IMPROVING OF ORGANIZATIONAL MECHANISM OF LEASING

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This article is available in Scientific Bulletin of Namangan State University: https://uzjournals.edu.uz/namdu/vol1/iss8/21
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Abstract. The article discusses stages of organizational issues of leasing in the textile enterprise, particularly preparation, leasing, process of leasing and legal formalization of the leasing agreement. Additionally, effectiveness of the use of leasing as a form of financing of capital investments is also illuminated.

Key words: simplicity of leasing, collection and analyzing data, property, factors in making decision, the leasing agreement, regulation.
- the leasing scheme allows the enterprise to use the necessary basic stock on the basis of constant payments over a long period of time;
- leasing makes it possible to start a large investment project without attracting large financial resources;
- the opportunity to quickly update equipment;
- quick amortization of the leasing object (leased property) allows you to buy the property at a minimum balance value after the end of the lease term;
- leasing operations do not adversely affect the indicators of financial stability and liquidity of the enterprise;
- leasing does not increase credit indebtedness in the balance sheet of the lessee and does not affect the ratio of personal and borrowed funds. [1]

Based on leasing literature, leasing practice, and considering all the information relating to the lease the conclusion to be drown that leasing is different from the number of participants in the other economic categories and their function, as well as the features of investment projects, financial, technical, marketing, manufacturing processes.

Leasing from the idea to the project implementation, exploring the process of ownership and negotiation, has allowed dividing the three stages: preparation, leasing, stages of leasing (Figure1).

The first stage of the organization of the leasing activity at the enterprise starts with collection and analysis of information on possible options of leasing and leasing. If the analysis gives a positive result, and the enterprise decides to lease property, it moves to the supplier’s selection.

The leasing company, which receives the consent of the supplier, orders the purchase of the unit and its temporary use. It should be noted that the rule order is compiled voluntarily, but it should contain the name of the property, its characteristics, technical and economic characteristics, as well as the location and details of the manufacturer. Once a decision has been taken by the leaser or by the leaser, a textile company, which has emerged as a lessee, must present all the documents required for the lessor.

The following documents are included in the Regulation:
- notarized copies of the constituent documents, balance sheet for the last year or quarter;
- an analysis of the economic basis and effectiveness of the arrangement, i.e. business plan;
- additional information may be required for a leasing company from a textile company when there is a need for a warranted supply of the contract.

Picture1. Arrangement of leasing agreements for textile enterprises
Stage 2
- Leasing agreement
- Delivering order to the supplier
- Paying cost of property to the lease provider
- Provision with property

Stage 3
- Use of Property
- Realizing payments for lease
- Calculating NDE on lease utilization
Picture 2. **Stage II and III of leasing arrangements for textile enterprises**

After sending the documents, the lessor conducts the examination and examination of the leasing project. This process involves the assessment of the solvency of the lessee, the ability to repatriate property for the second time, or the possibility of selling the lessee for resale at a residual value and selling it in case of early termination of the leasing agreement.

During practical activity lease companies take into consideration following factors in making decision about providing property to lease, and we think that textile companies should also pay attention to them:
- validity of business plan;
- the priority of this type of activity;
- financial and economic condition of the enterprise;
- experience in this field;
- availability of production areas;
- availability of demanded production.

In second stage legal formalization of the leasing agreement is carried out (Figure 2). Lease agreement is concluded between the owner and the user on the temporary use and ownership of the object of leasing.
Based on the study of literary resources and leasing companies’ activity, it is possible to conclude that, in practice, there are no exemplary copies of leasing contracts.

The leasing agreement may be formed depending on the types of leasing, contractual parties and other features.

In order to obtain a full understanding of the leasing agreement, it is expedient to consider the essential guidelines contained in all contracts:
- object of the contract;
- order of supply and property acquisition;
- rights and obligations of the parties;
- utilization, repair and modification of the property;
- leasing term;
- leasing payments and penalties;
- responsibility of the sides;
- terms of early termination (completion) of the contract;
- movement of the sides about finishing agreement;
- warranty support;
- force-major conditions;
- legal address and bank requisites.

In the third stage the lessor uses the property for the purposes specified in the leasing agreement (Figure 3). The Lessee has the right to control that the property is used properly at any time. Moreover, from the first demand of the lessor, the lessee must provide information on its financial position in the form provided for in the leasing agreement. As mentioned above, the lessee accepts the acceptance certificate, which arises in the course of use of the object of leasing as well as loses, cancellations, theft. When an insurance event occurs, the lessee must notify the lessor of this at his own expense, repatriate the property at its own expense, change it to the initial condition, or replace it if it is impossible or repaired.

When substituting a property, a document certifying that the lessor has the right to own the property, and the lessee’s obligation to pay the lease payments stipulated in the contract. In this case, the amount of the completion (suspension) of the contract will not include part of the total amount of leasing payments, residual value and fines, continuation of regular and regular payment of lease payments, and acquisition of property at residual value upon termination of the leasing agreement.[2]

In our opinion, the continuation of the lease agreement in the event of loss or theft of property is justified because the expiration of the property is not a prerequisite for the cancellation of the lease agreement.

The leasing agreement shall be deemed complete if the lessee resolves the leasing object together with the full payment of leasing payments. If the lease payments are less than the estimated (planned) profits, the leased asset should be reimbursed. In this case, he must transfer the property to the address provided by the lessor and hand over the transfer document. All expenses related to the delivery of the property are paid by the lessee. If the profit received as a result of using the leased property equals or exceeds the calculated profit, it is necessary to conclude a new contract or acquisition of the property at the residual value with the performance of all the obligations of the lessee.
After paying lease payments, the parties conclude sale and purchase agreement with the leased property, and after the settlement has been completed, the lessee moves to the property and the leasing agreement is considered to have been completed. If the leasing agreement is terminated prematurely due to non-performance of the property by the buyer of the leased, the lessee shall be deprived of the right to use the property upon notification of the closure of the agreement and shall return it to the lessor. If the lessee refuses to return the property, it can be appealed.

After the lease contract the contract of purchase and sale concluded between the lessor and the seller of the property shall enter into force. If the leasing agreement envisages the sale of property after the expiration of the contract, the transitory use of the property becomes a purchase and sale relationship. However, this relationship arises between the lessor and the user of the property.

When choosing a leasing agreement, the key issue for a textile business is the choice of the lease. In our opinion, it is important to classify leasing varieties and classify them according to the number of participants (table 1 and table 2).

**Table 1**

<table>
<thead>
<tr>
<th>Types</th>
<th>Basic characteristics</th>
<th>Purposes of company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>-the term of the leasing agreement is more than 80 percent of the term of service of the leasing object;</td>
<td>Renew fixed assets of the enterprise, as a result of their physical and moral depreciation, or expanding the production, introduction of new funds by expanding the range of products, master production of new products, or establish funds by a new start-up business that does not doubt the correct selection of an object of leasing.</td>
</tr>
<tr>
<td></td>
<td>- it can be available to terminate lease before deadline by the lessee;</td>
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<td></td>
<td>- the risks associated with the use of the property are transferred to the lessee;</td>
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<td>- does not involve the provision of service for the property.</td>
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</tbody>
</table>
Returnable - a lease provider and a property seller is considered to be one person; - the term of the leasing agreement is more than 90% over the term of service of the leasing object; - it can be available to terminate lease before deadline by the lessee; - the risks associated with the use of the property are transferred to the lessee; - does not involve the provision of service for the property. 

Attracting additional financial resources.

Table 2

<table>
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<tr>
<th>Types of lease</th>
<th>Participants of leasing agreement</th>
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| With the participation of the two sides (bilateral) | 1. A lease provider and a supplier are the same person, a lessee.  
2. A lessor, lessee and seller are the same person |
| The participation of three sides (triple) | Lease provider, the lease taker (receiver) and property seller |
| Participation of many sides | Lessors, lessees, sellers, financial institutions (banks, investment funds, insurance companies) |

*source: created by author

Selection of leasing type depending on the number of participants *

* The I and II stages of the leasing agreement consist primarily of organizational tasks related to the implementation of the leasing project. One of the most important aspects of leasing effectiveness is the minimization of the duration of these stages without undermining the quality of leasing relations. In practice, the time spent on formalizing and organizing leasing contracts is more than 12 months. This will result in difficulties with valuation of leasing equipment and leasing effectiveness. In our opinion, the time allocated for leasing-related organizational work should not exceed 7 months, based on international experience. This approach is important for the integration of the country’s economy into the world economy through the production of competitive products using the high-level scientific and technological progress.
References: