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THE ROLE OF RENTAL RELATIONS IN THE FORMATION OF ENTREPRENEURSHIP

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A R T I C L E I N F O.

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Anotation

International experience shows that the development of rental relations is useful both for the establishment of entrepreneurship and for the state, since at the same time the need to create additional financial resources is avoided. The study is devoted to the study of the peculiarities of the externalization of rental relations in business entities, the main purpose of which is to study the role and importance of rental relations in business development in the current period of economic reforms. Modern requirements of today show that every business entity needs a development impulse reflecting the economic importance of this issue.

Introduction. Certain economic, social, legal and other conditions must be created for the establishment of entrepreneurship. Economic conditions include: supply and demand for goods; availability of types of goods that the buyer can purchase; availability of funds necessary for the buyer to purchase; excess or shortage of jobs, labor, affecting the wages of employees, that is, the possibility of purchase.

Along with the above, most newly created small businesses do not have the financial capacity to purchase buildings, machinery, equipment and vehicles. These difficulties can be solved by renting out various types of fixed assets.

Renting provides many positive benefits to small businesses seeking to expand and modernize their equipment. Either a low or zero entry fee is required, which greatly facilitates access to the necessary equipment. This allows enterprises to use higher-quality, new and potentially more cost-effective equipment without resorting to large amounts of capital. In addition, the rent makes it easier to get rid of the need for equipment repairs.

Renting is a quick and painless way to flexibly update or expand a business's hardware needs. It is known that small business entities are the backbone of the economy. Most of these entities use external sources of financing. Various research in the field of finance shows that bank loans and overdraft are the most common ways to finance debts for many of their subjects, as well as alternative sources such as rent and factoring are also very relevant.

In this study, special attention is paid to the importance of rent as an integral part of the means of financing small businesses, as well as against the background of the weakness of the lending market for small and medium-sized businesses. An important element of financing small businesses is not the direct issuance of traditional loans by banks, but by rental or factoring companies. Various studies in the field of financing show that bank loans and overdraft are the most common debt financing instruments for most of their subjects, and alternative sources such as leasing and factoring are also of great importance.

Rents are common in many countries, especially Belgium, Finland, Ireland and Spain, which are prime examples. The application of rent is based on the assumption that the tenant makes a profit not through ownership, but through the use of assets. Unlike a loan, the client does not receive cash from a financial company, but only an asset.

In the traditional sense, the real estate market characterizes social progress and contributes to overall economic growth. We can also observe in the research of modern foreign scientists "the relationship between the unemployment rate and the number of residential buildings, in which it is difficult for young people to find work in some areas with a large number of empty residential buildings, and thus the unemployment rate is increasing" [6]. In the policy of some States on the issue of residential buildings, we can also attest that the above point of view is correct and that in practice it is implemented taking into account this factor. As an example, the Chinese government has stated that it should "invest more in public rental housing than in buying housing in current and emerging markets"[5]. The UK government prefers to transfer rental housing from the public sector to the private sector. Over the past twenty years, the United States has sought to establish a number of financial rental services. In addition, the Italian government pursues a policy of distributing housing services to different regions through which labor migration to labor-intensive areas is carried out [2].

Literature analysis. Regardless of whether the economy was developed or underdeveloped in the context of the literature review, in recent years, policies around the world have focused on the development of private housing rental services. A similar situation can be observed on the example of our country "on the approval of regulatory legal acts aimed at the distribution of residential premises in the public housing fund and regulating the provision of rent to citizens on the terms of a lease agreement"[3], "on further improvement of the procedure for leasing state property"." [4] resolutions of the Cabinet of Ministers of the Republic of Uzbekistan

In recent years, attention has increased in all countries to the problem of housing for the private sector and the population. Similarly, it is becoming clear day by day that the private sector is a factor in rental relations, significant participation in the real estate market, and economic development. Another important aspect is the improvement of the social environment, that is, solving the problems of the vulnerable segment of the population who cannot afford housing in this matter. Private investment in public infrastructure is attracted because of the difficulties faced by the Government in managing its funds and allocating capital.

Financial income from renting out housing in developing countries is considered as an additional benefit to the landlord, and investments in this direction have their own impact on decision-making. The housing sector, closely linked to the policy of liberalism, which implies freedom of private investment and increased economic value, serves as the driving force of urban economies in developing countries.

The effectiveness of the private rental sector is determined by various structural features of the economy. An economy is a social security system that includes various economic structures, economic development, political systems, and the level of economic support for rent, housing opportunities, and the private sector as a whole. In general, democratic countries prefer to have a socially diverse housing stock rather than government regulation. According to the analysis of the relationship between rent and economic systems, rent distribution methods are based on the types of economic policies that arise in different markets. For example, Sweden believes that rents should be determined not on the basis of any contracts or legal framework, but on the basis of the intrinsic value of housing and market relations [1].

The role of the state plays a central role in creating a more sustainable investment environment, as the government can introduce targeted incentives that reduce the ratio of taxes to investment income, increasing the attractiveness of investments in rented housing. In addition, due to the government's application of tax incentives to private landlords, I can also achieve an increase in rent for tourist purposes and the development of the hotel business. Some relatively small individual investors, with small initial investments, turn their house into a hotel, become a person who is busy on his own, which also solves the problem of unemployment among the population and serves to increase his income.

Some countries of the world prefer to use financial rental instruments, instead of supporting private financial investments or investors investing in tangible assets, to develop the rental housing market aimed at improving the living conditions of the population and well-being. This means that mortgages and other property loans are developing, with the help of which the government ensures the return of newly introduced financial resources.

In conclusion, in our opinion, the place of the private sector in the rental housing market in the future will be occupied by the long-term housing market, which is being built in exchange for financial resources from the state or banks, because both the investor and the owner will be interested in this. Investors who have invested in the construction will provide their funds under the guarantee of a third party (the state or banks), and therefore this will make it unbiased from risks. Instead of paying rent, owners of housing purchased in exchange for long-term loans acquire their property at the end of the loan term or when paying off debt. At the moment, we believe that housing that is being sold on the loan received needs further improvement of the legal framework of the sale process before the end of the loan process. In addition, the private rental housing market should be under state control, which will prevent fraud and financial pyramids.

Research methodology. In the course of the research, analysis and synthesis, an integrated approach, a system-functional approach, a retrospective approach, comparative analysis, scientific abstraction and other methods were widely used.

Analysis and results.

The object of the lease may be various property, combined in the legal field under the term “inedible things”, which has the property of not losing its natural properties during operation. This property allows you to return the original object to the copyright holder without changing its functional and qualitative characteristics. These are land plots, buildings, equipment, transport and other similar objects, which, as a rule, are the main assets of organizations.

The International Financial Reporting Standard IFRS 16 ”Lease" defines the principles of recognition, measurement, presentation and disclosure of lease information. In January 2016, the International Financial Reporting Standards Board (IFRS) published a new version of IFRS 16 “Lease". The purpose of the development of the new standard IFRS 16 “lease” was to eliminate differences in the recognition of operating and finance leases. For a long time, tenant reports did not meet the needs of investors. Investors had to adjust the financial statements to recognize the assessed assets and liabilities, thereby gaining a deeper understanding of the lease companies' operations and their financing.

As a result of the implementation of IFRS 16 “lease”, the identification of trends in accounting, valuation and financial condition of organizations reporting under IFRS allowed us to obtain reliable information about the amount of assets and liabilities of tenants to investors in order to make effective management decisions and manage the organization.

Rent is an opportunity to expand the possibilities of short- and medium-term financing for small businesses. From an economic point of view, a lease can be described as a "contract between two parties", according to which one party (the lessee) provides an asset for the use of the other party (the lessee) for a certain fee for a certain period of time. According to the accounting standard, a lease is a contract that gives the lessee the right to use an asset for an agreed period in exchange for a payment or series of payments [1].

Rent is asset-based financing. Since the lessor retains ownership of the assets that he leases over the term of the contract, these leased fixed assets are an integral form of collateral in such contracts (compared to traditional bank loans, this is risky and requires the use of various types of collateral, and usually these are not physical assets such as equipment, typical for lease agreements)..

Traditional bank loans are aimed at repayment of the loan by the borrower from two sources: primary and secondary, which provide an influx of funds, a loan to improve the condition and collateral (if any). When leasing, the focus is on the recipient's ability to generate cash flows to service lease payments from farms, since the lessor retains legal ownership of the asset.

Thus, rent distinguishes the legal ownership of an asset from its economic use. Eventually, the ownership of the asset may or may not pass to the client. Organizationally and technically, rental companies should assess the value of physical assets leased for sale on the secondary market or for leasing assets not purchased by their customers [2].

Various studies on obtaining financing show that bank loans and overdraft are the most common ways to finance debt for many of their subjects, but alternative sources such as rent and factoring are also very relevant. One of the advantages of renting over conventional lending is that the lessee can finance an asset for up to 100% of the purchase price, and no additional collateral/interest is required — the security of the transaction is provided by the asset itself.

In addition, rented goods may be of higher quality than purchased ones. Due to the distribution of payments, the tenant has the opportunity to rent more expensive goods. The use of rent depends on the size of the company. Large companies choose to rent. The results show that rents allow small companies to survive because small, low-income companies rent more than money-making firms. Rent solves the problems of low investment by allowing capital expenditures and reducing the dependence of investment costs on the availability of internal funds. In the financial literature, rent is sometimes even referred to as an extreme measure [3]. Leasing is an alternative mechanism that facilitates access to financing, which allows the use of capital equipment, in particular, for new/young enterprises without a credit history and with limited collateral. This can serve as a useful small business financing tool for legal entities, providing financing close to the investment cycles of leased assets. Government support for this tool will help mitigate market deficiencies and expand financing.

Leasing is a particularly important tool for new/young enterprises, it plays an important role as an additional financing method through which capital expands the possibilities of short- and medium-term financing of equipment. We talked about the relevance of small business rentals for legal entities and explained the driving forces and mechanisms. Renting is an alternative way to facilitate financing, which, in particular, allows new/young businesses to operate without credit. It also mitigates the market disadvantages of lending to small businesses.

Summary and suggestions.

From the point of view of the enterprise, leasing is the most profitable of financial instruments, allowing for large-scale capital investments in the development of the material and technical base of any production. Compared with other methods of purchasing equipment (payment on delivery, purchase with late payment, bank loan, etc.), Renting has a number of significant advantages.

Firstly, it allows the lessee to expand or modernize production and establish equipment maintenance without high costs and the need to raise borrowed funds.

Secondly, the problem of limited liquidity is smoothed out, the cost of purchasing equipment is distributed evenly throughout the term of the contract, funds are released for investing in other types of assets.

Thirdly, borrowed capital is not attracted and allows you to maintain an optimal ratio of equity and borrowed capital on the company's balance sheet.

At the same time, it remains possible to obtain a loan from the lessee bank of the property or other financial resources. Another convenience is that it is easier for a business to get real estate for rent than to get a loan for purchase, because it itself performs the function of collateral under a lease agreement for the same leased and acquired property. The lease term can usually be up to three years, whereas today it is almost impossible to get a loan for such a period.

In an underdeveloped market, the consumer faces certain difficulties. He may not know where to get the equipment. Therefore, from the very beginning, a person should contact the leasing company with a request to determine a supplier for himself, and this is already a consultation, additional expenses of the leasing company that must be paid.

Leasing as a type of lending provides, on the one hand, the transfer of technical means for the exclusive use of the lessee, and on the other hand, cars, equipment and equipment remain the property of the lessee throughout the entire lease term. Based on these conditions, the lessee:

- fully uses the guarantee provided by the manufacturer of machinery and equipment;
- It can insure at its own expense, but the funds leased in favor of the lessor due to their losses, destruction and other reasons may make them unusable;
- Must ensure proper storage of leasing assets during the entire lease term;
- After receiving that the changes are made at the expense of the lessor, the lessor is not entitled to make any changes to the design of the leased assets without written consent, and such a right is granted upon expiration of the contract;
- The lessor may not, without written permission, familiarize other persons with the design and technical characteristics of the leased facilities or transfer rights under the lease agreement to these persons.

Thus, rental and leasing relations are in demand today, and these relations are an integral part of the market economy. The results of the study showed that in our country these relations need to be reformed for further stages of development that have not yet been fully developed. The technical and legal conditions, as well as responsibilities, must be strictly defined. This will serve as a topic for our further study.

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