



General Accounting

Ankara University
Faculty of Pharmacy



Chart of Accounts

Chart of accounts is a list that is organized to carry out all accounts held in a business or enterprise systematically and divided into different groups and ensures that the same events are always recorded in the same accounts.

Each chart of accounts has a coding scheme.



Chart of Accounts

Another important function of the chart of accounts is that it facilitates the preparation of financial statements. In financial statements, assets, resources, expenses and revenues are listed in the order in the chart of accounts. When interpreting the financial statements, it is necessary to know the definitions of the accounts in the chart of accounts.



Chart of Accounts

The chart of accounts is prepared according to the needs of the business while the accounting system is being established and may differ from business to business. This means that a person who learns the accounting system of a business must learn the accounting system of another business from the beginning.



Uniform Chart of Accounts

The standardized chart of accounts used by businesses in a particular line of business (industry) or the entire economy is called a “uniform chart of accounts”. These businesses can no longer create their own chart of accounts, they have to set up their accounting systems according to the framework of the uniform chart of accounts.



Uniform Chart of Accounts

Uniform chart of accounts began to be implemented at the beginning of 1994 in Turkiye. In Turkiye all companies are obliged to implement uniform chart of accounts set with effect from 1 January 1994. This practice not only made the accounting records of businesses across the country more organized and healthy, but also helped financial statements come to a standard.



Uniform Chart of Accounts

With uniform chart of accounts implementation,

- Delivery of accounting information sufficiently and accurately to those involved in decision-making,
- Comparison of different period data of different companies or different periods of the same company,
- The account names in the financial statements have the same meaning for all segments,
- Providing term unity and accounting information to be more understandable,
- It is aimed to establish a trust factor among the businesses and those concerned.



Uniform Chart of Accounts

The chart of accounts envisaged by the Uniform Accounting System is based on a code system that is the result of combining the decimal-code system with the block-code system.

The arrangement of the accounts and account groups was made according to the order of accounts in the basic financial statements.



Uniform Chart of Accounts

The uniform chart of accounts is designed in a three-tier hierarchical structure:

- Account Classes
- Account Groups
- Accounts

This design is also a requirement of the decimal coding system.



Uniform Chart of Accounts

Accounts are the basic element of the Uniform chart of accounts. Each account is assigned a specific single task. Accounts are coded with three-digit codes.

Accounts with common features are grouped under an account group heading. There can be a maximum of ten accounts under an account group (decimal system). Account groups have two-digit codes.



Uniform Chart of Accounts

Account groups with common features make up the account classes. There can be a maximum of ten account groups under an account class (decimal system). Account classes have single-digit codes.



Account Classes

- 1- Current Assets
- 2- Non-current Assets
- 3- Short-Term Liabilities
- 4- Long-Term Liabilities
- 5- Shareholders' Equity
- 6- Income Statement Accounts
- 7- Cost Accounting
- 8- (Free)
- 9- Contingencies and Commitments
- 0- (Free)



Current Assets

Current Assets account class; comprises cash in hand and at banks and other liquid assets or assets planned to be consumed within one year or in the operating period of the company.

Current Assets comprises of Liquid Assets, Marketable Securities, Trade Receivables, Other Short Term Receivables, Inventories, Prepaid Expenses, Income Accruals and Other Current Assets account groups.



Non-current Assets

Non-current Assets account class comprises assets purchased for the operations of the company, which are not intended to be sold in one accounting period.

Non-current Assets can be classified as Trade Receivables, Other Receivables, Financial Fixed Assets, Tangible Assets, Intangible Assets, Assets Subject to Depletion, Expenses Related to Following Years and Income Accruals and Other Fixed Assets.



Short-term Liabilities

Short-term Liabilities consist of the liabilities of the company which are paid within one accounting period.

Short-Term Liabilities is grouped as Financial Liabilities, Trade Payables, Other Payables, Advances Taken, Taxes Payables and Other Liabilities, Provisions for Liabilities and Expense, Deferred Income and Expense Accruals and Other Short Term Liabilities groups.



Long-term Liabilities

Long-term Liabilities include the company's liabilities to financial institutions, stock exchange market and related third parties of maturity dates of more than one year with respect to the balance sheet date.

Long-term Liabilities categorized into the following groups: Financial Liabilities, Trade Payables, Other Payables, Advances Taken, Taxes Payable and Other Liabilities, Provisions for Liabilities And Expenses, Deferred Income and Expense Accruals for the Following Years and Other Long-term Liabilities.



Shareholders' Equity

Shareholders' Equity class comprises the amount of capital investments made by owners or shareholders of the company, capital reserves, reserves, profits or losses of previous years and profits or losses of the current year.

It covers the Paid-up Share Capital, Capital Reserves, Retained Earnings, Previous Years' Profits, Previous Years' Losses, Net Profit for the Period and Net Loss for the Period.



Cost Accounting

Expenses incurred for goods and services in order to obtain the desired quality and form are accumulated and transferred to the cost elements in cost accounts. The expense accounts in this section are presented as two alternatives, as 7/A and 7/B, in order to provide flexibility in the application. The expense items are considered according to their functions in the general ledger in 7/A, and according to their types in 7/B. Thus, firms are provided with flexibility in classifying expenses and keeping the general ledger according to their needs, organization structures and size.