



SOME ISSUES ABOUT LEASING OF FIXED ASSETS IN BUDGET ORGANIZATIONS AND THEIR EXPENDITURE

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Abstract

Here in this article we discuss what the leasing of fixed assets is and some peculiarities of these assets in budget organizations. We also describe what a lease agreement is and what are stated in this type of an agreement.

Keywords : budget , organizations , rental income , balance holder , a lease agreement , obligations , state property , expiration, transactions , termination.

Today, there are about 30,000 budget organizations in the country, and 80-90% of their income comes from rental income. Accounting for transactions related to the receipt and expenditure of rental income to budget organizations is one of the most pressing issues today.

Lease of fixed assets in budget organizations is carried out by concluding a contract between 3 parties: the lessor, the balance holder and the lessee. In this case, the lessor - the State Competition Committee of the Republic of Karakalpakstan, the State Property Leasing Centers under the regional and territorial departments of the State Competition Committee of the Republic of Uzbekistan in Tashkent; balance holder - a legal entity in which the leased state property is recorded on its balance sheet; Lessee - a legal entity or individual who has entered into a lease agreement on state property in the conditions and in the manner prescribed by this Regulation. Budget organizations should take into account the following when leasing fixed assets: non-fulfillment of obligations under previously concluded state property lease agreements; they are not leased to persons who have reliable information about their incapacity or limited legal capacity (in respect of individuals). State property may not be leased if as a result of the lease the production and / or financial performance of the holder on the balance sheet deteriorates and / or exceeds the intended limits of funding from the budget. These circumstances must be documented by the custodian in agreement with the superior organization or founder (if any).



The maximum term of lease of state property is five years, and for small businesses, including private medical organizations - ten years, except as provided by law.

Below we will consider the procedure for leasing state property and concluding a lease agreement. In order to lease state property to the lessor:

- registers the leased state property; identifies and prepares information on the obligations imposed on the leased state property;
- prepares a list of state property to be leased; prepares a draft lease agreement, terms of lease of state property, information on the leased object, including the terms of its use, and other necessary information;
- publishes a list of leased state property; accepts applications for lease of state property and ensures their registration, confidentiality and storage; at the request of potential tenants (hereinafter referred to as bidders) they have the opportunity to get acquainted with the leased property, its characteristics will give;
- - develops a draft agreement on the provision of leased property with appropriate services and agrees with the providers of its balance and utilities (if necessary); performs other functions in accordance with the legislation and this Regulation .

State property is leased on the condition of mandatory publication (at least once a quarter) of unused state property in periodicals, as well as on the websites of the State Competition Committee and the Chamber of Commerce and Industry of the Republic of Uzbekistan.

The announcement contains the following information:

- name and postal address of the lessor, his contact phone and fax, e-mail address;
- name, amount, description and composition of the leased state property, its location, the name of the custodian on the balance sheet;
- lease term;
- conditions of lease of state property, including conditions of its use;
- other information at the lessor's discretion.

In the event that the lessee applies in writing for an extension of the lease, the conditions shall be equal to the expiration of the term of the lease by the lessee who has duly performed his duties, unless otherwise provided by law or the lease agreement. In such cases, it has the right of priority over other persons in



concluding a lease agreement for a new term. Upon expiration of the maximum period provided for in paragraph 7 of the Regulation on the Procedure for Leasing State Property No. 102, state property shall be leased on a general basis. From the date of registration of the first application after the announcement of the lease of unused state property by the lessor, the order number of each application and the date and time of submission of the application If specified, it will be registered in a special book within five working days. After the expiration of the specified period, consideration of applications (applications) is carried out within a period not exceeding two working days. Applicants (applicants) may participate in the consideration of applications (petitions). Applicants who do not participate in the review of applications will be notified in writing (by fax, e-mail, mail) about the results of the review. Consideration of bids shall be considered by the Commission established under the lessor with the participation of representatives of the State Competition Committee of the Republic of Karakalpakstan, regional departments of the State Competition Committee of the Republic of Uzbekistan and the city of Tashkent. The results of the examination are recorded in the protocol.

The regulations of the commission are determined by the State Competition Committee of the Republic of Uzbekistan. In the case of bids from two or more bidders, the lease agreement is concluded with the bidder who has offered the maximum amount of rent for the leased state property in accordance with the terms of the lease. If the bids are equal, the lease agreement is concluded with the bidder who submitted the bid before the others, if one of the bidders does not offer the rent in the amount exceeding the initial rent offer during the application process. In this case, the contract is concluded with the bidder who offered the maximum amount of rent. A lessee who has duly performed his obligations shall have the right of priority over other bidders in concluding a lease agreement for a new term, provided that other conditions are equal, except for the lease of vehicles. In the case of an application from only one bidder, the lease agreement is concluded with him if his proposals meet the conditions specified in the relevant announcement, or he is sent a refusal based on the reasons for concluding the lease agreement. The minutes on the results of consideration of applications shall be signed by the members of the Commission on the day of the decision of the Commission and approved by its chairman. On the basis of the signed protocol on the results of consideration of applications, a



lease agreement of the relevant state property is concluded. The lease agreement is concluded between the lessor, the lessee and the balance holder. The lease agreement must be signed by all parties within the period specified in the application process, but not more than five days. The lease agreement specifies:

- the structure and value of the leased state property;
- lease term;
- rate and total amount of rent, terms and terms of payment;
- terms and conditions of revision of the amount of rent;
- the condition of the state property and the period for which the lessor is obliged to transfer it to the lessee;
- terms of use of state property by the lessee, including payment of utility bills and other utility bills;
- the status and procedure for the return of state property after the termination of the contract;
- obligations to restore and repair the leased state property;
- volume of information and terms of their submission to the lessor;
- Terms of termination of the lease agreement, including in connection with the violation of the terms of payment of rent;
- responsibility of the parties;
- other conditions that do not contradict the legislation.

When renting a vehicle, the lessee carries out civil liability insurance in the cases and in the manner prescribed by law, as well as vehicle insurance. Termination of the lease agreement may be carried out in the manner prescribed by law. Lease agreement of state property:

- state registration of real estate for lease for a period of not less than one year;
- notarization of vehicles subject to state registration;
- when leasing enterprises - must be notarized and registered by the state.

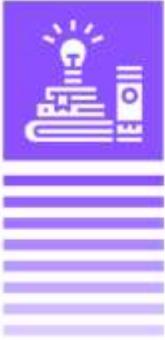
Procedure for settlements under the lease of state property.

Rent calculations include:

rent payment;

utility and utility bills, including depreciation allowances (if any).

The rent is paid by the lessee in equal installments over the periods (quarterly, monthly, etc.) calculated based on the last fixed amount of rent and the remainder of the lease. Payment is made in the form of one hundred percent



advance payment for each consecutive period (quarter, month, etc.) within the period specified in the lease agreement. Reduction of the costs incurred by the lessee in the event of restoration or overhaul of the leased state property, the amount of rent paid to the holder on the balance sheet, provided that the lessee provides the results of the examination of the relevant services of the State Committee for Architecture and Construction covered by the account. Funds from the lease of state property transferred to the transit accounts of lessors, as well as penalties for late payment of rent and breach of contractual obligations shall be distributed on a weekly basis in the following order;

50% of the rent will be directed to the Privatization Fund, 40% to the holder of state property, and 10% to the lessor; 50% of the penalty for late payment of rent and breach of contractual obligations will be transferred to the Privatization Assistance Fund, and the remaining 50% will remain at the disposal of the lessor;

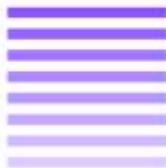
Ministry of Culture of the Republic of Uzbekistan in case of lease of cultural heritage objects on the balance of the Main Department of Scientific Production and Protection of Cultural Heritage and its interregional (regional) state inspections (investment obligations to business entities) (except for cases of lease), the amount of rent paid to the transit account of the lessor, as well as penalties for late payment of rent, penalties for violation of contractual obligations shall be distributed within one business day in the following order:

- 90% of funds are transferred to the extra-budgetary personal treasury account of the Main Department of Scientific Production of Protection and Use of Cultural Heritage of the Ministry of Culture of the Republic of Uzbekistan;
- 10 percent remains at the disposal of the respective lessor.

The lessor distributes the funds to the Privatized Enterprise Support Fund from the transit account opened by the lessor in the servicing bank separately for each lease agreement between the lessor and the balance holder.

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