

Beliaeva L.A

*PhD, Associate Professor,
Department of Accounting and Taxation,
KhESI of SHEI "Banking University"*

Cherniavska I.S.

*Senior Lecturer,
Department of Management,
Social Sciences and Humanities,
KhESI of SHEI "Banking University"*

Bilous K.D.

*Master, Department of Accounting and Taxation,
KhESI of SHEI "Banking University"*

THE ROLE OF DOCUMENTING IN LEASE OPERATIONS

The lack of own funds or means of labor leads to the use of one of the most popular method of financing - leasing. Currently the increase of lease operations in Ukraine is caused by the presence of obsolete equipment and its low efficiency. Leasing has become an ideal alternative to bank lending and one of the most effective tools for an effective renewal of fixed assets. Thus the issue of accounting for leasing operations is particularly important.

Ukrainian Accounting Standard (UAS) 14 "A lease" determines the methodological principles for the formation of accounting information on leasing and its disclosure in financial statements. According to UAS 14, a lease is an agreement by which a lessee acquires the right to use non-negotiable assets for the payment within the term agreed with a lessor [1].

The main document for enterprise accounting is the Decree on the accounting policy, which provides the control and organization of the accounting of leasing operations and guarantees the use of the best methods of accounting for obtaining the expected results of enterprise's performance.

The first stage of the lease relationship between a lessee and a lessor is the conclusion of a lease agreement, which, in turn, is entered in the register of contracts. At the same time, the schedule of rent payments for the term specified in the contract is drawn up. The parties of the contract may determine the specific term of lease or conclude an agreement for an indefinite period. A lease

contract concluded for an indefinite period may be terminated at the request of each of the parties at any time.

A lease contract is the basis for the registration of *act of acceptance of leased objects*. The date of registration and signing an act is the date of the calculation of the lease term, unless otherwise specified by the contract. Fixed assets received under the terms of a lease agreement are accounted by a lessee in an off-balance sheet 01 "Leased Non-current Assets". The copy of an inventory card or extract from an inventory book is an integral enclosure to *act of transfer of a leased object* where an inventory number for operational accounting is stated.

After getting a leased object, a lessee puts it in *inventory list of leased objects* of a financially liable person. Exploiting a leased object, a lessee may carry out completion, pre-equipment, reconstruction or modernization of a leased object using internal resources or contractors under *act of acceptance of refurbished objects*. Depreciation of a leasing object is calculated for the period of the expected use of an asset. Depreciation calculations entered into statement are the basis for the calculation of lease payments.

When calculating lease payments, a lessor may issue *invoice* or *act of services rendered* under the accounting policy of an enterprise. In cash settlements a lessee issues *cash voucher* which is reflected in *cashier's report*. In cashless settlements *payment order* is usually issued and it is stated in *bank statements*.

A lessee enters analytical data separately on legal entities and individuals for each lease object in *statement of settlements with a lessor* where the obligation to pay is stated. Credit turnover data is transferred from a Statement of Settlements with a Lessor to a Journal, and then to a Ledger.

For external users information on lease transactions from a lessee is summarized in *balance sheet* (p.1515), *income statement* (p.3350) and *cash flow statement* (p.3570).

The last stage of lease operations is the return of a leased object, which is reflected in *act of acceptance of leased objects* and the write-off of a leased object from *off-balance sheet account*.

A clear and rational organization of accounting is ensured by timely document handling by responsible employees. It is achieved by the availability of developed and approved schedule of document circulation, determination of documents for lease calculations, types and terms of lease payments.

One of the existing problems of lease operations is the lack of the specific interpretation of the economically justified size and composition of lease payments.

The clarity and simplicity of the methodology for calculating lease payments is important, since it depends on the amount of payment accrued in the reporting period. The principles that should be the basis for the method of calculating lease payments include: the combination of economic interests of subjects of a lease transaction; the establishment of an optimal term for making a lease payment; the inclusion of all necessary sums into the lease payment.

One of the most important concerns of improving accounting of leasing operations is the need to develop recommendations on the structure and content of accounting policies for leasing operations. The practical implementation of its specific provisions is the basis for the effective use of economic information oriented on the strategic development of an enterprise.

In order to improve the control on accounting of lease transactions, it is necessary to develop recommendations regarding their content and structure in the accounting policy and specify some provisions of their accounting.

This is a way to estimate the results of repairs, upgrades and other types of improvement of fixed assets, and determine who will reimburse. This is the calculation method and components that are included in a lease payment.

When choosing the depreciation method, it is necessary to take into account the financial condition of a lessee, since depreciation is the main part of a lease payment and the cost price of an output as well as the financial result depend on it. But a lessor is interested in the reproduction and renewal of leased property. It is the use of documents to determine the cost of leasing services: Invoice or Act of Services Rendered, and accordingly, payments: current or advance payments.

Thus, timely and correct handling documents that reflect all stages of the leased object's movement and settlements with a lessor, the effective organization of accounting for lease operations can reduce the costs, and becomes a necessary factor in the existence of enterprises.

References

1. Regulation (standard) of accounting 14 "Lease", approved by the order of the Ministry of Finance of Ukraine dated July 28, 2000 No. 181- [Electronic resource]. - Access mode: <http://zakon5.rada.gov.ua/laws/show/z0487-00>