Determination of Policy Preferences related to Inventory and Assets Valuation and Depreciation Methods: A Research on Istanbul Stock Exchange

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Abstract

Companies make some choices in the creation, namely in the recording and reporting processes of the accounting data. These choices are defined as the accounting policies. These policies require the implementation of policy choices made by companies in order to ensure comparability of the financial statements as per the basic concepts of accounting. Companies may develop accounting policies to present reliable information about their financial positions and according to their own changing conditions. Policy changes according to standards are all important in terms of comparability of the financial statements and showing the real positions of companies. Therefore companies present their policy changes and the information about their operating results through financial statements and footnotes to financial information users. This is important in terms of presenting the effects of preferred accounting policies on financial statements to information users. The preferences of Valuation Methods of Inventory, Tangible Assets Valuation and Depreciation Methods, Intangible Assets Valuation and Depreciation Methods, which are critical for companies and included by SEC (Securities and Exchange Commission) among the policies that have to be disclosed, were analyzed in this study

Keywords: Inventory and Asset Valuation Methods, Depreciation Methods, Accounting Policies

1. Introduction

Financial statements are created and regulated in accordance with the accounting policies taking place in the scope of the financial reporting and accounting standards preferred by companies. Accounting policies are described as "the principles, rudiments, traditions, rules and applications" according to TAS-8 Accounting Policies, Changes in Accounting Estimates and Errors Standard (TAS 8 Article 5). The standard aims to grow validity and reliability of the financial statements and to ensure comparability between the previous period financial statements of any company and the financial statements of other companies.

The accounting policies preferred by companies should be duly implemented for financial statements of companies to be comparable in accordance with the basic concepts of accounting. On the other hand, the accounting standards offer some compulsory and optional preferential rights to companies as per their own conditions for the implementation of some accounting policies. Companies may change their accounting policies according to their own changing conditions to present reliable information about their financial conditions. Policy changes as per the standards are crucial in terms of comparability of the financial statements and showing the factual situation of companies.

The accounting policy preferences begin with the resolution process with the information about the financial statement and cover the preferences of recording methods, year-end inventory procedures and the preferences related to valuation (Bayırlı, 2006:155). However, users of financial statement want to have the opportunity to compare the financial statements of the companies for the past few years. Therefore, it is expected the same accounting policies to be implemented by the company termly as per the similar transactions, events and situations in accordance with the coherency principle. According to TAS 8, the accounting policy preferences and implementations should be as per the current standards and comments (TAS 8, Article 8). If there's no definite standards related to transactions, events and conditions or comments related to subjects, companies may implement an accounting policy as they wish for the relevant financial statement item, provided that it is consonant with the accounting standards. For example preference of inventory valuation method and determination of depreciation calculating method are within the scope of these accounting policies.

In cases where the accounting policies are determined by the companies, reliable, impartial, prudent policies which are consonant with the decision making needs of the accounting data users, realistically show the financial condition, operating results (financial performance) and cash flows of the company, reflect the legal structures as well as economic aspects of the events, transactions and conditions should be preferred (TAS 8, Article 10). However, some accounting policy preferences are of the essence particularly in financial resolution processes of the companies. These are the accounting policies determined by SEC (Securities and Exchange Commission). The policies determined by SEC may be more critical and important compared to the other ones (Aygün and Varıcı, 2013:155-156). The said policies directly influence the financial status and operating results of the company. Therefore, business executives should make decisions related to these policies according to the specific conditions of their companies (Özkan and Balsarı, 2009: 270). On the other hand, some important accountings policies determined by SEC (Securities and Exchange Commission) and analyzed within the scope of the present study are inventory valuation method, depreciation methods, tangible assets valuation methods and intangible assets valuation methods. The methods and rudiments that can be preferred related to these methods can be explained as below within the scope of the Turkish Accounting Standards in tune with the International Accounting Standards.

Inventory Valuation Methods include cost of inventories; all purchase costs, conversion costs and other costs to bring the inventories to their current situation and position (TAS 2 Article 10). FIFO (first in first out), one of the inventory cost calculating methods, and weighted average cost method were permitted in the standard (TAS 2 Article 25).It was stated that the average could be calculated depending on the work flow of a company periodically (period-end weighted average cost method) or after each additional purchase/production (moving weighted average cost method) (TAS 2 Article 27).

Depreciation Methods; the depreciable amount of tangible assets is distributed systematically during their useful lives (TAS 16 Article 50). The straight-line depreciation, diminishing balance method and current output methods are among the depreciation methods in the standard (TAS 16 Article 62). Depreciation is allocated according to pro-rata basis. The Depreciation method and the useful life of assets should be reviewed at least by the end of each accounting period (TAS 16 Article 51). No depreciation is allocated to assets without useful life (TAS 16 Article 58). The redeemable amount of intangible assets with limited useful life is distributed systematically throughout its useful life for the preference of depreciation methods in intangible assets (TAS 38 Article 97). The intangible assets with unlimited useful life are not subject to depreciation but are subject to impairment test every year (TAS 38 Article 107-108). The straight-line depreciation method, diminishing balance method and current output methods are among the depreciation methods in the standard (TAS 38 Article 98)

Valuation Methods Related to Tangible Assets; a tangible asset bearing the recognition criteria as an asset is measured by its cost when being recognized for the first time (TAS 16 Article 15). Following recognition of a tangible asset for the first time, it is valued with one of the cost or revaluation models in the following periods (TAS 16 Article 29). In the cost model, tangible assets are shown with their values after deducting the accrued depreciation and accrued impairment losses if available (TAS 16 Article 30). In the revaluation model, a tangible asset, the fair value of which can be measured, is shown with its revalue amount. The revalue amount is the value found by deducting the successive accrued depreciation and successive accrued impairment losses from the fair value of the tangible asset on the date of valuation (TAS 16 Article 31). Valuation Methods Related to Intangible Assets; an intangible asset is measured with its cost during its initial recognition (TAS 38 Article 24). Following the initial recognition of intangible asset, it is valued by one of the cost and revaluation models in the following periods.

In the cost model, intangible assets are shown as all accrued depreciation and impairment losses are deducted from their costs (TAS 38 Article 74). In the revaluation model, these are shown over their revaluation amounts, which are the amounts calculated by deducting all accrued depreciation and impairment losses from their fair values on the date of revaluation. The fair value is determined by being associated with an active market value in the revaluation model (TAS 38 Article 75).

2. Literature

In this section of the study, it will be referred to the previous academic studies in the literature about the research subject. As a result of the literature search performed, it was seen that researchers have tried to determine whether or not the accounting preferences and policy preferences of companies described their own situations within the scope of the accounting and reporting standards in general. In addition, researchers used financial statement footnotes while they were analyzing the policy preferences and made comparisons between countries and sectors. In this regard, the studies about the subject have been referred below.

Marşap, Çil Koçyiğit and Çına Bal (2007) analyzed the standards (stocks, tangible assets, intangible assets and borrowing costs) preferred by the publicly-traded companies in Istanbul Stock Exchange which are active in service, food and textile sectors, and the accenting policies in the footnotes of the relevant financial statements. As a result of the study, it was determined that the information about the accounting policies were given as a general format, company-specific structures were not reflected mostly and companies didn't show necessary sensitivity in describing the accounting policies they implemented in the financial statement footnotes.

Ulusan (2007) analyzed the descriptions about the important accounting methods in 2005 financial statements of 107 publicly traded corporations listed in Istanbul Stock Exchange, which ranks among the first 500 largest industrial corporations of Turkey, and tried to determine their accounting policy preferences. As a result of the study, he determined that "simple linear regression analysis results, except for the size of enterprises arranging consolidated financial statements, accounting policy preferences, economic determinants didn't explain the incomeseparative (detractive) accounting policy preference tendency" (Ulusan, 2007:195).

Christensen and Nikolaev (2009) analyzed the accounting policies of 1539 companies listed in English and German stock markets in terms of the standards of "tangible assets", "intangible assets", and "investment properties". As a result of the study, they determined the tendencies of the companies towards the optional accounting policies on the basis of countries.

Kvaal and Nobes (2010) created a sample comprising of 232 companies in total which are listed in German, English, Grance, Spanish and Australian stock markets in their study. They analyzed the standards such as "presentation of financial statements", "stocks", "cash flow statements", "tangible assets", "financial instruments: recognition and measurements", "investment properties", "borrowing costs", "employee benefits" and "investments in joint ventures" and determined the tendencies of the companies in terms of optional accounting policies on the basis of countries.

Öztürk (2011) analyzed 32 accounting policy preferences in Germany, France, England, Italy, Austria and Turkey by using 2008 and 2009 data of 162 public traded corporations. As a result of the study, he determined that companies implemented the optional policies offered by IFRS in case they are in conformity with the national accounting standards and they continued to implement national policies when IFRS and national accounting policies diverged.

Haller and Wehrfrittz (2012) carried out a study by using 2005 and 2009 data of the public traded corporations in England and Germany. They analyzed 15 accounting policies in order to determine whether or not these companies implemented the financial reporting standards consistently. As a result of the study, it was determined that IFRS to give the opportunity of optional policy created differences in the accounting policies implemented by companies and countries. On the other hand, it was also determined that the local accounting policies implemented by companies in their countries have changed with IFRS.

Aktaş (2013) analyzed 5 different accounting policies (inventory valuation method preference, depreciation method preference, valuation of intangible assets, valuation of intangible assets, valuation of investment properties) preferred by 134 publicly-traded companies that are active in 9 different sub-sectors of the manufacturing sector based on the 2005 and 2011 financial statement footnotes. Besides, he involved in the study whether or not these companies explained their accounting estimates and their accounting errors.

As a result of the study, it was determined that these companies preferred the accounting policies they preferred in 2005 also in 2011 in general. It was seen that the companies made insufficient explanations in terms of accounting estimations and errors.

Çil Koçyiğit (2013)analyzed the financial statements dated 31.12.2012 and financial statement footnotes of 259 companies listed in Istanbul Stock Exchange in terms of TAS 40 "Investment Properties Standard Policy". As a result of the study, it was determined that the companies didn't show necessary sensitivity in explaining the accounting policies preferred and points that have to be described about the investment properties in the financial statement footnotes.

Yılmaz (2013) analyzed the accounting policies in the financial statements of 10 companies that carry on business in Hotel, Motel, Hostel Management, Camping and Other Accommodation areas, which are listed in Istanbul Stock Exchange, in terms of inventories, tangible assets, revenues, effects of changes in foreign exchange rates, borrowing costs, impairment of assets, reserves, contingent liabilities, contingent assets and intangible assets standards. The standards researched in the study were separately referred in the conclusion section of the study according to the footnotes where the companies explained their accounting policies. For example, the stocks were evaluated with the lower value of cost and net realizable value and the tangible assets were measured with their acquisition costs during their initial recognition. On the other hand, it was stated that the borrowing costs were recorded after deducting the transaction costs from the amount of financial liability during the initial recognition. As a result of the study, it was determined that the footnotes in the financial statements of the companies analyzed were not in a certain order and had deficiencies.

3. Methodology

3.1. Method and Scope of the Study

In the study, some important accounting policy preferences of the companies in the sectors were analyzed through the frequency distribution method. For this purpose, the accounting policies and subtitles stated in the Table 1 below, which take part under the title of "rudiments of the presentation of financial statements" and explained by the sectors. Control lists were created by years on the basis of sectors during the analysis of the policy explanations. The explanations about the footnotes of the companies in the sectors were reviewed. A scoring was made according to the determined accounting policy preferences of the companies and it was scored with "1" in case of any presentation of information about the preferred policy and "0" in case of unexplained information. According to the control lists created, the accounting policy preferences of each company and the preferences on the basis of sectors were determined. This process applied to create a data set was repeated for the accounting policies determined for 2012, 2013 and 2014 for 21 sectors stated in Table 2 and 235 companies. The policy preference tendencies of the sectors within the scope of the study were described through the frequency distribution method comparatively on the tables and graphics created according to the policies on yearly basis. The policies analyzed within the scope of the study and the methods related to policy preferences were described in Table 1.

Table 1 : Some Important Critical Accounting Policies and Sub-Topics

Accounting Standards	Standards Objects	Policy Choices
IAS/TAS 2 Inventories	The preferences of Valuation Methods of Inventory	FİFO Weighted Average Cost Method Real Batch Cost Method Moving Weighted Average Cost Method
IAS/TAS 16 Tangible Assets	Depreciation Methods	Straight-Line Depreciation Method With Declining Balance Method The Production Units Method
	Tangible Assets Valuation	Cost Models Revaluation Models
IAS/TAS 38 Intangible Assets	Depreciation Methods	Straight-Line Depreciation Method Declining Method The Production Units Method
	Intangible Assets Valuation	Cost Models Revaluation Models

Due to it would be difficult to refer to all companies and sectors in business in Istanbul Stock Exchange both in terms of time and technique, the study was limited with 21 sectors stated in table 2 and totally 235 companies in these sectors, the 2012-2013-2014 continuous information of which could be reached within the scope of the study.

Table 2: Sectors Covered Research And The Number Of Companies

Number	Sectors	The Number Of Companies	Percent%
1	Mining	6	2,55
2	Food and Beverage	29	7,29
3	Weaving and Clothing	24	6,50
4	Paper Industry	7	2,03
5	Printing and Publishing	8	2,37
6	Chemistry Sector	6	1,82
7	Petrol Refinery	14	4,32
8	Rubber-Plastic	6	1,94
9	Stone-Soil	14	4,61
10	Iron And Steel	6	2,07
11	Metal Industry	8	2,82
12	Electric-Machine	28	10,14
13	Vehicles Sector	13	5,24
14	Energy	5	1,08
15	Construction	6	1,31
16	Wholesale Trade	6	1,32
17	Retail Sale	14	3,13
18	Hotel Management	11	2,54
19	Transportation	6	1,42
20	Communication	2	0,48
21	Technology Informatics	16	3,86
	TOTAL	235	100

3.2. Results

In this part of the study, the accounting policy tendencies of the sectors within the scope of the study for the years of 2012-2013-2014 were explained below in terms of inventory valuation methods, depreciation methods and tangible and intangible assets valuation methods.

Table 3: Inventory Valuation Method Policy Preferences of Sectors

|	FIFO		AOM		GPM		AOM+FİFO		HAOM		No Information	
Sectors	f	f %	f	f %	f	f %	f	f %	f	f %	f	f %
Mining	0	0,00	12	66,67	0	0,00	0	0,00	3	16,67	3	16,67
Food and Beverage	7	8,05	48	55,17	0	0,00	3	3,45	11	12,64	18	20,69
Weaving and Clothing	9	13,64	36	54,55	0	0,00	3	4,55	10	15,15	8	12,12
Paper Industry	3	16,67	15	83,33	0	0,00	0	0,00	0	0,00	0	0,00
Printing and Publishing	0	0,00	12	50,00	0	0,00	3	12,50	6	25,00	3	12,50
Chemistry Sector	3	7,14	30	71,43	0	0,00	0	0,00	6	14,29	3	7,14
Petrol Refinery	0	0,00	12	66,67	0	0,00	3	16,67	0	0,00	3	16,67
Rubber-Plastic	3	16,67	6	33,33	0	0,00	0	0,00	9	50,00	0	0,00
Stone-Soil	1	1,33	62	82,67	0	0,00	0	0,00	11	14,67	1	1,33
Iron And Steel	0	0,00	21	50,00	0	0,00	0	0,00	21	50,00	0	0,00
Metal Industry	1	5,56	9	50,00	0	0,00	0	0,00	8	44,44	0	0,00
Electric-Machine	0	0,00	14	66,67	0	0,00	0	0,00	7	33,33	0	0,00
Vehicles Sector	2	5,56	19	52,78	0	0,00	0	0,00	12	33,33	3	8,33
Energy	0	0,00	6	40,00	0	0,00	0	0,00	1	6,67	8	53,33
Construction	2	11,11	4	22,22	0	0,00	0	0,00	6	33,33	6	33,33
Wholesale Trade	5	27,78	1	5,56	0	0,00	0	0,00	6	33,33	6	33,33
Retail Sale	9	21,43	18	42,86	0	0,00	0	0,00	6	14,29	9	21,43
Hotel Management	0	0,00	11	33,33	0	0,00	0	0,00	11	33,33	11	33,33
Transportation	3	14,29	11	52,38	3	14,29	0	0,00	0	0,00	4	19,05
Communication	0	0,00	6	100,00	0	0,00	0	0,00	0	0,00	0	0,00
Technology Informatics	12	25,00	8	16,67	0	0,00	0	0,00	12	25,00	16	33,33

When table 3 is evaluated by years for the comparison of the inventory valuation method policy preferences of the sectors within the scope of the study, it is seen that 66.67% of the mining sector, 55.17% of the food and beverage sector, 54.55% of the weaving and clothing sector, 83.33% of the paper industry, 50% of the printing and publishing sector, 71.43% of the chemistry sector, 82.67% of the stone-soil sector, 50% of the metal industry, 50% of the iron and steel sector, 62.67% of the electricity-machine sector, 52.78% of the vehicles sector and 52.38% of the transportation sector preferred the weighted average cost method. However, it was seen that the communication sector preferred the weighted average cost method at a high rate like 100%. On the other hand, when the inventory valuation methods preferred at the second highest rates by the sectors were analyzed, it was seen that 50% of the rubber plastic, 50% of the iron steel, 44% of the metal industry, 33% of the construction, 33% of the wholesale trade, 33% of the hotel management, 33% of the metal industry and 33% of the electricity-machine sectors used the moving weighted average cost method. Differently from other sectors, the transportation sector was determined to be the only sector using the real batch cost method at a rate of 14.29%. Energy sector is the one that presents the least information about the inventory valuation method preference with a rate of 53.33%. This can be considered to be arising from the lesser number of inventory items of the energy sector. However, the other sectors offering the least information are the construction and wholesale trade sector with the rates of 33.33%.

**Table 4: Averages of Inventory Valuation Policies Preferences Method
According to All Sectorsby Year 2012-2013-2014**

	FIFO		AOM		GPM		AOM+FİFO		HAOM		No Information	
Years	f	f %	f	f %	f	f %	f	f %	f	f %	f	f %
2012	18	7,36	121	52,79	1	0,68	4	1,77	49	21,3	35	16,11
2013	20	8,57	122	52,58	1	0,68	4	1,77	50	22,28	31	14,12
2014	22	8,95	118	51,24	1	0,68	4	1,77	47	21,49	36	15,86

When table 4 is evaluated by years for the inventory valuation policy preferences of all sectors, they are seen to have preferred the weighted average cost method at a rate of 52.79% in 2012, 52.58% in 2013 and 51.24% in 2014. The policy preferred by the sectors at the second highest rates is the moving weighted average cost method with a rate of 21.30% in 2012, 22.3% in 2013 and 21.49% in 2014. The sectors were determined to have not presented information about their inventory valuation methods at a rate of 16.11% in 2012, 14.12% in 2013 and 15.86% in 2014. Consequently, according to the policy preferences related to the inventory valuation methods of the sectors, it can be said that the companies in these sectors consistently implemented their policies without changing them in general by years.

Graphic 1: Three-Year Average Distributions of Policies
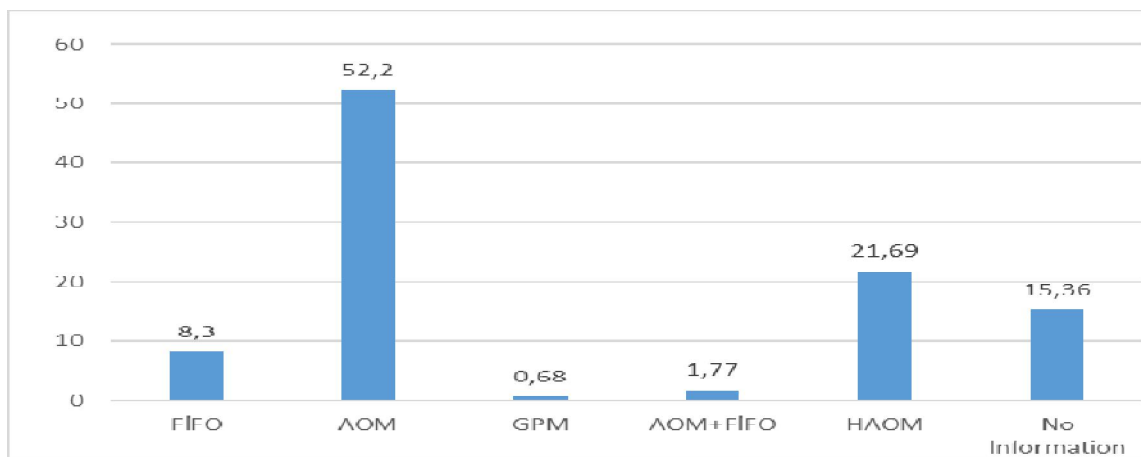
When graphic 1 is analyzed for the three-year overall situation of the sectors, it is seen that the sectors preferred weighted average cost method at a rate of 52.20%, moving weighted average cost method at a rate of 21.69%, FIFO method at a rate of 8.30%, weighted average cost and FIFO method together at a rate of 1.77% and real batch cost method at a rate of 0.68%.

In addition, it was determined that the sectors didn't present information about their inventory valuation method policies at a rate of 15.36%. Considering the three-year overall situation of the sectors, it can be considered that sectors to disclose the same policy at a high rate despite they have different inventory items may show that the companies in these sectors preferred policies according to their ease of implementation instead of specific policies suited for their own structures.

Table 5: Selection of Depreciation Policy Preferences According to the Sectors

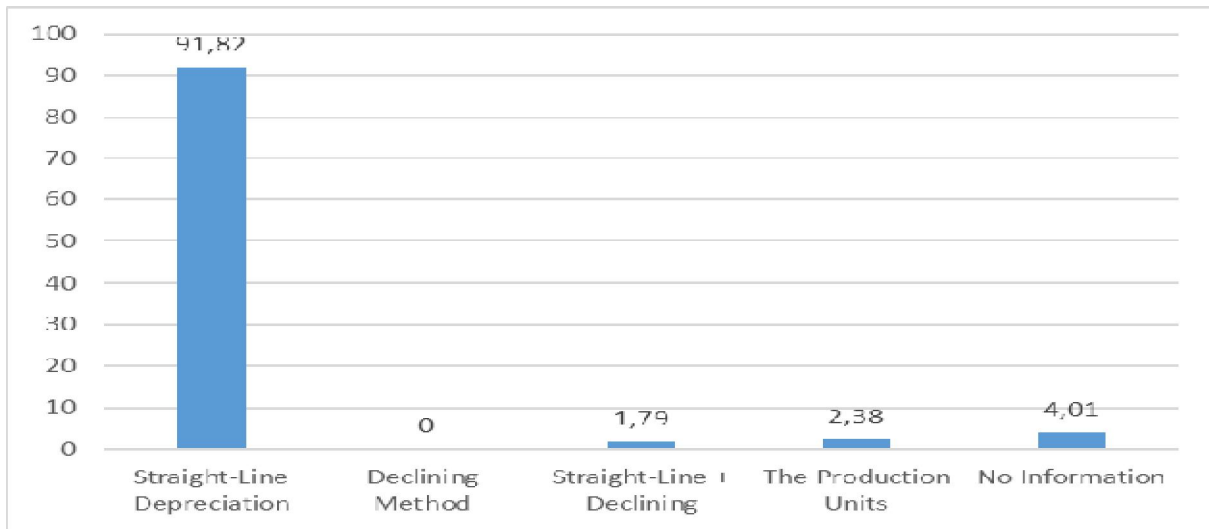| Sectors	Straight-Line Depreciation f	f %	Declining Method f	f %	Straight-Line+ Declining f	f %	The Production Units f	f %	No Information f	f %
Mining	6	33,33	0	0	0	0	9	50	3	16,67
Food and Beverage	84	96,55	0	0	0	0	0	0	3	3,45
Weaving and Clothing	66	100	0	0	0	0	0	0	0	0
Paper Industry	18	100	0	0	0	0	0	0	0	0
Printing and Publishing	24	100	0	0	0	0	0	0	0	0
Chemistry Sector	39	92,86	0	0	0	0	0	0	3	7,14
Petrol Refinery	18	100	0	0	0	0	0	0	0	0
Rubber-Plastic	18	100	0	0	0	0	0	0	0	0
Stone-Soil	75	100	0	0	0	0	0	0	0	0
Iron And Steel	39	92,86	0	0	0	0	0	0	3	7,14
Metal Industry	18	100	0	0	0	0	0	0	0	0
Electric-Machine	18	85,71	0	0	0	0	0	0	3	14,29
Vehicles Sector	34	94,44	0	0	2	5,56	0	0	0	0
Energy	18	100	0	0	0	0	0	0	0	0
Construction	15	83,33	0	0	3	16,67	0	0	0	0
Wholesale Trade	17	94,44	0	0	0	0	0	0	1	5,56
Retail Sale	39	92,86	0	0	0	0	0	0	3	7,14
Hotel Management	28	84,85	0	0	3	9,09	0	0	2	6,06
Transportation	15	83,33	0	0	0	0	0	0	3	16,67
Communication	6	100	0	0	0	0	0	0	0	0
Technology Informatics	45	93,75	0	0	3	6,25	0	0	0	0

When table 5 is evaluated by years for the comparison of depreciation option method policy preferences of the sectors within the scope of the study, it is seen that the straight-line depreciation method was preferred at high rates such as 96.55% by the food and beverage sector, 100% by the weaving-clothing sector, 100% by the paper industry, 100% by the printing and publishing sector, 92.86% by the chemical industry, 100% by the petrol refinery sector, 100% by the rubber-plastic sector, 100% by the stone-soil industry, 92.86% by the iron steel sector, 100% by the metal industry, 85.71% by the electricity-machine sector, 94.44% by the vehicles sector, 100% by the energy sector, 83.33% by the construction sector, 94.44% by the wholesale trade sector, 92.86% by the retail sale sector, 84.85% by the lodging industry, 83.33% by the transportation sector, 100% by the communication sector and 93.75% by the technology informatics sector. It was determined that the mining sector preferred the production unit's method at a high rate of 50% and the straight-line depreciation method at a rate of 33.33% differently from the other sectors. It was seen that the sectors which presented the least information about the depreciation method preference were the mining with a rate of 16.67%, electricity machine sector with a rate of 14.29% and transportation sector with a rate of 16.67%.

Table 6: Averages of Depreciation Method Selection Policy Preferences According to All Sectors by Year 2012-2013-2014

Years	Straight-Line Depreciation f	f %	Declining Method f	f %	Straight-Line+ Declining f	f %	The Production Units f	f %	No Information f	f %
2012	213	93,71	0	0	4	1,92	3	2,38	7	3,91
2013	213	93,69	0	0	4	1,92	3	2,38	8	3,93
2014	213	93,35	0	0	3	1,52	3	2,38	9	4,27

When table 6 is evaluated for the depreciation method policy preferences of all sectors within the scope of the study by years, it is seen that the straight-line depreciation method was preferred at a rate of 93.71% in 2012, 93.69% in 2013 and 93.35% in 2014. The production units method is the second mostly preferred policy by years at a rate of 2.38% in 2012, 2.38% in 2013 and 2.38% in 2014. In addition, it was determined that the sectors used the straight-line depreciation and the declining balance methods together at a rate of 1.92% in 2012, 1.92% in 2013 and 1.52% in 2014. It was seen that the sectors didn't present information about their depreciation preference methods at a rate of 3.91% in 2012, 3.93% in 2013 and 4.27% in 2014. Consequently, according to the policy descriptions of the sectors about the depreciation preference methods, it can be said that the companies in these sectors consistently implemented their policies in successive years.

Graphic 2: Distributions of Three-Year Average According to Depreciation Method Selection Policies

When graphic 2 is analyzed for the three-year overall situation of the sectors, it is seen that the sectors preferred the straight-line depreciation method at a rate of 91.82%, production units method at a rate of 2.38% and straight-line depreciation method together with declining balance method at a rate of 1.79%. On the other hand, it was seen that the sectors didn't present information about their depreciation method policies at a rate of 4.01%. Considering their three-year situations, sectors to state that they implemented the same policies in years is a positive situation in terms of consistency of the accounting. In addition, companies having different assets in different sectors to express normatively the same policy at a high rate may show that the companies in these sectors made a universal-consent explanation.

Table 7: Policy Preferences of Tangible Assets Valuation Methods According to the Sectors

Sectors	Cost Models		Revaluation Models		Cost Models + Revaluation Models		No Information	
	f	f %	f	f %	f	f %	f	f %
Mining	12	66,67	3	16,67	3	16,67	0	0
Food and Beverage	31	35,63	23	26,44	30	34,48	3	3,45
Weaving and Clothing	35	53,03	0	0	30	45,45	1	1,52
Paper Industry	18	85,71	0	0	3	14,29	0	0
Printing and Publishing	12	50	0	0	11	45,83	1	4,17
Chemistry Sector	33	78,57	0	0	9	21,43	0	0
Petrol Refinery	15	83,33	0	0	3	16,67	0	0
Rubber-Plastic	9	50	0	0	9	50	0	0
Stone-Soil	66	89,19	0	0	6	8,11	2	2,7
Iron And Steel	18	42,86	3	7,14	21	50	0	0
Metal Industry	9	45	0	0	11	55	0	0
Electric-Machine	17	80,95	0	0	4	19,05	0	0
Vehicles Sector	27	75	0	0	9	25	0	0
Energy	12	80	2	13,33	0	0	1	6,67
Construction	6	33,33	0	0	9	50	3	16,67
Wholesale Trade	15	83,33	3	16,67	0	0	0	0
Retail Sale	31	73,81	3	7,14	6	14,29	2	4,76
Hotel Management	24	72,73	3	9,09	3	9,09	3	9,09
Transportation	18	100	0	0	0	0	0	0
Communication	6	100	0	0	0	0	0	0
Technology Informatics	34	70,83	2	4,17	9	18,75	3	6,25

When table 7 is evaluated by years for the comparison of policy preferences of the sectors related to the tangible assets valuation methods, it is seen that the mining sector preferred the cost model at a rate of 66.67%, revaluation model at a rate of 16.67%% and revaluation and the cost models together at a rate of 16.67%. The food and beverage sector preferred the cost model at a rate of 35.63%, revaluation method at a rate of 26.44%, revaluation and cost models together at a rate of 34.48%, but didn't make an explanation at a rate of 3.45%. The weaving-clothing sector preferred the cost model at a rate of 53.03% and revaluation and cost models together at a rate of 45.45% but didn't make an explanation at a rate of 1.52%.

The paper industry preferred the cost model at a rate of 85.71% and revaluation and cost models together at a rate of 14.29%. The printing and publishing sector preferred the cost model at a rate of 50% and revaluation and cost models together at a rate of 45.83% but didn't make an explanation at a rate of 4.17%. The chemical industry preferred the cost model at a rate of 78.57% and revaluation and cost models together at a rate of 21.43%. The petrol refinery sector preferred the cost model at a rate of 83.33% and revaluation and cost models together at a rate of 16.67%. The rubber and plastic sector preferred the cost model at a rate of 50% and revaluation and cost models together at a rate of 50%. The stone-soil sector preferred the cost model at a rate of 89.19% and revaluation and cost models together at a rate of 8.11%. The iron steel sector preferred the cost model at a rate of 42.86%, revaluation model at a rate of 7.14% and revaluation and cost models together at a rate of 50%. The metal sector preferred the cost model at a rate of 45% and revaluation and cost models together at a rate of 55%. The electricity machine sector preferred the cost model at a rate of 80.95% and revaluation and cost models together at a rate of 19.05%. The vehicles sector preferred the cost model at a rate of 75% and revaluation and cost models together at a rate of 25%. The electricity sector preferred the cost model at a rate of 80% and revaluation model at a rate of 13.33% but didn't make an explanation at a rate of 6.67%. The construction sector preferred the cost model at a rate of 33.33% and revaluation and cost models together at a rate of 50% but didn't make an explanation at a rate of 16.67%. The wholesale trade sector preferred the cost model at a rate of 83.33% and revaluation and cost models together at a rate of 16.67%. The retail sale sector preferred the cost model at a rate of 73.81%, revaluation method at a rate of 7.14% and revaluation and cost models together at a rate of 14.29% but didn't make an explanation at a rate of 4.76%.

The lodging industry preferred the cost model at a rate of 72.73%, revaluation method at a rate of 9.09% and revaluation and cost models together at a rate of 9.09% but didn't make an explanation at a rate of 9.09%. The transportation and communication sector preferred cost model at a rate of 100%. It can be said that this arises from companies in the communication and transportation sectors to show different structural features differently from other service sectors. On the other hand, the informatics sector preferred the cost model at a rate of 70.83%, revaluation method at a rate of 4.17% and revaluation and cost models together at a rate of 18.75% but didn't make an explanation at a rate of 6.25%.

Table 8: The Average of All Industries Tangible Assets Valuation Method of Policy Preferences by Year 2012-2013-2014

Years	Cost Models		Revaluation Models		Cost Models + Revaluation Models		No Information	
	f	f %	f	f %	f	f %	f	f %
2012	151	72,81	13	4,15	56	23,28	8	3,91
2013	147	72,3	15	5,26	60	25,12	7	2,59
2014	150	72,85	14	4,97	60	25,36	4	1,79

When table 5.13 is evaluated by years for the tangible assets valuation methods policy preferences of all the sectors within the scope of the study, it is seen that the cost model was preferred at a rate of 72.81% in 2012, 72.3% in 2013 and 72.85% in 2014. The cost and revaluation models together were the second highest policy preference of the sectors with a rate of 23.28% in 2012, 25.12% in 2013 and 25.36% in 2014. In addition, the sectors were determined to have preferred the revaluation method at a rate of 4.15% in 2012, 5.26% in 2013 and 4.97% in 2014. It was determined that the sectors didn't make explanation about their tangible assets valuation methods policy preferences at a rate of 3.91% in 2012, 2.59% in 2013 and 1.79% in 2014. Consequently, according to the policy descriptions of the sectors about the tangible assets valuation methods policy preferences, it can be said that the companies in these sectors consistently implemented their policies in successive years.

Graphic 3: Three Year Average Distribution of Tangible Assets Valuation Methods Policies
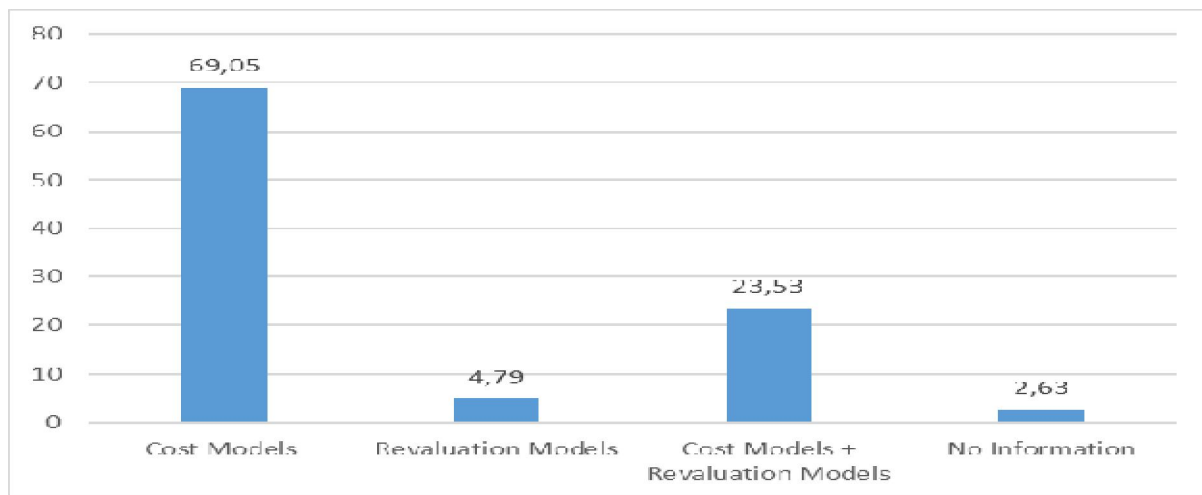
When graphic 3 is analyzed for the three-year overall situations of the sectors in terms of tangible assets valuation methods policy preferences, it is seen that the sectors preferred the cost model at a rate of 69.05%, cost and revaluation models together at a rate of 25.53% and revaluation model at a rate of 4.79%. However, it was determined that the sectors didn't present information about their tangible assets valuation methods policies at a rate of 2.63%. Considering their three-year situations, it is seen that the sectors implemented different policies differently from other policy implementations in years.

Table 9: Method of Intangible Assets Depreciation Selection Policy Preferences According to the Sectors

Sectors	Straight-Line Depreciation		Declining Method		Straight-Line+ Declining		The Production Units		No Information	
	f	f %	f	f %	f	f %	f	f %	f	f %
Mining	17	94,44	0	0	0	0	0	0	1	5,56
Food and Beverage	69	79,31	0	0	0	0	0	0	18	20,69
Weaving and Clothing	59	93,65	0	0	0	0	0	0	4	6,35
Paper Industry	17	94,44	0	0	0	0	0	0	1	5,56
Printing and Publishing	21	77,78	0	0	0	0	3	11,11	3	11,11
Chemistry Sector	33	78,57	0	0	0	0	0	0	9	21,43
Petrol Refinery	15	83,33	0	0	0	0	0	0	3	16,67
Rubber-Plastic	13	72,22	0	0	0	0	0	0	5	27,78
Stone-Soil	67	89,33	0	0	0	0	0	0	8	10,67
Iron And Steel	39	92,86	0	0	0	0	0	0	3	7,14
Metal Industry	17	94,44	0	0	0	0	0	0	1	5,56
Electric-Machine	18	85,71	0	0	0	0	0	0	3	14,29
Vehicles Sector	33	91,67	0	0	0	0	0	0	3	8,33
Energy	15	100	0	0	0	0	0	0	0	0
Construction	18	100	0	0	0	0	0	0	0	0
Wholesale Trade	18	100	0	0	0	0	0	0	0	0
Retail Sale	35	83,33	0	0	0	0	0	0	7	16,67
Hotel Management	31	93,94	0	0	0	0	0	0	2	6,06
Transportation	12	66,67	0	0	0	0	0	0	6	33,33
Communication	3	50	0	0	0	0	0	0	3	50
Technology Informatics	37	77,08	0	0	0	0	0	0	11	22,92

When table 9 is evaluated by years for the comparison of depreciation option method policy preferences of the sectors within the scope of the study related to intangible assets, it is seen that the straight-line depreciation method was preferred at high rates such as 94.44% by the mining sector, 79.31% by the food and beverage sector, 93.65% by the weaving-clothing sector, 94.44% by the paper industry, 78.57% by the chemical industry, 83.33% by the petrol refinery sector, 72.22% by the rubber-plastic sector, 89.33% by the stone-soil industry, 92.86% by the iron steel sector, 94.44% by the metal industry, 85.71% by the electricity-machine sector, 91.67% by the vehicles sector, 100% by the energy sector, 100% by the construction sector, 100% by the wholesale trade sector, 83.33% by the retail sale sector, 93.94% by the lodging industry, 66.67% by the transportation sector, 50% by the communication sector and 77.8% by the technology informatics sector. The printing and publishing sector preferred straight-line depreciation method with a rate of 77.78% and the production units method with a rate of 11%.

It was determined that 5.56% of the mining sector, 20.69% of the food and beverage sector, 6.35% of the weaving-clothing sector, 5.56% of the paper industry, 11% of the printing and publishing sector, 21.43% of the chemical industry, 16.67% of the petrol refinery sector, 27.78% of the rubber plastic sector, 10.67% of the stone-soil industry, 7.14% of the iron steel sector, 5.56% of the metal industry, 14.29% of the electricity-machine sector, 8.33% of the vehicles sector, 16.67% of the retail sale sector, 6.06% of the lodging industry, 33.33% of the transportation sector, 50% of the communication sector and 22.92% of the technology informatics sector didn't make explanation about the presentation of information related to depreciation method preference. The communication and transportation sectors are the ones that made explanations at the lowest rates with 50% and 33% respectively. Food and beverages, chemistry, rubber plastic, petrol refinery, electricity machine, retail sale and technology informatics are the other sectors which didn't made explanations at high rates. However, it was determined that the energy, construction and wholesale trade sectors made complete explanations at the rate of 100%. This may arise from the excessive amount of intangible assets in these sectors.

Table 10: Averages of Method of Intangible Assets Depreciation Selection Policy Preferences According to All Sectorsby Year 2012-2013-2014

	Straight-Line Depreciation		Declining Method		Straight-Line+ Declining		The Units	Production	No Information	
Years	f	f %	f	f %	f	f %	f	f %	f	f %
2012	198	85,74	0	0	0	0	1	0,53	28	13,74
2013	193	85,38	0	0	0	0	1	0,53	33	14,09
2014	196	85,86	0	0	0	0	1	0,53	30	13,62

When table 10 is evaluated by years for the depreciation method policy preferences related to the intangible assets of all sectors within the scope of the study, it is seen that the straight-line depreciation method was preferred at a rate of 85.74% in 2012, 85.38% in 2013 and 85.86% in 2014. The second highest policy preference of the sectors is the production units method which was preferred at the rate of 0.53% in 2012, 0.53% in 2013 and 0.53% in 2014. In addition, it was determined that the sectors didn't present information about their depreciation preference methods at a rate of 13.74% in 2012, 14.09% in 2013 and 13.62% in 2014. There is no sector which used the straight-line and declining balance methods together. Consequently, the preferences of the sectors in terms of depreciation methods related to the tangible and intangible assets show similarities. However, it can be said that the companies in the sector consistently implemented their policies related to intangible assets in the following years without changing them.

Graphic 4: Three-Year Distribution of Depreciation Method Selection Policies
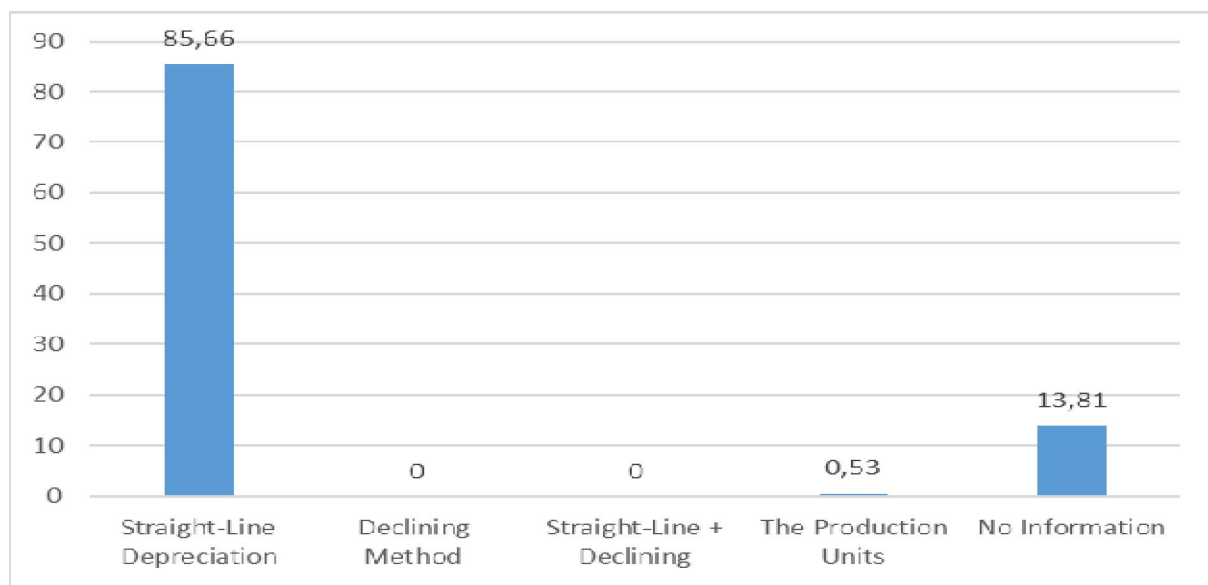
When graphic 4 is analyzed for the three-year overall situations of the sectors, it is seen that they preferred the straight-line depreciation method with a rate of 85.66% and the production units method with a rate of 0.53%. On the other hand, it was determined that the sectors didn't present information about their depreciation methods at a rate of 13.81%. Considering their three-year overall situations, it can be said that the sectors implemented the same policies for tangible and intangible assets by years. Besides, the rate of presentation of information about the depreciation preference methods related to intangible assets to be lower than tangible assets can be considered to be arising from the intangible assets investment rates of the companies in the sector.

Table 11: Method of Intangible Asset Valuation Policy Preferences According to Sectors

Sectors	Cost Models		Revaluation Models		Cost Models+ Revaluation Models		No Information	
	f	f %	f	f %	f	f %	f	f %
Mining	17	94,44	0	0	0	0	1	5,56
Food and Beverage	62	71,26	0	0	0	0	25	28,74
Weaving and Clothing	46	73,02	0	0	0	0	17	26,98
Paper Industry	18	100	0	0	0	0	0	0
Printing and Publishing	17	70,83	0	0	0	0	7	29,17
Chemistry Sector	33	78,57	0	0	0	0	9	21,43
Petrol Refinery	6	33,33	0	0	3	16,67	9	50
Rubber-Plastic	9	50	0	0	0	0	9	50
Stone-Soil	62	82,67	0	0	0	0	13	17,33
Iron And Steel	38	90,48	0	0	0	0	4	9,52
Metal Industry	14	77,78	0	0	0	0	4	22,22
Electric-Machine	9	42,86	0	0	3	14,29	9	42,86
Vehicles Sector	32	88,89	0	0	0	0	4	11,11
Energy	15	100	0	0	0	0	0	0
Construction	18	100	0	0	0	0	0	0
Wholesale Trade	18	100	0	0	0	0	0	0
Retail Sale	39	92,86	0	0	2	4,76	1	2,38
Hotel Management	24	72,73	0	0	0	0	9	27,27
Transportation	12	66,67	0	0	0	0	6	33,33
Communication	6	100	0	0	0	0	0	0
Technology Informatics	39	81,25	0	0	0	0	9	18,75

When table 11 is evaluated by years for the comparison of policy preferences of the sectors within the scope of the study related to the intangible assets valuation methods; the cost method was preferred at the rate of 94.44% by the mining sector, 71.36% by the food and beverage sector, 73.02% by the weaving-clothing sector, 100% by the paper industry, 70.83% by the printing and publishing sector, 78.57% by the chemical sector, 50% by the robber plastic sector, 82.67% by the stone-soil sector, 90.48% by the iron steel sector, 77.78% by the metal sector, 88.89% by the vehicles sector, 100% by the energy sector, 100% by the construction sector, 100% of the wholesale trade sector, 92.86% by the retail sale sector, 72.73% by the lodging industry, 66.67% by the transportation sector, 100% by the communication sector and 81.25% by the technology informatics sector. In addition, it was seen that the petrol refinery sector preferred the cost model at a rate of 33.33% and the revaluation and cost models together at a rate of 16.67%. Electric machine sector preferred the cost model at a rate of 42.86% and the revaluation and cost model together at a rate of 14.29%.
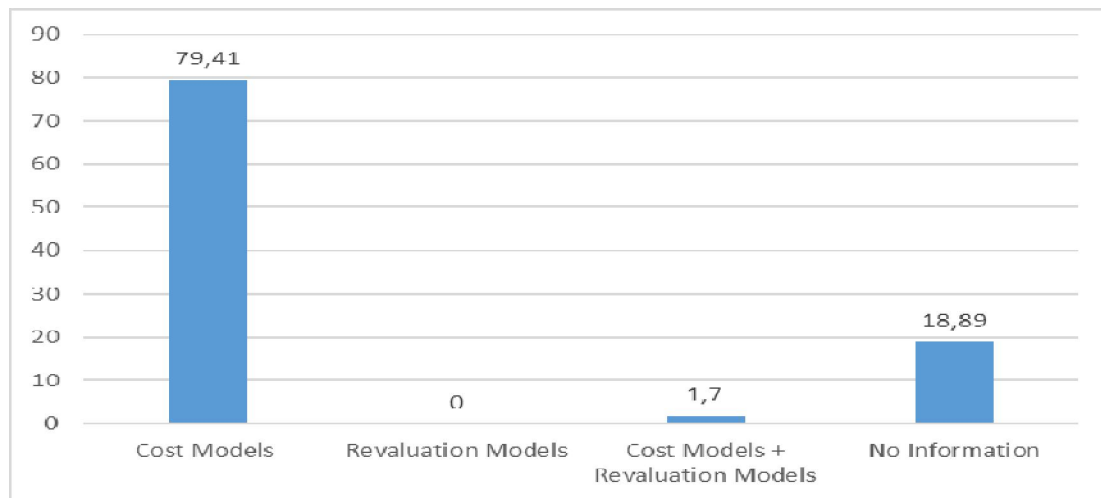
Considering the presentation of information about the policy preferences of the sectors within the scope of the study related to the intangible assets valuation methods, it is seen that no information was presented about the intangible assets valuation methods by the petrol refinery and rubber plastic sectors at a rate of 50% and by the electricity sector at a rate of 42.86%. Besides, it was seen that no information was presented about the intangible assets valuation methods by 28.74% of the food and beverage sector, 26.98% of the weaving-clothing sector, 29.17% of the printing and publishing sector, 21.43% of the chemical sector, 17.33% of the stone-soil sector, 9.52% of the iron steel sector, 22.22% of the metal sector, 11.11% of the vehicles sector 27.27% of the lodging industry, 33.33% of the transportation sector and 18.75% of the technology informatics sector.

Table 12: Averages of Method of Intangible Asset Valuation Selection Policy Preferences According to All Sectors 2012-2013-2014 Year by

Years	Cost Models		Revaluation Models		Cost Models + Revaluation Models		No Information	
	f	f %	f	f %	f	f %	f	f %
2012	181	79,69	0	0	2	1,47	43	18,83
2013	177	79,53	0	0	3	1,81	46	18,65
2014	164	74,93	0	0	2	1,47	46	18,84

When table 12 is evaluated by years for the intangible assets valuation methods policy preferences of all the sectors within the scope of the study, it is seen that the cost model was preferred at a rate of 79.69% in 2012, 79.53% in 2013 and 74.93% in 2014. The cost and revaluation models were preferred by the sectors together at the second highest rates which were 1.47% in 2012, 1.81% in 2013 and 1.47% in 2014. It was determined that the sectors didn't present information about their intangible assets valuation methods policy preferences at a rate of 18.83% in 2012, 18.65% in 2013 and 18.84% in 2014. Consequently, according to the intangible assets valuation methods policy preferences of the sectors, it was seen that the companies in the sectors didn't prefer different valuation methods and consistently implemented their policies without any change in the successive years.

Graphic 5: Three-Year Distribution of Assets Valuation Method Selection Policies

When graphic 5 is evaluated for the intangible assets valuation methods policy preferences for three-year overall situation of the sectors, it is seen that the sectors preferred the cost model at a rate of 79.41% and the cost and revaluation models together at a rate of 1.70%. On the other hand, it was seen that the sectors didn't present information about their intangible assets valuation methods policy preferences at the rate of 18.89%. Considering the three-year situation of the sectors, while there is a high rate of presentation of information about tangible assets valuation methods, this rate is lower for the presentation of information for the intangible assets.

4. Conclusion

The present study covers the efforts of determining the policy preferences of some critical accounting policies of the sectors within its scope. In this context, the Inventory Valuation Methods, Tangible Assets Valuation and Depreciation Methods, Intangible Assets Valuation Methods and Depreciation Method preferences in the footnotes of 2012-2013-2014 financial statements of 235 companies from 21 different sectors, which are listed in Istanbul Stock Exchange, were analyzed.

When the results related to the inventory valuation method preferences were evaluated, it was seen that the sector used the weighted average cost method at a rate of 52.20%, moving weighted average cost method at a rate of 21.69%, FIFO method at a rate of 8.30%, weighted average cost and FIFO methods together at a rate of 1.77% and real batch cost method at a rate of 0.68%. On the other hand, it was seen that the sectors didn't present information about the stock valuation methods policies at a rate of 15.36%. When the tree-year situation of the sectors were evaluated, sectors to disclose mostly the same policy despite they have different inventory items shows that the companies in these sectors preferred policies according to their ease of implementation instead of company-specific policies. When the results about the tangible assets depreciation method preferences were evaluated, it was seen that the sectors preferred the straight-line depreciation method at a rate of 91.82%, production unit's method at a rate of 2.38% and straight-line and declining balance method together at a rate of 1.79%. On the other hand, it was seen that the sectors didn't present information about their depreciation method policies at a rate of 4.01%. Considering their three-year situation, sectors to explain that they implemented the same policies in years is a positive situation in terms of consistency of accounting, but companies carrying on business in different sectors with different tangible assets to explain mostly the same policy can be considered as a de facto explanation of the companies in these sectors.

When the results related to the tangible assets valuation method preferences were evaluated, it was seen that the sectors preferred the cost model at a rate of 69.05%, cost and revaluation models together at a rate of 25.53% and revaluation model at a rate of 4.79%. On the other hand, it was seen that the sectors didn't present information about their tangible assets valuation method policies at a rate of 2.63%. Considering the three-year situations of the sectors, it was seen that they didn't implement similar policies differently from their other policy implementations by years. When the results related to the intangible assets depreciation method preferences were evaluated, it was seen that the sectors preferred the straight-line depreciation method at a rate of 85.66% and the production unit's method at a rate of 0.53%. On the other hand, it was seen that the sectors didn't present information about their depreciation method policies at a rate of 13.81%. Considering the three-year situations of the sectors, it was seen that the sectors implemented the same policies for tangible and intangible assets by years.

When the results related to the intangible assets valuation method preferences were evaluated, it was determined that the sectors preferred the cost model at a rate of 79.41% and cost and revaluation models together at a rate of 1.70%. On the other hand, it was seen that the sectors didn't present information about their intangible assets valuation method policies at a rate of 18.89%. Considering the three-year situations of the sectors, while the presentation of information about the tangible assets valuation methods took place at a high rate, the presentation of information about the intangible assets valuation methods conversely took place at a lower rate. Considering the general results of the study, it was seen that the sectors preferred the same methods in terms of some critical accounting policies although they carry on business in different areas. Most sectors stated that they preferred straight-line depreciation method. This shows that companies used the methods which are easy to implement instead of specific policies conforming to consonant with their own structures.

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