

A Look at the Accountancy in Turkish Agriculture in Terms of International Accountancy Standards

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ABSTRACT

Agriculture is a field that exists since the existence of human beings and It has been really difficult to account the agricultural activities. Turkey, as a country that has a broad access to the agricultural fields in the list of the developing countries, has been improving its studies related to this field according to the World standards. As a result of increasing international trade accounting agricultural activities has gained importance. And to overcome these difficulties it has become an obligation to take mutual decisions. And for that reason International Accountancy Standards Institute published "The International Accountancy Standard" (*IAS-41 Agriculture*) and since 01 January 2003 it has endured. Turkish Institute of Accountancy Standards, published 41 numbered accountancy Standard that is related to agriculture in 24.12.2006 date and 26090 numbered gazette in order to apply to the accountancy periods that had started after the date 31.12.2005. The fact that living beings and agricultural products have bio - cycle makes accounting and valuation quite important. Accountancy Standards in Turkey (TMS-41) "Agricultural Activities Standards", cares for the facilities of living beings and define the principles of accounting and measurement. AST 41 within "The Standard of Agricultural Activities"; sheds light on which is accepted as agricultural activity and which is not, what is the basis of accounting and reporting in agriculture, the issues as the valuation of the living beings with the realistic values. Nevertheless, it can be seen that there are differences in applications when studies about agricultural accountancy in agricultural business in Turkey. Generally these differences are about , which counting are living being's rotating or stable going to be watched and whether their evaluation is going to be done according to the costs or quotation.

THE IMPORTANCE OF ACCOUNTANCY AND PLANNING IN AGRICULTURAL BUSINESSES

Plan is to decide on the actions of the future today. Plans may be written or designed on the mind. Because of the complexity of agricultural action, plans that are written down add to the success of the business. Because correcting a mistake on a paper is easier than correcting a mistake during the production.

The aim of the planning of an agricultural business is to find out which products can be produced to have the highest profit in the existing circumstances, how many of them is to be produced, which methods are going to be used.

When the explanations above are considered, agricultural business plan can be defined as: A program that is prepared before to have the highest profit, that shows which products are going to be used, how and how much they are going to be produced, and how the resources are going to be used in the most economic way, in existing circumstances,

In agricultural businesses, plans are generally designed as long and short term plans. Short term plans that are prepared annually are plans that aim to have higher profit with existing natural, technical and economic circumstances. Long term plans are plans that include a longer time than a year, that show the order, development and financing of the business.

Factors that affect the success of the Plans that are crucial for agricultural businesses:

- a) The correctness and adequacy of the information that is used for a plan,
- b) The trust of the manager on the planner.

In order to make correct plans for businesses, correct and adequate information is to be found. Business's accounting record can do this.

Before mentioning about the importance of accountancy in agriculture, it would be beneficial to make a definition for accountancy. Accountancy is a science that collect data in the businesses' accounting periods related to the economic incidents' financial perspective that they experienced, that is classified, recorded, summarized, checked, commented. Having a look at descriptions in the standards of Accountancy Standards in Turkey 41

Agricultural Activity: Living beings that are on sale or recycle being converted to different living beings and harvest being ruled by a business.

Agricultural activity consists of a broad concept of action groups. For example; raising animals, forestry, annual or longer time crop cultivation, fruit garden and planting, floriculture and seafood. In this variability there are some common features. These are:

- a) change capacity,
- b) orientation of change,
- c) measurement of change.

In order to implement the laws of AST 41 these three criteria must be accomplished. Yet the most significant feature is orientation of change. Action that can not be oriented can not be

regarded as a part of the agricultural action. For example, fishing in the sea is not considered to be in this Standard yet fishing in a fish farm is considered to be in this concept.

Living being: It is living animal and plant. Living beings are the main elements of agricultural action. For example, dairy animals, fruit garden and plants.

Bio-cycle: It is the process of growth, deformation, breeding and fertilization that cause qualitative and quantitative change in living beings.

Mature Living beings: They are beings that can be harvested or available for harvest in a systematic order. (TMS 41, 45).

Immature Living beings: They are living beings that are not yet consumable or harvestable.

In AST 41 there are the technical definitions of some concepts. These concepts are defined in the standards as;

Active market: They are markets that have homogeneous beings, sellers and customers all the time and they inform people about the prices.

To decide on the genuine value of the agricultural products; prices in the livestock market, product stock market, wholesale market hall are regarded as a basis.

Close value: It is the amount that is supposed to be charged in a bargain between voluntary and acknowledged groups of people, in a case when a product is sold or debt paid.

Close value of a product changes according to the place and status of itself. So, to find the close value one should subtract carrying costs and other costs from market price.

We can arrange accountancy in agriculture as;

- a) Provides data for plans and policies for agriculture in future
- b) The success of agricultural businesses' is measured by financial reports of accountancy.
- c) It makes easy to control agricultural businesses. During realizing plans, the comparison between the foreseen and existing data is done. The differences are noted down. If needed changes are done.
- d) Accountancy prepares, financial charts in periods (*income chart, balance-sheet*) and Extra financial charts. (*flow of cash chart, satisfactoriness of fund, change of source chart etc.*)

The expectancies of an agricultural business from accountancy can be listed as following.

1-In Turkey, the percent of workers of agriculture are very high. Also they have a broad share in internal revenue and external trade. The positive influence of agricultural businesses on the

economy is crucial. For a business to be successful there is a need for fair management, which is directly related to the system of accountancy and the use of data in this system. As other businesses in agriculture businesses there is a need for true, realistic, trustable accountancy data for success. If Accountancy system and principles can be applied well in agricultural businesses, lameness can be understood and precautions can be taken to prevent it. The opportunity to control will be higher and accountancy data will make the business more profitable and affective.

2-For a farmer who wants to run his business with modern production techniques will find it beneficial to keep accountancy records. Every processing must be reported because in agricultural businesses, actions are variable. Otherwise data that is not reported will be gone and become unimportant. A farmer that doesn't have sufficient reports is not likely to do modern agriculture and make profit out of it.

3-accountancy which produces information in businesses, watches all the economic happenings, records them, arrange them and present the action results in charts. From that information accountancy records, some groups take advantage of. We can see managers of businesses, partners, personel, syndicate and government. Government in particular, needs data that is prepared objectively, conveniently and in the right time.

4-Accountancy records help in general to the management of the agricultural business. Farmer makes decisions by examining financial and physical records in his business.

5-Accountancy records show the past conditions of the agricultural business, gives information about its income, costs, efficiency etc.

6-In reorganisation of agricultural business the most important thing is records of accountancy when making plans that enable maximum income and minimum outgo. The better these records are more successful the planning becomes.

7-Accountancy records are valuable in wishes of credit for farmers. Today the most important problems of agricultural businesses in Turkey are the flaw of credit and fund. Farmers that have enough land and labour can not make higher profits because they don't have credit. Banks want to know the economic status, ability to pay when they give credit. T.R. Ziraat Bankasks for Project when it gives credit to the farmers. For that reason the chances of success of the businesses depend on the strenght of accountancy records. Also the amount of credit farmers want is another important issue. Lower or higher credit than needed can not provide expected efficiency. For that reason the most important tool to lead the farmer is accountancy records.

8-As a businessman and citizen for farmers to accomplish their responsibilities, accountancy records must be kept. Farmers should calculate the amount of taxes according to the records available.

9-One of the most important functions of the accountancy records is shows itself in tenantry-commensalism businesses. Accountancy records must be considered in agreements between Tenantsharecropper and the owner of the property. The importance of the records are considerable in how and by whom the costs are going to be payed, how the costs are going to be determined, how the income is going to be shared etc. With a tenantry and commensalism agreement sides will work more effective and disagreements will be less because they believe that they have done an even agreement.

ACCOUNTANCY OF AGRICULTURE

We can define the term with the help of the general definition of accountancy. It is a unit that has technical and artistic features which takes over the issues like this; gathering, classifying, recording, summarising, controlling, interpreting data related to the financial appearance that rises from agricultural activities of agricultural businesses, and raporting the interpretations.

It is possible to the the aims when the definition of the term is examined. Yet the most important aim of the accountancy of agriculture is to help the management. There is a need for accurate record of accountancy to make decisions about the actions of the business in an accurate way, prepare the production plans, conrol the plans applied, assess the results. That information can be gathered thanks to the accountancy system that Works regularly and systematically.

The other aims are;

- To calculate the tax load of the business,
- To help determining the minimum prices for some products.
- To inform the institutions of credit,
- To give information that is needed in relationships in tenantry and commensalism.

The aim of the AST 41; to determine the methods and definitions of agricultural activities. The beings below are included in the Standard.

- a) Living beings,
- b) Agricultural crops in the harvest time,
- c) Government encouragement.

Standard, is applied until the harvest. After that, related standards are applied.

The features of agricultural accountancy and application of the accountancy to the agriculture teh source of the difficulties that hinder accurate assessment in the agricultural businesses is complexity of the activities.

- 1- The business owner's personal and family calculations are intermixed. The identification of the amounts and values that farmer and the family members consume, the advantage that is given to the farmers other than money must be assessed. Products that are consumed to meet the needs of the owner of the business and his family should be recorded on the production value. Also, the rent should be payed when the business owner and his family lives in a house that is included in the beings of business. Business owner and his family's contributions to the business must be assessed and recorded in the reports.
- 2- Values that can not be payed with money makes application in agricultural accountancy difficult. In agricultural businesses it is hard to assess some goods. For example; animals consume some farm products in return they contribute to the business.(work force, fertilizer, wool, milk, meat etc). The costs of some goods define the costs of the goods that are produced before or after. Some activities last long. This situation causes differencies between cost and income in periods. For example; ploughing the soil deep and fertilizing it in general. After these procedures, it is necessary to calculate how much of the outgo belongs to this year and how much of it belongs to the next year.
- 3- Calculation of the fees of workers is so hard. Workers in agricultural businesses are usually feed and sheltered in business. These costs can not be measured and valued by money in an easy way. Big institutions do many activities at the same time. It can not be done accurately so it is predicted.
- 4- There may be some unusual outgos, so it is important to act accordingly. For example; income that is gained may be erased if the extraordinary costs that are made to make some land more fertile are included. The best way is to activate and inculded in amortisation the outgos.
- 5- Defining the costs can be difficult if more than one product is produced in an activity department in a business. For example; on a land there are apple trees and trifolium. In this situation which one must be regarded as the main product? And then how are the costs are devided that are gathered in this activity department? The answer to the questions is possible in this way; calculations can be made separetly for each.
- 6- In agricultural businesses, amortization carries another feature.
 - a) Will animals in an agricultural business can be concluded in an amortization? Will all of them or some of the animals concluded in amortization?
 - b) Will field concluded in amortization?

Answering these questions are hard, it causes conflicts in aplication, our tax laws and accountancy.

7- Along with being literate, knowledge of accountancy is essential. Statistics show that workers in agriculture lack information about accountancy. This affects accountancy in agriculture in a negative way.

Managers in agricultural businesses need accurate information to do their job in an appropriate way. The source of data is accountancy.

Farmers that has profit in an action period must pay the tax for the profit. Declaration of tax is closely related to the appropriateness of the records. Because the data is taken from the records. Farmers that do not keep accountancy records will see that their income and taxes cost more. Without records, Farmer will seek all the procedure and probably will forget some of them in declaration time. As most of the outgos are small, daily or weekly, they can not be easily remembered. So the profit and tax on it will cost much more for the farmer. On the other side tha farmer who keeps records will pay on the actual profit. Also this farmer will not pay extra.

As it can bee seen clearly, a farmer who keeps an appropriate accountancy record will be doing his duty, carry through his responsibility, make it easy to calculate the taxes on profit.

8- The features of agricultural businesses are determined generally according to their massiveness and types of activity. The massiveness of the agricultural businesses is an important criteria in selecting the system of accountancy. From small businesses to big businesses, the system will get more comlex and detailed. The massiveness of the businesses are determined according to the field that business owns. *"The quality of soil, weather conditions, the type of the crops, population distribution, agriculture's place in economy affects the size of the field."*

9- We face these results when we assess the difficulties in applying accountancy to agriculture in terms of tax laws.

In times when there exist the Ottoman Empire till 1960 the laws of taxes did not contribute to the application of accountancy to agriculture.

The law of income tax 193 which was accepted with a few changes and additions in 1960 replaced the law 5421 that had been accepted in 1950. Law 5421 did not charge taxes for farmers. Law 193 charges taxes on income in agriculture.

Since 1960 when "Tax of income 193"was accepted, there has been many changes in agricultural profit in 1963-1980-1981 and 1985. And the last change has been done in 29.07.1998 with the law 4369.

Before the changes of 4369, according to law determination and taxation of the agricultural profit would be done in this way:

Farmers that have small businesses and low income would not pay taxes according to the law. Farmers that have bigger businesses and higher income which is not higher than 120 billion would pay taxes according to their costs. Farmers that have higher income than that would pay taxes according to their real profits, namely financial statements.

With the law 4369, Law of income taxes concerning with agricultural profit;

- Items 10, 11, 12 ,13 and 14 concerning the farmers who don't pay taxes.
- Item 60 that regulate the passing from paying according to costs to real profit.
- Item 112 that regulates minimum agricultural profit and minimum agricultural profit tax is abated. Item 54 that regulates the rules of paying according to the costs is revised and changed withThe headline of Item 53 that regulates the determination of the agricultural profit.

With the last changes minimum agricultural taxing and taxing according to the outgo is no longer used. The privilege given to the small holders is not given anymore and standards of massiveness of the business that is taken into consideration while determining agricultural profit in real is revised and regulated. After the changes taxing is done by cutting as the main principle of taxing. Accordingly, taxing for farmers who don't go beyond the standards of massiveness of the business will be accepted as their eventual payment, farmers that go beyond the standards of business massiveness will determine their agricultural profits according to the agricultural business or finalcial statement. With this regulation farmers will no longer hesitate about taking documents while selling. Also in other profit and income practices is became advantageous to regulate the agricultural actions thanks to the receipts and documents that farmers get as credit, advance and subvention.

With the change in law of income tax item 53 It is decided that taxing will be done according to the receipts with no exceptions says the item 94 in the law of income taxing.

Yet, according to the item;

- The farmers that go beyond the Standards of business massiveness,
- Farmers that own A harvester or a vehicle that has a similar engine,
- Farmers who have two tractors not older than 10 years.

Will pay taxes determined by the real precedure. On the other side, with the law 4369 and item 45 that is added to the law of income taxing the must about having more than 2 tractors that are not older than 10 years will not be taken into consideration for ten years. In this way

farmers that will pay according to the real procedure will determine their profits according to the agricultural business account or if they wish, according to the financial statement.

Farmers that don't go beyond the massiveness of the business and the standards above will pay taxes according to their harvest and will not declare it. The taxes these farmers pay will be regarded as the eventual payment.

As it can clearly be understood from the explanations above agricultural accountancy differs from the principles of accountancy in many ways especially cost.

Difficulties that originate from the features of agriculture

Agriculture is something exactly different from both other production fields and industry. Nature is included in agriculture and in some cases people have nothing to do, they can't interfere in. The results in agriculture depends on living things' opportunity to be fed, live and be useful. There are differences in valuing techniques because it is nature that determines the quality of the crop you harvest.

The thing that makes agriculture different is that it can easily be affected from natural conditions and that how much you harvest depends on nature again. And another important feature is the difference between the importance of income and outgo. Most of the crops grow in specific months, they do not grow throughout the year. But input is there to contribute to the process throughout the year. Some of the input can be stored (chemical fertilizer, mixed animal food, fuel-oil etc.). These are used up in a production process or if they are not used they are stored. Other input provides duty of flow (like workforce), if these are not used they are not stored and get lost. At last (engine, institution etc.) 3rd class input provides both duty of storage and flowing, if not used duty of flow get lost. As detrition depends both on time and use, when they are not used duties can partially be stored.

The fact that most of the input provide flowing duty and get lost when they are not used, as opposing the production does not go on throughout a year causes differentiation in the flow of input and output. This change between periods affects the period of accountancy sum. This change between periods can be more visible in businesses that go through with several agricultural actions. So choosing specific sum period will not solve the problem. Nonetheless it is necessary to take the calendar year into consideration.

Some payments may be done in several periods of time in agriculture (fertilization, watering expences etc.). They can contribute during several years. These payments should be transformed into outgo by activating to accountancy.

Difficulties that originate from the massiveness of the business

Generally the massiveness and the variety of business activities determine the features of agricultural businesses. The massiveness of the business is an important criteria in choosing the accountancy system that is going to be used in business and techniques of determining costs. There are numberless factors and forces that affect the massiveness and working of agricultural businesses. It is possible to group these as internal and external factors. External factors are soil, climate, law, (Law of succession), economy and populousness. Internal factors are population and workforce in businesses, stock in trade, agricultural techniques, the aim of business administrator. With these factors taken into consideration the grouping below is done by the specialists in our country;

Till 100small villager business
From 100 – to 250medium villager business
From 250 – to 500large villager business
From 500 – to 5000.....medium agricultural business
From 5000 – to 100000.....large agricultural business

The distinction above is accepted by technicians. Agriculture economists group agricultural businesses into two groups as villagers businesses and businesses with trading aims.

It is mostly accepted as above;

- a) Small agricultural businesses,
- b) Medium agricultural businesses,
- c) Large agricultural businesses

In small agricultural businesses, work is mostly done by the business owner and his family members the results in production of plants and animals are more satisfying compared to the other businesses. Yet these businesses can not keep up with the technical developments and can not do marketing in a proper way.

Medium agricultural businesses, are businesses that exist near the family businesses and work with the conditions of small businesses. Their difference from small businesses is that there are workers who are not a part of the family working for the business. Also the production is done for the market.

Large agricultural businesses, have superior facilities in terms of stock in trade agriculture culture and technique. Mostly Agricultural tools and engine are used. The production is done for the market.

When we look at the dispersion of agricultural businesses in Turkey It can clearly be seen that the number of medium and large businesses count for % 0,9 in all, processed soil counts for %9

of all processed soil. It can be seen so clearly that %99 of all agricultural businesses in Turkey are small family businesses.

Difficulties that stem from the Law of Tax.

Since Ottoman Empire till 1960, the Law of Tax didn't contribute to the application of accountancy to agriculture. The Law of income tax (193) which was accepted by the changes and additions in 1960 is replaced by the Law 5421 which is accepted in 1950. This law made agriculture excluded from taxing. The law 193 included agriculture in taxing. This law exempted taxing in agriculture in terms of returns and acreage. With the new system the amount of taxing will be determined by real profit.

As mentioned above; with the Law 4369, law of income taxing related to agricultural profit,

- Sections 10. 11. 12. 13 and 14. Dealing with Farmers that are excluded from taxing
- Section 60 that regulates the transition from Outgo to real profit,
- Article 112 and repeating article 112 related to the regulation of minimum agricultural earning and the minimum agricultural tax are abolished. The regulation of detection of agricultural income article 53 is changed with title and the regulation of the lump-sum method article 54 is rearranged about dimensions of business size.

Revenue measure in the agricultural earnings, determination on the basis of lump-sum agricultural income, minimum agricultural earnings and minimum agricultural taxation are legislated away with new regulation. Small farmers exemptions are removed and the dimensions of business size that is basis for the determination of the actual method of agricultural income is increased significantly. The basic taxation principles which is way of tax cuts has been introduced in the agricultural earnings with this changing.

Difficulties arising from Entrepreneur's habits and knowledge

To implement accounting in agriculture, not only literacy but also accounting information is needed. If we think that agricultural enterprise is like family-run business in Turkey, accounting in these enterprises is hard to manage by family members. Family members' education and knowledge level is not adequate to run accounting. This inadequacy has a negative effect on proliferation of accounting in agriculture.

It is hard to change habits of business which do not use accounting in agriculture and which only use accounting to determine tax assessment as other business. However, benefits of using accounting practice in agriculture should express by institutions which have close relationship with agricultural enterprises and these institutions should help to practice accounting. As an example of these institutions T.R. ministry of food, agriculture and livestock, Turkish agricultural credit cooperatives and T.R. Ziraat Bankası Inc. can be given.

Difficulties arising from inventory practice in agricultural enterprise

Inventory means determination of the Existence of economic asset by working on records and documents. While actual inventory means determining the economic asset by counting manually, record inventory means determining the economic asset through records and documents. Two different regulation can be mentioned for inventory. First one is Turkish Commercial Code (TCC) and second one is Tax Procedure Law (TPL). According to Turkish Commercial Code, all trader take inventory which shows its immovable properties, debits, credits, cash money and other assets precisely and truthfully; and indicate the value of assets and liabilities individually (TCC article 66/1). Duly TPL's 186th article, inventory is to determine assets, debits and credits by means of counting, measuring and evaluating in the balance sheet date. In this context, the value of extraordinary goods which can not be counted and measured, are determined presumedly. Assets and liabilities express the economic assets included in the enterprise.

Inventory procedure which can be identified as determining that an agricultural enterprise has by weighing, counting and measuring and determined by TPL or determined the amount with the suitable valuation method can be realized in two phases. Physical determination of assets is executed according to inventory primarily. Stating the revealed assets which can be measured physically as value (TL) is the second phase of inventory procedure (Çetin and Tipi, 2007).

Year-end inventory is done by the balance sheet date in 31 of August. It may usually not be possible to finish inventory procedure in a day. There is no explicit provision in TPL for how long should inventory procedure be completed. However, completing the annual return in given period is tacitly approved. Whenever inventory procedure is finished, it shows the results of the balance sheet date on 31 august.

Difficulties arising from valuation practices in agricultural enterprise

Valuation states the value of assets and funds of an enterprise as currency on a specific date. According to TPL, valuation is determination and appreciation of economic assets related calculation of tax assessment. Determination is a valuation process done by taxpayer with using valuation measures in TPL. Appreciation is a appreciation process done by administration when it is not possible to appreciate by using nomic valuation measures.

Valuation made with the aims Such as mortgage, trade, expropriation and taxing can show differences compared to a valuation made with the purpose of agricultural accounting. For this reason, valuation made aimed at agriculture accounting states asset which is more close to objective value and is made to take inventory (Çetin and Tipi, 2007).

There are four valuation methods become more of an issue in terms of agriculture accounting (Aras, 1988);

- a) valuation by way of market value,
- b) valuation by way of cost price,
- c) valuation by way of revenue method,
- d) valuation by way of replacement method.

Agricultural crops are evaluated by cost price. Cost price is calculated according to rudiments that department of finance determined, corresponding written factors in 275th article for agricultural crops characteristics (TPL article no:275). According to article 275 in TPL produced goods (finished and half-finished products) contain the following factors.

1. rudimentary and raw material cost for engendering goods
2. labour correspond to goods
3. the share in general factory expenses per goods
4. the share in administrative cost per goods (adding this share to inventoriable cost is arbitrary).
5. supplying to the market after packaged, the cost of packing material for necessity goods

Difficulties arising from amortisation practice in agricultural enterprise

Amortisation subject has an important position in Turkish Tax regulations. Including Corporate tax law (CTL), income tax law (ITL) and Turkish commercial code (TCC), in many law include explanations about amortisation and the fundamental issues about amortisation process is tackled in 313 to 321st article of tax procedure law (TPL). There are some changes in 313 to 321th articles of TPL alteration made by the law no. 5024. These changes, affected taxable enterprises in terms of determining the tax assessment.

The definition of amortisation term is made in TPL. The amortisation term is defined in TPL as the process of eliminating the determined asset valuation according to tax legislation again according to methods specified in tax legislation.

Purchased, manufactured or constructed real assets for enterprises to use them in their operations face impairment charges because of physical and functional causes. While physical causes such as abrasion, depreciation and obsolescence reduce the benefit and value of the assets, functional causes consist of developing new real assets which can make real assets service sooner, cheaper or with same cost and better quality in other words make real assets go out of style. Impairment of assets or consumption (use) in enterprises are recorded as cost factor or period cost (Atabey, Parlakkaya and Alagöz, 2009).

In Article 277 of the tax procedure law no.213, the provision “ *the animals included in agricultural enterprises are utilized with cost price. In circumstances which determination of price cost in not possible, instead of price cost, value of equal is taken. Following this provision, value of equal is average cost price which is determined by the agricultural earnings commissions for the locality enterprise located (winter quarters for roaming husbandry).* is mentioned.

Agricultural assets (living) which is subject to amortisation, in the TPL, is taken in two groups as animal and plant. According to article 277 of the TPL, animals are utilized with price cost. In case which their cost price are not be discovered, instead of cost price, they are utilized according to equivalent of precedent. This cost is also value associated amortisation of the assets being talked (Tokay and Deran, 2006).

As it can be understood from relevant article, animals should be evaluated with the cost price, in case which it can not be evaluated, using equivalent of precedent is adjudicated. In case which Newborn animals are used for milk yield, egg production or using as breeding instead of

being sold, these should be evaluated with cost price. With the department of finance's general declaration of article 333 and 339 of the TPL about livestock and plants, useful life and amortisation rates are published for the depreciable assets according to sector. Agriculture deals with the subject of production of biological assets. In agricultural enterprises, depreciable assets can be explained in two groups (Atabey, Parlakkaya and Alagöz, 2009).

- a) Amortisation for animal existence
- b) Amortisation for orchards

a) Amortisation for animal existence

Ovine and bovine animals are usually had to be raised for a short time to be sold as living or be sold as meat product (sujuk, salami, sausage etc.) or have benefit from its products (milk, wool etc.) consistently. As it is approved that biological assets will be sold out in an operating cycle, they are recorded in working assets. For this reason, the ovine and bovine animals which are planning to be sold are not depreciable assets. The ovine and bovine animals which enterprises have to harvest, have the characteristics of long-term assets and are depreciable. Due to the fact that useful life of the ovine and bovine animals is limited and are had for a long time, is the reason that they are depreciable. It is approved that the ovine and bovine animals which have limited useful life, during their useful life they will decrease in value. Therefore, ovine and bovine animals that raised in enterprise, during the arising period, are not depreciable. They are depreciable after yielding.

b) Amortisation for orchards

According to tax legislation, in the orchards, presence of soil and trees are activated over cost price and put to amortisation. In the orchards, depreciation time will start after taken out from the account which is invested in orchards and put in to real assets account. Because, yard is the phase of being facility until plants are growth, ripen into fruits, in this phase, abrasion, depreciation and obsolescence of trees are not possible. For this reason, it is accepted that the fruit trees are activated after trees fruit and put to amortisation. Unfruitful trees are benefited after they reach maturity age and then cut. In respect to this, the unfruitful trees are not depreciable due to growth and abrasion (Deran, 2005).

The depreciable agricultural enterprises are terrain, irrigation canals and flumes, equipment and machinery, olive grove, berry grove, hazelnut, ornamental trees, parks, rose gardens, orchards, citrus trees, peach trees, apricot trees, plum trees, almond trees, apple trees, pear trees, quince trees, fig trees, cherry trees, walnut trees, chestnut trees, pistachio, other fruitful trees, greenhouses, laboratories, pharmacies, infirmary equipments, observatory, measuring equipment in general technical equipment and details, tents and cars etc.

Article 314 of the TPL: empty terrain and wasteland are not depreciable.

However:

- In agricultural enterprises, delivered to the body facilities such as orchard, mulberry trees, hazelnut trees, olive grove, rose gardens fig garden and vineyards
- All kind of ways and rights which are constructed in enterprise are depreciable.

Abrasion, depreciation and obsolescence of the empty terrain and lands are not possible apart from natural disaster. Therefore, amortising empty terrain and land over cost price is the judgement of article 314 of the TPL. However, if there are agricultural facilities such as orchard, mulberry trees, hazelnut trees, olive grove and rose gardens, fig garden and vineyards on them, they are depreciable. Value of land will be activated by adding to facility cost price.

In uniform chart of accounts, there is no separation for agricultural activity. Therefore, activities should record according to accounting rules. Fruit trees in agricultural facility which are mentioned above, all costs of the years passed until amortization period should be recorded to 258- CONSTRUCTION-IN-PROGRESS account. In the year of amortizing, credit balance of this account is activated by transferring it to 256- OTHER FIXED ASSETS account. according to us, reserving depreciation allowance will be more suitable by the fruiting age.

Difficulties arising from accounting organizations

Organization, is an entirety that according to place and the time, is suitable to moral connective idea, aim, plan and control created by people, is coherent, flexible and can be divided into securely organ and is including all organs. It is a entirety that it is aim to get maximum benefits with the power and tools and reach goals by using this way. On the face of it, it is a division of labor, a unity, a social formation, layout, an equipping, an institution, a corporation and entities similar to these (Yazıcı, 1978).

According to another explanation, organization is to designate, to split and to put the activities in an order which help to reach goals, both in small enterprise running by a single person or in big companies run by thousands of people (Oluç, 1978).

Another explanation of organization which includes people factor; is that sectioning the work which will be organized and determining the relations between these sections and placing employees into necessary sections. Literally organization includes the works should be done to reach a goal, sharing these works between employees and determining relations between employees (Hatiboğlu, 1964; Erkural, 1979).

Accounting, one of the fundamental function of the enterprises. Accounting organization is the establishment and working order which is created to reach accounting goal rationally. As a result of accounting organization, activities range as follows :

- Organizing documents
- Making the recording
- Determining the cost
- Making inferences (organizing the financial statements)
- Computation of the enterprise (organizing the final reports)
- Preparing the Operating budget

ELEMENTS OF ACCOUNTING ORGANIZATION

Essentially, accounting organization has 4 elements (Erkural, 1979).

- 1- Documents
- 2- Accounts charts suitable for business
- 3- Set of accounts suitable for business type and size

4- Personnel

Documents

To establish an accounting system in business, constituting staff appointed with authority and responsibility is not enough. Communication system should be established in order to handle structural organizations. Therefore, all organizations develop several methods and procedures for communication channel. The data which represents operations and which compose the fundamental of accounting should be transferred. This dataflow is indispensable and the communication should be completed and fast. These instructions show that the fulfillment of the duties of accounting depends on communication process in other words it depends on the documents level (Yazıcı, 1970).

Document arrangement is the key element in accounting organization that document arrangement makes Value movements which is subject to accounting enterable. The source of the accounting records are master agreement from operation started, receipts which show partnership's payments, bank receipts, invoice for sold product, purchase invoice, note, draft, cheque, court order, advances paper, proforma invoice, consignment, dispatch note, entry slip, warehouse input and output invoice, etc. Document function as a bridge between operation and registration.

Tax Law "Books and documents for storage" in article 253 titled "... the accounting documents, which followed the calendar year starting from the year they are obliged to preserve about five years" is called. Accounting authentication principle, aim to reflect the real financial situation, income and expense of business. Accounting records which do not have these aims, can not carry out the onus probandi to third person and various interest groups (partners, state, credit institutions etc.)

Account chart suitable for business

Account chart is a special directive that it provides to classify accounts according to aim, plan and control in a specific system, and it restricts these categories certainly and explain, it provides to record same incidents into same account (Yazıcı, 1970).

Account chart is an organization of business'general account scheme and it constitutes accounting scheme. Account chart includes account groups, ledger accounts, subsidiary accounts, balance-sheet, income table, profit-loss statement (Altuğ, 1986).

Accounts charts show under which account, the operating activities will be recorded. Accountant determines value movements within the frame of accounts chart and organize. Later, accountant gets operating results by entering in a book according to accounting technique.

Obtaining the accurate accounting results and having well-functioning accounting system require well-designed accounts chart. If accounting builds on a well-designed accounts chart, true and clear results are obtained and it provides development of accounting in parallel with the development of business. On the contrary, accounting, builds on according to account chart which is not well designed, is complex and the obtained results are not complete. While

making accounts chart, firstly, it should be revealed that which aim are the operating activities directed to and what are the means of this aim and how to reach this purpose (Özaslan, 1967). Increase in the number of accounts using in the organization necessitate that especially data regarding value movements should put into arrangement. This can be only provided by classifying and differentiating of the accounts recorded in the business.

While the accounts chart are preparing, organization should be examined well, the information that will be obtained from accounting continuously should be determined according to order of importance. According to this information, summary account and subsidiary account should be determined.

Accounting chart need to be suitable for business structure and size. In small business, implementing detailed plan, due to the fact that hundreds of accounts which are not working take place in accounting chart, it makes harder to use chart. In big business, implementing an accounting chart which does not have wideness and depth, it causes to make addition to chart if it is needed and it makes chart asystematic. Especially, subsidiary account should not take part in exaggerated way, unimportant and rarely used accounts should not take into chart.

Set of accounts suitable for business type and size

One of the element of the accounting organization is set of accounts. While choosing this sytem, business type and size play an important role. Because of accounting transactions show an alteration according to enterprises, there are developments in set of accounts methods and and new various systems emerged based on double entry bookkeeping (Erkural, 1973; Bilginoğlu, 1974).

In the narrowest sense, accounting which means recording books of account, is completed with doble entry bookkeeping and processing of accounting books. Recording the events that are subject to accountings on accounting receipt before it is recorded to book of account is called as preregistration system. Forming accounting records on accounting receipt is an essential organization provision. Recordings enable accounting practice, are made in to books of accounts. There are two ways:

- Events are recorded according to date at the same time or later
- Events are recorded systematically according to themes

Recording transactions in the same theme systematically take place in ledger. Balance sheet andoperating accounts which take part in enterprise's account chart, record into ledger as summary accounts. Closing of these accounts provide to form balance sheet and income table. Transferring the transactions from daybook to ledger become by classifying records and doing periodically (Bilginoğlu, 1974). Various book are used in enterprises. Related laws oblige some of these books. Cash blotter, ledger, inventory register and balance book etc. are examples of these books. Apart from these, there are some books that enterprises have to use and benefit from them. These book are called as auxiliary book.

Cash blotter: transactions are recorded according to date and as articulated. These records can not delay more than 10 days unless there is no valid reason

Ledger: Recording transactions to this book can be made by taking help from cash blotter. So that, daily records can be distributed systematically. In addition it enables to gather transactions in accounts by classify same kind of transactions.

According to agricultural enterprise size and as to whether it is multi partnered enterprise not, showing different situations in terms of accounting, makes accounting organizer to work on accounting chart's establishment and running system and find the most suitable accounting system. Agricultural enterprises establish organization by benefiting from these accounting system.

Personnel

One of the key elements of accounting is personnel. To fulfil the organization, personnel has a big contribution. Nowadays, enterprises have to use manpower effectively. The number of people take part in accounting organization show an alteration according to size and quality of the enterprise. In very small enterprises, in spite of personnel fulfilment the duties, in small, medium and big business, there is a obligation for developing accounting department as a whole.

CONCLUSION AND ASSESSMENT

Agriculture which is one of the essential sectors of national economy, has a vital role for underdeveloped, ever-developing and developed countries. Therefore agriculture sector is always supported by governments.

Due to the fact that agricultural activities are about biological assets, it takes biological conversion in agricultural accounting, valuation, amortisation and cost accounting to a specific position. The concept of fair value and valuation differences in Turkish Accounting Standard 41 are not used accounts in the Uniform Chart of Accounts. Because it is thought to not reflect the essence of Turkish Accounting Standard.

In terms of existing tax law and accounting practices, increase or decrease in plant fund with livestock fund, especially weight gain in livestock materials and recognition of the ages changes are really hard. Because, recognition of them are according to historical cost. When the subject is approached in terms of Turkish Accounting Standard 41, gain in weight in livestock and ages changes have to be accounted. Therefore, this increase is the revenue of the enterprise and record on revenue table of the related period. Value increase arising from physical change and price increase must be reported separately.

Considering that the enactment of the new Turkish Commercial Code and address shown in the accounting/financial reporting standards for all accounting transactions, changes in the Uniform Chart of Accounts to comply with the other accounting/financial reporting standards and the arrangements Turkish Accounting Standard 41 provide a single unity in the financial reporting. Because of agricultural products and livestock assets can have biological transformation which form the subject of agricultural production, in agricultural activities, there is no doubt that valuation is one of the most important subjects. National and international regulations about

agricultural activities adopted the fair value approach. The aim of financial statement, is to help financial statement users to offer information for decision making. Therefore the numbers given in this financial statement must reflect the truth. In this context, by evaluating livestock assets according to Turkish Accounting Standards 41 and by considering the transformations such as growth, deterioration, reproduction and aging generating from biological transformation which affect the value, the reliability of the financial statement is increased.

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