



Accounting For Inventories As Service Producing Cost In Hospitals In According To Turkish Accounting Standard-2

Seyhan ÇİL KOÇYIĞIT

Gazi Üniversitesi

seyhanc@gazi.edu.tr

As known, service is an intangible concept. This prevents services to be stored and makes them impossible to be used in another time in the future. Thus, it is a matter of discussion to suppose the services (which occur in the hospitals as an intangible concept) as inventory. There are some differences between Turkish Uniform Accounting System and Turkish Accounting Standards in stockpiling the service producing costs in hospitals.

It is possible to stockpiling the intangible services in some cases in Turkish Accounting Standard-2 whereas it is not in Turkish Uniform Accounting System. As per our current application Turkish Accounting Standard-2, the costs appearing in a term regarding service producing are accumulated in 740-Service Producing Cost Account and written off directly just after being transferred towards 622-Cost of Services Sold Account.

On the contrary in Turkish Accounting Standard-2, among the whole producing costs those generate revenue in the hospitals, only the costs regarding the services whose revenue is realised within the term are to be transferred to 622-Cost of Services Sold Account while the remaining costs related to services whose revenue is not recognized yet should be reflected to inventory account. Therefore, due to the principle of “capitilization of costs first and then make them turn into expense”, the whole amount in the 740-Service Producing Cost Account should be sent to a service inventory account through 741-Service Producing Cost Reflection Account and afterwards, only the costs regarding the services whose revenue is realised within the term are to be transferred to 622-Cost of Services Sold Account. The remaining costs related to services given to the patients still under cure and whose revenue is not recognized yet should go on being in the balance sheet as service inventory instead of being under the number 622-Cost of Services Sold Account. Once the related revenue is

recognized within the following terms for the patients whose cures are completed, the costs should be transferred towards number 622-Cost of Services Sold Account from aforesaid inventory account in the balance sheet.

Under this study, accounting of service producing costs in the hospitals being a service enterprise in Turkish Accounting Standard-2 was explained by comparing to Turkish Uniform Accounting System application. Furthermore, an example has been given by using financials of Acıbadem Health Services Co. which is the unique hospital written in Istanbul Stock Exchange and have to issue its own financials according to Turkish Accounting Standards/ Turkish Financial Reporting Standards.

At the end of the study, by Turkish Accounting Standards-2 application, it has been realised that more truthful results has been obtained comparing to current application since the sales and revenues of a specific term is compared to costs and expenses made for those sales, by that way, matching principle is also provided.