

# **PERSPECTIVES ON INTERNATIONAL FINANCIAL REPORTING AND AUDITING IN THE AIRLINE INDUSTRY**

**By** Can ÖZTÜRK

STUDIES IN MANAGERIAL  
AND FINANCIAL ACCOUNTING

**VOLUME 35**

**PERSPECTIVES ON  
INTERNATIONAL FINANCIAL  
REPORTING AND AUDITING IN  
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INVESTOR IN PEOPLE

To my wife Oytun and to my daughter Ece  
Thank you for their indefatigable support and immense patience.  
Can Öztürk  
July 2021

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# CONTENTS

<i>About the Author</i>	<i>ix</i>
<i>Foreword</i>	<i>xi</i>
<i>Preface</i>	<i>xiii</i>
<i>Acknowledgments</i>	<i>xiv</i>

## **PART I INTERNATIONAL FINANCIAL REPORTING**

<b>Chapter 1 Overview of Financial Reporting in the Airline Industry</b>	<b>3</b>
<b>Chapter 2 Some Observations on IFRS Accounting Policy Choices: The Case of the Airline Industry</b>	<b>21</b>
<b>Chapter 3 Some Observations on IFRS 15 and IFRS 16 in the Airline Industry: The Case of Air France – KLM</b>	<b>51</b>
<b>Chapter 4 Some Observations on IFRS 8 Operating Segments: The Case of the Airline Industry</b>	<b>81</b>

## **PART II INTERNATIONAL AUDITING**

<b>Chapter 5 Some Observations on International Auditing: The Case of the Airline Industry</b>	<b>127</b>
<i>References</i>	<i>159</i>
<i>Index</i>	<i>175</i>



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## ABOUT THE AUTHOR

**Can ÖZTÜRK** is an Associate Professor of Financial, International, and Comparative Accounting at the Department of Management, Çankaya University, Turkey where he teaches financial and managerial accounting, financial statement analysis, International Financial Reporting Standards, international trade accounting, and accounting for multinational enterprises. He has obtained PhD in Accounting and Finance from Başkent University, Turkey. In addition, he received his first bachelor's degree in Banking and Finance from Bilkent University, Turkey, as well as his second bachelor's degree in Finance, and his master's degree in Business Administration from the University of Massachusetts Dartmouth, USA. His research interests include financial reporting, financial statement analysis, auditing, and sustainability reporting in the international context. He has published papers in *Accounting in Europe*, *Journal of Accounting and Management Information Systems*, and *the World of Accounting Science*. He is fluent in English, and French, in addition his native language, Turkish. ORCID ID: <https://orcid.org/0000-0003-1587-4707>.

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# **FOREWORD**

This book is the outcome of the practices of international financial reporting and international auditing in the airline industry. Accountability and responsibility for this book lie with Can Öztürk.

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# PREFACE

*Perspectives on international financial reporting and auditing in the airline industry* is a research book which combines international financial reporting and auditing practices in the sector-specific and global context. It has been developed considering the paper of Tan, Tower, Hancock, and Taplin (2002) titled as “Empires of the sky: Determinants of global airlines’ accounting-policy choices,” the book of Lavi (2016) titled as “the impact of IFRS on industry” and current Accounting Guides and Airline Disclosure Guides of the International Air Transport Association’s Industry Accounting Working Group.

The book consists of two sections. First section focuses on observations related to international financial reporting and second section covers observations related to international auditing in the airline industry.

The first section includes four chapters. The first chapter provides an overview of financial reporting in the global airline industry considering the accounting framework adopted by airlines whether they are publicly accountable or not. Following Chapter 1, Chapters 2–4 adopt an IFRS approach in the global context. Chapter 2 focuses on the comparability of financial statements in the airline industry in the context of the diversity of IFRS accounting policy choices; Chapter 3 analyzes the cumulative effect of the adoption of IFRS 15 and IFRS 16 and the compliance level of disclosures of IFRS 16 from a lessee standpoint on the financial statements of Air France – KLM; and Chapter 4 discusses the segment reporting in the airline industry under IFRS 8.

The second section includes one chapter. It analyzes different aspects of International Standards on Auditing in the airline industry considering ISA 570, ISA 700, ISA 701, ISA 701 of the UK, ISA 705, and ISA 706 within the framework of the IFRS adopted airlines.

My wish is that readers whose interests relate to airline financial reporting and auditing find this book informative and inspiring further research.

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*July 2021*

# ACKNOWLEDGMENTS

As a professor of accounting and a traveler keen on air travel, analysis of the financial statements of airlines in terms of international financial reporting and auditing has been one of my research interests that I have been willing to focus on in my academic career since 2011. However, such an opportunity did not take place until I saw the call for paper announcement of the book serial of Emerald titled as *Studies in Managerial and Financial Accounting* and I submitted my book proposal. This research book took almost three years of mine. In this context, I would like to thank all the Emerald editorial team members that contributed to making this dream come true but particularly to Dr Anne Farrell, Dr Charles Richard Baker, and Aiswarya Mahathma Suritha.

I would like to thank Dr Anne Farrell of Miami University who is the project editor of this book serial, for giving me the opportunity to prepare this research book and for making my dream come true so that I can specialize in airline financial reporting and auditing from a global perspective. In addition, I truly appreciate her patience and support due to my request of deadline extensions.

It has been almost 20 years since I recognize Dr Charles Richard Baker of Adelphi University. I was his MBA student at the University of Massachusetts Dartmouth in 2003. He has been one of my leading accounting professors in my academic career. This book project provided him to contribute to my academic career once again. I would like to thank Dr Baker for his time to check my writing as an experienced researcher on airline accounting. I truly appreciate his support.

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Last, but certainly not least, I would like to thank all my family and friends for their support during this project.

All errors are my own and come with apologies.

Can Öztürk  
July 2021