stages. In the mentioned registrars, the tables are collected on separate assignments. Meanwhile, material costs are expressed in terms of fair value, as stated in the original cost items. At the same time reflect the fact that the accounting prices of raw materials and supplies, based on settlement schedules, are deducted from the actual cost of the asset. It should be noted in advance that the cost of independent expenditure depends heavily on the accounting of costs and the calculation of the product cost of the product at the enterprise, as well as on the list and the nature of the accounting objects, inventory items.

The objects of the calcification can not be independently identified, the rest of the expenditure is the analytic accounting costs of the expense items account obstructions and formation in accordance with their nomenclature collection-grouping on localities (phases, stages, shops) in their schedules.

Analytical accounting of expenses for service and management of production usually costs of spending and defined costs. Characteristics of the collection and clarification on the nomenclature of substances in the registry. However, businesses are sex-driven the cost of maintaining the equipment and the general cost of the equipment, the methodology defined between the objects of the calculations distributed.

2.2.Steps of financial standard analysis framework

Finance is one of the important elements of modern society development. Ninety-nine out of every hundred respondents will answer the question, “What is Finance?” The historical name of finance, of course, expresses money relations. This concept is derived from the word “financia”, which is an ancient Latin word, which literally means money. Finance was first introduced in Italy in the XIII-XV centuries as a concept of money-making. Later this has begun to be used and has gained an international status. Financial perception does not cover money relations. Money relations are a broader concept than financial relationships. At present, a number of monetary relations operate in every society. These include: state-owned enterprises, relationships between the state and the population, separate enterprises, enterprises and the population. There are a number of special elements that distinguish financial relations:

1. Financial relations are of divisive nature, with the distribution and redistribution of GNP and national income.

2. Financial relations are directly related to the state.

3. Financial relationships are related to the creation and use of funds. Establishment of monetary funds at this or that level (state, organization, organization) is a system of economic relations. Money relationships that fit every one of these relationships relate to financial relationships. The above analysis indicates that the financial economic relationships are, and hence, part of the economic base. Basis means the sum of the production relationships based on the upper body. Financial is an element of the economic base and acts as an economic category. Because first of all, he expresses certain aspects of production relations in universal and abstract form, and is of historical character. Some of them regard the division of finance as a category of categories, others are the category of production and the third group is a large category of reprocessing.

As it is well known, extensive reparation consists of 4 stages:

- production;
- distribution;
- exchange ;
- consumption.

Thus, the following can be summed up in funding: The sum of the money-sharing relationships associated with the creation and use of financial funds.

Generally speaking, a cultural one is a combination of commonly-held principles and a combination of commonly-funded cash flows, even if it is distorted in a variety of ways in public life. There is a strong understanding of the fact that the distribution of profits for the enterprises, which can not be used for business purposes, is the payment of salaries to the state budget, allocation of funds from the budget to the foundations and charter funds. The more you look at it, the more money you can handle, the more you can do it. To learn the essence of the subject, it is important to know the characteristic of the nature of all the elements of the material.

The concept of “financial” is inextricably linked to money and commodity-money relations. In the context of commodity-money relations, the continuous flow of money moves from one entrepreneur to another. Money is the absolute necessity of funding.

An important peculiar feature of the court that distinguishes the body from other classes is that it deals with money laundering and money laundering offenses when financial incumbents are involved in financial inconsistencies. This condition is general for all social-economic projects. Because of the changing nature of the social-economic development of the country, the structure and the ways in which the use and use of financial resources are altered and improved.

To manage the financial situation of an enterprise to achieve certain financial objectives. It is the subject of financial management to determine the external resources and capital required by the enterprise, to provide these needs and to invest the relevant funds in the appropriate assets that will benefit the enterprise.

It is the subject of financial management to determine the external resources and capital required by the enterprise, to provide these needs and to invest the relevant funds in the appropriate assets that will benefit the enterprise. The aim of financial management is to maximize firm value (Leuz, 2003:p. 8).

All activities related to the procurement and use of funds required by individuals or institutions are called finance. Financial management is carried out by applying the general management principles of the enterprises to the financial resources. One of the most important points that should be taken into consideration when making financial decisions in commercial enterprises should be to increase the value of the enterprise by maximizing profitability.

Investment Decisions: Using the resources they have, businesses decide which investments will be made in the short and long term. Investments are divided into two as short or long term. Long-term asset investments are also known as capital budgeting and are of great importance for the enterprises in terms of the risks they carry. These investments may consist of tangible and intangible investments. Long term investments are also known as fixed asset investments. Investments in order to operate long-term assets are called short-term asset investments, also known as current asset investments. Cash flow, receivables and storage are short-term assets.

Financing Decisions: The funds needed for investments, their amounts, the process of determining how and where to meet are within the financing decisions. Businesses can create financing with borrowing or own funds. Both conditions have advantages and disadvantages. The newly established companies prefer to finance with their own equity since they have low risk in the first years and they can go to borrowing in the following periods.

Dividant Decisions: Decisions on how much of the profit obtained in the enterprise will be distributed. The profits of the part to be used in the enterprise shall be shared between the partners.

Financial managers play a major role in enterprises. Financial managers are those who can make financial predictions. Follow the increasing and decreasing funds in financial markets and evaluate the effects of these funds; The evaluation of investment alternatives for the business is also one of the business titles of financial managers. In addition, financial executives make evaluations by determining the effect of sales and price policies on the operating profit. With these evaluations, future planning can be improved and the company's strategic planning can be contributed (Paananen, 2007:p.22).

Financial management consists of two stages, one that is intertwined with one another   a preparation and a direct phase of action.

The preparatory phase itself consists of obtaining financial information and planning. The accuracy and timeliness of financial information allows you to analyze and process the final outcome of any process. Financial planning is composed of value form. Cash Income mobilization and distribution, national income division and redistribution, the creation and use of monetary funds are the object of financial planning.

Through financial planning, the following tasks are carried out:

- Identification of sources of funds making;
- The use of financial resources;
- Financial control;
- Balance of income and expenses.

2.3. Importance of financial standard notes and supplementary information

In modern times, the development of the economy and the formation of a policy of economic process in different directions change the form of accounting theory and practice in practice. Examples of such cases are the fact that each entity and its economic activities, such as the company, firm, association, enterprise, organization, it also reflects and conceals the interest of individuals involved.

Accounting is an entity that deals with all business transactions that are interconnected by the property, liabilities, capital, operating and financial performance of the entity, the entity, the entity and other economic entities, and, in general, all financial and economic activities, accounting system with a double entry method (Lang, 2003: p.11).

Obligation of accounting All accounting entities are obliged to comply with the relevant accounting standards set out in the Law of the Azerbaijan Republic "On Accounting" or the rules of simplified accounting.

The main objective of accounting is as follows:

- financial, banking, tax authorities, investors, merchants, merchants, creditors, government agencies and other interested parties and individuals to carry out operative management and management, compile financial (accounting) reports, as well as business processes and finance - Complete and correct the necessary information about the activity of the farm;
- ensure proper control over the use of labor, material and financial resources in accordance with approved norms, norms and estimates, availability and movement of property, ownership rights and obligations;
- timely take preventive measures in financial and economic activity, reveal intra-departmental resources and mobilize them.

At present, the development of the country's economy, with different countries expansion of economic relations existing in our republic the compliance of the accounting system with international financial reporting standards is an important issue.

The Republic of Azerbaijan, in terms of the state of economic issues, has attracted the attention of the world's highly developed and other small countries, international and regional organizations. It is located in a natural pole that attracts. Here are a lot of the world the countries are trying to expand their influence by expressing their interests. In these circumstances, the convergence of economic information within the country to international requirements and the formulation of them in the form agreed by foreign investors are considered to be important (Singh, 2008: 38).

In this regard, the preparation and application of National Accounting Standards for 2003-2007 for the purpose of transition to the International Accounting Standards adopted by the Cabinet of Ministers of the Republic of Azerbaijan on February 20, 2003, in conformity with the international standards of the current accounting system and standards of the republic The Program on the Program is of particular importance. This decision consists of three sections, covering the following issues:

1. Compliance with International Accounting Standards preparation of normative legal base and methodical instructions;

2. Adjusting the accounting to the requirements of modern information technology;

3. Preparation of specialists in accounting.

Implementation of the mentioned measures accounting principles and its concept of international accounting standards should be an important tool for proper adjustment.

An important issue in the formulation of the international accounting standards of the national accounting system is the availability of high-quality accounting cadres preparation and accountancy of the accountants in operation up-to-date requirements. High preparation of accountants with quality indicators secondary vocational schools.

Specialized international and other national accounting related to transition to international accounting standards. Cooperation with accounting organizations is an important condition. For this purpose a special program should be drawn up and systematic finance the report should be in constant cooperation with the International Standards Committee, the International Federation of Accountants and other national accounting organizations.

The Accounting Policy Statement is one of the normative legal documents developed for the regulation of the accounting system in the Republic of Azerbaijan and reflects the most common forms of accounting regulating, taking into account the normative-legal documents established in this field (Leuz,2003 :p.21).

The “Accounting Policy for Enterprises Accounting” has been approved by the order of the Ministry of Finance of the Republic of Azerbaijan dated January 23, 1997, and this statute is based on the Law of Azerbaijan Republic “On Accounting” and other accounting standards that apply to the most commonly accepted forms of accounting describes.

The general policy of the enterprise is formed by its head. The head of an enterprise follows the requirements of the “Accounting Policy of the Entity Accounting Policy” and other regulatory and legal documents governing the accounting system.

The following are mainly in the formulation of accounting policies. It is intended:

- the enterprise separates its property and liabilities from property and liabilities of other enterprises;

- The entity guarantees long-term uninterrupted work, its progressive development, property and liabilities, as well as timely repayment of debts;

- enterprise accounting policy in the Republic of Azerbaijan accounting documents regulating accounting system adopts for the reporting year in accordance with

- correctly applies the income and expense of the entity for the reporting period should make a consistent accounting of all economic transactions must ensure a proper sequential registration of their registrations, existing property, liabilities, capital, settlements, and so on the inventory of other inventories is complete and in the records should be reflected correctly.

In addition to the above mentioned, the head of the enterprise determines the organization of accounting, document circulation and accounting information technology, develops the internal accounting and reporting system, controls the economic operations necessary for the purpose of accounting, the right to sign documents and so on determines (Kristian, 2006:p.20).

The head of the enterprise should comply with all the requirements of the Law of the Republic of Azerbaijan "On accounting" when forming the accounting policy.

The enterprise has always been registered by the Legislative Body of the Republic of Azerbaijan in its accounting policy. Addendum in accordance with accounting standards changes can be made.

Observe the following order in order to present the financial standard notes in a systematic manner.

It is:

a) General information about the business,

b) stating that the financial statements are fully compliant with the provisions of this Standard explanation,

c) Summary of significant accounting policies applied,

f) To be presented in the same order as the financial statements and the items in these tables additional disclosures on financial statement items, and

d) Other explanations.

The benefits provided by the accounting standards to the enterprises are unlimited. The international benefits are summarized briefly below. The fact that the enterprises are opened to the public, the stocks are traded on the world stock exchanges and the international economic relations have reached significant dimensions make the use of the financial statements in accordance with the International Accounting Standards as a management tool. Most of the international exchanges do not accept the denomination of the shares of the enterprises that do not keep their accounting according to International Accounting Standards.

Rapid globalization of the business world, increased competition and the fact that companies start to be traded in stock markets in many countries are the main reasons for universal financial reporting requirements. The International Financial Reporting Standards meet this requirement and the aim is to increase the international investments and trade by providing comparable, reliable, understandable and transparent financial statements (Kristian, 2006:p.21).

It is obvious that IFRSs provide great facilities for companies, investors and regulators. The preparation of the financial statements of the companies in the same standards is important for both the company management and investors to make accurate decisions by interpreting financial information in a correct manner. IFRSs are also an important starting point for regulators to assess the reliability and transparency of the financial statements.

In our country, which entered into force 6102 Turkish Commercial Code ("TCC"), together with the financial statements of IFRS the Turkish translation of Turkey Accounting Standards ("TAS") has become Preparation mandatory for companies entering the TCC scope accordingly. The Turkish Commercial Code (TTK) aims to create a uniform and common discipline in the field of financial reporting and accounting, adopting the financial statements in the international market and gaining a competitive advantage of Turkish companies in the foreign market. This will make it easier for companies to reach financial resources in the world faster and to make international investment decisions, while increasing the trust of companies and financial statements by providing international investors with access to quality and reliable information.

As a result, global financial reporting requirements with the Turkish translation resulting from IFRS and our country along with increased reliability and transparency with Turkey Accounting Standards will contribute to the development of the national economy, will help to protect the interests of our country in the international arena.

3.INVENTORY VALUATION METHOD

3.1. Financial reporting mechanics. Classification of business activities for financial reporting

Financial reporting is the type of reporting for the purpose of compliance with the policies, methods and rules set by the legislator, such as the laws, regulations and regulations laid down by the state prepared for financial information users (Bank, Investor, Treasury, CMB). Monthly and quarterly financial reporting reports.

- Income statement;
- Balance;
- Cash Flow Statement.

These reports, which are compulsory for many businesses, are also known as basic financial statements. Banks, investors and legislators conduct audits using these reports, prepared in accordance with generally accepted accounting principles (GAAP). Banks request these financial statements when lending. The regulators such as the Treasury and the CMB supervise these financial statements which are required by the regulations.

These reports show the financial status of your business at a specific time or period. These reports, showing how the whole business is executed, unfortunately do not give any insight into how operations in your business are carried out. Basic financial statements are retrospective. It does not show how your business will be executed in the future (Casey, 2014:p.24).

Businesses make various activities in order to survive in line with their purpose of existence. Businesses prepare and present their financial statements in the most appropriate way to the business field in order to transfer the systematic and accurate information to the users. According to TMS-7; The Company is classified as operating activity, investment activity and financing activity.

Activity-based reporting provides users with information about the impact of these activities on the entity's financial position and cash equivalents.

Businesses need cash in order to continue their activities, fulfill their obligations and provide return to their investors. Activity based classification and presentation are made in the cash flow tables prepared according to IFRS. In the statement of cash flows, cash flows are classified according to operating, investment and financing activities. An entity displays cash flows from investment and financing activities in the most appropriate way to the business area. The activity-based classification provides users with information on the impact of these activities on the entity's financial position and cash and cash equivalents. This information can also be used to assess the relationships between activities.

Cash flows from operating activities, without the need for external financing sources; It gives information about whether it is possible to pay back debts, to continue its activities, to make dividend payments and to start new investments. Cash flows from goods sold and services provided, cash outflows from payments for goods and services, cash inflows related to royalty, fees, commissions and other revenue, cash inflows and outflows related to contracts held for trading are given as examples (Christopher, 2006:p.34).

Cash flow from investing activities indicates the level of expenditures made for resources that are expected to generate revenue and cash flow in the future. Only expenditures that result in the recognition of assets in the balance sheet are eligible for classification as investment activity. Cash outflows and outflows related to the purchase and sale of tangible and intangible fixed assets, cash outflows related to the advances and debts given to third parties by the enterprises, and the collections made from the advances and loans given can be given as examples.

The cash flow from financing activities informs the entity about the portion of the capital that will be demanded from the future cash flows of the entity.

Cash outflows from the issuance of shares and other equity instruments, cash outflows related to the capital decrease or cash outflows related to the receipt of the shares of the enterprise, cash outflows related to bank debt payments and cash outflows related to the payment of debts arising from financial leasing agreements can be given as examples.

The classification of the activities enables the users of the financial statements to provide more realistic information about the results of the operation of the financial statements by analyzing the relationship between the cash flow and the activities, as well as providing more accurate reporting of the operating results in the income statement and the balance sheet.

Investment means the conversion of monetary functions to movable and immovable income-generating assets and the retention of these values for a certain period of time. Investment activities are related to the acquisition and disposal of long-term assets and other investments. In order for an activity to be considered as an investment activity, conditions such as the purchase of a regular income, the value of which is more or less stable, the trust of the investor, the possibility of gaining a long-term appreciation and the investor holding a long period (Ball R., 2006:p.45).

An investment activity in the implementation of business strategies capital budgeting decisions have a significant impact. Investments in long-term assets generally include transactions for the purchase of new tangible and intangible assets within the framework of renewal of assets or growth strategies of the enterprise. In addition to these transactions, businesses may become parties to futures, forward and option contracts in order to protect against future risks due to product prices, exchange rates and interest rates. In addition, businesses that are in a growth strategy may make other long-term investment decisions through mergers or acquisitions. These investment decisions not only affect business operations physically, but also affect revenue, expense and cash flows financially.

The financing (financing, funding) function is to provide the necessary funds in the best time, in the best conditions and to realize the most effective use of these funds in line with the purposes of the enterprise. Financing activities are activities that cause changes in the structure and amount of foreign resources. The fact that businesses are in need of cash to maintain their continuity and want to provide this with the lowest cost of financing has led to the development of a wide range of financing alternatives. The funds required for the main activities of the enterprises are created from the operating activities. Funds required for other activities of enterprises require the use of various external finance.

Businesses need financial resources bank, factoring company, financial leasing companies such as domestic or foreign financial institutions can provide. In addition, companies can provide various sources of finance by issuing long-term borrowing instruments, contracting goods or services between businesses. According to the terms of the contract at the end of the maturity of the option to pay the debt as money or goods, in order to obtain an investment in the issuance of bonds and the amount of income obtained from this investment to be distributed to the bond holders, the leasing of the tangible asset to the leasing company to be sold with the contract example of financing transactions can be given as. They can also issue shares to provide internal financing, which is another source of financing.

Funding activities, funding, fundraising or sourcing activities. Funds and resource management constitute the basis for enterprises to sustain their activities effectively. Some businesses prefer to pay in advance, while some businesses prefer to pay the cost of financing by paying on time. These conditions of payment are determined by the agreement between the seller and the seller, and the contract entitles the right for one party and liability for the other party. This right arising from the contract is a financial asset and a liability is a financial liability. In addition, prepayments made more than one year prior to the delivery of the asset or payments with a maturity of more than one year as of the date of delivery of the asset include financing activity due to the fact that the buyer or seller has financed the financing, funding, or provision of resources.

If the terms of the contract include financing activity, one party must accrue finance income while the other party charges the finance expense. The financial instrument is the financial asset of another entity and the any contract that causes an increase in financial liability or equity instrument. A contract is a contract to be defined as a financial instrument if a contract entitles the issuance of a cash, a cash payment for the fulfillment of an obligation, or an equity-based value. In other words if the contract creates a financial asset, a financial liability or a financial value based on equity, the financial instrument is mentioned.

The contractual right or contractual obligation itself is a financial instrument. Contractual rights or contractual obligations conform to the definition of a financial instrument if it results in the acquisition or payment of a cash-based or equity instrument or a cash-generating obligation.

Financial instruments; derivative and non-derivative financial instruments divided into two. The financial instrument analyzed within the scope of this study is non-derivative financial instruments. Non-derivative financial instruments are classified as financial assets and financial liabilities.

The most used and known financial statements are the Balance Sheet and Income Statement when evaluating the activities of the enterprises. While the balance sheet and income statement give an idea of the assets, liabilities, income and expenses of the business, their evaluation alone is not sufficient to fully see the performance of the enterprise.

The answer of many questions such as cash generation potential, source of cash (activity, debt, etc.), where cash assets are used, seasonal distribution of payments, planning of future cash needs from past cash flows can be answered by cash flow table.

The cash flow statement, which can also be called cash flow statement, enables us to see the cash inflows of the company and their whereabouts, cash outflows and where they are spent, and finally the cash flow of the enterprise at that time (John,2007:p.16).

Cash and cash equivalents are cash and bank accounts. In addition to these, short-term investments with a maturity of less than 3 months, with a definite value which cannot be determined and whose risk of change is not significant, are defined as Cash Equivalents. In addition to cash and cash equivalents, the main groups in TAS 7 are as follows:

Business activities: The main income generating activities of an enterprise and other activities that do not have investment or financing activities,

Investment activities: Activities related to the acquisition and disposal of long-term assets and other investments not included in cash equivalents,

Financing activities: It refers to activities that cause changes in the structure and amount of foreign resources (borrowings) and equity.

The position of these transactions in the Cash Flow Statement depends on which of the classifications we have mentioned above. For example, the collection made based on a sales transaction related to the operation of the entity is classified in the cash flows from operating income, in the cash flows group related to the operating activities. Sometimes a single transaction may include cash flows that are classified differently. For example, a loan repayment includes both interest and principal payment, while the interest is classified as principal finance activity when classified as business activity (Webcpa, 2009:p.23).

The classification of transactions is explained in detail in the TAS 7 Statement of Cash Flows.

Then, the cash flow table can be easily created by taking into consideration the above mentioned criteria. It should be noted, however, that the counter-account in the cash transaction record will not always be a reference to the grouping in the cash flow table. For example, in a collection record from a customer, a party bank is a party client. It will not be known whether the collection made in this case is related to the main activity of the company or other income and profits. The only way to solve this is by matching the registration record and the matching of the invoice record in which the customer is charged. In this case, the cash flow statement group where the income account in the invoice register is classified can be determined and the collection amount can be classified in the cash flow table at the appropriate place.

3.2.Classification of financial reporting elements

One of the many advantages that payment institutions provide to the companies they work with is the advanced detailed financial reporting feature. You can view all transactions and statuses of all banks from a single screen, manage your financial assets, and use special software to track your periodic cash flow.

Financial reporting, which is one of the areas where the different departments in your company meet together, will have a direct impact on the decisions you will take for each department to have the ability to interpret information in terms of both operational and performance monitoring.

In case you want to measure the performance of your sales team, you can also report on which sales personnel are selling and comment on your sales targets in the relevant date intervals with detailed filters (Hung, 2007).

The purpose of TAS 39 is to establish the principles for recording, valuation, disclosure and disclosure of financial assets in an entity's financial statements. The standard stipulates that some financial assets will be classified according to their purpose from the date of purchase and will be valued according to this classification with different methods. Since the standard imposes some significant restrictions on transfers between classifications, it is important to make this classification correct.

In the first part of the standard, which consists of two parts, the principles related to taking the financial assets to the financial statements and removing them from the financial statements are explained. In the second part; valuation of financial assets, subsequent valuation, impairment of assets, principles on earnings and losses. In the standard, financial assets are classified into four groups .

a. Financial Assets at Fair Value Through Profit and Loss (Trading) Financial Assets

b. Assets Held to Maturity

c. Financial Assets Available for Sale

d. Loans and receivables

a. Trading Financial Assets

Financial assets held for trading; These are speculative investments that are acquired in order to evaluate the surplus of funds and profit from short term fluctuations. Derivation of a derivative designated as hedging instruments in order to sell or buy back by the business and to obtain a short-term profit.

Financial instruments are classified as trading. In terms of our country's applications, money market instruments (bonds, stocks, bonds, etc.) used for the transfer of short-term funds can be classified within this group. Also, forward, futures,

Derivative financial instruments such as option and swap are included in this group since they are considered as a speculative revenue-oriented financial asset unless they are intended for protection.

b. Held-to-Maturity Financial Assets

Non-derivative financial assets other than those classified as non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity intends to retain and hold until maturity date are classified as held to maturity financial assets. Financial assets such as treasury bills and government bonds can be evaluated in this group. The intention and possibility to include a financial asset in the ilk held to maturity securities this group is to consider these assets not only at the initial recognition stage but also at each balance sheet period.

It requires.

The standard draws attention to the existence and the possibility of holding a financial asset up to maturity in order for a financial asset to be considered as held-to-maturity, but violates its intention to retain maturity until the maturity of the assets held to maturity. The following exceptions are not included.

changes in market interest rates will not have a significant impact on the fair value of the financial asset, sales or reclassification that is very close to the due date or the date of recall of the financial asset (less than 3 months to maturity)

operations;

the sale or reclassification of a financial asset at a rate equal to or less than the original value of the financial asset through predetermined payments or cash payments;

Sales that are not under the control of the entity, which are not replicated, and which have not been reasonably predictable in advance.

A business sold in excess of its overdue amount in the current year or in the last two years over the amount to be held until maturity (more than the amount to be held to maturity)

In the case of reclassification, the entity does not classify any financial assets as held-to-maturity.

According to the standard; the entity does not have the financial strength to finance a financial asset with a maturity of up to maturity, and that any legal or other restrictions that may eliminate the fact that the financial investment is held to maturity in the case of occurrence, the asset loses the property to be held to maturity.

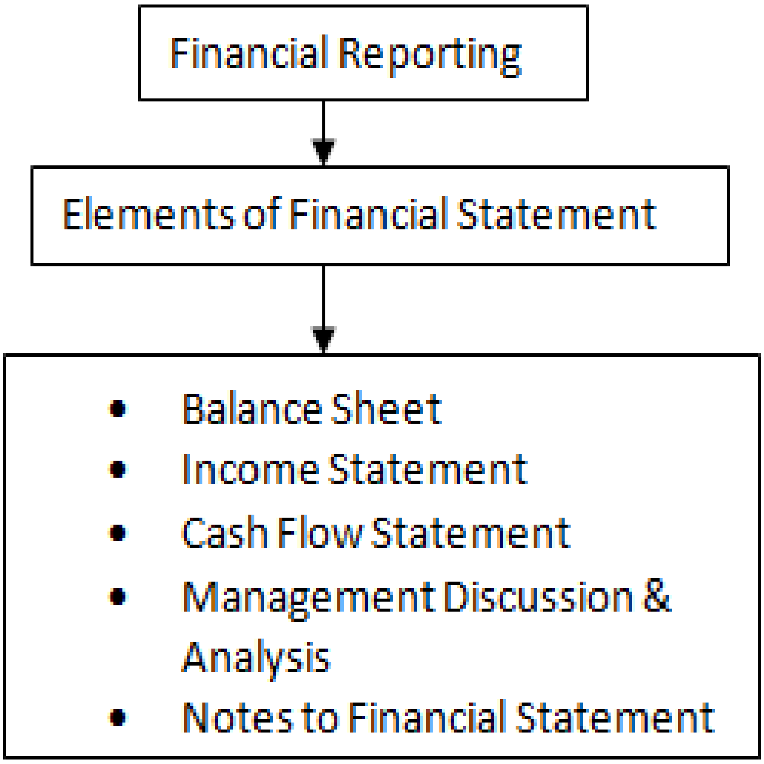
c. Financial Assets Available for Sale

For the purpose of meeting liquidity needs or due to changes in interest rates, financial assets that are held for a certain period of time but are not taken for speculative purposes are classified as available-for-sale financial assets. Available-for-sale financial assets consist of non-derivative financial assets designated as available-for-sale or operating loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Financial assets that are classified as speculative income (purchase and sale) and sellable financial assets are similar; they differ in terms of the purpose of acquisition and the return they provide.

Subsidiaries and subsidiaries that are not in the scope of consolidation and have no significant effectiveness or there are limitations in the transfer of funds;

securities should be considered within the scope of securities available for sale. An example of an enterprise that takes a short period of time to obtain a fixed income for a certain period of time without speculation.

Figure 1: Classification of elements of financial statements



Source:https://www.google.com/search?biw=1366&bih=576&tbm=isch&sa=1&ei=AeLaXNBCndKbBdLnlOgH&q=Characteristics+of+users+of+financial+statements+table&oq (01.05.2019)

In relation to an economic entity, external and internal users are distinguished. The characteristics of users are presented in Table. 1.

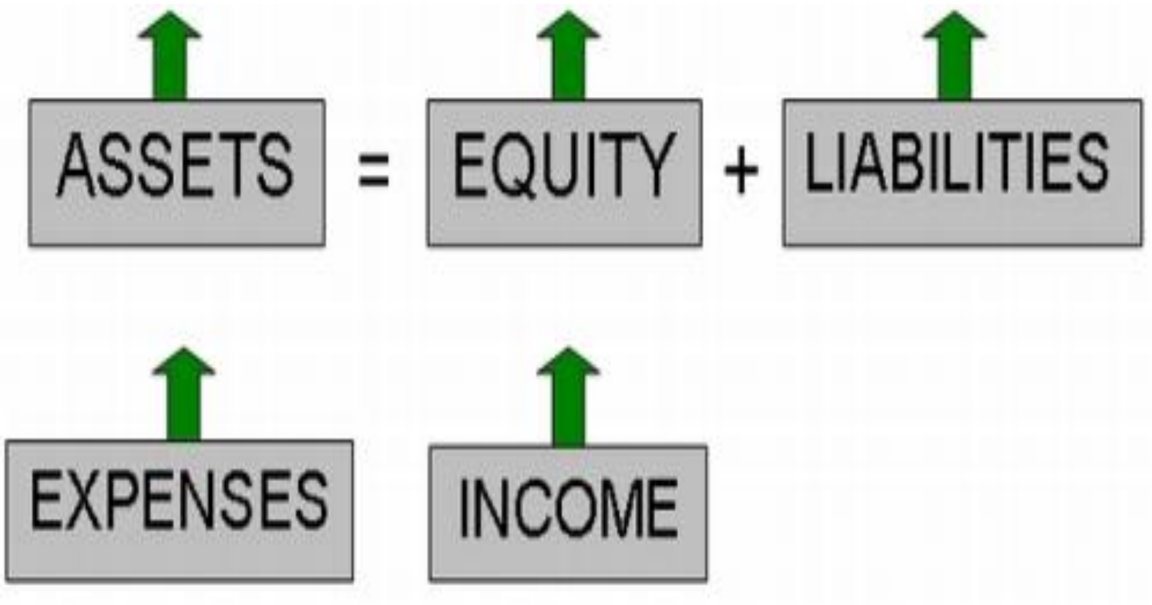
Table 1. Characteristics of users of financial statements

Phase	Sources of information	Output
1. Define the purpose and context of the analysis	• Nature of analyst's function, e.g. issuing a credit rating • Communication with client or supervisor • Institutional guidelines for developing a specific product	• Statement of purpose or objective of analysis • A list of specific questions to be answered by analysis • Nature and content of report • Timetable and budget
2. Collect data	• Financial statements, other financial data, questionnaires, industry and other economic data • Discussions with management, suppliers, customers and competitors • Company site visits	• Organized financial statements • Financial data tables • Completed questionnaires
3. Process data	• Collected input data is subject to analysis tools (giving processed data)	• Adjusted financial statements • Common-size statements • Ratios and graphs • Forecasts
4. Analyze/interpret the processed data	• Input data as well as processed data	• Analytical results
5. Develop and communicate conclusions and recommendations	• Analytical results and previous reports • Institutional guidelines for published reports	• Analytical report answering questions posed in Phase 1 • Recommendations regarding the purpose of the analysis
6. Follow-up where ongoing analysis required	• Information gathered by periodically repeating above steps	• Updated reports and recommendations

Source: https://www.economy.gov.az (12.12.2018)

Elements of financial statements are assets, liabilities, income and expenses (figure 2).

Figure 2: Classification of the elements of financial statements and the manner in which they are reported



Source:https://www.google.com/search?q=accounting+elements&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjJtIylsJviAhVywIsKHSppDqcQ_AUIDigB&biw=1366&bih=576#imgrc=iv38hPmaKeanBM:

3.3.Roles and attributes of financial reporting standard setting bodies and regulatory authorities

International harmonization efforts, especially in the early 1970s. It has experienced. In 1973, the IASC (International Accounting Standards Committee) was established by professional accounting groups in Mexico, the Netherlands, the United Kingdom and the United States. more than 100 countries have been included in the studies.

Until this committee year, there were 39 IASs (IAS). The IASC has three stages since its establishment in order to comply with financial reporting. The first phase covers the period 1973-1988, and IASC published 26 general standards and offered options to enterprises at certain points. In the second phase of the 1989-1995 period, the IASC introduced restrictions on most of the options offered to businesses. To this end, the IASC published the Preparation of Financial Statements and Presentation Framework in 1989 and the Comparability / Improvement Project in 1990. The third stage is that the IOSCO (International Organization of Securities Commissions) approved the UMS in 1995 to approve, the first institution in our country who are members of IASC Turkey Accounting.

Association of Professionals. This association became a member in 1974. Besides TURMOB (Certified Public Accountant and Turkey Union of Chambers of Certified Public Accountants), the IASC has been a member since 1994.

IASC, published standards until 1973-2000. International Accounting Standards-International Accounting Standards are coded and defined as – FAS "FASB has adopted International accounting standards published by FASC since 2001 and has initiated the updating of these standards. The FASB is published with the new code number under the International Financial Accounting Standards - IFRS standards. International Financial Reporting Standards "is used as a set of standards (Emily,2009:p.34).

International trade, multinational companies and foreign direct. The increase in the number of investments, the diversification and development of financial reports, the growth of global organizations such as the International Monetary Fund, the World Bank and the EU led to the emergence of international reporting standards.

In addition, developments resulting in the globalization of the economy, especially multinational accounting and auditing firms, investors and analysts who use accounting data to create new problems in financial reporting

is another reason for the emergence of standards.

Existence of different financial reporting principles and rules by country.

problems at national and international level. In this context.

In order to solve the problems, there was a need for nationalization at the national level, and then, due to the increase in international trade and the international dimension of the enterprises, the need for international standardization came to the agenda (Casey, 2014:p.23).

In addition, the global crises experienced in financial markets

After the 1930s, the capital markets and the stock exchanges increased the efforts to illuminate public opinion after each crisis. These efforts are increasingly in the formation of standards for the establishment of an international common practice in accounting and financial reporting.

In addition, multinational corporations accounting and financial in different countries reporting problems and demanding solutions to these problems and supporting efforts towards a solution also contributed to the development of international accounting and financial reporting standards. Howard V. Perlmutter said, Howard We are the main director of XXI. YY. in The discourse of 1972 reveals the importance of multinational corporations.

IASB's international comparable accounting standards.

Global competition, world markets and development to provide the necessary expansion and modernization the company has been looking for new investors. On the other hand, investors have also attempted to increase opportunities and distribute risks abroad. As a result, an internationally comparable financial statement.

The need for international comparable accounting standards has recently become very important. At the beginning of the events that increase the importance of IFRSs occur in America accounting scandals such as gelmek Enron Worldcom gelen. Despite the fact that US GAPP is an example in internationally recognized and developing countries, it has identified deficiencies in terms of effectiveness due to accounting scandals in the US such as Enron, Worlcom, Xerox and others.

International Financial Interpretation Committee for IAS and IFRSs.

FASB, IFRIC and the standard Advisory Council. FASB has undertaken the task of creating accounting standards. IFRIC is a committee that helps FASR to publish and develop financial accounting and reporting standards for users of financial statements, trainees and auditors. IFRAC, from time to time, on the implementation and interpretation of IFRSs with a complex structure publishes some principles.

The benefits of using IFRS are as follows.

- Re-effort to Create National Accounting Standards prevention,

- Global flow of accounting problems capture angle,

- To be able to make financial comparisons between enterprises, compare financial data in international capital markets,

- Use the financial reporting standards of the country in question
to provide the possibility of seeking foreign capital without having to do so, and thus the savings of enterprises. IFRSs have significant impacts, especially on investors.

- IFRS, more accurate, comprehensive and timely financial table information. Accordingly, especially in the capital markets less risk to investors in accessing financial statement information will help you to get.

- Small increase in financial reporting quality of IFRSs. The investors will increase their competitiveness with professional investors.

- Eliminate many international differences in accounting standards removal standardizes reporting formats. This in the case of investors, financial benefits it will offer.

- Lowering the cost of financial data processing capital market prices.

International organizations for the development of IAS and IFRSs is supported by the expansion of the implementation area of standards. Some of the organizations that support IFRS Applications are as follows:

It is given.

- European Federation of Accountants
- Federation of American Certified Consultants
- International Federation of Accountants
- Union of International Securities Exchanges
- European Union Accounting Regulatory Committee
- Other Institutions
- Basel Committee
- United Nations
- Economic Cooperation and Development Organizations.
- World Bank, International Monetary Fund

Auditing Standards replace the professional responsibility for the auditor. It is the general principles that help it to bring light to its audit activities. The auditor should not be separated from these principles in order for the audits to be accepted as valid and valid. Adopted by professional organizations and supervisory organizations.

The standards that auditors have to comply with are called “Generally Accepted Auditing Standards. Generally accepted auditing standards are the minimum rules for auditing activities.

General standards of auditor's qualifications and audit activities. The quality is related to. These standards;

Vocational Training and Qualification: Not having enough training and experience people cannot control. Auditor information, accounting, audit, statistics; You should be fully experienced in law, finance, tax and related laws.

In addition to their completion, they must have special training, scholarships, examinations and practical experience on professional subjects. It is necessary to continuously monitor the developments in the accounting profession, which includes national and international decisions and other relevant rules on the protection of professional competence, accountancy and audit issues.

Independence, Accuracy and Professional Ethics: Auditor under its responsibilities must be executed. Independence is an essential and indispensable element of the profession. Relations and behaviors should be avoided.

The requirement of integrity, reliability and impartiality forms the basis. It is possible for the professional staff to achieve success in their professional work by being honest, trustworthy and impartial.

Professional ethics, registered, professional qualifications, impartiality, independent decision-making is a symbol of self-control and honesty. Professional Attention and Attention: Auditors take part in their work they stay away from conflict and show professional care and diligence in carrying out their duties. Professionals carry responsibility towards the community and managers while performing the profession and provide accurate and reliable information for the business owner and managers to make accurate decisions.

Planning of working area standards audit activities and is related to execution.

- Audit activity should be planned adequately and investors should be followed properly.

- Audited audit results by applying the relevant audit techniques and methods collection of evidence is required.

- The internal control system of the enterprise to be audited should be examined in order to determine the sample population in the planning of the audit activity and the sampling to be performed.

Reporting standards are the result of the audit activity. This includes submission to related persons. The standards here are mostly those covering the audit of financial statements.

- The report to be prepared is to indicate whether the financial statements are prepared in accordance with the generally accepted accounting principles.

- In the report to be prepared, accounting methods and techniques affecting the current period financial statements are given the opportunity to explain in detail if there are any differences between the accounting methods and techniques affecting the previous period's financial statements.

- If there is no information in the report to be prepared,the information contained in the explanatory notes shall be deemed adequate.

- Audit activity as a result of the audit activity. A conviction should be reached and this opinion is positive. Opinion, conditional opinion, avoidance or negative opinion should be specified.

Established within the International Federation of Accountants. International Auditing and Assurance Standards Board of the international auditing standards that are published by the national auditing standards in Turkey, such as creating the Capital Markets Board and the Banking Regulation and Supervision Board is sampled by many regulatory authorities.

To facilitate the understanding and use of standards and hence, the openness project, initiated by the International Federation of Accountants (IFAC) in 2004, was completed in 2008 to increase its prevalence. As a result of the study, some of the revised international quality control and quality control standards (ISA 220) were published by IFAC as a 2009 manual to be applied under the supervision of the periods beginning after December 15, 2009 and updated in 2010. In 2012, the Company published its Communiqué on Quality Control in

Auditing of Financial Statements (BDS 220) and the communiqué on the issue was published in the official gazette on 4 November 2013.

In addition to International Auditing Standards, to guide practitioners, to meet specific issues. IFAC to present problems and offer solutions. The practice of international auditing by the committees within the body is published.

These illustrative honors handle the following topics:

- Inter-Bank Confirmation Procedures, - with the Bank Monitoring System

The Relationship Between the Bank's Independent External Auditors

- Audit of financial statements of the Bank.

- Environmental Issues in Audit of Financial Statements

Evaluation.

- Audit of Derivative Financial Instruments,

- Electronical

-Trade-Effect of Financial Statements

Independent Auditing, independent auditor. Public Audit with Decree Law No. 660 (Decree). The board was established. Oversight of independent audit current mourning of independent audit activities.

The biggest problem of businesses is finance management. You do not have the chance to invest in the initial capital of tangible assets and then grow with short-term and high-interest business loans. However, most businesses have been victims of this error. Banks understand your financial problems much faster than you. However, they cannot guide you because they cannot discuss the reasons for this. The Entrepreneur Agency will share with you the facts that banks cannot share, and provide them with financial reports that will be presented to you.

A business can make a profit if it cannot manage its cash flow well and if it over-borrows and invests its earnings in financing costs. As a matter of fact, 80 percent of the enterprises are liquidated within the first five years.

Financial markets are the markets that bring together those who buy and sell securities. Financial intermediaries convert the funds they acquire from investors into investments in financial markets as loans or securities. Here are some of the tasks of financial intermediaries need to mention (Christen,2008:p.56).

Financial intermediaries perform activities such as securities acquisition, public offering, portfolio management, investment advisory and indispensable institutions of the capital market. It is necessary to look at what these Financial Institutions can do to better know their functions.

Financial intermediary institutions perform the exchange of financial assets among their customers, deliver the financial assets they acquire to the persons and institutions that request funds, present their investments with the recommendations to the investors, manage the portfolios of other market participants, assist their customers in using their financial assets and sell these financial assets to other market participants. and they also mediate the implementation of monetary policy. While financial intermediary institutions perform these functions, they offer a fast service to their participants while offering investment and fund raising services at a lower cost.

In particular, the development of technology has enabled information to be reached more quickly. He eliminated the problem of asymmetric information to a large extent. In addition, investors and fund seekers started to be more eager into this system. We can say that the development of the Financial System took place parallel to the development of technology. The individuals and institutions have become more preferable in financial markets because individuals and institutions can make transactions at any time of the day, the necessary legal protectors protect the capital of investors, and there is no obstacle against the entry and exit of the financial market (Alan, 2015:p.44).

It is necessary to mention the official institutions that regulate and supervise the Financial System and its agents. When the financial system is not adequately controlled and financial intermediaries are given more privileges, the system is prone to manipulation. In the financial system, innovation and uncontrolled growth have grown over the last 20 years and the intermediary sectors have become dark. The closest example of this is that the insurance companies and banks in America, which are the architects of the 2008 Global Crisis, are not familiar with the deregulations and not being supervised too much. Various agencies look at the supervision of financial intermediaries. Turkey, for example data Herzegovina in Turkey supervision of the financial system and financial intermediaries, and organized the Central Bank of the Republic of Turkey (CBRT), the Banking Regulation and Supervision Agency (BRSA), the Capital Market Authority, Turkey Capital Market Intermediary Institutions of Turkey Banks Association (TBB), Turkey Enterprise Investment Managers' Association, Turkey Chambers and Commodity Exchanges (TOBB), Turkey Industrialists and Businessmen's Association (TUSIAD), Turkey Corporate Governance Association (TKYD), Investor Relations Association (TUYID), YASED - looks at the institution of International investors Association.

The effects of financial intermediaries on each other are important for the development of the financial system and economy. The leverage system and price movements of financial intermediaries are of great importance in the implementation of monetary policies. The economic movements of different sectors within the financial system will affect other sectors within the financial system like leverage. These movements occur in the same direction as the conjuncture. At the same time, a decline in the sector will negatively affect other intermediaries in the sector. The dependence of financial intermediaries on each other will also determine the direction of the economy. The fact that the movements within the system affect each other and the economy so much, makes the task they undertake in the implementation of monetary policies sufficiently important. Any decision taken by monetary policy makers will affect the decisions of financial intermediaries. However, the acceleration and targets to be caught in the economy will be tried to be provided with the help of financial intermediaries.

There are many definitions in the literature on the concept of financial depth. The financial depth for Shaw is that the current active financial aggregate develops more than non-financial assets. According to Ocal, financial depth is the extent to which the financial system is expanding and how diversified financial intermediaries are. According to Goldsmith, the financial depth is an increase in the ratio of all financial assets to national income. As a result, the financial depth is the expansion and expansion of the financial system and its internal structure. When we look at this expansion and increase in GDP by a constant increase, we can talk about financial deepening.

Looking at the importance of the concept of financial deepening is important to understand and explain financial deepening. At this point, the financial system gained weight and the growth of the financial system started in the 1970s. In the 1970s, the governments of the countries provided financial development in their own direction by keeping interest rates under control. In this way, they provided the flow of credit to the sectors they wanted and transferred cheap funds to state activities. Thereafter, loans and funds did not go to the welfare-enhancing projects that needed to be transferred. For this reason, foreign debts of countries increased and liberal economic policies were adopted in the 1980s. Liberal economic policies aimed at the development of the financial system. With this development, targets such as closing of external debts, achieving economic stability and providing funds for welfare-increasing projects have been aimed.

Thanks to financial liberalization (liberalization) in developed and developing countries since the 1970s, the financial structure has been removed and the financial structure has improved. However, the financial system that contributed more to economic growth has emerged.

Measurement of financial deepening can generally be made under five headings. The first is the quantity indicators. It is aimed to measure the financial depth by looking at the monetary size, quantity size and the size of the capital market. Monetary size is measured by the ratio of M1, M2 and M3 to GDP. This measurement indicates the degree of monetization. The degree of monetization refers to financial sophistication. The quantity size is a measurement method by rateing domestic total loans, private sector loans and national income. The method used in the capital market is the stock market capitalization rate. This ratio is the ratio of the ratio of real trading volume of the stock to the GDP.

The latter are structural indicators. These indicators are formed by the ratio of M2 / M1 to each other. The higher the rate, the more time is available in the market. This gives us the magnitude of financial deepening.

Third, real interest determines the financial depth. Real interest in the economy is considered as the most important indicator in financial development. Negative interest rates have a negative impact on savings. For this reason, real interest rates are positive especially in developed economies (Ball R, 2006 :p.38).

The fourth financial depth measurement tool is a variety of products. In order to increase financial deepening, the tools and products of the financial system must increase. There should be plenty of products to provide a market demand. These products are derivatives of bonds and loans such as swap, future, forwards.

Fifth, Intermediary Costs help to measure financial depth. Intermediary costs must be low in an efficient financial system. If the intermediation costs are low, an increase will be observed in the funds to be transferred. For this reason, it is important that the intermediation costs in financial deepening are low.

In addition, indices are used as a result and evaluation of transaction volumes in financial markets. The fact that the index constitutes a hill-like structure on the graph provides the possibility of forecasting for financial deepening and development.

Various studies have been conducted on the existence of a relationship between financial depth and economic growth. Three issues were identified on the role of financial development in the formation of economic growth. These,

Analysis of financial intermediation mechanism and the impact of this mechanism on economic growth performance.

The causality relationship between financial deepening and economic growth.

An empirical study of the relationship between financial deepening and economic growth.

We focused on the impact of financial intermediation on economic growth. We need to examine the causal relationship between financial deepening and economic growth. Two different approaches have been introduced to the causality between financial deepening and economic growth. These are Supply Predecessor Hypothesis (Demand-driven) and Demand-Monitored Hypothesis (Demand-driven).

According to this hypothesis, the direction of causality takes place from financial development to economic growth. As financial development is ensured, financial intermediaries will make fund transfers more efficient and economic growth will gain momentum as loans to the real sector will be provided (John,2007:p.21).

According to the demand-monitored hypothesis, the direction of causality is from economic growth to financial growth. Economic growth takes place with the development of technology and increasing labor productivity. In the case of economic growth, the demand for services provided by financial intermediaries increases. Demand as a result of the increase in financial deepening is provided (Hung,2007).

Many points have been raised on whether financial deepening provides economic development or that economic development provides financial deepening. There is no consensus on whether the system is supply-driven or demand-driven. This is because the data used before the empirical findings are obtained have different characteristics. Differences in countries, periods, variable definitions and statistical methods prevent a definitive conclusion. However, if we look at the empirical results, we see a strong relationship between financial deepening and economic growth.

Financial development and deepening minimize the risk of benefits from financial investments. Financial deepening provides a reliable environment by providing regulatory and supervisory work. There is no standard in the development of the financial system. The financial system grows, shrinks and stagnates (Christopher H, 2006:p.33).

According to empirical evidence, financial stability differs between emerging markets and developed markets. Financial stability is more reliable and stable in developed countries. Different perspectives are created for the dynamic structure of the financial system in developing countries.

Globalization is a phenomenon of expansion. People's wishes, experiences, everything that can be called on behalf of the human world is widespread. With the globalization of the economy, there are developments that increase financial deepening. With the liberalization of the global economy, trade and finance, the number of financial intermediary institutions has increased, the types and types of financial instruments marketed by these intermediary institutions have increased and significant growth has been observed in the volume of transactions that we can accept as a measure for financial deepening (Emily, 2009).

The development of communication technologies has an important share in the growth of the relationship between financial deepening and globalization. The growing economy of the economy enables the economies and the international capital to spread rapidly and rapidly. The development of communication technologies in this expansion and speed has a major contribution. The quick access to information is a driving force for globalization.

The development of the networked economy was a major breakthrough in the development of technology and the globalization of financial depth. Many transactions have arisen, such as the emergence of overnight earnings, the healthy and quick provision of funding. Nowadays, there are services of many banks such as ın Instant credit, instant credit. These services show the financial deepening that occurs as the communication technology becomes widespread.

We can say that the globalization of the financial system and the financial deepening have been ensured by the influence of the state policies. Government policies may be aimed at preventing international capital movements through policies such as customs duties and national currency value preservation if capital is held only in the country. The state can also affect financial deepening by increasing the reserve requirements of banks. Banks will be reluctant to lend to those who request funds when their reserve requirements have increased. To this end, the economic policies of the state will affect financial deepening and globalization (Casey,2014).

There should be financial deepening and reliable government policies for the continuity of capital flow. In the current literature, high inflation, poor institutions, and instability in financial conditions lead to inefficiency of financial systems. Reliable government policies are important for the abundance of capital in a country. Inflation rates in a country are constantly playing, if the foreign exchange rate of the country's currency is expected to fall, foreign capital does not want to stay in that country. Besides, it starts to turn to more reliable places in domestic capital. This leads to economic instability and economic crises. In order to avoid such a situation, government policies should give confidence and a strong economic structure should be established.

When the financial system is globalized, it is necessary to pay attention to the relationship between income distribution and financial size. Financial development and globalization may increase income distribution in society.

With the development of Science and Technology, the per capita income level increased. The increase in the level of income brought about consumption expenditures. Consumption expenditures increased industrial investments. As seen, financial and economic growth always affect each other. Economic growth and financial deepening are always interacting and growing with globalization, even if one of these interactions is more prevalent than in their place, time, conditions and applied tests.

4. CONCLUSION

In the research of the diploma work, the following tasks were accomplished:

1. noted the grading and sorts of accounting errors;

2. The regulative and legal arrangement of the procedure for detecting and trimming accounting errors has been explored;

3. Accounting for the trimming of accounting errors and in the financial statements.

Despite the many methods and methods that are used in organizations to control the prime documentation and the correctness of accounting, from time to time it happens that in the accounting and financial reporting data are reflected inaccurate or erroneous.

An error is an incorrect reflection (non-reflection) of the facts of the economic activity of the organization in its accounting.

The admitted errors distort the information on the real financial state of the organization, thereby misleading the interested users of the accounting (financial) statements. In this regard, it is significant not only to identify errors in time, but also to classify them correctly, to distinguish them from fraud, and to definite the materiality of the error and to disclose information in the accounting reporting of errors.

When conducting bookkeeping for financial and business operations and preparing the company's financial statements, the knowledge of the rules for correcting errors in accounting and reporting is of great importance.

It is almost impossible to completely protect the organization from mistakes in accounting, which means that it is necessary to take measures to timely identify and eliminate the consequences of errors in accounting and reporting.

The ability to correctly read and process the prime documentation, as well as knowledge of laws and standards will help to avoid errors.

The accounting system should reflect the specifics of the establishment's activities and be adapted to its specific information needs. In the process of the establishment's activity management should monitor the work of the accounting department and timely adjust the tasks, the solution of which is aimed at ensuring the economic security of the business and its effective development. Effective set-up of accounting allows in many ways to reduce threats to the economic security of the establishment.

Both within the framework of a separate economic entity and at the state level, impacts aimed at reducing uncertainty and risks are needed, which will contribute to the formation of reliable, reliable and transparent reporting.

Thence, accounting and financial accounting are the foundation for monitoring the activities of every set-up.

On the truth of their combination depends on the financial status of the firm.

REFERENCES

1. ALAN B. and MICHAEL S. (2015) "SEC to adopt IFRS financial statements from foreign private issuers without US GAAP approval," Gibson, Dunn and Crutcher, www.gibsondunn.com.
2. BALL, R. (2006), International Financial Reporting Standards: Pros and Cons for Investors, Accounting and Business Research, Forum on International Accounting Policies, pp. 5-27.
3. BLANCO and BEATRICE G. Osma (2004), "Comparability of International Accounting Standards and US GAAP: An Empirical Study on the Reconciliation of Forms 20-F", "International Journal of Accounting, Audit and Performance Evaluation", pp. 5-36;
4. CASEY Reinicking, (2014) Don H. Chamberlain, Holly R. Rudolph and L. Murphy Smith "Consideration of the convergence of inventory accounting in accordance with generally accepted accounting principles and international financial reporting standards," International Business Studies ", prepared in the near future. Available in SSRN:
5. CLARKSON, P., HANNA J., RICHARDS, G. and THOMPSON, R. (2010) "The Impact of Adopting IFRS on the Value of Book Value and Profit" Available in SSRN: http: //ssrn.com/in abstract = 1614362
6. CHRISTOPHER N. (2006) "Surviving international differences in accordance with IFRS: the research agenda", "Accounting and business research", pp. 233
7. CHRISTEN H., LEE E. and WALKER M., (2008) "Incentives or standards: what determines the accounting for quality changes in the adoption of IFRS?" Presented at the annual meeting of the American Association of Accounting in Anaheim, California August 3-6, 2008 .America Account Association. Available in SSRN: http: //ssrn.com/abstract=1013054

8. CYNTHIA Bolt-Lee and L. Murphy Smith (2009), "Highlights of the IFRS study", Journal of Accountancy, pp. 48-52.
9. DASKE, H. and GEFARDT, G. (2006) "International Financial Reporting Standards and Expert Opinions on the Quality of Disclosure of Information." University of Sydney ABACUS. 42: 3-4.
10. EMILY P.(2009), "the head of the FASB calls for a decision on international accounting". Reuters, www.reuters.com.
11. GRACE PAULALL and Catherine Schipper (2004), "Implications of accounting studies for the consideration of the SEC in relation to international accounting standards for securities offers in the US", "Accounting Horizons", pp. 259-280.
12. HOLGER D., LUZI H., CHRISTIAN L. and RODRIGO V. (2008), "Mandatory IFRS reporting around the world: early proof of economic consequences", Journal of Accounting Research, pp. 1.081-1.142.
13. HUNG, M. (2007) "Financial Reporting on the Adoption of International Accounting Standards: The Case of Germany", Review of Accounting Research 12 (4) pp. 623-657.
14. LANG M., RAEDY J and YETMAN M (2003) "What kind of representative are the firms that cross-listed in the United States? Analysis of the quality of accounting. Journal of Accounting Research 41: 363-386
15. LEUZ, C. NANDA, D. and WYOSCKI, P. (2003) "Income management and investor protection: international comparison" Journal of Financial Economics 69: 505-527
16. PAANEN, M. and LIN, C. (2007) "Developing the quality of IFRS and IFRS accounting over time: the example of Germany". Available in SSRN: http://ssrn.com/abstract=1066604
17. SINGH R. and NEWBERRY S. (2008) "Corporate Governance and the International Financial Reporting Standard (IFRS):" The Case of Country

Development. " Research in Accounting in Emerging Markets, Volume 8, 483-518.

18. TAGI Sagafi-nejad, L. Murphy Smith, Sean Byrne, Leebrian Gaskins, Zone Nguyen and Shaun Sexton (2010), "Transition to International Financial Reporting Standards (IFRS) in North America", "Internal Audit", 2010, p. 3 -9.
19. MURPHY L. Smith, (2008), "Are International Financial Reporting Standards (IFRS) an integral Juggernaut for the United States and global financial reporting?" Cambridge Business Review, pp. 25-31. Available in SSRN: http://ssrn.com/abstract=1125069.
20. MURPHY L. Smith, T. Sagafi-Nejad and Kun Wang (2008), "Going International: Accounting and Auditing Standards", "Internal Audit", pp. 3-14.
21. Smith, Summer 2008.IFRS.
22. ZABIHOLLAH R., Murphy L. Smith and JOSEPH Z. SZENDI, (2008), "Convergence in Accounting Standards: Information on Academics and Practices", "Progress in Accounting", June 2010, pp. 142-154.
23. JOHN W. (2007), Vision on the Way: IFRS and US Capital Markets, US Securities and Exchange Commission (NYSE / Brooklyn Law School Roundtable, New York, N.Y.).
24.
25. MURPHY Smith and Rebecca Files (2009), "Measuring the impact of International Financial Reporting Standards on the market performance of US publicly traded companies", Annual Meeting of the American Association of Accounting in the Southwest Region, March 2011, Houston, TX ; Kun Van and L. Murphy Smith: "How Different GAAP Affect the Performance of Valuation Models: Evidence from Asian Companies", "Progress in Accounting", December 2009, pp. 284-294; Mary Barth,

Global Financial Reporting: Implications for the United States, Accounting Review, pp. 1159-1 180;
26. KRISTIAN Hope, Justin Jin and Tony Kang (2006), "Empirical data on jurisdictions that apply IFRS", Journal of International Accounting Studies, pp. 1-20; Jose L.U.
27. International Accounting Standards Board, International Accounting Standards Manual, London, USA, IASC Foundation, January 1, 2007. 18 Smith and Files, March, 2011.
28. SEC, International Financial Reporting Standards. Round table "Road map", March 6, 2007.
29. WEBCPA A. (2009), "The new SEC chairman doubts the IASB," Accounting Today ".
30. WILLIAM A. Reese and Michael S. Weissbach (2002), "Protection of minority interests, cross-listing in the United States and subsequent proposals for shares", Journal of Financial Economics, pp. 65-104.
31. www.sec.gov/spotlight/ifrsroad map / ifrsroadmap-transcript.txt.