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INVESTIGATING THE QUALITY OF RECOGNITION CONCEPTS AND MEASUREMENT OF FINANCIAL STATEMENTS AT THE ACCOUNTING SYSTEM OF ISLAMIC AZAD UNIVERSITY OF RAMHORMOZ

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ABSTRACT

The purpose of this study is to investigate the quality of recognition concepts and measuring the components of financial statements in the accounting system of Islamic Azad university of Ramhormoz. The type of this study is case and adaptive and comparative and its method is to implementing research by using analytical and step by step method. And in some cases, to determine and assess the resources, library method is also used. First, the standardized accounting principles which are available in the different sources are compared with the accounting performance of Islamic Azad University of Ramhormoz and then, through data analysis, their commonalities and differences of their middle are identified and finally by a step by step method and according to each part of accounting principles, the result interpretation is done. The volume of statistical population in this study includes 100 accounting code numbers which are available in the accounting system of Islamic Azad University. The sample size in this study is a subset of the population. And by considering active accounts in six column trial balance, the amount of selected sample are 44 numbers. The results showed that principles of Cost, revenue realization, consistency (consistency) of the Financial Statements, full disclosure in the financial statements and cost compliance with revenues are respected in the financial statements of Islamic Azad University of Ramhormoz.

Keywords: *Cost Principle, Cost Compliance with Revenue, Principle of Full Disclosure of Revenue in Financial Statements*

INTRODUCTION

There is no doubt that any right decision making to invest in the economic enterprises and efficient allocation of scarce resources in the community require transparent, adequate and comparable information. Lack of such information or presence of poor or misleading information cause to poor economic decisions and waste of economic resources and social and economic vandalism and descends of capital markets. So, the existence of reliable financial information is an essential tool for economic development of any country. There is information that their providing and proper processing is around of presence of an effective and efficient accounting system. After the boom of accounting profession in the nineteenth century, accounting standard and principle was used by profession board of promoting country to help the improvement of information quality. Based on need, in Iran, accountants used the accounting principles and standards which are developed out of the country, but since, using standards in other countries due to cultural, economic and social differences of nations in short-term can lead to problems in our country and due to this issue, the need to establish accounting standards were felt more than before. So in 1987, this organization was created based on the rules to establish auditing organization and it was the responsible for developing national standards of auditing and accounting (Babajani, 2011). Accounting is an information system based processing and analyzing the financial information. And any analytical system must be based on a clear set of rules and principles and against the principles of natural science which are caused by nature, accounting principles are the result of observation and repeatable and measurable experience and mainly arising from rules and procedures which are accepted by most comprehensive accountants and accountings. So we can say that it is the main condition about the validity

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of accounting principles and concepts and was accepted by accountants. And the concept of acceptability is based on three important features of relevance, objectivity and practicality. In this study, according to the wide field of accounting and finance in Islamic Azad University and this issue that there is a comprehensive investigation about the role of accounting principles and concepts, the main objective is to identify the position of university in accordance with the observance of the principles and concepts and information and its comprehensive feedback is provided for other universities and centers.

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Accounting

One of the definitions of accounting that called it as a “language of business” and its reason is so different. On the one hand, in accounting like a foreign language, some rules are definitive and on the other cases, there is disagreement among scholars of accountings, also about the sentence structure and its world in grammar, it is possible that in some cases, agreement exist and on other cases, disagreement exist.

On the other hand, as language and delivered over time, accounting has evolved to fit the needs of society and some of its rules is subject to appeal. So it can responsive to trade and economic units. Accounting is a process of recognition, measurement and reporting of financial data. And it provides for information users, the possibility of informed judgments and decisions (Jalali, 2000).

Accounting Procedures

Accounting is a four step process (Hemmati, 2004):

A) Registration of Financial Activates

At this stage, all transactions and financial activities are registered respected to the occurrence date in an office such as newspaper office. Here, it should be noted that in each country, it is necessary to register the financial activities based on the country’s currency in the offices.

For example, in our country, financial activities are recorded in RLS.

B) Classification of Registered Items

At this step, the registered items in the newspaper office are transferred to different accounts in another office name general office.

C) Item Summarization in the Frame of Measurable Numbers to Money

Summarization step is to combine and set the results of general ledger accounts by a way that maximum information can be obtained in short and simple manner. In this step, financial statements and reports are prepared and among them, the most important of them is:

- 1) The balance sheets indicate the financial position (assets, liabilities and capital) of an organization of a given moment of time.
- 2) Income statement identifies how financial operating (profit or loss) of the institute according to the amount of income and its costs for a financial period and actually for some specific information.
- 3) The case of equity that indicates the asset changes of an organization (the owner of institution to the assets of that institution) for a financial period or a specific period.

D) Results Interpreting by Studying Summarized Items

At this stage, the numbers in the financial statements are analyzed.

1-managers of institutions who realize their shortcoming by studying and analyzing the financial statements, will consider this fact in future planning of institution. Institutional owners who are interested to inform about the financial situation and by investigating the results of this case, they realize the adequacy of employed executives.

2-from two sides, states like to inform about the financial position of profit or commercial institutions. The first reason can be stated to determine the amount of income tax and another reason is to formulate new economic regulations and rules and modify the shortcoming of past programs.

3-creditors are interested to be aware about the financial situation of enterprises about their credit and how they can make a deal.

4-in the time of giving credit to commercial and nonprofit organizations and in order to inform and check their financial statement, banks can demand balance sheet and other financial statements.

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5-competitors; usually in the system of free economy and capitalism, each firm tries to be aware about the financial conditions of its competitors and they can adopt an appropriate economic policies and in term of profit and achieving market, they can overtake others.

6-people are willing to invest in private institutions, because the basis of people investing in commercial institutions is to profit more. So, before investing, they are willing to investigate the financial statements of that organization (NeedLes *et al.*, 2001).

Financial Reporting

The final product of financial reporting and basic tools is to provide information to users outside the organizations and these are financial statements that include the following components (Eskandari, 2006). The balance sheet will be discussed in detail in Chapter III.

B) Income statement: income statement provides the results of operations in business unit during a specified period. Income Statement will be discussed in detail in Chapter II.

C) Comprehensive income statement: comprehensive income statement shows the increase or decrease in equity of identified income and expenses during both realized and unrealized periods. Comprehensive Income Statement will be discussed in detail in Chapter II.

1) Cash Flow Statements: Cash Flow Statement shows the earned and spent Cash during a specific period into five main headings (Operational activities, investment returns and dividends paid Mala supply, income taxes, investing activities and financing activities). Cash Flow Statements Intermediate accounting book 2 will be discussed in detail.

2) Explanatory Notes of Financial Statements: detailed information are provided about the topics presented in the basic financial statements and other required information to better understand and interpret these explanatory notes which are an integral part of the financial statements. Explanatory Notes to the Financial Statements will be discussed in detail in Chapter III

Fundamental Accounting Assumptions

Fundamental Accounting Assumption includes a group of recognition and measurement concepts. And it has a fundamental aspects and financial reporting structure is based on it.

These assumptions include (Zamani, 2004):

- 1) Assumption of entity separation
- 2) Assumption of operations continuity
- 3) Assumption of financial period
- 4) Currency assumption
- 5) Deliberate assumption.

1) Assumption of Entity Separation

This assumption implies that each business unit is an independent accounting entity (economic) and is distinct from its owners and other business units. Accounting entity is not necessarily an equivalent of legal personality. And its borders may be larger or smaller than the borders of a business unit as a legal entity. For example, about the principal and subsidiary companies, although each of them are separate legal entities, but because all of them are under common control and they have common interests, the stated companies, from the financial reporting perspective are considered as a separate and independent accounting entity. And consolidated financial statements are prepared for them. And in some cases, it may possible that they are considered as part of a large business unit as an independent accounting entity of a general business unit. And separate financial statements are provided for them.

2) Assumption of Activities Continuation

Assumption of activities continuation indicates that in the case of the absence of contrary evidence, business unit will continue in a foreseeable future. This foreseeable future at least is until business unit can play its role and commitments. This assumption is so crucial in the financial reporting, because it is a basis for (Ghavi, 2004):

1-measuring and recording future economic benefits as assets and future payment as liability.

2- Applying the principle of historical cost: in the case of no continuity of activity, the historical cost can not be a basis to valuation of assets and we should use net sales (value filtration).

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3-assets and liabilities classification to current and non-current, if there is no evidence of sustained activity, current and non current distinction will lose its importance.

4- Allocating the cost of tangible fixed assets and intangible assets as depreciation. Depreciation is reasonable when It is assumed that the durability of the economic unit.

3) Assumption of Financial Period

Measuring the accurate results of an operation of a business entity is possible at the end of its economic life, when all of its assets are sold and liabilities are settled. However, the users of financial information require for their decision-making to some information about the results of operations and entity's financial position before the end of its economic life. So, the life of business unit is divided into shorter periods. And each of these periods are called fiscal period. Financial periods vary but the most common of them is the financial period of one year that it is called financial year. And it is May or may not be consistent with the solar year (ZLatkovich *et al.*, 2003). Using the accrual basis as cash basis in financial reporting is the result of accepting financial period. Because it was not required to provide financial statements in a lifetime of business unit, accrual basis is not necessary. And financial statements were made in the end of the entity's life based on cash received and payments.

4) Assumption of Monetary Unit (Measurement Unit)

Providing a balance sheet in which cash is reported in Rials, inventories and material in term of value, land and building in term of square meter, investment in terms of numbers and shares and...will be unintelligible and meaning less, so all items should be expressed and measured based on a common and homogeneous scale. So, money which is the most efficient way to measure economic events and activities, in the financial reporting is measured and accepted as a common scale (Hendriksen, 2005). Increasing the general level of process in recent years and reduced purchasing powers converts the monetary unit assumption to be one of the most controversial accounting assumptions and converts it as the weakest link in the chain of accounting assumptions and it need to revise in the monetary unit assumption.

5) Deliberate Assumption

Based on this assumption, transactions and other events are recognized at the time of occurrence, it means that incomes are recorded in the time of realization and revenues during the stand time, regardless of identification payment and they are recorded in the offices. This assumption insists of revenues realization, cost and accurate compliance with detected revenues.

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The Main Hypothesis

Basic principles of accounting in the financial statements are in compliance in Ramhormoz Islamic Azad University.

Sub Hypothesis

1-the cost principle is in compliance in the Ramhormoz Islamic Azad University.

2- The principle of income realization in the financial statements of Ramhormoz Islamic Azad University is observed.

3- The principle of matching costs with revenues is observed in the Islamic Azad University of Ramhormoz.

4- The principle of full disclosure in the financial statements is observed in the Islamic Azad University of Ramhormoz.

50consistency principle is observed in the financial statements of Islamic Azad university of Ramhormoz.

MATERIALS AND METHODS

This is a comparative-adaptive case study and the implementing method of this research is an analytical and step by step method. And in some cases, library method is used to determine and assess the resources. In fact, first, standardized accounting principles and concepts which are available in the literature are compared with the accounting performance of Islamic Azad University of Ramhormoz unit. Then, through data analysis, commonalities and differences are identified and finally, results are interpreted

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through a step-by-step method relative to each part of accounting principles and concepts. In the accounting system of Islamic Azad University, that Nick accounts are inserted in the trial balance of six columns contains month circulation, circulation since the beginning to end of the current month and balances include the assets, liabilities, reserves, revenues, expenses and related operations to Welfare fund. And requires data and information can be collected through account observation. The volume of statistical population in this study include 100 volumes accounting code that in the accounting system of Islamic Azad university of Ramhormoz branch, accounts set in trial balance of six column include 2 column of month currency, 2 column of the beginning of year to the end of the current month and two columns, and accounts which include assets, liabilities, reserves, revenues and expenses. The volume of statistical sample in this study is a subset of a population. And by considering the active accounts in trial balance of six columns, the amount of selected sample is 44. Methods of data analysis in this research are done to compare and collected data. And in the sample size, the accounting system of Islamic Azad University of Ramhormoz unit and closing accounts, and end of month duration and accounting concepts are standardized concepts.

Data Analysis

Basic principles of accounting are observed in the financial statements of Ramhurmoz unit. In the Islamic Azad University of Ramhurmoz, there are large cases to apply accounting basic principles. And they are provided in the frame of five sub-hypothesis.

The First Sub-Hypothesis: the cost principle of financial statements is observed Islamic Azad University of Ramhormoz. Based on this principle, the assets and liabilities should be on the basis of cost and in the acquisition time, they recorded and reported the current market value.

In Islamic Azad University, in conjunction with the principle of costs, assets and liabilities are considered as follows:

A) Assets Account (Group 1000)

Current Assets (Group 1100):

Accounts of the Fund (Code 1111), Banks (Code 1112) and revolving fund (code 1113)

According to this issue that these three accounts ate counted in the university cash unit. Cost principle of each of them is the recorded cost in accounts and trial balance.

Accounts Receivables (Code 1121), Receivables (Code 1122), and Necessary Personnel Lending (Code 1125): current account credits and prepayments (code 1181) and the cost of these three accounts is the recorded amount in accounts and balance testing.

Warehouse Account (Code 1141)

The cost of the warehouse assets is recorded based on the initial purchase price and moving weighted average account balance in the time of entry and exit of accounts.

Fixed Assets (Group 1300)

Ground Assets (Code 1311)

It includes all expenditures made for land purchasing as well as preparation expenses, assets costs and transfers and leveling, embankment, excavation, demolition of old buildings and all buildings which have indefinite economic life. And for landscaping, drainage, the accounting document is issued at the time of land purchasing or acquitting.

Table 1: Accounting records

Creditor	Debtor	description	Account code
	xxx	land	1311
xxx		banks	1112
xxx		creditors	2112
xxx		payable documents	2121

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Buildings Account (Code 1312)

All expenses which are spent to transfer the ownership to the buyer or to prepare for intended use and also all expenses which are spent to preparation, transportation, municipal charges, duties and taxes at the time of purchase and they can be seen as the building cost in the offices. If the university attempt to constructing a building, its cost includes materials and consumable materials and wages, financing costs during construction, construction expenses, profits of the participation period and etc. in the case of buildings which are constructed through the contract with the contractor, the building cost include the total amount of contract and preparation cost of building for desired use. In the case that a building or a land is purchased together, the land cost is based on the expert calculated cost and it is recorded in the land account (code 1311). At the time of purchasing and acquisition of buildings, the following accounting document is issued:

Table 2: Accounting records

creditor	Debtor	description	Account code
	xxx	building	1312
xxx		bank	1112
xxx		creditors	2122
xxx		Payable document	2121

Facility Account (Code 1313)

The cost of installation in a land such as fencing, paving landscaping, building sidewalks, sewers, facilities used in building, Erecting walls tabulations, parking, fencing, green space which have a certain economic life are determined. At the purchasing time and construction of the facility, registration of accounting shall be issued:

Table 3: Accounting records

creditor	Debater	Description	Account code
	xxx	facilities	1313
xxx		bank	1112
xxx		creditors	2122
xxx		Payable document	2121

Machinery and Equipment (Code 1325)

The cost of machinery and equipment include purchase price after deducting all trade and cash discounts, transportation costs, loading and insurance at the site period, duties and tariffs, and commercial benefits in foreign buyer, startup cost in the operating step. Reconstruction and restoration costs at the time of purchase of second-hand machines are also considered. At the time of purchase or acquisition of machinery and equipment, the following accounting records are issued.

Table 4: Accounting records

creditor	debater	description	Account code
	xxx	Machinery and equipment	1325
xxx		bank	1112
xxx		creditors	2122
xxx		Payable documents	2121

Debtors Accounts (Code 1121), Receivables (Code 1122), Necessary Lending of Personnel (Code 1125)
 At the time of purchase or acquisition of technical tools, the following accounting document is issued:

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Table 5: Accounting records

creditor	debater	description	Account code
	xxx	Technical tools	1321
xxx		bank	1112
xxx		creditors	2122
xxx		Payable documents	2121

Vehicles (Code 1322)

The cost of vehicles include the purchasing cost after reducing related discounts, expenses related to transportation, costs of transport and documents and etc.

At the time of purchase and acquisition of vehicles, the following accounting document is issued:

Table 6: Accounting records

creditor	debater	description	Account code
	xxx	vehicles	1322
xxx		bank	1112
xxx		creditors	2122
xxx		Payable documents	2121

Furniture and Fixture Accounts (Code 1323):

The cost of vehicles includes purchase cost after deducting applicable discounts, expenses related to transportation, installation costs etc. at the time of purchase or acquisition of furniture and fixture accounts, the following accounting document is issued:

Table 7: Accounting records

creditor	debater	description	Account code
	xxx	Furniture and Fixture accounts	1323
xxx		bank	1112
xxx		creditors	2122
xxx		Payable documents	2121

The Account of Live Cattle Property (Code 1326)

The cost of living animals such as cows and sheep include the purchase price after deducting applicable discount and related expenses to transportation, etc. at the time of purchasing and acquisition live cattle property, the following accounting document is issued:

Table 8: Accounting records

creditor	debater	description	Account code
	xxx	Live cattle property	1326
xxx		bank	1112
xxx		creditors	2122
xxx		Payable documents	2121

And in the case of increasing the properties of live cattle property and births, the following accounting document is issued:

Table 9: Accounting records

creditor	debater	description	Account code
	xxx	Live cattle property	1326
xxx		Independent Account	4192

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In the case of loss of live cattle property, and disease and morality, the following accounting document is set:

Table 1: Accounting records

creditor	debater	description	Account code
	xxx	Independent accounts	5122
xxx		Live cattle property	1326

Goodwill Account (Code 1331)

The cost of this account which is of intangible assets is determined based on the basis of expert prices or fair value. At the time of determining the goodwill account, the following accounting document is issued:

Table 10: Accounting record

creditor	debater	description	Account code
	xxx	goodwill	1331
xxx		Development reserve	3111

The Subscription and Patent Account (Code 1322)

The cost of patent and subscription include Rials value of buying franchise, software, and related costs to the electricity, water, gas and telephone. At the time of determining Rials value of franchise business value, the following accounting document is issued:

Table 11: Accounting record

creditor	debater	Description	Account code
	xxx	Subscription and patent account	1322
xxx		Deposit and development	3111

At the time of paying installation costs of water branches, telephone, gas, the following accounting document is issued:

Table 12: Accounting record

creditor	debater	Description	Account code
	xxx	Royalties and divergence	1332
xxx		Bank	1112

Library Account (Code 1324)

The cost of purchased books include the purchase value after deducting discounts, expenses related to transportation, order accounts and etc. in the time of purchasing and studying books, the following accounting document is issued:

Table 13: Accounting records

creditor	debater	description	Account code
	xxx	library	1324
xxx		bank	1112

Copyright Account (Code 1334)

The cost of copyright includes all payments to authors based on relevant criteria. If the books are published by the university, all paid expenses to the author are considered according to the relevant regulation. At the time of identifying and paying the royalty to the author, the following accounting document is issued:

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Table 14: Accounting records

creditor	debater	description	Account code
	xxx	copyright	1334
xxx		bank	1112
	xxx	The funding of research costs	2912
xxx		Funding research costs	1912

In the time of paying the costs of preparation and printing of the book such as purchasing paper, lithography, printing, editing, etc, the following accounting document is issued:

Table 15: Accounting records

creditor	debater	description	Account code
	xxx	Other assets during construction flow	1349
xxx		bank	1112
xxx		Prepayment	1181

In the time of transferring printed books to warehouses as inventories, he following accounting document is issued:

Table 16: Accounting record

creditor	debater	Description	Account code
	xxx	warehouse	1141
xxx		Other assets in the construction flow	1349

The price of the back of any book is obtained of the sum of costs of copyright and recorded expenses in other assets accounts in the construction flow (code 1349) and it is calculated by using the related profit divided by the published credits. At the time of selling the printed books in the bookstore, the following accounting document is issued:

Table 17: Accounting records

creditor	debater	Description	Account code
	xxx	bank	1112
	xxx	debators	1121
xxx		warehouse	1141
xxx		Independent accounts	4191

Building Costs During Construction Flow (Code 1341)

The cost of buildings which are constructed by university or by contractor, includes bid maps, building materials, expenses paid to the contractor and etc. at the time of warehouse, the costs of buildings which are in the construction flow by university, the following accounting document is issued:

Table 18: Accounting records

creditor	debater	description	Account code
	xxx	Buildings in the construction flow	1341
xxx		bank	1112
xxx		creditors	2122
xxx		payable documents	2121

To weighting the buildings expenses in the construction flow by the contractor, the following accounting document is issued:

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Table 19: Accounting records

creditor	debaters	description	Account code
	xxx	Buildings in the construction flow	1341
xxx		bank	1112
xxx		Payable deposit	2181
xxx		Debate to government organizations	2112
xxx		Prepayments	1181

In the Two above Cases, After Completing Building, the Following Accounting Document is Issued:

Table 20: Accounting records

creditors	debaters	description	Account code
	xxx	building	1312
xxx		Buildings in the construction flow	1341

The Facilities and Machinery Accounts in the Construction Flow (Code 1342) and Other Assets in the Construction Flow (Code 1349)

The method to computing the cost and the accounting method related to these two accounts is similar to the accounts of buildings in the construction flow.

B) Debt Account (Group 2000)

Current Debt (Group 2100)

1: debt accounts to government agencies (code 2112), document (code 2121), creditors (code 2122), common fund (code 2123), prepayments (code 2131 and 2132), other prepayments (code 2139), the current account credits (code 21410, payable deposit (code 2181), saving deferred costs (code 2191) and saving contingent debts (code 2193):

The cost of each of these accounts is registered based on the recorded book value in the accounting system and balance test.

Long-Term Debt (Group 2200)

2: Long Term Payable Loans (Code 2214)

The cost of long term loans from banks includes the loan plus interest and payable fees in future years. At the time of long-term financing from banks, the following accounting document is issued:

Table 21: Accounting record

creditor	debater	description	Account code
	xxx	bank	1112
	xxx	Income and fees of future years	2221
xxx		Long-term payable loan	2114

In the time of payment of the loan, the principle amount of loan under the accounting document is issued:

Table 22: Accounting records

Creditor	debaters	description	Account code
	xxx	Long-term payable loan	2114
xxx		bank	1112

Also, in the time of payment of loan, for loan interest, the following accounting document is issued:

Table 23: Accounting records

creditors	Debaters	description	Account code
	xxx	Financial costs	5311
xxx		Profit and fees of future years	2221

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Accounts of Saving Bank Employees (2811), Received Money (Code 2812), Save the Retiring Employees Leave (Code 2891), Save the Retiring the Service Years of Employees (Code 2892), Save Research Cost (Code 2894), Save Cultural Costs (Code 2890):

The cost of each of these accounts is based on the recorded book value and trial balance.

The Second Sub-Hypothesis: the principle of income realization is observed in the financial statements of Islamic Azad University of Ramhormoz branch.

*the principle of income realization in the Islamic Azad University of Ramhormoz branch includes the following:

A) Tuition Income (Code 4111): in fact, the main and most important source of income is tuition and its cost is determined in the time of unit selection according to the tuition tariff of various courses of theoretical, experimental, laboratory, workshop etc per year and term and it is recorded in the accounting books.

And during the unit selection of students, and after deletion and addition operation based on the tuition software system, the following billing document is issued:

Table 24: Accounting records

Creditor	debater	description	Account code
	xxx	bank	1112
	xxx	debaters	1121
xxx		Tuition (divided by field)	4111

In the time of payment of debt by the students, the following accounting document is issued:

Table 25: Accounting records

Creditor	debater	description	Account code
	xxx	bank	1112
xxx		Debater	1121

B) Region Tuition (Code 411110): based on the relevant regulations, the received costs of areas secretariat are recorded from academic units and training centers for per share in tuition account and its recording method is as follows:

Table 25: Registration in offices and academic units

creditor	debater	description	Account code
	xxx	tuition	4111
xxx		Regions tuition	411110
	xxx	Region tuitions	411110
xxx		Banks/unit current accounts	2141
			1112

Table 26: Registration in the secretariat offices of regions

creditor	debater	description	Account code
	xxx	Students tuition	1112
xxx		Tuition of Islamic-political groups	1131
			411110

C) Tuition of Political-Islamic Groups (Code 41111): Based on relevant regulations, the received costs by the central secretariat organization of the academic units and training centers are recorded pair share in the tuition account and its recording is as follows:

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Table 27: In the time of allocating the funds related to the central secretariat of the political-islamic groups in the university

creditor	debater	description	Account code
	xxx	Students tuition	4111
xxx		Tuition of Islamic-political groups	411111

Table 28: Paying the costs related to the central secretariat of Islamic-political groups of the university

creditor	debater	description	Account code
	xxx	Tuition of Islamic-political groups	411111
xxx		Bank	1112

Table 29: Paid costs by the departments and academic centers to the central agencies:

Creditor	debater	description	Account code
	xxx	bank	1112
xxx		Tuition of political-islamic groups	411111

D) Tuition per Account of Science and Research Organization (Code 411112): Based on the regulations, a campus branch of graduate studies and science should calculate the capita related to the science and research branch of Tehran and pays it and the accounting method is as follows.

Table 30: Financing by the campus branches of the graduate college os Science and research branch

creditor	debater	description	Account code
	xxx	tuition	4111
xxx		Capita tuition of science and research organization	411112
	xxx	organization	411112
xxx		Capita tuition of science and research	1112
		Bank	

Table 31: Recording the receiving tuition in the science and research branch of Tehran

creditor	debater	description	Account code
	xxx	bank	1112
xxx		Capita tuition of science and research	411112

E) the surplus account obtained by selling assets (code 4413): in the case of asset selling to a bigger price than book value, the obtained surplus by selling the assets, is identifies which is the difference between selling assets and their book value and the accounting records is as follows.

Table 32: Accounting record

creditor	debater	description	Account code
	xxx	bank	1112
	xxx	Depreciation reserve	1400
xxx		assets	1300
xxx		Obtained surplus by selling assets	4413

F) Crimes (Code 4416): crimes which are deducted for delay or hasten the employees. And they have a nature of return of cost and it will be deducted from the personnel costs.

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G) Independent Accounts (Code 4192): this account is in the form of university student services such as dormitories, self -service and etc. And they are identified as cash assets and they are recorded in the offices.

At the time of receiving independent fund accounts, the accounting document is issued as follows:

Table 33: Accounting record

creditor	debater	description	Account code
	xxx	bank	1112
xxx		Independent accounts	4192

H) Charges on Deposit Accounts (Code 4192): These accounts are identified at the time of announcement and paying the charges of different investment deposits in banks and they are recorded in the offices. In the time of identifying and recording the charges on deposits, the following accounting document is issued:

Table 34: Accounting records

creditor	debater	description	Account code
	xxx	bank	1112
xxx		Charges on deposits	4414

I) Received Charges Accounts in the Current Year (Code 4419) and Receivable Profit and Costs in Coming Year (Code 1719) and Account Charges Received in the current year are identified in the time of profit depreciation and charges of loans installments and faculty and they are recorded in the offices. And it is equivalent to the number of installments for each loan.

Related accounting document in the time of income realization is issued as follows:

Table 35: Accounting record

creditor	debater	description	Account code
	xxx	Profits and charges of coming years	1719
xxx		Received charges of current year	4419

M) Current Account of Past Years (Code 3121): If there is an error in the income realization of past years, this account is identified and recorded in the office.

Accounting document is issued at the time of identifying this account, as follows:

Table 36: Accounting record

Creditor	debater	description	Account code
	xxx	bank	1112
	xxx	debater	1121
	xxx	Debate to public organizations	2112
	xxx	Saving deferred costs	2191
xxx		Correcting past years	3121

N) Received Charges Accounts of Welfare Funs (Code 8815)

At the time of granting facilities of welfare fund at the university, this account has been achieved and it will record in the offices and its accounting records as follows:

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Table 37: Accounting record

creditor	debater	description	Account code
	xxx	Loan	8317
xxx		Bank Welfare Fund	8311
xxx		Received charges	8815

Accumulated costs in the received charges and welfare funds should be pay at the end of each semester or year to the account of central organization of Islamic Azad University.

At the time of paying and sending received charges to the account of central organization, the following accounting document is issued:

Table 38: Accounting records

creditor	debater	description	Account code
	xxx	Received charges	8815
xxx		Welfare fund bank	8311

Third Sub-hypothesis: the principle of matching costs with incomes is observed in the Islamic Azad University of Ramhormoz. In the Islamic Azad University, a set of accounts are used in accordance with the principle of income and cost matching.

A) Pre Receiving Account of Coming Year Intuition (Code 2131):

At the end of the year, to reduce the income account of tuition according to corresponding regulation, 70% of intuition income is calculated in the second semester of each year and it transferred to next year to reduce costs. And its accounting methods and steps are fully described in this research in the part of accounting assumptions (liability assumption).

B) Modification Account of Past Years (Code 3121): this account is considered to reduce the errors of items and incomes of past years that its accounting procedures are fully described in this research in the part of accounting assumption (obligation assumption) and its accounting principles (the article of income realization) is identified.

C) The Saving Account of Deferred Costs (Code 2191): this account relates to identification and registration the costs which are realized at the end of year but for various reasons, it has not been paid and they should paid in the next year. The second important point about these two accounts is that about anticipating costs of this account, we should be careful to there is no need to correcting registration in the next year. And its accounting procedures and the method to use this account is fully described in the part of accounting assumption (obligation assumption) in this research.

D) Redeemed Reserve Account of Leave (Code 2891) and Stored Redeemed About Service Years of Employees (Code 2892): these two accounts relate to the adjustment personnel costs per year and at the end of year, they are calculated by formula and relevant regulation and are recorded in the accounting offices. And the accounting procedures and the methods to using this account is fully described in a part of this paper as accounting assumptions (obligation assumptions).

And if the cases related to each of these two accounts be paid in the next years, other costs of one period do not transfer to the other period.

e) Other Reserve Accounts (Group 1400): this group is a group of accounts related to depreciation of fixed assets and intangible assets that are recorded at the end of each year before closing accounts based on the calculated regulations and they are recorded on accounting books. And its accounting steps are in the limited principles and they are necessary and they are fully described.

F) Received Charges Accounts (4419 Code): this account relates to the realized income of different payable loans to staffs and faculty members. And at the end of year, profit and charges account of future years, the cost of related installments are delaminated and they are added to the charges income. And related accounting procedures are fully described in accounting assumptions (obligation assumption) as well as basic principles of accounting (income realization).

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The Fourth Sub-Hypothesis: the principle of full disclosure in the financial statements is observed in the Islamic Azad University of Ramhormoz. In the Islamic Azad University, there are some cases which are related to the disclosure principle that includes

A) according to the correctness instruction and deduction at the end of the year, methods, procedures and how to adjust attachments and annexes trial balances are the only report and available financial reporting in the accounting and financial system of Islamic Azad University, and they are fully described.

B) Forms and Reports at the end of the attached financial statements are as follows:

1. Fund Account Statement (Form 1)
2. Bank account with the confirmations. (Form No. 2 of 6 parts)
3. The statement of employees saving (Form No. 3)
- 4: list of fine transferred assets (Form No.4)
- 5: statistics of staff and students (Form 5)
- 6: list of staff payroll and faculty members
- 7: correcting the permissions list of past year.
- 8: Personal finance manager, deputy administrative chief the academic unit.
9. Payments related forms, inventory, property, and payroll and welfare fund.
- 10: bank reconciliations for all bank accounts related forms.

D) Employees saving fund: at the end of each month, at the time of paying salaries and benefits of faculty, equivalent of 6% will be calculated and recorded as saving. And 4% is the employee share and 2% is the university share and it is paid to them at the time of employment relation or retirement in accordance with regulations and so far, the rate for saving funds is 6% and it has not changed.

D) Payable loans

E) Pre-receiving the tuition of coming year: every year, at the end of the year, equivalent to 70% of tuition of second semester is transferred for matching revenues and expenses of next years. And their rate has not changes 70%.

F) The method to calculating the inventory cost: the cost of inventory in the warehouse is a weighted and has not changed, so far.

Fifth sub-hypothesis: consistency principle (consistency) are observed in the financial statements of the Islamic Azad University of Ramhormoz. In the Islamic Azad University, there are principles as follows:

A depreciation reserves: rates and methods of depreciation of fixed assets and intangible taxes are done directly on the table in Article 151. And they are observed without any change and there is no instruction to change the present situation, so far.

B) Saving the leave redeemed staff and faculty: the calculation formula of redeemed leave saving of staff is as follows:

Saving the leave redeemed= the income of one day *15

D) Saving the service years redeemed of employees and faculty members: calculation formula of the reserve cost of services years of employees is as follows:

Saving the service years redeemed of employees: {(summing the last income verdict)* (the number of months of operation from the beginning of the employment)}

D) Saving doubtful receivables: at the end of the financial year, at the time of accounts adjustments, about 10% of account balance of debtors is allocated as doubtful receivables and it is recorded.

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