

Specifics of Accounting for Lease Operations of the Organization

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Abstract: Accounting for lease relations is a complex and time-consuming analytical process, since there are many aspects and requirements of regulatory documents for the reflection of such transactions on accounting accounts. Currently, rent is an important component of the investment policy of most state-owned enterprises. The widespread use of rental relations is one of the specific indicators of the development of the country's economy. Within the framework of this article, we have considered the specifics of rental relations based on the requirements of national and international standards. At the end of the article, we formulated our conclusions on the conducted research.

Key points: accounting, rental, lease agreement, rental property, valuation, leasing.

Introduction. In modern economic conditions, the effective functioning of an enterprise of any organizational and legal form, regardless of the types of activity, is a prerequisite for its existence. The goal of any production is to make a profit and increase profitability. The achievement of this goal depends on a very large number of factors and is associated with the overall organization of production, the use of high technologies, financial capabilities, as well as the technical equipment of the enterprise.

The production and economic activity of the enterprise is ensured through the use of material, labor and financial resources, as well as at the expense of fixed assets.

Many organizations, especially newly created ones, often do not have the financial capacity (money) to purchase buildings, structures, machinery, equipment, vehicles. Temporary difficulties can be overcome due to lease relations, that is, the transfer and receipt of fixed assets for rent (property hiring).

In modern conditions, there is a slowdown in monetary turnover in the state, and therefore, enterprises do not have enough funds to purchase fixed assets. This creates prerequisites for the spread of rental operations. One of the problems in accounting for lease transactions is that little attention is paid to the development of accounting methods taking into account existing features. With the domestic accounting system, fixed assets that are leased are reflected together with their own, which are used in core activities.

Rental relations have been known for a long time, primarily in agriculture. But in the modern world, renting has a completely different economic meaning than before. If before it served as a means of exploiting tenants, led the economy along an extensive path of development, now rent, on the contrary, increases the degree of economic freedom, gives both small businesses and large enterprises a chance for success, intensifies the development of the economy.

The pace of development of enterprises directly depends on a qualitatively new level of productive forces, such as the need to update the production apparatus, replace worn-out and outdated fixed assets, and introduce new technologies. In this regard, there is a need to attract financial resources for the development of production. In practice, it is advisable for business entities to use alternative opportunities to attract financial resources. Taking into account the needs of the market, we will consider leasing as an alternative to such financing.

For enterprises, when conducting accounting and compiling modern financial statements according to national standards, the methodological basis is the National Accounting Standard of the Republic of Uzbekistan (NSB No. 6) "Lease Accounting", but during the transition to international standards, IAS 17 "Lease" should be used as a methodological basis, and therefore the definition of differences in the application of standards has in first of all, practical significance.

Analysis of thematic literature. An analysis of recent studies and publications shows that the issue of identifying the features of accounting according to national and international standards has been dealt with by economists at various times, in particular: Bazilevich V. D., S. Golov, Shvets V. G., Golubnichaya G. P. [4][5], Kabatova E. V. [6], Koblyanskaya O. I., Konovalenko N. P., Lokhanova N., Kalitka G. B., Lyakhova A.V. and others. Today, there is a prevailing statement among scientists regarding the need to overcome the inconsistency of certain provisions that are laid down in the National Accounting Standards, and which conceptually differ from the requirements of IFRS, that is, there is an urgent need to optimize the National Accounting Standards under IFRS, and in the future to abandon their application.

The theoretical foundations of leasing are defined by the classics of political economy G. Brigham and K. J. Van Horn. The state of the leasing services market and the prospects for its development were considered in their works by S. Brus, D. Vasilenko, R. Kaproni, S. Kisel, N. Ryazanova, N. Mentukh, Ya. Onishchuk, G. Kholodny, T. Cheremisova and others.

A significant contribution to the development of theoretical foundations and methodological approaches to solving the problems of accounting for leasing transactions was made by leading Russian scientists-economists: Badzim O. S.[1], Drevush A. R., Volkova M. V.[2], Kharchenko S. A., Rudnitskaya O. V., Tchaikovsky Ya., Mironenko V. P., etc.

Analysis and results. Despite the relevance of the topic, the level of its research and study, deep structural changes in the economic mechanism of the state require constant improvement of the methodology and methodology of accounting for the harmonization of the financial situation of the enterprise.

According to the National Accounting Standard of the Republic of Uzbekistan (NAS No. 6) "lease accounting"[9], a lease is an agreement under which a lessee acquires the right to use a non-current asset for a fee during a period agreed with the lessor.

Leases are divided into financial and operational, as shown in Figure 1, these types of leases are reflected differently in accounting.

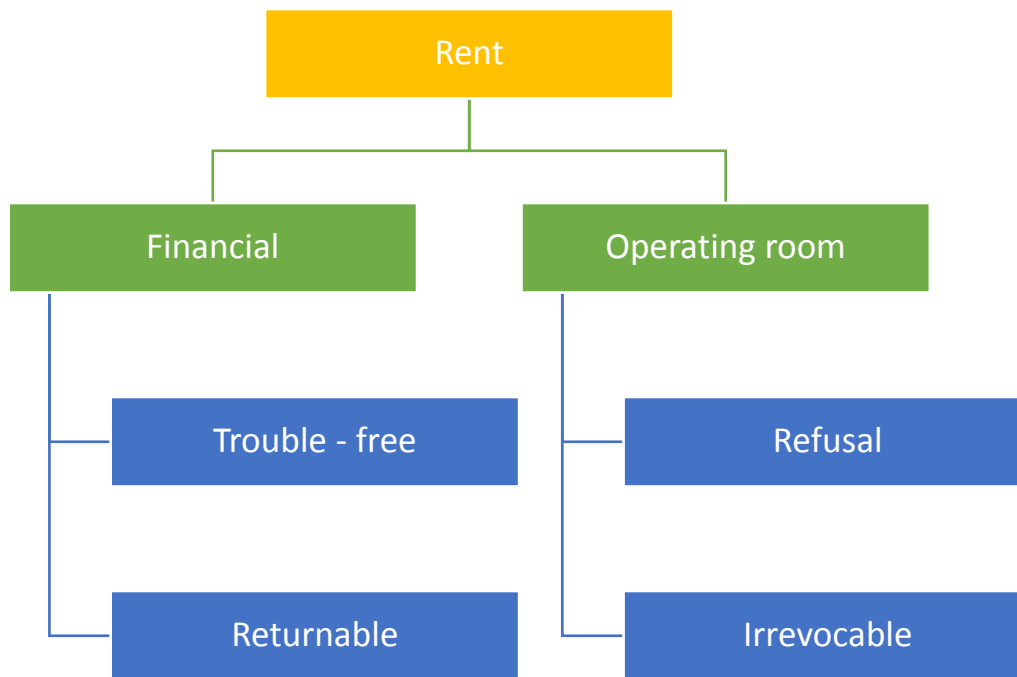


Figure 1 – Classification of leases according to NAS No. 6 "Lease accounting".

Finance lease is a lease that provides for the transfer to the lessee of all risks and benefits associated with the right to use and own an asset. A lease is considered financial if there is at least one of the following signs:

the lessee acquires ownership of the leased asset at the end of the lease term;

the lessee has the ability and intention to purchase the rental object at a price lower than its fair value at the acquisition date;

the lease term makes up most of the useful life (operation) of the rental object;

the present value of the minimum lease payments from the beginning of the lease term equals or exceeds the fair value of the rental object;

the leased asset has a special character, which allows only the lessee to use it without the cost of its modernization, modification, retrofitting;

the lessee can extend the lease of the asset for a fee significantly lower than the market rent;

the lease may be terminated by the lessee reimbursing the lessor for his losses from the termination of the lease;

gains or losses from changes in the fair value of the rental object at the end of the lease term belong to the lessee [8].

Operating (current) lease. It means any lease, with the exception of financial. In the case of an operating (current) lease, the risks and rewards associated with the ownership of the asset remain with the lessor, therefore the leased assets are treated as depreciable property, and the rent received is included in income throughout the lease term. The current lease implies the temporary ownership of the property by the tenant.

Rent as an economic category is manifested through the contractual nature of the relationship between the tenant and the tenant.

Under the lease agreement (property lease), the lessee is obliged to provide the lessee with property for a fee for temporary possession and use or for temporary use. The fruits, products and income

received by the lessee as a result of the use of the leased property, in accordance with the contract, is his property.

The lease agreement must contain data that allows you to definitely identify the property to be transferred to the lessee as a rental object. In the absence of these data in the contract, the condition of the object to be leased is considered not agreed upon by the parties, and such an agreement is not considered concluded [8].

Rent is a sum of money or other property that the lessee is obliged to pay to the lessor for the property provided for use and possession or use. The main functions are shown in Figure 2.

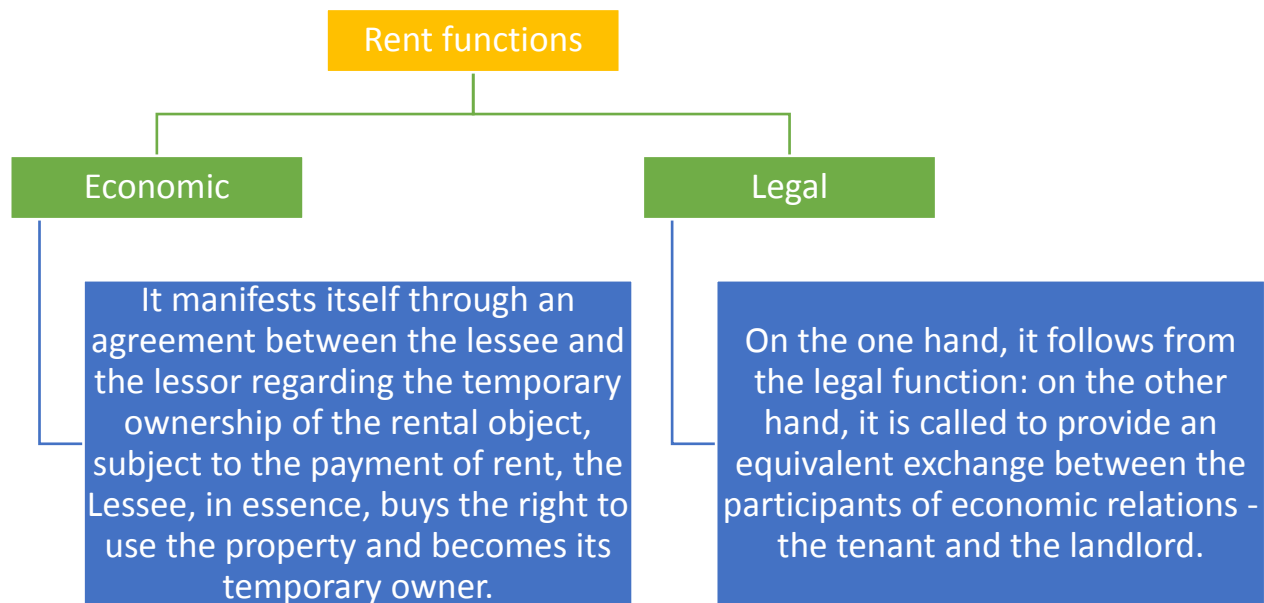


Figure 2 – Rent functions

The rent includes:

depreciation deductions from the value of the leased property, their amount is determined in the contract;

funds transferred by the lessee to the lessor for the repair of facilities after the expiration of their lease;

the part of the profit (income) that can be obtained from the socially necessary use of the leased property (rental interest), established by the contract at the level, as a rule, not lower than the bank interest.

The amount of rent may be reviewed ahead of schedule at the request of one of the parties in cases of changes in centrally set prices and tariffs and in other cases regulated by legislative acts. The leased property remains the property of the lessor, and the products produced, income, material and other valuables, improvements made to the leased property that are not provided for in the lease agreement are the property of the lessee.

The lessee has the right to partially or completely redeem the leased property, if restrictions or prohibitions are not provided for by legislative acts. A buyout is an act of buying and selling state-owned enterprises into collective or individual ownership. The redemption is carried out by the lessee paying the lessor all the rent due to him from the value of the property leased for the full depreciation period and reimbursement of lease payments from the residual value of the property, the lease of which, according to the contract, was terminated before the end of the full depreciation period. The sources of redemption can be any funds available to the rental company [8].

When the property is transferred to a financial lease, its cost and lease-related liabilities are reflected in the lessee's Balance Sheet. This is due to the fact that although the legal property

remains the property of the lessor, in fact all the risks and benefits from its use are transferred to the lessee for a period that makes up most of the term of economic operation of the rental object.

Fixed assets and intangible assets accepted for operational lease are credited to the off-balance sheet account 01 Leased non-current assets at the balance sheet (residual) and initial cost of the lessor, which is specified in the operating lease agreement [9].

As with any real estate transaction, the lease agreement must specify individually defined features of the rental object, allowing you to firmly establish the property to be transferred to the tenant. In case of violation of these requirements in the contract, the rental object is considered not agreed by the parties, and the corresponding contract is not concluded.

Since the building is always located on the ground and when used by the lessee, the question of the extent of the lessee's use of the land will inevitably arise, the right in relation to the land plot on which the building is located is also the subject of the relevant lease agreement for the building or structure. The lessee's right to the land plot on which the leased building or structure is located is derived from what right the lessor has to it (ownership, lease, permanent use, lifelong inherited possession or other powers). The right to a land plot arises simultaneously with the right to use a leased building (structure), since it is transferred simultaneously with the transfer of ownership and use of the building (structure) under the same contract. Thus, when renting a building (structure), the building itself becomes, as it were, the main thing, and the right to a land plot acts as an accessory to this thing.

The situation when a building becomes the main thing in relation to the land plot on which it is located developed in the mid-90s. largely due to the fact that buildings (structures) were legally and actually put into civil circulation faster and more radically than land plots. While maintaining mainly the right of state (municipal) ownership of land in cities and rural settlements, a significant part of the buildings located on them passed into private ownership. The resulting "heterogeneity" of rights to land plots and objects located on them creates serious legal obstacles to considering a building and a land plot as a "single" real estate object, since the construction of a single object itself makes sense only if a single right can be established for its constituent parts, or at least at least, homogeneous rights.

The amount of the rent is an essential condition of the contract, in the absence of a condition agreed by the parties in writing on the amount of the rent, the lease agreement is considered not concluded. The amount of rent can be changed by agreement of the parties.

The amount of rent depends on the following indicators: the location of the building (center or outskirts); the technical condition of the building (the degree of wear, the building material from which the building is built; the purpose of the premises (stock exchange, banking, law enforcement, scientific activities, gambling, social protection of poor citizens, etc.); belonging of the building to historical monuments, culture, architecture; degree of arrangement (elevator, etc.); suitability of the building for commercial operation; type of premises (main or auxiliary premises, basement); actual area of the building. This list is not exhaustive. The total amount of rent for a building is calculated by summing up payments for the rent of individual premises of the building. The fee for the use of a building or structure includes a fee for the use of the land plot on which it is located, or the corresponding part of the plot transferred together with it, unless otherwise provided by law or contract. Consequently, the contract or the law may provide for separate payment for land and rent of a building or structure.

In cases stipulated by law (for example, in cases of leasing state property), a regulatory method for calculating rental rates is applied, established or regulated by authorized state bodies. Usually, the rental rate is set per unit area of the leased building – 1 square meter. The parties may also give preference to other indicators. If the lease of the building is of a long-term nature, the annual rate is usually applied.

The form of the lease agreement established by law is simple written (i.e. not notarized), by drawing up a single document signed by the parties, and non-compliance with this form entails the invalidity of the contract.

This account accounts for assets in the form of fixed assets, intangible assets and other non-current assets that are received by the enterprise on the basis of operating lease agreements (leasing) and are recorded on the lessor's balance sheet.

The lease terms are determined by the contract, but the lease of enterprises, buildings, structures is, as a rule, long-term - more than five years. Changing the terms of the lease agreement, its termination and termination are possible with the agreement of the parties. At the request of one of the parties, the contract may be terminated by a court decision, and in cases of violation by the other party of the terms of the contract.

Rental objects can be either integral property complexes or their structural subdivisions, or separate individually defined property, which, in turn, is divided into immovable (buildings, structures, premises) and movable or other separate individually defined property (machinery, equipment, etc.).

The essential terms of the lease agreement are: the rental object (the composition and value of the property, taking into account its indexation); the term for which the lease agreement is concluded; rent, taking into account its indexation; the procedure for using depreciation deductions; restoration of the leased property and the conditions for its return or redemption [8].

The basis for the emergence of lease relations between the enterprise and the tenants is the conclusion of a lease agreement. Thus, the initial document defining the economic and legal side of the lease relationship is the contract, which reflects: the composition and value of the leased property; the amount of rent; lease terms; distribution of obligations of the parties to restore and repair the leased property; the obligations of the lessor to present the property to the lessee in accordance with the terms of the contract; the procedure for paying rent and returning the property to the lessor in the condition stipulated by the contract.

Conclusions: In a market economy, rental operations are reaching a qualitatively new level. Many firms resort to renting purposefully, considering it as an alternative to buying equipment with long service lives. Leasing operations, which are usually entrepreneurial activities of specialized organizations and consist in the acquisition of equipment specified by a potential tenant for the purpose of its subsequent leasing, are beginning to receive a certain distribution.

Without reducing the importance of the scientific developments of leading Russian scientists and economists, we note that legislative changes have not yet found sufficient elaboration in their works. This makes it necessary to deepen and expand research in the direction of highlighting the features of accounting not only according to national, but also according to international standards.

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