International Journal of Eurasia Social Sciences
Vol: 11, Issue: 39, pp. (53-68).

Article Type: Research Article

Received: 13.11.2019 Accepted: 19.03.2020

PRINCIPLES FOR PRESENTATION OF INTANGIBLE FIXED ASSETS IN FINANCIAL REPORTS WITHIN THE SCOPE OF TAS-38

Seçkin ARSLAN
Asst. Prof., PhD., Niğde Ömer Halisdemir University, Turkey, seckin_arslan@hotmail.com
ORCID: 0000-0002-0923-0916

ABSTRACT

In today's developing and constantly changing economic system, accounting transactions and applications of the enterprises along with financial reports prepared as a result of these transactions and applications must be prepared in a transparent, reliable and comparable manner in accordance with the needs and reality. Throughout this development and change process, the diversity of financial products has been heightened. The improvement of financial markets and the sharp rise in the variety of financial products have deepened the financial markets and necessitated more rigorous and careful decisions to be made by the individuals or institutions wishing to invest. This study entitled "Principles of Presentation of Intangible Assets in Financial Statements" was conducted within a theoretical aspect. The explanations and features of TAS-38 are explained through appropriate examples. The determination of financial events and information according to TAS-38 and the principles on which this information is evaluated and accounted for are explained by examples. Subsequently, the footnote explanations covering the intangible fixed assets are considered by mentioning the matters regarding the footnotes that are required to be included in the financial statements.

Keywords: IFRS, intangible fixed assets, TAS-38, financial reporting

INTRODUCTION

The economic activities of today's enterprises are subject to continuous development and change due to globalization. Along with this process, the share and importance of the intangible fixed assets owned by multinational enterprises, especially in the field of technology and engineering or in any other field worldwide, have been gradually increasing (Lim et al, 2019: 1). It has been argued that the financial information of firms in fast-changing, technology-based industries is of limited value to investors (Amir & Lev: 1996: 3). Upon examining intangible fixed assets within the scope of accounting, it has been determined that various different arrangements have been made regarding the accounting of such assets (Şahin & Arslan, 2019: 458-477).

Within this economic system, which is constantly developing and changing, the need for revision of the accounting files and records realized by the enterprises has emerged. In today's information age through which the importance of information increases, both financial information and non-financial information of enterprises are required to be prepared in a clear, understandable, reliable and comparable manner and presented to the related parties through financial statements (Aram, 2020: 90).

For these purposes, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) have been determined by various studies conducted through private sector representatives, regional entities and intergovernmental organizations (Kocamaz, 2012: 109). Based on these arrangements, primarily the Turkish Accounting Standards (TAS), the Turkish Financial Reporting Standards (TFRS), and the Financial Reporting Standard for Large and Medium-Size Enterprises (FRS-LME) are being practiced in Turkey. The Financial Reporting Standard for Small and Micro Enterprises (SME FRS), which is planned to be enacted as of 2021, is published as a draft and opened to opinions and suggestions for finalization.

Institutions that are subject to Capital Markets Board, Banking Regulation and Supervision Agency, Undersecretariat of Treasury, and Public Interest Entities (PIE) are required to prepare financial statements in accordance with TAS. The enterprises which are subject to independent auditing, which cannot be evaluated within the scope of PIE and having volumes above certain limits are required to prepare financial statements according to FRS-LME. As of 2021, it is planned to expand the application domain of these standards by including small and micro-enterprises. This situation indicates that the majority of enterprises operating in Turkey will conduct financial transactions in accordance with these standards in the near future. Therefore, these standards should be comprehended by the relevant individuals, institutions, and organizations and applied meticulously considering the disparities among the standards.

Through these standards, much explanatory information such as determination of the financial transactions which enterprises encounter, the principles on which these transactions would be evaluated and recorded, the presentation of the financial statements and the mandatory footnotes to be included in the financial statements are introduced.

The foundations of this standard pertaining to intangible fixed assets that constitute the subject of this study were laid in 1977 and a separate standard entitled IAS-38 Intangible Fixed Assets Standard was published in 1995. As of 2006, in parallel with this standard, a standard has been published under the name of TAS-38 in Turkey. In this study, first of all, basic information regarding intangible fixed assets is included in TAS-38 and specific issues are explained along with examples. Afterward, it is stated that various information about intangible fixed assets should be included in the footnotes of financial statements.

In this study, the principles regarding the intangible assets whose importance increases day by day for businesses are evaluated and accounted for through examples within the scope of TAS-38. It is aimed to comprehend the basic and specific issues more easily by setting an example for the persons or institutions that would account for accounting records according to TAS-38. Moreover, it is also stated that the information in the financial statements is not sufficient, and such information should be supported with both non-financial information and explanations in the footnotes of the financial statements. In this framework, it is emphasized that the financial statements must be included in the financial statements regarding the intangible fixed assets, and this information should be included in the financial report preparation processes of the enterprises.

Literature Review

It is possible to encounter many studies conducted on various subjects including accounting and reporting of intangible fixed assets according to TAS-38. Nonetheless, in the study, the footnotes that should be included in the financial statements during the valuation and reporting process of intangible fixed assets are also included. Because the financial information produced must be presented more detailed and comprehensive. In this context, it is possible to summarize some of the conducted studies in the literature in recent years in which intangible fixed assets were handled within the framework of TAS-38.

Table 1. Some Studies in the Literature Conducted on National and International Scale

Author(s)	Title Of The Study	Findings Of The Study
Akgül (2005)	The Regulations of the Amortization of an Intangible Asset in IAS 38 and IFRS 3 and a Comparison with the Turkish Tax Law	Similarities and differences between the amortization period, amortization method and standards and Turkish Tax Law and Turkish Uniform Accounting System were analyzed.
Deran and Savaş (2013)	Measuring and Presenting the Intangible Assets on Financial Statements	It was determined that the measurement of intangible assets, its presentation in the financial statements and its amortization overlap with TMS 38 and SME TFRS, but there were significant differences from the approaches in General Communique on Accounting System Application (GCASA) and Tax Procedure Code (TPC).
Yardımcıoğlu et al (2015)	The Analysis of Intangible Assets within the Scope of Tax Regulations, Accounting and TFRS	Intangible Fixed Assets were examined within the Uniform Accounting System, Tax Procedure Law and TFRS Framework and similarities and their differences were revealed.

Bingöl (2016)	IAS 38 Intangible Assets Recognized and Listed in the Company Application	Accounting of intangible fixed assets, activating expenditures made by companies for acquisition of intangible rights, inventory and valuation issues were discussed.
Fidancı (2017)	Evaluation of Research and Development and Design Expenditures with Tax Regulations and Incentive and Accounting Practices	Reduction and accounting of research and development and design expenses from institution earnings were examined.
Özcan (2017)	Analysis of Value Relevance of Intangible Assets Under International Financial Reporting Standards: Evidence from Borsa Istanbul	As a result of the panel data analysis, it was revealed that there was an important relationship between the intangible fixed assets and the stock prices of the companies.
Atalay, Gökten and Gökten (2018)	An Assessment of Critical and Theoretical Discussions on Intangibles' Valuation and Reporting	It was stated that a New Financial Reporting Approach regarding intangible assets can be implemented with the development of a standardized brand valuation method to ensure the measurement of the brand value created internally in an objective way.
Yanık, Dilmaç and Sümer (2018)	The Relationship between Banking Profitability and Intangible Fixed Assets: An Application on the Banks Traded on BIST	According to the obtained findings; a negative relationship was detected between profitability and intangible fixed assets, the net profit rate of other expenses, credit, and credit risk; whereas a positive directional relationship between growth, deposits and other expenses to assets was determined.
Gökten and Atalay (2019)	Effects of Undisclosed Assets on Value Relevance of Accounting Information: Turkey Specific Evidence	It was expressed that criticism in the literature on the requirements of financial reporting of intangible fixed assets excluded from the balance sheet was also valid for Turkey.
Lim, Macias Antonio and Moeller (2019)	Intangible Assets and Capital Structure	It was stated that the fact that the intangible fixed assets, which have become increasingly important among the enterprises' assets, were not included in the financial reports to a large extent, caused by the under-appearing of the enterprises, which also affected borrowing.
Mansion and Bausch (2019)	Intangible Assets and SMEs' Export Behavior: A Meta-Analytical Perspective	It was stated that intangible fixed assets significantly affected SMEs' exporting behavior.
Orhangazi (2019)	The Role of Intangible Assets in Explaining the Investment–Profit Puzzle	It was expressed that enterprises with higher intangible fixed asset ratios in which intangible fixed assets increase, investment/profit ratios were lower, these enterprises had higher profit margins and profitability, and in general, these enterprises had more stable profit margins and investment/profit ratios.

INTANGIBLE FIXED ASSETS WITHIN THE SCOPE OF TAS-38

According to TAS-38, intangible fixed assets are non-monetary assets that are identifiable and without physical substance. These assets can be categorized within TAS-38 as follows (Örten et al, 2019: 242):

- Rights,
- Licenses,

- Trademarks,
- Patents (under development),
- Copyrights or Royalties,
- Franchising Advance Payments,
- Quota Rights such as Export Quota, Import Quota, and Production Quota,
- Films (films prepared by paying a price to another enterprise),
- Computer Softwares (do not cover an integral part of the tangible asset),
- Works of art (paintings, sculptures, figurines, and historical artifacts) and
- Development Expenses.

Accounting of Intangible Fixed Assets

Accounting of intangible fixed assets depends on certain conditions as follows: It is necessary for the asset to comply with the definition specified in TAS-38, to be identifiable, controllable, expected of future economic benefits and to measure the cost reliably. Intangible fixed assets are measured as costs at initial recognition (TAS-38, Articles 8-24).

Enterprises may acquire intangible fixed assets through various methods such as; apart from their own business, the merger with another business, the government incentives owned, the exchange of business assets or within their own business (Özulucan, 2019: 418-419).

***i. Acquisition apart from the enterprise*:** the cost of intangible fixed assets can be measured reliably since the payments are made with cash or other monetary assets. The cost of these assets is comprised of import duties and purchase taxes, including non-refundable purchase taxes, plus any purchase costs that are directly attributable to the asset (TAS-38, Article 27). Copyright to be purchased or rented sets a perfect example.

Example: Enterprise "A" has purchased the agency agreement of the Insurance Company "B" for 20 years at 900,000 TL on January 1, 2019, by drawing a short-term check. Enterprise "A" has calculated an annual amortization rate of 45,000 TL according to straight-line amortization method. The agency agreement is revalued using the revaluation method at the end of the year and its fair value is determined to be 1,350,000 TL. Accounting records required by the enterprise;

Table 2. Accounting Records-1

01/01/2019		
261 Rights	900,000	
103 Outstanding Checks And Payment Orders		900,000
Due to the purchase of the right of agency		
31/12/2019		

740 Cost Of Services Rendered	45,000	
268 Accumulated Amortization		45,000
Due to redemption process *(900,000 TL / 20 Year = 45,000 TL/year)*		

31/12/2019		
261 Rights	450,000	
268 Accumulated Amortization		22,500
552 Revaluation Surplus Of Intangible Fixed Assets		427,500
Due to revaluation *(900,000 TL x 0.50 = 450,000 TL)* *(45,000 TL x 0.50 = 22,500 TL)* *(450,000 TL – 22,500 TL = 427,500 TL)*		

ii. Acquisition by a merger with another enterprise: in this case, the cost of the intangible fixed asset is the fair value at the date of acquisition (TAS-38, Article 33). Various rights (exploration and franchising rights) of a merger enterprise except goodwill can be given as examples.

When the enterprise recognizes an intangible fixed asset as part of a merger, it expects an economic benefit from the asset and can reliably measure its fair value (TAS-38, Article 33).

TFRS-3 the Merger Standards require that in order for an intangible fixed asset to be included in the financial statements separate from goodwill, the asset must be separable. Separability is defined as the ability of an asset to be sold, transferred, licensed, leased and replaced by another asset (Deran & Savaş, 2013: 84).

Example: Company "X" has purchased the stocks which represent 70% of Company "Y" at 700,000 TL on 02.01.2020. The fair value of Company "Y" is 900,000 TL. As of 02.01.2020, the fair value of identifiable assets of Company "Y" is 1.000.000 TL, whereas the fair value of its sources is 400,000 TL. In this case, calculate and recognize the amount of goodwill that occurs during the merger (Ertürk & Yardımcıoğlu, 2017: 40-41).

Table 3. Calculation of the Goodwill

The Fair Value Of Company "Y"	900,000 TL
Net identifiable assets of Company "Y" (1,000,000 TL – 400,000 TL)	600,000 TL
The Amount Of Goodwill	**300,000 TL**
The Fair Value Of Main Partnership	700,000 TL
Share Of Net Identifiable Assets of Net Main Partnership (600,000 TL x 70%)	420,000 TL
Main Partnership Goodwill Share	**280,000 TL**
The Amount Of Goodwill	300,000 TL
Main Partnership Goodwill Share	280,000 TL
Minority Goodwill Share	**20,000 TL**

The total amount of goodwill calculated within this framework is 300,000 TL, of which 280,000 TL belongs to the main partnership and 20,000 TL belongs to the minority enterprise.

iii. Acquisition through government incentives: Intangible fixed assets can be acquired by paying a very low price or no price at all. For example, it occurs when the state gives airport landing right, radio or television station operating license right, import license right/quota or access to other limited resources to an enterprise. In this case, enterprises may prefer accounting of intangible fixed assets at their fair values. Otherwise, expenses directly related to the provision of intangible fixed assets are accounted for by adding them to the nominal amount (TAS-38, Article 44).

Example: On 01.01.2020, the local authority issued four identical licenses for broadcasting in Niğde for a duration of 10 years. Two of the licenses are sold to individuals/institutions outside Niğde with an auction. The third license is granted to a company located in Niğde free of charge to ensure that local individuals/institutions acquire broadcast licenses. The fair value of each broadcast license is 300,000 TL. In this regard, the accounting entry that is required for that company in Niğde (IFRS Educational Material, 2009: 24);

Table 4. Accounting Records-2

01/01/2020		
261 Rights	300,000	
649 Income and Earnings from Other Activities		300,000
Due to the license		

iv. Acquisition through the exchange of business assets: The cost of an intangible fixed asset within this context is measured at its fair value as long as it is possible to reliably measure the fair value of the acquired asset or the asset that has been waived (Gider, 2008: 8). Otherwise, the cost is the carrying value of the asset (TAS-38, Article 45). The exchange of a vehicle for a license right realized by an enterprise sets an example of this situation.

Example: Publisher "A" has traded copyright having a registered value of 10,000 TL and a total amount of 4,000 TL for amortization with another copyright having a fair value of 9,000 TL on 01.01.2020. Accounting records required by the enterprise are as follows;

Table 5. Accounting Records-3

01/01/2020		
261 Rights	9,000	
268 Accumulated Amortization	4,000	
261 Rights		10,000
649 Income and Earnings from Other Activities		3,000
Due to copyright swap		

v. Acquisition within the enterprise: Required criteria must be met for the accounting of intangible fixed assets created within the enterprise. These criteria, as mentioned earlier, include the reliable measurability of asset costs as well as detectability, control, and future economic benefits. The generation of intangible fixed assets within the enterprise may render it difficult to meet some of these criteria. The existence of a determinable asset that would provide economic benefits in the future and the reliable measurement of the cost of such an asset is imperative.

Regarding the intangible fixed assets created within the enterprise, the formation of the asset is divided into two phases such as research and development phases (TAS-38, Article 52).

In the research phase, the costs of the research expenses cannot be capitalized. In other words, since it is not certain that the expenditures made would provide economic benefits in the future, these expenditures are directly accounted for as expenses.

Incurred expenses during the development phase are recognized as intangible fixed assets if certain conditions are met (TAS-38, Article 57). These conditions are as follows;

a. If it is technically feasible for the intangible fixed asset to be ready for use or sale,

b. If the intangible fixed asset has the possibility to be completed, used or sold,

c. The intangible fixed assets having economic benefits in the future, the existence of the market regarding the products,

d. Sufficiency of technical, financial and other resources related to the intangible fixed asset,

e. If the incurred expenses during the development process can be measured reliably, these assets are accounted for as intangible fixed assets.

Example: Enterprise “A” has developed a new technological product. In the process of developing this technological product; 150,000 TL, 200,000 TL, and 250,000 TL have been spent in 2018, 2019 and in 2020, respectively. Another company wished to purchase this technology developed by Enterprise “A” in 2020 and made an offer of 1,000,000 TL (generated by utilizing Örten et al., 2019: 248). Enterprise “A” has three different options to account for this transaction within the scope of TAS;

i. If the research and development phase cannot be distinguished, all incurred expenses are recorded as “expenses” and transferred to the profit/loss account of the period.

ii. If it is assumed that the development activity began in 2019, the expenditures made in 2018 are recorded as “expenses”. Expenditures incurred as of 2019 and 2020 are capitalized as development costs.

iii. If the separation of research and development activities began in 2020, the development cost is capitalized at an amount ranging between 0-250,000 TL.

Valuation of Intangible Fixed Assets After Initial Recognition

Following capitalization, intangible fixed assets are subjected to valuation by selecting cost or revaluation method in each reporting period. In cost valuation; intangible fixed assets occur in financial statements along with the remaining amount after accumulated amortization and impairment losses are deducted from the cost of initial recognition (TAS-38, Article 74). In the revaluation method, the asset continues to be monitored in financial statements along with the remaining amount after the total accumulated amortization and impairment losses are deducted from the fair value at the revaluation date following the initial recognition (TAS-38, Article 75).

Example: The registered value of the brand "B" owned by Enterprise "A" is 100,000 TL, whereas the total amount of the accumulated amortization is 20,000 TL. The fair value of the brand "B" is 130,000 TL and it has been subjected to a revaluation by 30%. The accounting record that the enterprise is required to make at the end of the period;

Table 6. Accounting Records-4

31/12/….		
261 Rights 261 01 Brand "B"	30,000	
268 Accumulated Amortization		6,000
552 Revaluation Surplus Of Intangible Fixed Assets		24,000
Due to revaluation *(100,000 TL x 0.30 = 30,000 TL)* *(20,000 TL x 0.30 = 6,000 TL)* *(30,000 TL – 6,000 TL = 24,000 TL)*		

Useful Life and Amortization of Intangible Fixed Assets

According to TAS-38, in calculating the amortization of intangible assets, firstly, it should be determined whether the useful life of the intangible fixed asset is either production-based or economic life-based. A production-based asset is subject to amortization by considering the amount of production or sales realized in the relevant period. In the economic-based method, the economic life of the asset is taken into consideration.

Amortization of intangible fixed assets with limited useful lives is determined by deducting the residual value. If the residual value is non-zero, it may mean that the intangible fixed asset is disposed of before the end of its useful economic life (TAS-38, Articles 100-101). An intangible fixed asset is considered to have a residual value of zero if it is not in a condition to be sold at the end of its useful life or if there is no active market.

Example: The assets of Publisher "ABC" include copyright with a registered value of 50,000 TL. The enterprise does not plan to exploit this copyright for 10 years. As a result of the conducted research studies, it is determined that the value of similar copyright at the end of the 10th year could be 10,000 TL. The accounting record that the enterprise is required to make at the end of the period;

Table 7. Accounting Records-5

	31/12/….		
	730 Overhead Costs	4,000	
	268 Accumulated Amortization		4,000
	Due to redemption process *(50,000 TL- 10,000 TL =40,000 TL)* *(40,000 TL / 10 Year = 4,000 TL/year)*		

The enterprise's intangible fixed assets cannot be amortized if it has an indefinite useful life. These assets should be reviewed annually with their recoverable carrying value annually for possible impairment and any accounting changes should be performed in case of any change (TAS-38, Articles 89-107-108).

Some amortization methods are utilized to calculate the amortization of intangible fixed assets. These methods include the straight-line, declining balances and units of production amortization methods. The method to be used is determined in accordance with the estimated usage patterns of the future economic benefits that are expected to be obtained from the asset, and unless the changes in the estimated usage patterns of the future economic benefits are subject to change, the relevant method should be applied consistently from period to period (TAS-38, Article 98).

Intangible fixed assets must be excluded from the assets upon expiration of their useful lives, in other words, when they are disposed of and in the event that their economic benefits are not expected from their use or sale (TAS-38, Articles 112-113).

Example: The brand "B", which was included in the assets of Enterprise "A" with a registered value of 100,000 TL, was sold on 15.01.2020 at 75,000 TL, half of which was payable by short-term notes and the remaining half by drawing short-term checks. The total amortization of the brand "B" up to this date amounts to 40,000 TL. Accounting records that are required to be made;

Table 8. Accounting Records-6

15/01/2020		
121 Notes Receivables	37,500	
101 Checks Received	37,500	
268 Accumulated Amortization	40,000	
261 Rights		100,000
648 Gains From Sales Of Tangible And Intangible Assets		15,000
Due to the sale of the brand "B"		

EXPLANATORY FOOTNOTES REQUIRED TO BE INCLUDED IN THE FINANCIAL STATEMENTS

Footnotes include information that should be disclosed in addition to the financial information presented in the financial statements, as well as profit/loss and other comprehensive income statements, changes in shareholders' equity and cash flow statements. Some of this information to be explained is compulsory, whereas some are included in these statements as optional. These explanatory footnotes provide explanations about the items presented in the financial statements and provide information about the subclasses of those items along with certain items that do not meet the criteria for inclusion in the financial statements. These footnotes provide the relevant persons, institutions or decision-makers with both financial and non-financial explanatory information. According to the Turkish Accounting Standards, the footnotes including significant accounting policies as well as comparable explanatory and supplementary information mandated by the TFRS that cannot be presented in another part of the financial statements are considered separate parts of financial statements.

It must be clearly and unconditionally stated in the footnotes that the financial statements of the enterprises are prepared in compliance with the TFRS. Enterprises must clearly present each financial statement and footnotes and present the following information in a thorough and comprehensible manner (Karataş Aracı & Bekçi, 2019: 875):

- The trademark of the reporting enterprise or other information identifying the enterprise and any changes in this information since the end of the previous reporting period,
- The measurement principles used in financial statements,
- Whether the financial statements belong to a single enterprise or a group of enterprises,
- The end date the reporting period or the period covered by the financial statements or footnotes,
- The currency unit used for the figures in the financial statements,
- The rounding decimals of the figures in the financial statements,
- Information on uncertainties about current estimates and significant risky assumptions that may require adjustments in book value of the enterprises' assets and liabilities in the following accounting period,
- Information enabling users of financial statements to evaluate the objectives, policies, and processes of the enterprise regarding capital management,
- Information on the enterprise's salable financial instruments classified as equity instruments,
- The total amount of dividends proposed or announced before the approval of the financial statements for publication but not recorded in the financial statements as allocation to the shareholders during the period,
- Accumulated preferred dividends not recorded in the financial statements,
- Legal addresses and legal structures of enterprises, and the addresses of their headquarters in foreign countries,
- Information on the field of activity and main activities of enterprises,
- The names of the parent company and the ultimate parent of the group to which it belongs,

- If the enterprise has been established for a certain period of time, information on the length of the period.

Companies issue financial statements prepared in different formats according to their size and legal regulations to which they are subject. In these financial statements, summary financial results are usually included. Therefore, the details and explanations of these financial statements are required in order for the financial statements to be comprehended by the relevant individuals/institutions and to constitute a basis for the decisions to be made. This requirement is met by the financial or non-financial data included in the footnotes.

As a result of the aforementioned explanations, it is possible to summarize the explanatory footnotes to be included in the financial statements in accordance with the TAS-38 as Table 9 (Aytaşkın, 2016: 85-88; Boyar & Güngörmüş, 2009: 194-202).

Table 9. Explanatory Footnotes Required to be Included in the Financial Statements within the Framework of the TAS-38

Useful Life (Limited/Unlimited)/Amortization Rate
Book Value Of The Asset With Unlimited Life And Reasons Supporting This Assessment
Amortization Method
Gross Book Value
Accumulated Amortization
Comprehensive Income Statement In Which Amortization Is Included
Acquired From Within The Enterprise
Separate Acquisition
Acquisition By Mergers
TFRS-5 Held For Sale
Assets Included In The Disposal Group Classified As Held For Sale
Other Disposals
Increases And Decreases Based On Revaluation
According To The TAS-36, Increases And Decreases Caused By Impairment Losses Accounted Directly In Other Comprehensive Income Or Excluded From Other Comprehensive Income
Impairment Losses Recognized In Profit Or Loss In Accordance With The TAS-36
Impairment Losses Excluded From Profit Or Loss According To The TAS-36
Accounting Of Amortization In The Current Period
Net Foreign Exchange Rate Differences
Other Changes In Book Value During The Period
Additional Explanation On Impairment Of Intangible Fixed Assets According To The TAS-36
Change In Useful Life
Change In Amortization Method
Change In Residual Value
Information On Book Value And Remaining Amortization Period Of A Significant Intangible Fixed Asset For Financial Statements
Fair Value Originally Recognized For The Asset Acquired By Government Incentive
Book Value For Assets Acquired By Government Incentive
Post-Accounting Valuation Method For Asset Acquired By Government Incentive
Existence And Book Values For The Asset Given As Collateral With Limited Right Of Use
Amount Of Contractual Liabilities In Exchange For The Acquisition Of Intangible Fixed Assets
Effective Date Of Revaluation Process
Book Value Of The Revalued Asset

Book Value The Revalued Asset To Be Accounted For, If It Is Measured By Using The Cost Method After Recognition
Amount Of Revaluation Surplus
Total Amount Of Research And Development Expenditures Accounted For As Expenses In The Period
Intangible Fixed Assets That Are Being Currently Used But Fully Amortized
Significant Intangible Fixed Assets That Have Not Been Accounted For As They Do Not Meet The Accounting Criteria In This Standard Although They Are Under The Enterprise's Control.

Example: The explanatory footnotes regarding intangible assets in a financial statement published for a technology company trading on the Borsa Istanbul are as follows (https://www.kap.org.tr/tr/bist-sirketler, 2020):

> Purchased intangible fixed assets are accounted with the amount after the accumulated amortization and any accumulated impairment losses are deducted from the cost value. These assets are subject to amortization on a straight-line basis over their expected useful lives. The expected useful life and amortization method are reviewed at the end of each annual reporting period in order to detect the possible impacts of any changes in estimation being accounted for on a prospective basis. These costs include purchase costs and are subject to amortization according to their economic useful lives (3-15 years).
>
> Purchased computer software is capitalized at the time of purchase and at the costs incurred from acquisition until it is ready for use. These costs are amortized over their economic lives (3-15 years).
>
> Costs associated with developing and maintaining computer software are recognized in the comprehensive income statement throughout the period during which they are incurred. Expenditures that are in control of the enterprise, which can be directly associated with detectable and unique software products and which would provide economic benefits over a period of more than one year can be considered as intangible fixed assets. Costs include the costs of employees developing the software and a portion of the overall production expenses. Computer software development costs recognized as intangible fixed assets are subject to amortization over their estimated useful lives (not exceeding 15 years).

CONCLUSION AND DISCUSSION

As of today, with the help of various legal arrangements made in parallel with economic and technological developments, the financial data of large-scale enterprises are easily accessible from anywhere. Thus, the interested individuals or institutions, who wish to invest in the light of the obtained financial information, have the opportunity to invest all over the world easily and quickly. Also due to globalization, these financial statements are required to be prepared at a global scale more comprehensively rather than being a table prepared only for tax purposes concerning the relevant individuals or business owners within the enterprise. This situation renders the financial information, indicating the results of the operations of the enterprises under examination, analyzable and disputable in both national and international scales. For these reasons, in today's information age, where information is extremely important, both financial and non-financial information that can be found in a common language according to similar rules in the national and international market; needs to be prepared and presented in a clear, understandable, reliable and comparable manner. Regarding the intangible fixed assets, Intangible Fixed Assets Standard (TAS-38) has been issued.

In this case, more detailed information attained by the relevant individual or institutions during the investment decisions process, the protection of their savings that is not only expected from the public authorities, the necessary consultancy services which they receive, and the effective use of Public Disclosure Platform (PDP) by regularly monitoring the enterprises whose investment instruments they own are of great importance.

According to this new World order that emerged as a result of economic and technological transformations, the importance given to tangible assets in the past has been replaced by intangible fixed assets. In this context, problems in the measurement and reporting of account items related to intangible fixed assets that lack a physical asset are the main criticisms of the uniform accounting system.

The TAS-38 provides detailed information about the accounting methods and reporting of intangible fixed assets. The TAS-38 describes the capitalization, the post-capitalization valuation, the useful lives, the amortization periods and disposal methods. Intangible fixed assets; after capitalization, should be revalued using the cost method or revaluation method at the end of each period, and the resulting change should be shown in the financial reports.

According to Gökten and Atalay, intangible fixed assets should be taken into consideration in financial reporting. Mansion and Bausch have important impacts on the export behavior of such assets. Lim et al. stated that the intangible fixed assets that were not reported had adverse impacts on the borrowing process of the enterprises and likewise, Orhangazi also claimed that the companies which gave full weight to the intangible fixed assets had more stable profitability and profit margins.

Both financial and non-financial information about enterprises constitutes the most important data sources in the decision-making processes of investors, creditors, and other related persons and institutions. The financial statements, which were prepared only to shed light on the decisions to be made by investors in the past, are now being prepared to meet the information needs of other related persons and institutions. In this framework, especially corporate enterprises support financial information with various non-financial information besides financial statements, various financial reports, financial statement footnotes, annual reports, and sustainability reports. This phenomenon, also known as integrated reporting, will be expanded to cover all enterprises within the near future.

Nowadays, according to the regulations, in general, enterprises are required to prepare four different financial statements (balance sheet, profit or loss statement and other comprehensive income statements, statements of changes in equity and cash flow statements). Although the information and explanations vary according to the enterprises in terms of these statements, there may be many footnotes. Upon evaluating the existing information in the financial statements along with the footnotes, it is possible to make appropriate decisions by reaching more significant and accurate results. For these reasons, the relevant individuals or institutions should consider the information in the footnotes when analyzing their financial statements. Otherwise, the decisions are made according to incomplete, inaccurate and insignificant data, and the related individuals or institutions may suffer serious damages by making inappropriate decisions.

ETHICAL TEXT

In this article, journal writing rules, publishing principles, research and publishing ethics rules, journal ethics rules are followed. The responsibility belongs to the author for any violations related to the article.

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