TYPES OF LEASING OPERATIONS WHILE TAKING MANAGERIAL DECISIONS AT THE AIR TRANSPORT ENTERPRISES

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PROBLEM STATEMENT.
The attraction of fixed assets is objective necessity at any enterprise regardless of its industry, form of incorporation, size and scope of activity. But in the conditions of financial and economic crisis such specific mechanism of attraction of fixed assets as leasing becomes more and more popular. This allows industrial, trade, transport and other enterprisers (lessees) receive a wide scope of fixed assets for a long-term use from commercial banks and leasing companies (lessors) for certain lease (rental) payment. Such conditions determine and underline the requirement of in-depth research of the leasing operation control issues.

ANALYSIS OF RESEARCH AND PUBLICATIONS.
The works of the following national and foreign economics are committed to the research of the issues of accounting the leasing activity: R. Adams, N.M. Slavianska, E.A. Arens, L.H. Lovinska, L.M. Didenko, N.P. Baryshnikova, J. Blake, B.M. Dzhukha, F.F. Butynets, M.F. Van Breda, N. Vnukova, V.N. Hazman, A.H. Zahorodnyi, etc. Despite the substantial breakthroughs in researching this issue, the range of questions regarding organization and methods of accounting of leasing operations at the airline enterprises stays unsolved and required further scientific research.

PURPOSE OF THE ARTICLE.
Revealing the types of leasing services and using them during taking certain managerial decisions.

THE MAIN MATERIAL.
The attraction of fixed assets is objective necessity at any enterprise regardless of its industry, form of incorporation, size and scope of activity. But in the conditions of financial and economic crisis such specific mechanism of attraction of fixed assets as leasing becomes more and more popular. This allows industrial, trade, transport and other enterprisers (lessees) receive a wide scope of fixed assets for a long-term use from commercial banks and leasing companies (lessors) for certain lease (rental) payment. Such conditions determine and underline the requirement of in-depth research of the leasing operation control issues.

Leasing, as a relatively new type of entrepreneurship, is spread via the mechanisms of market relationships which are actively introduced to the activity of the national entrepreneurs (economic entities). Leasing is an important financial instrument in market economics. The conditions for expansion and renewal of basic manufacturing facilities and assets required for conduction activity without the significant one-time expenses are created using leasing operations. Also leasing positively influences the decrease of enterprise expenses related to the facility obsolescence.

It should be pointed out that the common
Idea in regard to the classification of leasing services as well as to the “leasing – rental lease” is absent. The question of methods and organization of the leasing operation accounting has been clarified, because modern researches, as a rule, are concentrated on studying accounting in accordance with the national standards and requirements of tax accounting. On the basis of systematic research of the legal framework of leasing we have determined that the reason of ambivalence of approaches to the methods of accounting and taxation of leasing operations is the lack of identity of definitions used in the statutory acts and their mutual inconformity. The modern system of accounting leasing operations governed by Generally Accepted (Standard) Accounting Principles 14 “Rental Lease” should be improved, because it does not meet the requirements of modern practice completely. Therefore, the terms ‘rental lease’ and ‘leasing’ should be distinguished. The term ‘rental lease’ is recommended to be used in regard to economic operations due to which the object of property relations is property that has already been used, and the term ‘leasing’ – when the new basic asset objects are used which are going to be involved in such operations for the first time [5].

Thus, it can be stated that aviation leasing is the type of leasing, the asset of which is the aircrafts, as well as accompanying infrastructure and equipment used for obtaining and operation of aircrafts.

The air transport market is very changeable and sensitive to any internal or external oscillations, such as economic crises, military conflicts, terrorist acts, epidemics and other force majeure situations. This means that regardless of the type of the aircraft, the demand for air transport may change within 5 or 10 years and make the aviation leasing ineffective for any airline company of Ukraine. This problem mostly influences small and medium airline companies servicing less branched route networks and therefore having less opportunities of rearranging the fleet between the directions [3].

A huge number of manufacturers, leasing companies and airline companies use several various schemes of supplying aviation equipment to leasing, which is illustrated by pic. 1.

The airline companies have to choose the type of leasing. Operational leasing is used in Ukraine much more often than financial. This is because the planes are depreciated and therefore taking them on lease for a short period of time is a better option.

Usually the operational leasing is short-term (less than 10 years), which makes it interesting when the plane is required to launch the project (enterprise) or for the test expansion of the official transport operator.

Also the short-term operational leasing protects planes from its depreciation; it is a very important factor in many countries due to the extreme variability of laws regarding noise and ecology.

In case of operational leasing the aviation equipment is completely depreciated during the time of rental lease and after its expiry of its validity term may be leased again or returned to the lessor. On the other hand, the depreciable value of the plane in the end of the rental lease term is an important factor for its owner.

The reflection of economic operations regarding the operational leasing in accounting is shown in table 1.

There are several types of operational leasing, but the wet leasing, when the aircraft is leased together with the crew is considered to be special. This means the situation when the airline company leases a plane, its complete crew, technical maintenance and insurance. The lessor supplies the lessee with fuel, airport charges, taxes and ground handling.
### Table 1

<table>
<thead>
<tr>
<th>Contents of the economic operations</th>
<th>Debit</th>
<th>Credit</th>
</tr>
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<tbody>
<tr>
<td>Accrual of obligations to the resident (lessee)</td>
<td></td>
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</tr>
<tr>
<td>Accrual of obligations for the resident by the lessee</td>
<td>91/23</td>
<td>631</td>
</tr>
<tr>
<td>Tax obligations are reflected including VAT</td>
<td>644</td>
<td>631</td>
</tr>
<tr>
<td>Accrual of obligations to the non-resident (lessee)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrual of obligations for the non-resident by the lessee</td>
<td>91/23</td>
<td>632</td>
</tr>
<tr>
<td>Accrual of obligations to the resident (lessor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrual of obligations to the lessor for the resident and income received from the service provision</td>
<td>361</td>
<td>703</td>
</tr>
<tr>
<td>Tax obligations are reflected including VAT</td>
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<td>703</td>
</tr>
</tbody>
</table>

Dry leasing is the lease agreement upon which the lessor provides the plane without insurance, crew, ground personnel, supporting equipment, technical maintenance, etc. The dry lease agreement may be concluded between the airline company and the regional airline company, at which the regional operator provides technical maintenance to flight crews, as well as other aspects of aircraft operation which then may be used by a large aircraft company or any similar one. Dry leasing is usually performed from the non-residents, because taking the plane with the crew on lease, for instance, from Canada, is unreasonable if the lessor is going to fly within the territory of Ukraine.

Financial leasing is a more complicated operation, during which the lessor (usually the Special Purpose Vehicle (SPV) or company) purchases a plane using the combination of pleading and financing by issuing new shares and then leases it to the operator. The operator may have a plane purchase option after the expiration of the lease term or automatically receive the plane after the expiration of the lease term. But aviation leasing has the structure of aircraft provision for a certain term with the contractual conditions.

The Law of Ukraine “On Transport” [2] states that air transport is one of the most important branches of national economics, the effective functioning of which is the required condition for stabilization, structural transformations, development of economics and conducting international economic activity, satisfaction of requirements of population and social production of transportation and ensuring of protection of economic interests of Ukraine. The branches of air transport are shown in pic. 2.

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All types of air transport are served by the Aviation Customs Administration, Border Guard Service and the airport security services.

After the conclusion of the corresponding contract the primary document of property lend lease is issued during the actual lend lease of the leased property from the lessor to the lessee. Usually the wet lease contract is used for this purpose where the following contractual conditions of aircraft leasing are quoted:

1) Obligations of the OperatingCarrier:
   1.1 Ensuring the arrival of the aircraft to the Base Airport;
   1.2 Ensuring and guaranteeing the technical availability of the aircraft;
   1.3 Ensuring the control of aircraft being refueled at the transfer airports;
   1.4 Providing the daily flight plan;
   1.5 Providing the primary documentation for the aircraft to the carrier:
      - copy of the flight assignment;
      - copies of reporting load lists;
      - original samples of aircraft fueling requirements;
      - meal service bills;
      - original manifests;
      - other documents required by the carrier on a reasonable basis.
   1.6 The work of flight attendants shall be performed in accordance with the operating procedures of the Operating Carrier;
   1.7 Planning and using the crews of the aircraft of the Operating Carrier.
2) Obligations of the Contract Carrier:
   2.1 Organizing and bearing expenses regarding passenger servicing at all airports;
   2.2 Organizing and bearing expenses regarding payload handling of aircraft at all airports;
   2.3 Organizing and bearing expenses regarding provision of housing, meals and transportation to the aircraft crew at all airports;
   2.4 Organizing and bearing expenses regarding state fees:
      - take-off/landing;
      - passenger security;
      - aviation security;
      - flight navigation, etc.
   2.5 Organizing and bearing expenses regarding flights over territories;
   2.6 Organizing and bearing expenses regarding medical examination of the crew members before the flight.

The Contract Carrier shall compensate all the primary documents which the Contract Carrier shall bear in accordance with the Contract and/or which appeared due to a fault or initiative of the Contract Carries but which were in fact paid or born by the Operating Carrier to the Operating Carrier.

CONCLUSIONS AND SUGGESTIONS.

Only after having analyzed all the types of leasing the company takes the certain managerial decision in regard to rental lease selected by the company. It also records all the conditions of using the equipment in the contract in all cases; the contents of economic operations, expenses and income for the company are going to depend on it.

The establishment of favorable legal framework, creation of state programs of leasing stimulation, cost improvement of leasing services, improvement of payment capacity of leasing service consumers, development of infrastructure of the leasing market, increase of personnel qualification level and level of awareness of citizens and representatives of small and medium business of the leasing issues are required for the development of leasing service market.

References: