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Integration Within the EU Accounting Profession

ABSTRACT

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Not to accept globalization in relation to the IFRS 'good practice being in common practice from the beginning only by multi-national companies, means to stay outside of the advancements occurring in the world. Our country has become more transparent capital markets, accounting standards for accounting, tax odaklıktan get rid of IFRS must be appropriate. Accountant is the largest contributor to the increasing competitive environment, to emerging technology. Technological developments and information technologies used in enterprises in various ways affect the accounting profession. Accountants, and a taxpayer himself as a risk manager (the business) must learn how to maintain the economic crisis, he must be prepared to carry out his duties at the time of a longer economic crisis.

Studies have been made with the EU countries, and the EU accession process is one of the most important goals for our country among the candidate countries. Now, after the economic borders have disappeared, unity and harmony in accounting standards is to be provided in a globalizing world, accounting for around easier comprehensibility and transparency will mean confidence. In this sense, contribution of Turkey's Grand National Assembly of Turkey to improvement and harmonization efforts by the financial regulations, accounting standards for establishment and work of EU institutions such as TİMÜDESK, positively affect compliance studies. However, it is a long way to be taken but it should not be ignored at all.

Harmonization of accounting standards and work to provide a common combination of efforts would bring about many problems in the medium term, in particular, in taxation policies. Countries' unique cultures, and business relations, taxation policies, value added in formation, or even many issues, such as geographic differences - the common denominator should be planted in subsequent years in front of dozens of pioneers trying to get rid of a few of the difficulties. All of these challenges, the EU common standards in the countries concerned, readiness to implement the process, requires extensive training and information. This must be fulfilled in our country completely by establishing training centers in EU communications or information service.

Key words: *European Union, International Accounting Standards, Harmonisation of Accounting Profession.*

Introduction

Developments erupted again with the Enron scandal, resulted in a discussion concerning the accounting profession. New approaches and perspectives have been offered for the accounting profession, and this process is still ongoing. Financial Accounting Standards Board (FASB) which standards were applied in the US by legislators, received great criticism with the Enron scandal.

One of the five largest audit and accountancy partnerships in the world, Arthur Andersen, Enron's accounting profession practitioners, have a consensus on the point of adopting new approaches beyond that date with the events and decision-makers. After scandals it was removed from Enron accompanied by a chain of events and lessons of great importance for the future of the accounting profession.

The debate concerned so far professionals, occupational activities, professional organizations being subject to supervision by the rules and saw the uncompromising application of generally accepted approach standards. Unfair competition and conflict with the interests of the profession is the second main findings of a great harm. Audit firm can also provide consulting services, so the audit approach was adopted which caused great inconveniences and finally its standard-setting with the SEC and the Financial Accounting Standards Board decided to revise standards.

FASB, the focus of the criticism, and the International Accounting Standards Board (IASB) decided to collaborate. In Enron's case, the beginning of FASB's critiques, the IASB's standards were applied then problems would look great in this dimension, opinion of FASB's almost condemned this approach. The idea that a single standard should be used over the years in the world, has never been found as being sufficient. The parties were unable to reach a kind of step on this issue. But the Enron case, which was created as one of the most important developments in terms of the accounting profession, contributed to creating global standards, so in FASB and IASB one can see efforts of the beginners.

To be applied all over the world, accounting standards form a single filter without passing the FASB to set global standards to allow for the better understanding and IASB authorized bodies started shared high-quality activity in this study, it was adopted as the basic objective of creating the current accounting standards in the international market. High quality with applicable accounting standards agreed in the international market between all parties are aimed to provide a comparison of the financial report at the international level as the first goal. Financial performance reports and mergers also constitute the agenda of the two board's work. Both installed on the financial performance reports and merger projects are aimed at lowering "goats".

Due to the dissimilarities in the two committee reports on financial reporting in this regard it is expected to be recorded in a very rapid progress. Founded in 1973, the FASB should not be ignored in the Enron softening of approach to current international standards, with the event as a promising development for the future need to be considered, although too distant future.

Economic integration is the basis for power developments and it is forcing change. Reliable financial information plays a key role in this

process, it is possible to become one of the major actors of accounting professionals by using reliable tools.

SPK experts took part in creation of a study conducted on the accounting standards with regard to the process, application of accounting standards according to the considered models and country practices. The information given in this study by experts researches provides information about long and arduous struggle for us to reach global standards.

Embodiments for determination the accounting standards and standards of various countries bear some differences. These differences: structure of legal and financial system, shareholding structure of the company and, consequently, financing methods, development level of the accounting profession, users of accounting information, are caused by factors such as training and development level. Relationship between financial reporting and tax laws to show changes from country to country, plays an important role in differences between regulatory systems.

As adapted fully to the *acquis* of the EU, *acquis* in the candidate countries has to accept standards of the association and they integrate their national systems; the unity of the system is a long process. This process consists of several main categories. What will be the main topics determined by a rigorous screening process, drawn picture of current situation and compared with the EU *acquis* legislation? In this process, the Turkish Accounting System is also harmonized with EU standards examined under the name of the Economic and Financial Topics. In this context, the Turkish accounting system is made by examining the European Union directives and other studies, by situation assessment. Also the following will be discussed in this study: the European Union harmonization process in the Turkish Accounting aspects that will affect the system, the stage reached in the adoption of the accounting system, the candidate countries accounting experience and No. 3568 law and Turkish accounting system 's subject to possible problems that may arise in the process of integration into the European Union Accounting Standards, this integration in the profession to do.

Section one

Accounting System in the EU

1. Accounting Standards Harmonisation of the EU

For the purpose of harmonization of accounting in the member states of the European Communities, the member countries were asked to provide published directives (instructions) of the accounting system. Directives of any member country within a certain period are legal instruments necessary to harmonize their domestic legal order.

Three directives of accounting and the accounting profession have been issued in relation to the EU. The nature of the topic published in the Fourth Directive on July 25, 1978: the structure and regulation of the financial statements for the partnership, published in the Seventh Directive on 13 July, 1983: the structure and arrangement of the consolidated financial statements for the partnership and published in the Eighth Directive on April 10, 1984: the person responsible for the statutory audit of the financial statements of subsidiaries (professional accountants).

Because of EU technical shortcomings of this Directive relating to accounting, the EU has a negative impact on efforts to adapt the country's accounting standards. In addition, the revision from the date of publication of this Directive in relation to accounting enabled no creation of a remote and quality developing mechanisms by the date. Alignment of accounting practices in the EU policy to ensure the mutual recognition procedure was not successful. EU member countries' national accounting standards have been softened because they have established commissions or boards and must comply with the provisions contained in the directive. On the other hand, large companies belonging to European countries if they comply with EU accounting directives can benefit from the international capital market, despite the anticipation due to a number of problems, such as the realization of these expectations, the alignment of the accounting practices in EU countries could not be achieved.

EU member states established association between goods and services, as well as free movement of people and capital, the common currency (Euro) was launched through a single monetary union. Areas within the Union (Euro Zone) established the disappearance of the risk and started maintaining a uniform monetary policy, money and capital markets have made the necessary adjustment and consolidation. This requirement, especially because of the need to benefit from international and US based fund was raised in compliance with international accounting standards.

In addressing the universal form of international accounting standards by the EU, Germany is quite striking example of this relating to the famous car brand BMW: "BMW cars in the United States are met with interest. But Bayerische Motoren Werke A.G. (BMW company) is not listed on the stock exchange. The main reason for this is that many large companies like BMW is Europe's refusal to change financial statements prepared according to German regulations in accordance with the rules of the SEC. Thus, it is not possible to take part in the American stock market for one of the most profitable car companies in the world. "Globalized accounting encouraging to be able to speak the same language in the EU, , a new strategy in the cohesion of the European Commission accounting standards IFRS for determination of compliance with international accounting standards / promotion of IOSCO initiatives and EU accounting practices of the IAS (International Accounting Standards) to be consistent with the direction has been determined on November 14, 1995. After some improvements of the European Union Commission made since 2005, the company trades on stock exchanges in the EU Member States (it has acknowledged the international accounting standards), the IAS financial statements were subject to compatible preparation. IAS has made it necessary to choose this approach for use also in the EU...¹

2. Harmonization Process of Integration and Accounting Practices of Capital Markets in the EU: Location in Turkey and the Harmonization Process

One of the most important links in the integration of economies of the member countries in the EU is the integration of capital markets. Important projects are carried out for integration of capital markets in the EU. The success of integration of capital markets depends on compatibility of country's accounting practices with each other. EU countries with full membership to align with IFRSs to national accounting practices based on this tendency. Turkey's accounting practices should be considered as an important step in terms of strategic objectives of efforts to harmonize IFRS.

¹ archive.ismmmo.org.tr/docs/.../16-%2059%20SERPIL%20BOSTANCI.doc (E.T.: 20.03.2015).

The integration of financial markets, economic borders between countries significantly lifted resulted in economies became more dependent on each other. This development is also directed to the front of profitable investment of capital by accelerating “technical” barriers reduction for capital movements. The first item of the agenda at national and international level for integration of financial markets, and especially of capital market, is to ensure transparency and financial reporting, the obligation of compatibility standards as well as development of common standards in the financial reporting process, it can be compared between both countries in financial information of both countries. This trend is emerging more markedly in developed economies. Accounting scandals and bankruptcies experienced in the world, especially in the USA, have accelerated this development. An important economic area in the European Union [EU] has also experienced similar developments. The process of integration within the EU, financial common sense, multiple listing market of capital market integration as a term, cross-border transactions are discussed in the narrow sense as investment services offered by foreign companies. In academic terms “market integration”, with the same risk and return profiles of financial assets is used to refer to the situation they have similar prices. The concept of integration of our study was used in the sense of covering a wide range of markets starting from the merger process of cooperation in capital markets.

The EU has gained speed with integration efforts of the Integration and Application of Capital Market Accounting. These developments, also alignment in financial reporting practices, integration in other words, have made provision to obligation on the agenda. Position in the global context of this last point with the last point in harmonization of financial reporting standards in the EU should be performed in conjunction with Turkey’s full membership process. Being a full member of the EU in terms of accounting practices to comply with the EU practices, is target of Turkey as well as the advantages to be created in the process of full membership, will make an important contribution in terms of the company and our investors.

2.1. EU Accounting Harmonization Efforts

In the process of creation of the EU member countries should pass fully integration. Harmonization of regulations was conducted for this purpose in member countries. Thus, regulations in one member country can be expressed as a problem to be less stringent than regulations in another member country, “delaware effect” has tried to be eliminated. Accounting practices are shaped by the related environment. Country of different dates, values and development models and political systems are differ from each other. The variables that determine these models: relations between businesses providing capital, political and economic ties with other countries, legal structure, size and complexity of business, the development level of general education, level of the country’s financial environment.

Harmonization within the EU in the accounting field studies was legalized through directives. In the EU countries accounting practices and financial reporting (except for financial institutions) basis are made according to the provisions of the fourth and seventh directives. There are also published accounting guidelines for banks and insurance companies. In this sense, within the EU, many guidelines for harmonization the accounting and financial reporting practices in the member states have been published. Published guidelines may be expressed as:

- The first directive on the publication of accounts (1986)
- The fourth directive on annual financial statements of the Company (1978)
- The seventh Directive on consolidated financial statements (1983)
- The eighth directive on independent financial audit (1984)
- Annual and consolidated accounts on the bank accounts directive of credit institutions (1986)
- The eleventh directive on _ Branch Office accounts (1986)
- The fourth and the seventh directives on the scope of amendment and application SMEI GmbH & Co. kg directive (1990)
- Approved annual and consolidated accounts of insurance companies about insurance accounts directive (1991)

Specified in these guidelines the fourth, the seventh and the eighth directives shall serve as a milestone in harmonization of accounting practices of the European Union.

The European Federation of Accountants [Federation des Experts Comptables Européens, FEA] has made important contributions to the preparation of this directive. The EU accounting directives were successful in development the accounting standards in the EU; which ensures the comparability of financial statements; improved conditions in the cross-border investment and have laid the ground for mutual recognition of financial statements for securities traded on stock exchanges within the EU. Despite this success, directives financial statement users, preparers have become the standard does not responding to the problems faced by forming condition. Based on this, preparation of the fourth and the seventh directives in terms of the accounting policies was made since it is seen that for a long time vaste differences were to pass. Provided that it was weakened by a large number of voting rights, binding character of the Directive is also expressed. In this sense, in terms of the accounting standards, the differences between the two countries, England and Germany, the EU, are much greater than the differences between the UK and the US. The European Commission for to contribute to the objective of ensuring fair and effective competition in the EU attaches a great importance to international harmonization of accounting. In November 1995 the European Commission has established a formal policy called “Accounting Harmonisation: A New Strategy Against International Harmonization”.

Meanwhile, studies by the IASB have resulted in the IOSC in 1999. Studies between these two organizations have made significant advances in development of international accounting standards prevailing in the international capital markets, and then IOSC Technical Committee has recommended the use these standards in all capital markets. Parallel to these developments, the EU introduced correction of the Directive; the current situation in the European Union, as conducted by the IASB and the IOSC accounting standards to combine efforts to ensure international harmonization by participating in these studies. To this end, the European Commission, spanning five-year term in May 1999, has prepared an action plan under the name “Single Market for Financial Services”. In this plan comparable, transparent and reliable effective financial information is the basic requirement for the integrated capital market, but in fact it was revealed that there were cross-border investment barriers due to uncertainties. The most pressing needs in the Plan, prepared according to the same financial reporting principles, were found to be the financial statements. They increase capital of the Company, financial resources calls, it continues in international financial markets outside the EU borders as well as within the EU. In this context, it is clear that the EU should use the internationally accepted practice. In the Plan, the international accounting standards are seen as the most appropriate tool that allows the public financial the reporting principles of the company to provide resources they need in the international market.

For the reasons expressed in the Plan, in February 2001 the European Financial Reporting Advisory Group made the arrangements at the European Commission. European Financial Reporting Advisory Group (EFRAG) of a private sector initiative has also been envisaged to act

as an accounting technical committee. This committee, IFRS 's is intended to provide technical expertise on the use in the European Union.

The Committee also called IFRS 's has been actively involved in preparation and in coordination the related the EU standards. With presentation of studies, the EFRAG 's relevant European organizations are also expected to operate independently. The EFRAG: financial reporting and accounting professions, closely related to financial analysts and stock exchanges, the most important private sector groups. This property may also play an active role in shaping the IAS that will be used in the European Union.

The EFRAG is composed of two subunits. The first of these, the Technical Expert Group consisting of experienced and qualified staff in the study subjects, supports the EFRAG's legitimacy and reliability to show all the interested European countries representation and guarantee you will get with the European Organizations Advisory Board. According to the regulations, there are four basic functions of the Technical Expert Group. These may be expressed as:

- The IASB's work to actively participate
- The IFRS and interpretations with some suggestions to make appropriate changes to the Directive if there is any discrepancy between the EU Accounting Directives
- **The IFRS and interpretations of the grant or deny approval of the implementation of the EU on these issues and advises the European Commission**
- The IFRS to guide implementation of the review,
- Ensure coordination between the parties with respect to IAS in the EU
- The European Commission and the European Securities Regulators' Forum in Legal Technical Expert Group (Forum of European Securities Regulators, FESCO) shall have one observer.

The arrangements made by the EU, started in June 2000 and made a part of the radical changes envisaged in relation to the EU financial reporting. The EFRAG, 33 of 41 units associated with them with VFRS continuous Comments Committee (Standing Interpretations Committee, SIC) examined the comment. These studies are based on experiences and discussions on implementation of standards by the EU companies. Also, EFRAG, standards' **developer organizations and also taking in the views of market participants, the Regulation of the existing standards of the European Parliament and the Council has formed the view that** meets the qualifications required by the regulations and VFRS 's "as a whole" has proposed the approval. This recommendation No 1606/2002 of July 19, 2002 and the decision of the European Parliament, was released on September 11, 2002 and was accepted by the European Parliament and adopted by the parties concerned. Under the new regulations starting from the late 2005 it would be subject to the EU member states with this decision, banks and insurance companies, including all companies registered on the stock exchange, in accordance with VFRS if they are required to prepare consolidated calculation since 2005. This regulation has been left free to the Member States to expand to all companies. This application, IAS 32 and 39. 5 with their comments, 16 and 17 SIC 's cover all standards and interpretations outside. This is related to financial instruments with the exception of two standards and interpretations. The reason for keeping them outside of the scope, the IASB 's is an intensive study for revision of these standards with accounting professionals in Europe. Adopted in the EU, VFRS 's not been applied where it will continue to maintain the validity of the fourth and the seventh directives.

In this context, the Accounting Regulatory Committee which will operate at the political level, is required to be established under the EU rules. The Committee is composed of representatives of the Member States and chaired by the European Commission. The Committee endorses the EU that it is suitable for the IAS. Thus, since 2005, there was an integrated approach to a more capital market objectives, improved competition and transparency, capital is provided to circulate more easily.

VFRS in the EU 's will be involved for promoting and facilitating the implementation of the standards published in languages of the member countries. The European Commission will prepare advanced financial reporting from the fact that it is important in terms of investor protection movement, the new structure will force application of accounting standards and creation of control system. However, just as the basis for national auditing standards prepared by the audit reports, any benefits in these applications will be significantly reduced. In this regard, studies on the future of the audit have been carried out in the FEA according to the European standards. FEA issued by the EU on the International Auditing Standards Draft called discussion paper, is the first and the most important work in this field. In the text, members are of the opinions towards ensuring compliance with the accounting practices in their respective countries. Indeed, due to differences between national auditing standards of the member states, those who benefit from the audit report, are spending additional resources in order to understand the degree of assurance given in the report. This raises cost of doing business. Reliability of audited financial statements together with raising of cash flows among countries will provide an increase in trade of goods and services in all sectors. This enables improvement of the draft audit quality, combining the European capital markets and all companies registered in these markets and it will support achievement of the objectives started to use with the IAS by the end of 2005.

The arrangements made for accounting practices within the EU, at the same time, the issue of whether to continue to apply in the context the instructions available on the agenda was present. IFRS 's suitability for the companies that use accounting guidelines, if replacement of these guidelines will continue to be mandatory, has to be approximated. At least the national accounting standards' had to be revised and revamped for approximation of these directives IFRS 's even after removal of the scope of the company's accounting instructions using IFRS.

IFRS 's are expected to be aligned with the Directive, to continue practice of having the ability to be able to compare all limited liability companies in the EU. To this end, harmonization of standards legally established will contribute to the "Accounting Regulatory Committee". It will also contribute to creation of international accounting standards that will be published after this committee has harmonized international accounting standards issued by the EU and all member countries will use it. At the same time, the IFRS 's use of the companies' accounting directives will also help to pass to the more complex financial reporting system as the minimum requirements of IFRS.

The IFRS, the Accounting EU directive involved approximation of their work, as well as strategic issues, technical issues are also available. Examples of strategic issues may be the question of how it can be achieved by the companies without any need of changing instructions to make changes in the structure of the law. In accordance with the fourth directive, a legal function and the individual financial statements have both informative function. The objective of general purpose financial statements in accordance with IFRS financial condition of the business, operating results and cash flow are available to all users of this information by providing information about financial statements. This situation also applies to consolidated financial statements pursuant to the Seventh Directive. Coming together with the legislative function of informing function of the individual financial statements of the problems is the focal point to be solved in the renewal of the accounting directives.

If there are technical problems between IFRS and accounting guidelines, they are very diverse. In particular, although it is based on historical cost accounting principle IFRS directive's, it is true that in many standards adopted fair value measurement principles are increasing differences. Similarly, strict adherence to precautionary principle and realization of accounting guidelines are the basis of these differences. IFRS in accordance with the precautionary principle is one of the qualitative characteristics that define reliability of financial statements. Fidelity presentation, importance of priorities of the essence rather than form, qualitative characteristics sought for the same level of confidence in impartiality and completeness. Therefore, according to IFRS precautionary, the estimation approach applied as required under conditions of uncertainty is insufficient attention showing the operation. Accordingly, assets and income of the company should not be exaggerated or expense should be shown less. According to the principle in Article 3 of the Fourth directive happens: only the balance sheet "obtained profits" *date* may be included in the final accounts. However, IFRS are included in valuation differences arising from the results account. Cases are discussed here, when I display any income. Hence the risk to financial statements of the company's credibility because of its importance and role in legal and accounting information, differences can only be solved through a single conceptual accounting framework that can be adopted throughout the EU. Various opinions have been proposed in order to zoom in the EU. In this study is focused on the following points:

- IFRS 's applying to exclude the firms and to switch to a different mode
- Using a higher level of regulation of the EU accounting directives
- IFRS accounting principles generally accepted nationwide with amendments to the approximation of
- IFRS accounting guidelines' final arrangements for implementation of the full approximation of IAS in Europe were made in May 2001. The European Parliament has confirmed AS 39: Financial Instruments: Accrual and Valuation Standards so as to allow the application to amend the EU Directive. The proposed regulations for the Accounting Directives, IFRS 's application to the member countries of similar and high quality financial reporting enables them to do, to improve disclosure of risks and uncertainties, and the audit report will allow to increase the coherence and consistency. Directive proposal: IFRS 's in places not been applied, the fourth and seventh guidelines also indicate the completion of these guidelines and will continue to meet the EU accounting requirements. Therefore instructions will remain in practice for almost five million companies in Europe.

Section Two Accounting Systems, EU Accounting System Adaptation

1. Turkey's European Union Integration

World technological advances and globalization is going through the process that is dominant.

The effect of these changes in the society, as in all walks of accounting profession, is continuing to affect the accounting systems and practices. One of those most affected by the 21st century in this context is the accounting profession.

If we look to the growing trend at the international level and implementation of accounting and accountants it will change the angle of view and give to them new dimensions. In other words, removal of more prominent and increasingly important responsibilities of accountants in business management contribute towards formation of order that will allow them to assume new roles.

In this context, Turkey's integration into the EU and the world with a new level of understanding of the accounting profession is important for the future.

Turkey's EU integration will namely develop a stable Turkey, the EU will mean an increase in economic and political power in the region. It is up to the EU and Turkey, whether world peace and stability will be profitable.

2. Accounting Standards in Turkey and International Standards Compliance Applications

Accounting Standards in Turkey, as a late deal to attain legal status of the accounting profession, have been introduced with the Law No. 3568, published in 1989. The Disciplining of the accounting practices of the profession was therefore accordingly delayed. Polyphony in accounting practices was introduced in 1994 with the 'Accounting System Application General Communiqué' and are largely preventable. However, this arrangement does not include current practices in the international arena, our accounting system completely in order due, and this shortage, by the accounting profession senior union TURMOB in 1994 TMUDESK (Turkey Accounting and Auditing Standards Board) has led to formation of TMUDESK by publishing the guidelines.

TMUDESK, in order to eliminate the need for accounting standards, accounting, interest groups representatives (professionals, financial statements, practitioners and users, government, private sector, universities and others) to produce with participation and standards in line with international accounting standards, was founded on February 19, 1994.

TMUDESK is an autonomous organization which continues to work with the support of TURMOB. The inception of the working committees formed within a very valuable work done in this day and the Turkey Accounting Standard (IAS) was issued. However, these standards could not find enough space there because there were no obligation to use it.

Regulations of the SPK and BDDK on accounting practices in Turkey have brought in subject to a certain standardization organizations. In addition, although not required to address the needs of international capital companies operating in Turkey, IAS began to be used in presentation of financial reports. It also uses funds from international capital markets and international lenders to secure loans from financial reports filed by Turkish companies in the IAS and these financial reports were kept open to inspection.

With formation of the Board, the Turkey Accounting Standards are intended to resolve the lack of standardization in accounting, will produce accounting standards that will apply in international arena and will allow the use, enforcement of state support to establishment of accounting standards.

3. European Community With Accounting Education: Comparison of Accounting Education in Turkey

Turkey is a candidate to the European Community. In the adaptation process, the country enters into certain commitments ensuring no economic cohesion in the foreground. However, in later stages, the accounting education will be required to ensure compliance. Therefore, it is necessary in observance of the agreement between the European Community and Turkey to conduct accounting education and training in the country.

Accounting Education in Turkey is given in the business section of the Basic Trade High School and University.

Evaluation of the training program:

Three different programs are implemented in the business section of our university. These programs - Fixed Programs, Reconciliation and education programs are programs within the area of elective courses.

- Fixed Sections as a Program Implementation:

This type of program is applied only at the Hacettepe University. In the program, in business, all courses are given in the form of a plaque. Accounting courses for each course where participants want to be in business have less scope than in any other programs.

- Reconciliation by Area Location Implementation of the program on AI:

This type of program is implemented in Gazi University and Marmara University. At these universities, the business section, according to the student's interests, can be specialized in accounting and business. Specialization in Gazi University, is on the third grade, the fourth grade is from the Marmara University. Common for both Universities is that they have a high number of students and an accounting faculty.

- Implementation of the program where the Department of Elective has participated: This type of program, except for the above university, is implemented in all universities. Each program includes, mostly, financial accounting, management accounting, cost accounting and financial analysis located lessons. The following subjects are offered in these programs: partnerships, accounting, auditing, bank accounting, insurance, accounting, computerized accounting, setting up accounting systems, foreign trade and accounting, cooperative operations and accounting, advanced accounting and accounting theory.

In programs where the elective courses are offered as elective courses in accounting, the number and nature of the courses differs widely. In fact, in some programs, electives include little or absolutely no accounting courses. In these programs, the number of accounting courses, where the compromise is, is well below compared with the space of application. Partnership accounting, auditing and advanced accounting are generally present as few electives courses in these programs.

The fact, that the accounting faculty at universities has strong position and many students, seems to outweigh the accounting course.

The content of education in Turkey is parallel with development of the country. In particular, the purpose of training is to learn philosophy of the European Communities and of the United States seems to be applicable. The reason for this is the lack of economic opportunities as well as the number of teaching staff. Currently, the education system continues to be teacher-centered. Active participation of students is not possible in this system.

Training in accounting, computer use and computer software package (NETSIS, ETA, Link, LOGO, SUMMIT, LUCA, MICRO ETC.) has become extremely important. Our faculty is provided with computers at the rate of 30% from the required level. The average number of students per one computer is about 90.

However, it should be noted that for the most part the facilities of private universities, compared with state universities, are considerably higher. In this university, with the small number of students per instructor, it is possible to ensure active participation of the student at the course. In addition, information technologies are widespreading in both universities regardless of economic power of students.

Many concepts are discussed in parallel with Turkey's economic development patterns, and then by European states to come to the fore in academic circles, and then they will be implemented in curriculum. One of the reasons for delayed appearance of this concept at the agenda to us, stems from its realization in business, from different dimension of expectations, from accounting. Currently, accounting is not producing knowledge, it is seen as a mean of fulfilling requirements of tax legislation.

In education in Turkey, a share of mathematics and statistics from both the number and area of application of the course discipline is very small. These courses are given as lessons from both business applications, as long as it is used in the accounting courses.

In European Community countries curriculum is based on electives program. Electives starts from the first year and its number is increasing toward the end of the class. Elective courses according to students' tendency make it possible further specialization in the field of their choice.

Courses in accounting, financial accounting, management accounting and financial analysis courses are often among the compulsory courses. After administration of general accounting logic, this mainly shows that focus is on the interpretation of the accounting function. In particular, when using mathematical and statistical techniques, this function is made more effective.

In education, importance is given to seeing and applying learning. In this process, the computer technology is gaining weight.

The European Community itself and the community movement has a major impact on accounting education in Europe. The main purpose of the effects, is aimed at ensuring compliance training. Published guidelines, educational projects with schools work of unity among themselves are the main factors affecting sleep in accounting.

From a European perspective, looking at the accounting education in Turkey, in particular, content of the accounting course needs to be revised. Possible procedures to implement the improvements.

- Lecture: students' active participation should be ensured, they should be focused on learning and applying seeing.

- In Business Administration: transition to elective courses must be made. In these courses, students are qualified to provide specialization according to trends and care should be taken for to make up a structure of a growing number of elective courses.

- Business Sections: accounting or accounting and finance departments should be established. In particular, the universities and my space applications are quite convenient in this regard.

- Computers: weight should be given to use of technology. Facilities provided by computer technology should be used in accounting courses. You should also re-create content of computer courses and programs should focus more on the use of teaching.

The weight of Mathematics and statistics courses should be increased. In particular, consideration should be given to use of these courses within the scope of teaching accounting courses.

- International Regulations and accounting standards: should be within the scope of the accounting courses. It is, of course, that in a sense, implementation of tax legislation is compared with the weight lifting (Karapınar, 2001).

4. One for the Measurement of International Accounting Adaptation Applications: Comparison of Russia and Turkey

Nowadays, quickly opening out as a result of globalization of economies, economic relations have increased and economies have become interdependent. Therefore, for to promote activities of multinational companies has increased efforts worldwide. These developments are

occurring at the international level in terms of financial reporting and accounting practices, but there are problems or discrepancies. Economic system of the country, cultural factors, business partnerships understanding of the state's structural arrangements, organization of the accounting profession, legal system, financial providers (the owners of the paving), and international accounting standards are the reasons for the differences.

These differences are obstacles for globalized firms (or investments) to creation of comparable financial statements. To report results of its operations in the country invested, to determine accuracy of these reports and to determine profitability of investments in the country due to different accounting practices and comparison can be an arduous and expensive process. For example, Dutch electricity company Philips report 2001 where US GAAP (Generally Accepted Accounting Principles) have been applied, would have continued losses from operations, in accordance with Dutch GAAP there have been less than 5% of the losses on the report prepared.

4.1. . Theoretical Framework

4.1.1. Studies Related to Harmonisation In Turkey

When the accounting system implemented in Turkey is taken historically, it is observed that it was economically affected by the accounting system of the country where close ties existed. In this case the reference to the first accounting system in Turkey, France, was given, then the effects of Germany's accounting system were observed. In subsequent years, relations with the US have gained weight and our accounting system has been viewed effects of the American system parallel to this situation. Towards the end of the 80s the work for Turkey's the EU membership and entering the EU integration process has started, IAS is also compatible with the rapid increase of Turkey in the process of globalization in the world, providing the opportunity to compare financial markets; clear, understandable, transparent, reliable accounting has necessitated creation of standards.

Accounting Professionals Association of Turkey conducted the first study on establishing a national accounting standards in Turkey (TMUD), it made Turkish translations of international accounting standards and publication of these standards.

Globalization and studies related to accession process to the European Union in Turkey for the national accounting standards IAS \ has necessitated preparation in accordance with IFRS. Firstly established in 1994, the Turkey Accounting and Auditing Standards Board IAS / made various efforts to create standards compliant with the IFRS. The Turkish Accounting Standards Board, the only competent authority in national accounting standards published in Turkey, was established in 1999. Today 39 IAS (Turkey Accounting Standards), 6 IFRS (Turkey Financial Reporting Standards), 2 IAS draft of 1162 pages as a book are published.

On the other hand, Basel II criteria started to be an important issue in terms of harmonizing. These criteria are foreseen as the risk-based control mechanisms and IAS of all businesses from the entry into force of these criteria / IFRS compliant with Turkey, which has become mandatory to use the Accounting Standards. In this case, the entity of the financial structure, more open to financial statements, will increase market discipline by allowing transparent and reliable way to reflect risk management in banks, it is likely to allow formation of culture. Turkey will also be examined under separate headings below (Uyar & Aygören, 2006) for use of the IAS / IFRS standards in compliant global situation.

4.1.2. Harmonization Process with International Accounting Standards in the World

IAS / IFRS compliance is mainly the assessment of international comparability of financial statements, in order to increase the flow of international and multinational process to reduce the cost of preparation of financial statements of the company. As a result of globalization it become necessary and required by international accounting standards, so in many countries, IAS / IFRS harmonization efforts for the national accounting system have been made and are still underway. IAS / IFRS adaptation to the US, Russia and the EU, including studies, is reviewed under a separate title.

4.1.2.1. Studies Conducted in the US

Businesses operating in the market with participation of Directors as a result of a lot of effort, has become obligatory for accounting standards to be recognized at international level and the International Accounting Standards adopted in 1973. Through common standards to be established by the Board, the opportunity to compare financial reports of companies operating in the international market will be provided and productivity by reducing risks of investment will be increased. Transnational regulatory, cultural, social and economic and political differences have made this process even more challenging.

One particular need to focus on the people are working in the world is how to harmonize practices in the United States. AICPA (American Institute of Certified Public Accountants) published by the Accounting Research Bulletin 51 began with creating standards in the United States in 1939. This organization's work has been unsuccessful for various reasons, and work for creating accounting standards was continued since 1965 by APB (Accounting Principles Board) with the opinion issued by Accounting Research Bulletin 31. The activities of these organizations have to meet the requirements and have been unsuccessful.

Founded in 1972, FASB (Financial Accounting Standards Board) has published 133 standards in its ongoing work. These standards are defined by establishment of the mission to national investors in financial accounting and reporting, use of financial information to investors and issuers of shares and standards for training and development. FASB has created GAAP' in the US. Today IAS / IFRS with US GAAP are the most accepted and used in the international arena, and although there is a method used in large areas in the United States, accounting scandals such as WorldCom and Enron occurred in recent years revealed that the institutions have a number of deficiencies. This resulted in harmonization efforts gained momentum and on 18/09/2002 Norwalk Agreement was made to establish a high quality compatible standard. This mutual agreement was a significant step towards the US formalising its commitment to convergence of the US GAAP and International Financial Reporting Standards.

On the other hand the installation of America's capital markets and capital markets, regulated by the SEC (Securities Exchange Commission), preparation of financial report of the company is required to keep the use of the US GAAP. Foreign companies have seen their national systems outside of the US GAAP principles and were required to choose IAS / IFRS in order to use the report as provided in the memorandum accounts based on the US GAAP.

4.1.2.2. Studies Conducted in the Russian Federation

In 1998 Russia introduced its national accounting standards and prepared a program to align it with the IAS / IFRS. The Ministry of Finance of the Russian Federation has taken important steps since 1998, 20 new standards have been issued by harmonization efforts. Alignment route has been declared by government in the form of integration of IFRS with the Russian Accounting Standards.

The EU has presented a project to dissemination of IFRS in Russia. In December 2005 the Russian Federation initiated a 2-year project for application of the Accounting Reform; accounting firms, professional organizations including the Russian trade, should be involved. Starting from 2004, all commercial banks are obliged to prepare financial statements in accordance with both national and international accounting standards.

Harmonization studies targeted IAS / IFRS transition plan has been fully postponed to 2010. Full transition plan has been engaged since 2010.

4.1.2.3. Studies Conducted in the European Union

Increase in securities issued, consisting transformation into the EU single market and the world's and capital markets as well has led to the growing importance of accounting harmonization efforts.

The EU harmonization process began in 1978 with the adoption of the fourth directive. Certain companies implemented accounts directive by the end of the year for company assets, debts, financial status, profit or loss as a true and accurate reflection of demands of the balance sheet. The fourth prepared directive for certain types of companies' financial statements of formal structure, scope has organized monitoring procedures related to valuation principles. The seventh directive is responsible for preparation of consolidated financial statements for another company (subsidiary) legally controlling companies (the parent company).

The eighth directive issued under study include issues related to harmonization and quality auditors to conduct audit of financial statements.

The EU company harmonization law program has been completed in the late 1980s, and the Accounting Directives to the laws was intended for all the member countries. Practices related to this Directive can be considered as the first step necessary for harmonization of accounting in the EU. However, the lack of adequate techniques in practical implementation of directives, economical and technological developments occurring after publication of the directive, the member countries saw no differences in codification of this Directive, major company of the country have experienced problems such as inability to adequately benefit if they comply with the EU accounting standards on international capital markets.

Significantly increased complexity as a result of commercial transactions with the adaptation of the Directive resulted in a statement made in 1995 by the member countries of the international firms, the European Commission has recommended to allow them to prepare their financial statements in accordance with IAS.

In June 2000 the European Commission has issued notification in accordance with IAS preparation to increase competitiveness of the capital market in the EU and to integrate financial statements of the specified companies on the stock market in the member countries of the EU. In September 2001 the European Commission officially declared the companies' financial statements as of 2005 to prepare in accordance with IFRS. France and Germany forced quoted companies with debts to go to internationally recognized GAAP (the US GAAP). Additional changes have been made to adapt the proposal for postponement until 2007 for the companies using IFRS. This proposal was approved by the the majority of European Parliament in March 2002 and since that time the company listed in the EU has been under the influence of the proposal. Since January 1, 2005 7000 companies have passed to the IFRS. Since the EU's enlargement this number has reached 9000 companies.

Conclusion and Recommendation

Capital markets in cooperation with domestic and foreign capital give a great power to quality of the accounting profession in performance of individual investments, thus contributing to economy as a whole. Accountants with the experience and consulting roles for KOBİ are very important in the engine of economic growth in all countries. Increasingly, the importance of accountant's work life becomes complicated and it will be increasing. In response to developments in recent years some professional organizations have been working to help the accountants. These are: the International Federation of Accountants (International Federation of Accountants-IFAC), it has focused on four key areas in relation to impact of globalization on the accounting profession. These are: harmonization of standards for to achieve more transparency about the process of creating and developing standards, new roles and to prepare accountants for the market changes, to increase accountability. The IFAC's first activities have been done on education for to prepare accountants for the future. The majority of international educational standards which entered into force on January 1, 2005 (International Education Standards-IES) have been published. After six financial scandals and studies made, the American Institute of Certified Public Accountants (American Institute of Certified Public Accountants -AICPA) will educate accountants especially if the basic issue has assumed a leadership role. These ones are:

- Default making role,
- Collaboration role (especially among market institutions with the company)
- Research role (especially in relation to companies cheat)
- Educational role
- Promote the role of financial reporting level,
- Strong supporting the role of internal control systems and corporate governance.

There are few studies in Turkish literature, that prepare accountant for the future. From the literature, benefiting from the results of research carried out and developments affecting the accounting profession we have explained above, regarding the future of the accounting profession in Turkey, it is possible to make some assessments. These ones are:

- **Colleagues should think globally:** a global market is developing, professionals must think globally and act by targeting the highest quality. Because of the global market on the basis of competition between firms in the future, the accountant will have more to say in decision-making. To be made taking into account the global financial reporting interest groups, accountants Umeda accounting procedures, reporting, degrees of freedom in interpretation of analysis will be well below the level of the day. Parallel to development of the accounting profession and globalization of economic structures that achieve a dynamic structure, the accountants have to renew their professional knowledge and experience continually. Mandatory professional education credits for professionals varies in the US between 30-40 hours annually.

- **Outsourcing will affect accountants:** costs of a lot of work being done in the developing countries are lower compared with the United States. Examples of jobs that have been outsourced: software development, call centers, product development and back-office accounting. For Example, the US insurance company AIG has established a 400-person office in the Philippines to work on this issue. Outsourcing in Turkey, could be a future threat to the dependent accountants. On the other hand, outsourcing can be the best opportunity for professionals. As a

result they turn to outsourcing of business, it will provide cost savings or reduction of additional costs and so on. These issues must be taken into account by the accountant (Arikan, 2002).

- **A common accounting language in the world is created:** Such is the language of IFRSs. IFRS needs to be applied consistently internationally and a future IFRS will be more complex. It should be noted that IFRS aims to produce financial information of higher quality. Furthermore, implementation of these standards today is very important because of transparency, so it is important for corporate governance.

- **Technical superiority is a priority:** As a result of advances in technology for accountants, there are no more restrictions on time and place, this is the function of nature of these days. Based on the results of research, there is internet connection in all of the accountant's offices. Also the number of accountants or accounting offices according to the website of the company is 25. However, Turkey's applications for e-government are increasing every day. These developments facilitate the further accountant's work. For example: it is possible to submit declarations and notifications via internet, to make any payment for taxpayer and to other institutions, data and information exchange can be provided,.

- **Accounting profession should attract high qualified people:** accountants are involved in information business in new economy (company information) as shown. An information company is usually able to solve complex problems in different situations and with a highly trained staff, it is a special type of a service company. Therefore, creativity and commitment to high rates of individuals are in the foreground. Education, a good professional judgment ability, project management skills, ethics and ability to think strategically in a broad business perspective are extremely important for professional accountants. For a powerful future of the accounting profession, accountants:

- Can communicate in a powerful way,
- Understand the technology,
- Can think strategically,
- Have to participate in the continuous learning process,
- People who are prepared to take lessons from past mistakes in profession should pull the profession.

In this context, professionals or candidates should be encouraged for postgraduate education and foreign languages learning. Today's accountant, with the view of national and international economic developments and issues related to relationships, should be especially prepared for economic crisis. Since the beginning of 2003, the US introduced changes for to enter to the accounting profession and accounting education, which was previously 120 credit hours, now there are 150 credit hours of continuing education requirement.

According to the results of research, 7% of accountants who participated in the survey were college graduates, 13% speaks any foreign language at a good level, and 80% of the company are able to follow developments regarding the world economy. These rates should be higher under modern developments.

- **Advice should be brought to the fore:** If accountants come out of only summarization function, if they begin to make comments, if you convert data into information, if you make it to generate decisions that create added value, you will see an increase in earnings as a result of all of these steps. According to the results of the research, the main services the accountants provide to taxpayers are the following: book-keeping, preparation of financial statements and tax returns; tax and consulting in accounting and social security comes in second place.

Created in the IFAC by a working group for small and medium-sized accounting firms (Small and Medium Practices Task Force), three basic needs that they expect to happen in the future for accountants were listed as follows: the need to be customer-oriented, the need to compete globally against and the need to adopt a strategic capital asset information.

- **Specialization is needed:** quality of service will increase, specialization skills will be brought about. Major specialization types can be based on industry and professional activities. Proportion of taxpayers in the same sector of the accountant in the survey was 3%; 97% of taxpayers belonged to different sectors.

- **The number of jobs should be limited: today accountants are faced with a preference as follows: either to record a large number of taxpayers to be studied or to work with fewer taxpayers by rendering also consulting services.**

- **Ethical values should be considered:** not considering taing ethical values may damage the professional reputation of accountant. With the accounting scandals emerged in recent years, accounting information should be true, quickly delivered to those in need of this information. Independence of the profession should be protected by public interest. On the TURMOB site an "ethics center" has been established to coordinate activities related to ethics. An "ethical center" should be also established by KGK. Furthermore, as it is customary in New York, accountants take a 4 hour professional ethics training to be mandatory kept every three years.

- **Economic infrastructure must be provided:** development of accounting is closely related to development of current economic environment. It requires intensive training and information processes in the countries concerned for implementation of the EU common standards. By establishing training centers in Turkey, the EU communication or information services must be fulfilled completely. It is also important at the level of users of financial reports. Otherwise, the need to produce sophisticated information will not appear. Therefore, raising the nationwide education and intellectual level of business owners and managers should be overriding priorities. In order to ensure economic development, Turkey should become a center of attraction for home and foreign investors. For example, lowering tax rates, reducing the unregistered economy, entry into force of international accounting standards, corporate governance, and expansion of these standards for public and private sector will ensure economic development.

- **Professional liability insurance should be given:** emergence of the profession requires professional insurance during performance of professional duties including sharing of possible risks called "professional liability insurance". Professional liability insurance widely applied in the EU, has found very weak application in Turkey in recent years due to limited possibilities. The profession is expected to have heavy responsibilities in future. Professional liability insurance should be made mandatory.

- **Accountants incorporation should give importance:** in particular independent accountants, due to serve a small number of customers are likely to make sacrifices for independence principle to miss customers. Growth among themselves by entering into merger of Accountants, as well as technical information, both in terms of independence, can also be found to contribute to experience and expertise in such areas as business volumes increased and strengthened. According to the study on the survey results of 122 accountants, 20 accountants were engaged with other professionals in professional activity. They formed 12 partnership offices, while 8 continued the partnership as a limited company.

- **Institutional infrastructure should be strengthened:** in particular, technological developments and impact of global developments on accounting education is apparent. Universities, technology in accounting education programs and programs should create weighted approach

to give place to new topics. KKG, TURMOB and institutions such as the Ministry of Finance will prepare the data base with correct information as soon as possible and provide this information to accountants. In addition, control developments in the profession, regulations aimed at improving quality of audit activities will also contribute to development of the accounting profession.

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