LEASES IN THE FINANCIAL STATEMENTS OF LESSORS

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Abstract: *The objective of IAS17 Leases is the prescribed for lessees and lessors, the appropriate accountancy policies and disclosure to apply in relation to finance and operating leases.*

This Standard applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for no other brand, this Standard does not apply to agreements that are contracts for services that do not transfer the right to use assets from one contracting party to the other.

Keywords: *leases, lessors, finance leases, operating leases*

CLASSIFICATION OF LEASES

The classification of leases adopted in this Standard is based on the extent to which risks and rewards incident to ownership of based assets to with the lessor or this lessee.

Risks include the possibilities of lessees from idle capacity or technological obsolescence and of variations in return due to changing economical conditions.

A lease is classified as finance lease if it transfers substantially all the risks and rewards incident to ownership. An operating lease is a lease other than a finance lease. A non-cancelable lease is a lease that is cancelable only:

a) upon the occurrence of some remote contingency;
b) with the permission of the lessor;
c) if the lessee enters into a new lease for the some or an equivalent assert with the some lessor;
d) upon payment by the lessee of an additional amount such that, at inception, continuation of the lease is reasonably certain" (1)

The inception of the lease is the earlier of the date of the lease agreement or of a commitment by the parties to the principal provisions of the lease.

The lease term is the non-cancellable period for witch the lease has controlled to lease the asset together with any further terms for witch the lesser has the option to continue to lease the assets with or without further payment, which option at the inception of he lease it is reasonably certain that the lessee will exercise.

Minimum lease payments are the payments over the lease term that the lessee is, or can be required, to make excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, within parties in an arm's length transaction.

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Lessors should recognize assets held under a finance lease in their balance sheets and present as a receivable at an amount equal to the net reinvestment in the lease.

Under a finance lease substantially all the risks and rewards incident to legal ownership are transferred by the lesser, and thus the lease payment receivable is treated by the lessor as repayment of principal and finance income to reimburse and reward the lessor for its investment and services.

The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

A lessor aims to allocate finance income over the lease term on a systematic rational basis. This income allocation in based on a pattern reflecting a constant periodic return on the lessor's net investment outstanding period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. As asset about finance leases why is classification whereupon for sale in conformation with IFRS fixed assets whereupon for sale and worth interruption should be registering in conformation with IFRS. For registration in bookkeeping the type sell leases, is necessary as lessors to determined following elements:

1. gross investment
2. assets fair value
3. the cost

The entity should be count and sum's rest necessary bookkeeping:

The leases debt = Wholesale

Assets sale cost = Stocks

The financial income unfulfilled respectively:

2678	=	701
Other Assets debts		Income solve finish products
711	=	%
Stocks variety		345 Finish products
		472 The financial income unfulfilled

Manufacturers or dealers often offer to customers the choice of either buying or leasing an asset. A finance lease of an asset by a manufacturer or dealer lessor gives rise to two types of income:

- the profit or loss equivalent to the profit or loss resulting from an outright sale of the asset being leased, at normal selling prices, reflecting any applicable volume or trade discounts;
- the finance income over the lease term.

The cost of sale recognized at the commencement of the lease term is he cost, or carrying amount if different of the leased property less the present value of the non-guaranteed residual value. The difference between the sales revenue and the cost of sale is the selling profit which is recognized in accordance with the policy followed by the enterprise for sales.

Lessors should, in addition to the requirements in IFRS7 "Financial Instruments", make the following disclosures for finance leases (2):

a) a reconciliation between the total gross investment in the lease of the balance sheet date, and the present value of minimum lease payments receivable. At the balance sheet dates.

b) the entity should disclose the total gross investment in the lease and the present value of minimum lease payments receivable at the balanced sheet data, for each of the following periods:

1. not later than one year
2. later than one year and not later than five years

3. later than five years
4. unfulfilled finance income
5. the non-guaranteed residual values arriving to the benefit of the lessor
6. the accumulated allowance for uncollectible minimum lease payments receivable
7. contingent rents recognized in income
8. a general description of the lessor's significant leasing arrangements.

CONCLUSION

IAS17 Accounting for leases applies to agreements that transfer the right to use assets even thought substantial services by the lessor may be called for in conversion with the operation or maintenance of such assets.

This standard does not apply to agreements that are contracts for services that do not transfer the right to use assets from one contracting party to the other.

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