

ACCOUNTING OF LEASING RELATIONS IN AGRICULTURAL PRODUCTION  
ENTERPRISES**Inamov Abdusalom Muhamadovich**

Senior Lecturer, Department of Finance, UBS

**Inomov Sardor Abdusalomovich**

Namangan State Technical University

Assistant, Department of Accounting

**Inomov Hasanboy Abdusalom ugli**

Namangan State Technical University

1st-year Master's Degree in Accounting

**Abstract:** This article studies the mechanisms of organizing leasing relations in agricultural enterprises, their reflection in accounting, the impact of leasing on financial stability, current legislative requirements, and international experience. The study analyzes the forms of financial leasing, operational leasing, leaseback, and agricultural equipment leasing in accordance with the needs of agriculture. It also provides practical examples of accounting for leased objects, methods of reflecting depreciation, interest expenses, lease payments, and off-balance sheet liabilities. The article develops proposals for improving the efficiency of leasing relations.

**Annotatsiya:** Ushbu maqolada qishloq xo'jaligi mahsulotlarini ishlab chiqaruvchi korxonalarda lizing munosabatlarini tashkil etish, ularni buxgalteriya hisobida aks ettirish mexanizmlari, lizingning moliyaviy barqarorlikka ta'siri, amaldagi qonunchilik talablari hamda xalqaro tajriba o'rganilgan. Tadqiqotda moliyaviy lizing, operativ lizing, qaytar lizing, agrotexnika lizingi shakllari qishloq xo'jaligi ehtiyojlariga mos holda tahlil qilinadi. Shuningdek, lizing obyektlarining hisobini yuritish, amortizatsiya, foiz xarajatlari, lizing to'lovlari, balansdan tashqari majburiyatlarni aks ettirish usullari bo'yicha amaliy misollar keltiriladi. Maqolada lizing munosabatlarining samaradorligini oshirish bo'yicha takliflar ishlab chiqilgan.

**Kalit so'zlar:** lizing, moliyaviy lizing, operativ lizing, qishloq xo'jaligi korxonalari, asosiy vositalar, lizing to'lovlari, amortizatsiya, rentabellik, investitsiya.

**Abstract:** This article studies the mechanisms of organizing leasing relations in agricultural enterprises, their reflection in accounting, the impact of leasing on financial stability, current legislative requirements and international experience. The study analyzes the forms of financial leasing, operational leasing, leaseback, and agricultural equipment leasing in accordance with the needs of agriculture. It also provides practical examples of methods for accounting for leased objects, depreciation, interest expenses, lease payments, and off-balance sheet liabilities. The article develops proposals to improve the efficiency of leasing relations.

**Keywords:** leasing, financial leasing, operational leasing, agricultural enterprises, fixed assets, lease payments, depreciation, profitability, investment

**Аннотация.** В данной статье исследуются механизмы организации лизинговых отношений на сельскохозяйственных предприятиях, их отражение в бухгалтерском учете, влияние лизинга на финансовую стабильность, действующие законодательные требования и международный опыт. Анализируются формы финансового лизинга, операционного лизинга, обратного лизинга и лизинга сельскохозяйственной техники в соответствии с потребностями сельского хозяйства. Приводятся практические примеры методов учета лизинговых объектов, амортизации, процентных расходов, лизинговых

платежей и внебалансовых обязательств. В статье разработаны предложения по повышению эффективности лизинговых отношений.

**Ключевые слова:** лизинг, финансовый лизинг, операционный лизинг, сельскохозяйственные предприятия, основные средства, лизинговые платежи, амортизация, рентабельность, инвестиции..

## INTRODUCTION

In the agricultural sector, the renewal of fixed assets, modernization of the technical fleet, and the introduction of modern technologies require continuous investments. However, many farms and agro-firms do not have the opportunity to purchase equipment directly due to limited financial resources. Therefore, leasing relations have emerged as an important financial instrument in the agricultural sector of Uzbekistan, allowing the acquisition of agricultural equipment on a long-term payment basis without interrupting the production process.

From an accounting point of view, the correct reflection of leasing operations is one of the important factors determining the financial stability, profitability, and creditworthiness of the enterprise. Incorrect calculations for leasing relations can lead to an unjustified increase or decrease in the value of assets, incomplete reflection of liabilities, and the formation of excessive or hidden costs.

In recent years, the agricultural sector has seen an expansion of the activities of Qishloqquirlashbank, Uzagrolizing Joint Stock Company, commercial banks, and private leasing companies. These processes are sharply increasing the need for more accurate, transparent, and international-standard accounting for leasing transactions.

## REVIEW OF THE LITERATURE

A number of scientific studies have been conducted by foreign and domestic scientists on the issue of accounting for leasing relations in agricultural enterprises. Foreign economist E.R. Yescombe evaluates leasing as an effective financial mechanism for attracting investment resources, especially in the context of public-private partnerships and the real sector, in areas with high capital intensity, and emphasizes that its main advantage is that it allows for the renewal of fixed assets without stopping the production process. M.B. Gerrard, analyzing the mechanisms of leasing and public-private partnerships, shows that the transparent reflection of leasing relations in accounting plays an important role in reducing investment risks and increasing investor confidence.

In international accounting studies, including the authors of IFRS 16 and their commentators, it is noted that the recognition of leasing transactions as “right-of-use assets” and “lease liabilities” increases the accuracy of financial reporting. In their opinion, this approach allows for a realistic assessment of the financial stability of enterprises by disclosing liabilities that were previously off-balance sheet as operating leases. In foreign studies on the agricultural sector, the leasing mechanism is recognized as an important financial instrument that serves to introduce equipment and technologies in agriculture, increase productivity, and reduce production costs.

The views of domestic scientists also emphasize the role of leasing relations in agriculture. Uzbek economists evaluate leasing as a means of modernizing the agricultural sector, expanding the investment opportunities of farms and agricultural firms, and note that the supply of equipment, especially through the “Uzagrolizing” system, contributes to increasing the efficiency of agricultural production. Local researchers also emphasize that the correct reflection of leasing transactions in accounting directly affects the financial results, tax burden and creditworthiness of enterprises.

An analysis of the opinions of foreign and domestic scientists recognizes leasing as an important financial instrument that ensures technical and economic modernization for enterprises producing agricultural products. However, the need to reflect leasing relations in accounting in accordance with international standards and national practice, especially taking into account the specific characteristics of the agricultural sector, remains urgent.

#### RESEARCH METHODOLOGY

This study is aimed at improving the accounting of leasing relations in agricultural enterprises, combining qualitative and quantitative methods on the basis of a comprehensive and systematic approach. The theoretical and methodological basis of the study was taken as the main principles of institutional economics, financial management, and accounting theory.

In the process of the study, general scientific methods of scientific knowledge such as analysis and synthesis, induction and deduction, comparison, grouping, and logical generalization were used. The economic essence of leasing relations and their place in the agricultural sector were systematically analyzed based on the views of foreign and domestic scientists.

In the empirical study, financial reporting data on fixed assets used on a leasing basis in agricultural enterprises of Uzbekistan, open statistical information on the activities of "Uzagrolizing" JSC, commercial banks, and private leasing companies were studied. Based on this data, dynamic analysis, structural analysis, and financial performance analysis (profitability, asset structure, and debt ratio) were carried out.

#### ANALYSIS AND RESULTS

The activities of agricultural enterprises are, by their nature, seasonal, capital-intensive, and in many cases highly dependent on technical resources. The short season, large volumes of work, and high cost of equipment create significant problems in the activities of agricultural enterprises. Therefore, the leasing mechanism is becoming not a simple financial instrument in agriculture, but an important strategic tool for managing the production process.

Many farms cannot afford to pay the full cost of equipment at once. In particular, the cost of tractors, combines, laser levelers, drip irrigation systems, and greenhouse equipment is increasing year by year. For example, in 2024, the average price of a combine harvester in market conditions will be 1.2-1.5 billion soums. Such large expenses put farmers under serious financial pressure. Leasing, on the other hand, allows you to ease this burden and pay for the equipment gradually, at the expense of the income generated in the production process.

Another important aspect of leasing is that the enterprise begins to use the equipment immediately, and payments are made at the expense of the income generated in subsequent years. As a result, continuity of production is ensured, and modern and updated equipment increases labor productivity and productivity. Thus, leasing allows agricultural enterprises to "buy equipment and receive income from it at the same time".

From an economic point of view, the importance of leasing is further enhanced by the following aspects: being an alternative source of capital in conditions of lack of investment resources; reducing production risks; accelerating the cycle of equipment replacement; increasing the efficiency of resource use. Especially for large farms, the importance of leasing increases, since the obsolescence of the equipment fleet leads to a decrease in productivity, increased costs and loss of time.

The most common form of leasing in the agricultural sector is financial leasing. This form allows farms to take ownership of fixed assets. The term of a financial lease is usually close to the useful life of the equipment. For example, a tractor leased for 5-7 years is depreciated depending on the intensity of use. An important feature of financial leasing is that the equipment is reflected on the lessee's balance sheet, which increases the volume of assets and

liabilities, but more accurately reflects the real financial position of the enterprise and serves to more accurately implement financial planning.

In practice, financial leasing is mainly used to purchase YTO (China) tractors, New Holland combines, Case IH cotton pickers, laser graders, as well as trailers and cargo-carrying equipment. Operational leasing is especially convenient for farmers during seasonal work, allowing them to rent equipment only for the short term they need and return it at the end of the season. This significantly reduces the costs associated with the equipment.

In some cases, an enterprise, while owning the equipment, faces the problem of a lack of working capital. In such a situation, the mechanism of selling the equipment to a leasing company and reusing it on a lease basis (re-leasing) is used. This mechanism allows for the rapid replenishment of working capital, the continuation of the use of existing equipment, and the avoidance of complex processes associated with obtaining a loan.

As a result of the policy of subsidizing agricultural equipment in the Republic of Uzbekistan, a system of agricultural equipment leasing was formed. In this system, the relatively low initial payment (10-15 percent), subsidized interest rates, and deferred payments for some equipment up to 2-3 years make leasing more convenient for farmers.

Although the economic content of leasing accounting is clear, it is practically complex. In financial leasing, equipment is recognized as the property of the enterprise and it is important to correctly determine its initial cost. This value includes the fair market value of the equipment, the current value of lease payments, and the costs of delivery, installation, and registration. The significant costs of delivery and installation in agricultural equipment increase the need to take them into account.

In terms of depreciation, cotton pickers, combines, and tractors require different depreciation methods depending on the intensity of use. Often, the practice of using the accelerated depreciation method is used, which allows you to reduce the taxable base. For example, if a tractor worth 600 million soums is depreciated over 5 years, an expense of 120 million soums is recognized each year.

The composition of lease payments consists of principal, interest expenses and additional services, and one of the most common mistakes in practice is to recognize all payments as expenses. In fact, the principal debt reduces the liability, while interest expenses affect financial results. In operating leasing, the equipment is not included in the balance sheet and is recorded off-balance sheet, and payments are recognized as expenses in the usual manner.

Leasing equipment allows you to spread payments over the years, stabilizing the current cash flows of the enterprise. The income from the harvest is directly directed to covering leasing obligations. The high productivity of new equipment leads to increased productivity and profitability, while increased depreciation costs serve to reduce taxable income.

At the same time, there are risks associated with leasing - changes in interest rates, equipment failure, consequences of violating the terms of the contract, and currency risks in imported equipment - and their proper management and accounting can minimize negative impacts.

In general, the use of leasing relations in agricultural enterprises is recognized as one of the most appropriate mechanisms for ensuring technical modernization and stabilizing production processes in today's market economy. The leasing system eases financial constraints, reduces the problem of a lack of working capital, and plays an important role in increasing production efficiency in the agricultural sector.

## CONCLUSION AND SUGGESTIONS

In general, the introduction and consistent development of leasing relations in agricultural enterprises is one of the important factors in increasing the technical, financial and

organizational potential of the agricultural sector. The leasing mechanism creates broad opportunities for the modernization of production, the formation of flexible financial instruments for economic entities, meeting the need for modern equipment and accelerating economic growth. At the same time, in order to further increase the efficiency of the leasing system, it is important to expand state subsidy mechanisms, apply preferential interest rates, improve the regulatory and legal framework, and standardize accounting and reporting systems. Therefore, leasing should be considered as a long-term and sustainable economic tool of strategic importance for the technical re-equipment of agricultural enterprises, effective cost management and increasing production efficiency. In the future, the consistent development of this system, its expansion across regions, and increasing the financial literacy of farms will serve the more effective functioning of leasing relations.

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