THE METHOD OF PRESENTING RENTALS OPERATIONS IN THE ACCOUNTING AND REPORTING OF RENTAL RECIPIENT AND OF THE RENTAL GIVER IN ACCORDANCE WITH IFRS

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Abstract

The author describes in this article the accounting of rental operations in the context of the implementation of International Financial Reporting Standards, as well as the formation of a financial result from the rental recipient and the rent giver. In the accounting of the rent, the author is obliged to comply with the requirements of the main obligation and International Accounting Standards for the implementation of operational and financial rental the bayonet melted.

Keywords: rent, tenant, rent payment, rental obligations, financial income, contract, profit.

Introduction

A prerequisite for the effective functioning of an enterprise of any organizational and legal form in the context of economic reform is its availability, regardless of the activities of industries, the activities of any enterprise should be economically profitable, and the purpose of any production should be profit. The achievement of this goal depends on many factors and is associated with the General Organization of production, the use of high technologies, financial capabilities. This also depends on the technical and technological equipment of Network Enterprises.

If one enterprise in the network has fixed assets temporarily available, and other enterprises need them, then a lease agreement may appear on the transfer of such objects from permanent owners to temporary tenants.

In a market economy, rental operations are reaching a qualitatively new level. Many businesses purposefully resort to rent because they support the long-term service of the equipment they are buying for rent. Then, rental operations begin to receive a certain distribution, which is usually the entrepreneurial activity of specialized organizations, which consists in the purchase by a potential tenant of equipment intended for further rental.

In the context of the internationalization of capital and the development of investment activities in the country, rent as a complex of property and economic relations, agriculture can be considered as an effective method of investing structures.

Despite the obvious simplicity of accounting for rental operations, the issue of forming a style of accounting for rental operations in accordance with the careful introduction of International Financial Reporting Standards has been sharply raised.

Material.

Rent is the temporary property of the tenant, a property relationship between the tenant who provides and uses the property in return for thegup.

Property rented in legal form is not real estate, but in practice, if the tenant is obliged to pay a fair value and reward for using someone else's property, the tenant receives economic benefits during the useful life of the leased property.

In this regard, international Financial Reporting Standards (IAS) 17 "rental" require the financial rental to be reflected as an asset in the balance sheet and as an obligation to start the rental term with an amount equal to the fair value of the asset, or in the balance sheet if it is less. At the same time the amount of the current value than the minimum rent, at the beginning of the lease term, is recognized equal amounts of assets and liabilities.

When calculating the current value, the interest rate established in the rental agreement is used as the discount coefficient. If it is not possible to determine it on the basis of the terms of the contract, the interest rate on borrowed capital is applied, that is, the rate at which the borrowed funds received during this period must be paid in the amount required to purchase the asset leased on this collateral.

Over time, the asset is amortized, and the rental obligations are reduced in the form of payments to the rent. Note that in the international standards of financial reporting, the tenant's payments consist of two parts, depending on economic conditions: operation rent and financial rent.

Reduction of unpaid obligations on financial rent.

The current lease consists of renting an unused property by the tenant to meet the temporary needs of the tenant. The current rent should be distributed over periods so that the periodic interest rate indicated on the balance sheet of responsibility remaining for each period is uneven. The less the rentals debt, the less interest. Thus, the principle of the relationship between income and expenses, formulated in accounting, is used.

In the operating lease, the tenant does not reflect on his balance sheet the leased property obtained as a result of the operating lease. Obligations on rental payments are reflected on the balance sheet only in current accounts. The amount of rent payments is indicated as current expenses at the end of the lease term.

The interest rate at which rental payments are accrued is unknown. There is also no reliable information about the fair value of the leased asset. Therefore, it is necessary to determine the interest rate of the borrowed capital, that is, the tenant. In accounting, it is enough to correctly reflect the rent-by highlighting two components of the tenant's payment, the following can be determined: first, the terms of the rental and the rental fees must be disclosed in the tenant's financial statements; the second is the periods in the reporting period and the amount of discounting in the future.

The financial statements of the rental recognize that the transfer of an asset based on the policy applied to the sale of similar assets is carried out at the beginning of the lease term.

Thus, the tenant has two types of financial rental income: profit or loss from simple sales; financial income during the rental period.

In this case, profit or loss is formed depending on the difference between the selling value and the income from it.

The first is the amount of an unsecured balance equal to the value of the balance of the leased asset.

The second is fair value or minimum rental fees.

Rental income, even if the rental income is different, is recorded as the tenant's income during the rental period. If there is a proven system of recognition of rental income, which is more consistent with the actual decrease in profit from the leased property, the lessor can apply it, but must indicate this in the financial reporting records. Income from the provision of additional rental services to the tenant.

Operating rental costs, including depreciation deductions, are recognized as expenses due to the recognition of rental income. The initial direct costs associated with the exploited leased property are written off during the period in which they arise or distributed during the period of rental income.

The tenant's financial report should disclose a general description of the concluded contracts, gross rental investment, discounted rental payments expected to be accepted.

For each class of property for operating rent, the following should be indicated: the initial balance value of the leased property; losses resulting from accumulated depreciation and a decrease in the value of leased objects.

Rental sales include the purchase of property by the tenant for immediate lease by the seller. The amount of rent payments often depends on the selling price, since this is the result of one transaction.

When selling with operating rent, if the transaction is concluded at a fair value, any profit or loss must be reflected immediately during the reporting period in which the transaction was concluded. Any damage to the operating rental is recognized in the tenant's financial statements. With a financial lease, if the sale value during the operation is lower than the balance, then only the balance value is reduced to the returned amount. The remaining funds are distributed throughout the term of the financial lease.

Thus, in accounting, property is recognized in the balance sheet of income received by the rental, and the income part is recognized in the income statement due to the receipt of rental payments. International Financial Reporting Standards treat property income from financial rental as income from economically based loans.

Method

Since the priority direction for the development of the current accounting system is international standards of financial reporting, aimed at the specifics of the country's economy, the developed method of accounting for rental operations is based on the main components of International Financial Reporting Standards, classification of rent by economic content, principles of accounting organization and formation of financial statements.

The proposed method of accounting for rental operations is based on the separation of operational and financial rental as accounting categories that do not depend solely on the legal form of the contract.

This system of regulatory legal regulation does not provide for the consistency and uniformity of methods for accounting for rental operations, existing alternative methods are determined in one direction.

The development of the accounting style of rental operations should be based on a whole system of parameters: accounting reform principles that determine the leading role of international standards in the reform process; accounting tasks aimed at the completeness and reliability of the information formed in the accounting system; the purpose of accounting legislation is to ensure the uniformity of accounting, to prepare and provide comparable and reliable information necessary for users of financial statements; the current practice of the implementation of lease relations by their main participants, the choice of the balance sheet lease of the rental subject, the condition for non-violation of the contract, the possibility of transferring the lease right to the subject of purchase, etc.

In this case, the style itself should include a certain sequence of the following elements as a specific action plan based on a specific algorithm: formation of a system of criteria for classifying rental operations in terms of their economic content; making appropriate changes and additions to the system of norms of civil and accounting legislation, taking into account the type of rent; development of rules for the formation of a system of correspondence with all possible options for organizing the accounting of the main participants in the rental relationship and the development of events arising in the process of implementing the terms of the lease agreement; development of the main forms of registers of synthetic and analytical accounting of individual indicators; improving the content of the forms of accounting reporting formed by the main participants in the rental relationship.

The recommended method for classifying IFRS (IAS) 17 lease criteria is as follows: after the end of the lease term, the ownership of the asset goes to the tenant; rental recipients has the opportunity to purchase a previously leased asset at a price much lower than its market value after the lease expires; the rental term accounts for a large part of the economic life of the asset; the total amount of discounted rental payments at the beginning of the rental period is almost all market value; leased assets have a special feature, so only the tenant can use them without significant changes.

The main disadvantage of the method is non-compliance with the goals and objectives of accounting and accounting legislation, which is due to the fact that when reflecting the leased object on the balance sheet, the tenant's report does not meet the requirements of completeness and reliability, since it does not provide accounting information.

Result and discussion.

It is necessary to indicate the rental in the reports of the tenant and the lessor. In accordance with the International Financial Reporting Standards (IAS) 17 "rent", the tenant must be reflected in the balance of objects, while the tenant pays depreciation for these objects. The tenant must reflect the rent payments as expenses in the income statement.

Financial rent and international standards differ significantly. In accordance with the International Financial Reporting Standards (IAS) 17 "rent", financial rental objects should only be reflected in the tenant's balance sheet. It must fully comply with the criteria for transferring risks and benefits when qualifying a financial lease.

With the growth of financial rental operations, the number of users of financial statements has increased interest in reflecting the financial rental object on the tenant's balance sheet. And it is precisely in the case of financial rental that the approach to the reflection of assets is taken by the International Financial Reporting Standards (LAS) 17 "rental".

International standards differ not only in the approach to the reflection of the leased property on the balance sheet of rental recipient and of the rental giver, but also in the value of this property and the amount of payments.

In accordance with the International Financial Reporting Standards (LAS) 17 "rent", the tenant represents the financial leased asset in an amount equal to the fair value of the leased property or in an amount equal to the discounted value of the minimum rental payments. The same amount reflects the obligation at the beginning of the lease term. The amount of rent consists in reducing financial costs and unpaid liability. Financial costs must be distributed over periods in order to obtain an interest rate fixed on the balance sheet of the remaining liability.

In contrast to the international standards of financial reporting when accounting for its enterprises, rental property is reflected in the amount of all expenses. The same amount reflects the accounts payable on rental payments.

Thus, International Financial Reporting Standards reflect completely different indicators from those required both in the tenant balance sheet and in the profit and loss statement.

Likewise, there are differences in international financial reporting standards when accounting reflects financial rental transactions from the lessor.

In accordance with the international standards of financial reporting (LAS) 17 "rent"the tenant reflects his balance receivable in an amount equal to the net rental investment. At the same time, the financial income of the lease is distributed throughout the lease term to reflect the fixed income rate for net unpaid investments.

According to the legislation, International Financial Reporting Standards (LAS) 17 "rent", unlike the tenant's balance sheet, reflects the full amount of the tenant's debt, taking into account the level of permanent profit, without allocating income for the duration of the lease.

Previous approach to rental accounting: in accordance with the international standard of financial reporting (LAS) 17 "rent", only financial rent capitalization, the status of which is reflected in the report on the financial condition of the asset and rental debt. The financially rental asset is recognized by the rental the smallest of two assumptions-the current value of the rental payments or the fair value of the asset on the date of the start of the lease agreement. In the general income report, the tenant does not recognize the percentage component of the rental payments and the depreciation of the leased asset in the report on the financial condition of the assets received under the operating lease agreement as a tenant. In the general income statement, all rental payments for operating rent are recognized as expenses for the period of their occurrence.

International Financial Reporting Standard (IFRS) 16 "rental" In accordance with the- the initial assessment of the asset and liability, the choice of the discount rate at the start date of the lease, the lessee must evaluate the asset at its original cost in the form of the right to use it, which includes: amount of initial assessment of rental obligation; rent payments before or before the start date of the lease, minus the incentive rent payments received; any initial direct costs incurred by the tenant, i.e. additional costs associated with the lease agreement that do not occur if the lease agreement is not concluded; assessment of the costs incurred by the tenant during the dismantling and relocation of the main asset in accordance with the terms of the lease, the restoration of its location or the return of the main asset to the desired position.

On the date of the start of the lease, the tenant must assess the rental obligation based on the current value of the rental payments that have not yet been made on this date. Rental payments, if such a rate can be easily determined, must be discounted using the interest rate established in the rental agreement. If such a rate cannot be easily determined, the tenant must use an additional debt rate by the tenant. The level of attraction of additional borrowed funds of the tenant is the amount of borrowed funds necessary to obtain an asset of similar value with an interest rate and similar collateral that the tenant can attract for a similar period on the date of the beginning of the lease relationship. similar economic conditions in the form of the right to use. The interest rate, the interest rate established by the lease agreement, the current value of the rental payments and the value of the unsecured liquidation using it will be equal to the sum of the fair value of the underlying asset and the initial direct costs of the lessor.

A comparative analysis of the rules of rental accounting and the rules of international standards of financial reporting determines significant inconsistencies in the national and international practice of rental accounting. From the point of view of reforming the internal accounting system, aimed at harmonizing international standards of accounting and reporting in the country in accordance with global trends, the need to develop a new national standard that regulates the rules for the formation and reporting of accounting in the country becomes clear. Information about the rental operations of economic entities, inclusion of correct conclusions and decisions in the reporting.

A system of criteria was developed and substantiated, which was the basis for the classification of rental operations from the point of view of their economic content, predetermined the method of accounting for this factor.

Conclusion.

In the course of the study, the correctness of the accounting of rental operations and their, first of all, reflection of rental operations, reliability of determining financial results from renting a property, the correctness of the formation of costs associated with maintaining the property in working order. It also consists in monitoring the safety of leased assets.

The rental is mainly associated with numerous problems that arise during rental operations, primarily due to the fact that there is no accounting for this rental activity.

Requires extended disclosure of financial statements by the rental recipient and of the rental giver. Together with the amounts presented in the financial situation report, profit or loss statement and cash flow statement, the financial statement is to provide information to its users to assess the impact of rental contracts on financial condition, financial results and company cash flows. Among other things, the tenant provides more information about the rental activity, while the rental giver provides more information about the operating rent and residual value risk.

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