**Sergiy Bardash**
Doctor of Science (Economics), Professor,
Professor of the Chair of Finance, Banking and Insurance,
Kyiv Cooperative Institute of Business and Law,
Ukraine, Kyiv
serg.bardash@gmail.com
ORCID ID: 0000-0001-5711-5229

**Alexander Petruk**
Doctor of Science (Economics), Professor,
Professor at Department
of Finance and Credit,
Zhytomyr State Technological University,
Ukraine, Zhytomyr
petruk6@gmail.com
ORCID ID: 0000-0002-5351-5679

**Tatiana Osadcha**
Doctor of Science (Economics), Associate Professor,
Professor of the Chair of Economics,
Finance and Entrepreneurship,
Kherson State University,
Ukraine, Kherson
tatiana@osadcha.com
ORCID ID: 0000-0003-4258-0907

## IDENTIFICATION OF FINANCIAL RENT: FROM THEORY OF RENT TO ITS ACCOUNTING

**Abstract.** Research of issues related to financial leasing has occupied a prominent position in economic science since the mid-20th century in countries with market economies due to the growing role of financial capital and formation of the stock market. Due to its significance, the concept of financial rent was investigated in the context of the development of neoclassical economic theory, its modern modifications, as well as the management theory. Some issues of financial rent were developed within the classical theory - the concept of ideal capital markets.

The issues of the nature and types of financial rent are covered from the standpoint of financial mathematics. Some scientists believe that financial rent is a type of economic rent, so it should be reflected in the accounting. Inadequate attention to rent significantly increases the risk of an uncertain estimate of the financial condition of enterprises, and affects the objectivity and efficiency of making managerial decisions.

As a result, there is a need for the development of theoretical and methodological, organizational and practical provisions of rent accounting, which will allow forming comprehensive and reliable information for management of a business entity.

The purpose of the research consists in the development of recommendations for the reflection of financial rent in the accounting system, the achievement of which has been accomplished by solving the tasks: determination of significant differences in understanding of financial rent in the theory of finance and rent in economic theory; identification of the type of resource that will produce financial rent; formulation of approaches to its valuation and accounting.

The methodological basis of the research consists in the historical and logical method used to research rent by financial science and economic theory. The dialectical method and comparative analysis have been used to identify significant differences in the rent definition, formed at different stages of the development of economic relations, as well as the concepts of "corporate finance", "financial resources" and "financial instruments". Methods of analysis, synthesis, induction, deduction, abstraction, idealization and generalization are used to identify the resource that forms financial rent, as well as to provide recommendations for its valuation and accounting.

It is established that the concept of financial rent in financial science is not correlated with the concept of economic rent, but it is worth considering financial rent as an excess profit that should be reflected in the information system to ensure the effectiveness of further management decisions. The identification of the financial resources for the purposes of their accounting allowed determining the type of financial instruments, as well as operations that will form financial rent. The author's approaches to the recognition of financial rent as an object of accounting are presented, and the organizational and methodical provisions of the accounting of financial rent are developed, in particular, the procedure for determining the amount of financial rent and the order of its reflection at the accounts, depending on the sources of its formation, is proposed.

The practical significance consists in increase of the informativeness of the accounting system for management personnel with the object of enterprise performance management.

Significance / originality. The main advantage of the research is to prove the need for consideration of financial rent as an economic rent with its subsequent reflection at the accounts.

**Keywords:** financial rent, corporate finance, financial resources, financial instrument, accounting of financial rent

Formulas: 2, fig.: 0, tabl.: 0, bibl.: 90

**JEL Classification:** G3, G21, G32

**Introduction.** Rendering of rent by financial science and economic theory. Research of issues related to financial leasing has occupied a prominent position in economic science since the mid-20th century in countries with market economies due to the growing role of financial capital and formation of the stock market. Due to its significance, the concept of financial rent was investigated in the context of the development of neoclassical economic theory, its modern modifications (institutionalism, neo-institutionalism, liberalism, etc.), as well as the management theory. Some issues of financial rent were developed within the classical theory - the concept of ideal capital markets.

**Literature review and the problem statement.** To date, the problems of financial rent are widely covered by such modern scientists as J. Altamuro [Altamuro, Johnston, Pandit, Zhang 2014], Y. Brigham [Brigham 1997], B. Bennett [Bennett, Bradbury 2003], P. Deschermeier [Deschermeier, Haas, Hude, Voigtländer 2016], D. Dhaliwal [Dhaliwal, Lee, Neamtiu 2011], H. Dzwigol [Dźwigoł 2003; Dźwigoł 2013; Dźwigoł 2015; Dzwigol, Wolniak 2018]; R. Holt [Holt 1993], J. Van Horn [Van Horn 2008], A. Yan [Yan 2006] and others. A part of the scientists (E. M. Chetyrkin [Chetyrkin 1992], V. I. Malykhin [Malykhin 2003], Y. P. Lukashyn [Lukashyn 2004], A. B. Feldman [Feldman 2012]) raises the issue of the essence and types of financial rent from the standpoint of financial mathematics and considers financial rent as a manifestation of financial relations, which should be understood as the flow of payments irrespective of their origin, purpose and goals, all members of which are positive values, and the time intervals between the two consecutive payments are constant.

In scientific sources, there are other thoughts as to financial rent, in particular: it is considered to be the type of economic rent that arises within the relations as to production, distribution (redistribution) and use (assignment) of the latter [Grazhevska 2015]; is considered as a monopoly (market conjuncture) income, the source of which is financial and credit activity [Grazhevska 2015]; can be obtained as a result of the use of financial resources [Rozovskyi 1995]; is an excess profit that can be produced both by equity and non-equity securities when the value of their resale exceeds their nominal value [Petruk 2016]; is considered as a functional manifestation of global capital and is rent payments, which are received due to the redistribution of value that was created within national economies through the global financial market using the multi-level liquidity of national currencies and time financial instruments [Danylina 2014]; is a special type of excess profit arising from the specificity of pricing in world markets, in particular the emergence of a gap between world and domestic prices for certain types of goods and services [Grazhevska 2015].

At present, the concept of "financial rent" in the financial science has received wide coverage and deep disclosure, but the study of the features of the accounting treatment of financial rent, with the exception of publications [Barone, Birt, Moya 2014; Beattie, Goodacre, Thomson 2006; Petruk 2016; Osadcha 2016] was not carried out. Inadequate attention to rent significantly increases the risk of an uncertain estimate of the financial condition of enterprises, and affects the objectivity and efficiency of making managerial decisions.

So, there is a need for outlining the problematics and for further developing the organizational and methodological provisions of financial rent accounting to improve the management efficiency of financial flows of the enterprise. It can be argued that this issue remains undisclosed and requires further research, which also confirms the urgency of this problem.

The purpose of the research is to develop recommendations for the reflection of financial rent in the accounting system, the achievement of which is possible by solving the tasks as follows: identifying significant differences in the understanding of financial leverage in the theory of finance and rent in economic theory; identification of the type of resource that will produce financial rent; formulating approaches to its evaluation and accounting.

**Research results.** The concept of "financial rent" comes from land annuity – "land rent", which was transformed into "annuity" or "financial rent" (equal bank payments). Annuity itself is most often used in economic practice. Financial rent as a multiple-meaning concept is considered mainly in theoretical studies from the 1960's up to now [Fedotov].

It should be noted that at the present time annuity is understood as 1) annual rent and equal payments that are regularly received over a certain period of time; 2) one type of time government loan, where interests are paid annually and a part of the amount is repaid [Economic Encyclopedic Dictionary 2005].

As for the financial rent, it should be noted that the latter has obtained further research in financial mathematics and has even been classified: depending on the duration of the rental period (annual and timed); by the number of interest accruals (from the interest accrual once a year, several times or continuously); by the number of the rent members (permanent and variables); by the probability of payment of rent members (unconditional and conditional); by the number of rent members (with a final number of members, unlimited and infinite) [Chetyrkin 1992].

Therefore, financial rent is associated with the forecasting of future receipts or payments. For the first time, the method of discounted cash flow analysis was developed by J. Williams in "Theory of Investment Cost", and M. Gordon used this method in corporate finance management to simulate the price of equity capital. A significant role in the development of the concept of the time value of money belongs to the work of J.R. Hicks "Value and Capital" [Financial Management 2002]. This concept is based on the notions of "price of capital", "risk" and "inflation". The emergence of concepts such as "uncertainty", "risk", which cannot be measured by transactional methods, required the creation of an adequate mathematical apparatus to be taken into account when calculating financial rent.

The most active development of the research of financial rent was experienced with the emergence of "portfolio theory" and "theory of capital structure". At the heart of the portfolio theory is the main rule of working with financial instruments - you cannot invest all funds in assets of the same type. This implements the concept of income and risk, which is the basis of the theory of investment portfolio. The founder of this theory is the Nobel Prize laureate H. Markowitz [Financial Management 2002].

However, rent is a broader concept than an annuity, since there are many cash flows whose members do not equal one another or are distributed unevenly [Menshykov 2004].

Deeper and more accurate definition of financial rent assumes that it is monetary income that arises regularly or periodically as a result of activities not directly related to the sphere of value production, which became the result of publicly recognized participation of individuals and legal entities in the formation of private, national, global financial flows.

Quantitatively, financial rent is the digital difference between the accumulated cash income and the cash expenses for receiving this income. The emergence of financial rent is related to the value production and the borrowing rate of interest, but it is not a direct result of the value production and transactions with borrowed capital.

However, the above examples of "mathematical" definitions of financial rent are a narrow and methodologically irrelevant approach, since there is an attempt to explain the essence of the concept through its form, and not vice versa.

Even attempts of individual researchers [Fedotov] to distinguish between "open" financial rent (examples of which are the aforementioned annuity, taxes, insurance, etc.) and the "shadow" one, which in some way relates to political structures and the crime, do not solve the problem. Examples of the second option are:

1. direct subsidies to importing producers;
2. various exchange rates;
3. import subsidies in the form of duty-free import to various organizations for their state support (for example, sports, veteran organizations, organizations of persons with disabilities);
4. preferential loans that are issued on very favorable terms.

These options are either protectionist measures of the machinery of government or, in general, cases of abuse of power, which should be the subject of study not by economists, but by law enforcement agencies. Therefore, there is no question of rent whatsoever.

One of the widespread approaches to the interpretation of financial rent, which is somewhat closer to its essence, is the disclosure of the latter through the movement of free cash flows in global financial markets. It is argued that financial rent appears a part of the money supply (global, regional, national) recognized as excessive for the urgent needs of households and socially recognized economic development, is based on some part of the surplus money supply that is spontaneously allocated. Also the part of the added value that is found available in such markets is spontaneously determined [Feldman 2003].

To confirm the validity of the latter approach, we turn to the functional purpose of financial instruments as a whole. For this, we will apply "decomposition" as part of the system approach and the general logical cognition method, which is "analysis", to allocate rent in the financial market as a system and a part of the whole.

Under current economic conditions, the process of deepening the division of labor and specialization has reached such a level that it is a question of the autonomous functioning of individual segments of the general market, where the purchase and sale of specific goods is made, demand, offer and price of these goods are formed. Not without exception was the financial market, where such goods are money, and the subjects are family farms, governments, local self-government bodies and, first of all, legal entities.

Mechanisms of demand, offer and price in the financial market are subject to the general laws that are inherent in the commodity market. That is, the mechanism of balancing demand and offer ensures interest stability as the price of money. This gave reason to call the financial market a specific area of monetary relations, where the transfer of resources in cash is carried out on the paid and, as a rule, reverse basis.

The motives for buying and selling money in the financial market are different from their traditional use. From the auxiliary aid of the commodity circulation in the product markets, money is transformed here into the decisive object of market relations. In the financial market, the money owner seeks to transfer them to another person directly, instead of in exchange for the real good, and the buyer wants to get them at his disposal on the same basis. Therefore, in this market, the value is transferred between its subjects only in monetary form, unilaterally, with its returning to the owner. And the purpose of such a transfer of money is to receive additional income, and not to buy and sell commodity value. The money seller seeks to receive income, which is in the form of interest as a payment for the temporary refusal to use this money and transfer of this right to another person. The money buyer intends to receive income from the expansion of production or commercial activity using additional amount of money received at his disposal as a capital.

The peculiarities of functioning of the financial market dictate an appropriate form of money transfer by their owners to their counterparties for temporary use in exchange for such instruments, which enable them to retain the right to own this money, to restore the right to dispose of them and to receive interest income. Therefore, the purchase money is a form of obtaining by the market subjects at their disposal a certain amount of money in exchange for these instruments, which are commonly referred to as financial. Financial instruments provide in the financial market the movement of the main object - money, that is, the function of these instruments is similar to the role of money in the product markets.

It follows from the foregoing that it is not possible to recognize as rent any income from the capital, which operates in monetary form as financial instruments.

Financial rent is a derivative, only consequence, of an intermediate stage in the circular flow of individual capital, when it periodically acquires one of its functional forms. At recognizing the income received on the capital in monetary form as rent income, it would be logical to call rent income from other factors of production, which are non-current and current assets, labor force, etc. In fact, there was a controversial situation, when incomes from individual parts of individual capital, which belong to it (land, financial instruments), are considered as rent incomes and are not considered as such from others. Such an approach contradicts the essence of the laws of logic, namely, the laws of complex contraposition [Toftul 1999].

The replacement of the existing approach is hampered by the need to transform the concept of reflecting income in the accounting as a whole. That is, there is a complex theoretical and methodological problem for accounting, the solution of which requires not just the substitution of concepts, but the replacement of the existing practice of income recognition. In this case, the political will of all users of the accounting and scientific society is necessary for changes that brew up, if the society will strive for sustainable development with the support of the state.

The above discloses the mechanism for the realization of financial rent, its so-called fixation, direct identification, but for the full disclosure of its essence, it is necessary to turn to the primary source of creation, which is the level of the business entity. Just at this level there is an objective nature of the emergence of financial rent - financial resources, and the interpretation of financial rent by the financial science as annuity is significantly different both from the initial understanding of rent, and from the modern one, which has changed under the influence of the permanent transformation of economic relations.

So, representatives of classical political economy, in particular W. Petty [Petty 1940], A. Smith [Smith 2007], D. Ricardo [Ricardo 1955] emphasized the double understanding of natural rent as a product of nature and product of labor, but as to value estimation of rent they had somewhat different views, particularly, W. Petty equated rent to the total additional value without dividing the latter between profit and rent [Petty 1940]. A. Smith determined rent as an excess of the amount of the profit usual for the locality and laid the duality of the approach to rent as a product of land and income determined by high demand at a limited offer (rental payment) [Smith 2007].

Ricardo's D. rent doctrine became theoretical and practical nature, based on the definition of the value given by A. Smith, and the positions on private ownership of land, since D. Ricardo determined rent as an economic category and insisted on the fallacy of confusing rent with the rental payment, thereby deducing rent from the categories of everyday life to the categories of economic theory. According to D. Ricardo, the main condition for the existence and determination of rent is rent is "the investment of two equal amounts of capital and labor" [Ricardo 1955] in the product, the prices of which will be compared for rent determination. In the perception of K. Marx, rent is one of the forms (along with profit and interest) of added value created by the additional labor of hired workers and appropriated by the land owner. The emergence of rent as an economic category K. Marx saw not in the sphere of production, but in the sphere of distribution, where profit turns into rent [Bodnar 2017].

Thus, in the context of the labor theory of value and under the conditions of the market capitalist economy, rent was considered as one of the forms of added value, the source of which is the work of hired workers, and was considered to be its excess over the profit average for this industry.

Subsequently, A. Marshall [Marshall 2007] and his followers, on the basis of criticism of Marxist views, expanded the understanding of rental relations, which, in their opinion, cannot be limited only by the land services The principles of the rent formation were distributed to all types of resources, the offer of which is limited (fixed).

The followers of the theory of V. Pareto (J. Robinson, K. E. Boulding, H.D. Henderson, R. Triffin, A. Meyer) had another focus on rent understanding. Under rent, as noted by D.A. Worchester, they understood the income from any factor that exceeded the level that was needed to maintain its engagement in this field of use. Of course, this income over and except (or less in the case of a negative rent) of the normal income of the factor is an excess income [Worchester 2000].

A somewhat different view from the above is set forth in the article of A.A. Alcian "Rent" in the world's most famous encyclopedic dictionary of economic "New Polygrave": "Rent is called fee for the use of resources - land, labor, equipment, ideas and even money. Rent for the use of labor is commonly referred to as "wages", fee for the land and equipment use – "rent", fee for the use of an idea – "royalty", fee for the use of money "interest" [Economic Theory 2004].

Accordingly, representatives of institutionalism, in particular Tullock [Tullock 1967], J. Buchanan [Buchanan 1980], G. A. Krueger [Krueger 1974], consider rent as a result of restricting competition in order to obtain monopoly rights. In particular, according to G. Tullock, any improvement of resources by an entrepreneur makes them relatively more exceptional. Such improvement has a positive effect on public welfare, and additional rent (quasi-rent) arising from the use of more efficient resources or technologies is temporary. In the absence of artificially created barriers, the market competition inevitably dilutes it, reduces it to a normal level [Tullock 1988].

Worcester D. A. drew attention on the existence of many, sometimes incompatible views on the essence of rent in his article "Reviewing the theory of rent" [Worchester 2000]. In particular, the author has established that different interpretations of rent are used in the scientific circulation, namely:

1. Payments of an entrepreneur for certain factors of production.
2. A part of business payments paid to certain factors of production.
3. Income received by owners of certain productive resources.
4. A part of the income received by the owners of certain productive resources.

There are other ways to formulate different definitions that would increase the possible number of exact values, but this list points to the main problem. ... the pair of items 1 and 2, 3 and 4 relate to different concepts, and only an unscrupulous analyst can call them as one term" [Worchester 2000].

Worchester D. A. tried to solve the most important problems of the theory of rent, in particular - belongs rent to the cost of production or not? [Worchester 2000]. He justified his considerations by the fact that the term "rent" should be applied at the firm level, so it would be reasonable to attribute rent to remuneration of a certain type of production factors, since the remuneration comes to the owner of the factor [Worcester, 2000].

Returning to the interpretation of rent formulated by V. Pareto (Paretian Rent) as a payment over and in addition to the alternative cost, D.A. Worchester notes that such a definition seriously weakens the meaning of the term "rent", respectively, there is a single type of income that has neither an alternative nor real value - this is a net profit. Taking into account the aforesaid, D.A. Worchester proposes the introduction of a new term for describing the actual excess income of factors of production at the firm level – "factor income" (since "Nonmonetized costs" by D. Stigler are closely related to the analysis of intermediate levels from firm to society as a whole, for which the term "rent", according to D.A. Worcester, should not be used). So, this publication in 1946 in "American Economics Review" stated that "... the theory of rent remains very unclear, since rent payments associated with various functions of power vary considerably by size..." [Worchester 2000], D.A.Worchester positioned his concept of alternative value as the third option of solving, describing the discussion of two points of view: "Rent combines elements both excess and costs" (classical theory), and "Rent is a part of the total payments that cover the excess" (Paretian rent).

So, taking into account the survey of the opinions of the researchers who were at the origins of and further developed the theory of rent, it should be noted that rent was considered as:

- added value;
- component of profit;
- profit transformed;
- form of added value;
- fee for using resources;
- excess income (additional income) or excess profit obtained as a result of efficient use / utilization of the rent-forming resource;

– passive income, which does not require from its recipients to be engaged in entrepreneurial activity.

In all polemical views of scientists as to identification of the essence of rent, the latter has significant differences from financial rent or annuity, because:

1. Rent, in contrast to annuity, is a component of added value, an economic indicator that determines the value created by the economic entity in the production process and which includes the costs of its production, the costs associated with payment of labor and social insurance, depreciation deductions, income tax;
2. Rent is a component of the income from operating activities carried out using or subject to utilization of limited natural resources;
3. Rent arises only due to the existence of a difference in production costs or in case of different labor and capital costs. Determination of the difference in the production costs or spent capital to one and the same economic entity is only possible based on the results of a certain production cycle, preparation of quarterly or annual financial statements;
4. The rent amount depends on the demand for finished products. If it will be sold at cost or below cost, there will be no rent. The higher the sales price, the greater the share of rent in income from sales.

Hence, the understanding of rent in financial science is not identical to the views on rent formulated by many researchers, starting from W. Patty, continuing with D. A. Worchester, J. Tullock and others.

Identification of the resource forming the financial rent. When solving a given dilemma, it's worth noting that the overwhelming majority of scientists believe that any resource that can be used in economic activity can make rent. In particular, attention to this draws Y. Rozovsky, according to whose opinion the use of financial resources enables to obtain: financial, monopolistic, trade, speculative, production, property, grant (gift), export-import, historical and cultural, “fee” and other types of rent [Rozovsky 1995]. Hence, financial resources can be considered as a rent-forming factor, but there is no consonance among scientists as to their structure. It should be noted that there is another view, according to which the rent-forming factor is financial assets that allow getting rent as a profit from the ownership of such assets [Danylina 2014].

In order to solve the problem of reflecting financial rent at the accounts it is advisable to come up with a number of questions:

– what is meant to be financial resources in accounting;
– how financial resources and financial assets relate to each other;
– what financial resources can be recognized as rent-forming;
– how to reflect financial rent at the accounts.

First, let's consider the nature and composition of financial resources from the point of view of financial science and their subsequent accounting.

Vasylyk O. D. [Vasylyk 2001], H. Dzwigol [Dźwigoł 2009; Dzwigol, Dźwigoł-Barosz 2018; Dźwigoł 2018], I. O. Haiduk [Haiduk], O. Y. Hudz [Hudz, 2007], A. M. Kravtsova [Kravtsova 2008], R. Miskiewicz [Marszałek-Kawa, Chudziński, Miśkiewicz 2018; Miskiewicz 2017a; Miskiewicz 2017b; Miskiewicz 2017c; Miskiewicz 2017d], V. M. Oparin [Oparin 2002], K. V. Pavlyuk [Pavlyuk 1997], H. O. Par¬tin [Partin 2003], N. O. Pikalova [N. O. Pikalova], A. M. Podderiogin [Podderiogin 2008], P. I. Yukhymenko [Yukhymenko 2010] and others made a significant contribution to the study of the essence of financial resources of enterprises.However, the study of recent works [Zelesko 2012; Leos 2013; Katan; Maslovska 2009; Pikalova], based on the results of earlier researches, revealed the existence of significant differences in the identification of financial resources of business entities.

The liveliest discussions about the essence of financial resources began to take place in the post-Soviet period in connection with the change in the type of economy. It should be acknowledged that the time factor affects the interpretation of economic categories, so the essence of financial resources is not an exception. To date, scientists, who devote their researches to solving the problems of insufficient provision of enterprises activities with financial resources, distinguish three main approaches:

1. "Soviet" approcach, where financial resources were interpreted as a cost measure of material resources, and as an instrument that carries out only intermediary functions in the distribution of a social product [Okuneva 1980; Sychov 1984], however, this view set aside significant differences between the financial resources of the state and enterprises;
2. "Post-Soviet", which is characterized by the interpretation of financial resources as monetary funds (a part of monetary funds) [Vasylyk 2001; Pavlyuk 1997; Podderiogin 2008], however, this approach was characterized by a disputation due to the dominance of the stock form of financial resources;
3. "Modern", which is based on a value reflection of relations between economic entities, which advance capital in the economic activities of enterprises [Katan; Oparin 2002; Yukumenko 2010; Yaroshevych 2012]. A definite positive difference between this approach is that it covers all financial resources, and not only monetary, the types of advances are taken into account, the dominant of the stock form of their manifestation is lost.

Thus, despite the long history of the existence of finances as an economic category, the problem of determining the essence of financial resources at the enterprise level in financial science remains controversial, there is no single interpretation of the concept of financial resources of enterprises, each scientist in studying literary sources, the practical side of the issue, personal scientific researches and the developments gives its own interpretation of the concept of "financial resources of enterprises", which actualizes research and emphasizes the unlimited field of activity for engaged scientists. Eliminating significant differences in the interpretation of the concept of "financial resources of enterprises" becomes relevant in connection with the need for effective management of them, which is possible due to their identification in the system of accounting concepts.

Consequently, the vast majority of scientists point out that financial resources of enterprises are monetary funds in the stock and non-stock forms. In his turn, O. D. Vasylyk emphasizes that "... for a scientifically-based definition of the concept of financial resources, it is necessary to clearly define the criteria by which it must be consistent. These include sources of creation, forms of detection, designated use". From to O. D. Vasylyk's perspective, financial resources are: "monetary funds that are created in the process of distribution, redistribution and use of GDP, created within a certain period in the state. Financial resources are the material media of financial relations, which make it possible to distinguish finances from a set of other economic categories, none of which is characterized by a material media" [Vasylyk 2001].

However, the question arises how to determine the size of the economic entity's financial resources if the funds are not reflected in the accounting system. Some scientists believe that an analogue of funds is currently the capital of a business entity that forms a part of its liabilities.

According to A. M. Podderiogin and other "financial resources should be understood as monetary funds available at the disposal of enterprises. The financial resources of the enterprise exist both in the stock and in non-stock form, in fact, being the costs of the enterprise, which have or do not have a designated orientation. These funds include: authorized capital, reserve capital, depreciation fund" [Podderiogin 2008]. At the same time, it is worth noting that, in our opinion, there is some inconsistency in the standpoint of some scientists. In particular, the authors of the paper [Podderiogin 2008] note that financial resources include monetary funds [Podderiogin 2008], but the division of labor, which refers to this position, is called "Monetary Funds and Financial Resources".

According to N. B. Yaroshevych, the enterprise's financial resources are just a part of the monetary funds in the form of income and external receipts [Yaroshevych 2012].

From perspective of H. O. Partin and A. H. Zagorodniy, it's worth paying attention to the fact that financial resources of the enterprise exist not only in the monetary form. According to the authors of the paper [Partin 2003], financial resources are divided into two groups: materialized financial resources (tangible assets) and monetary financial resources (cash and cash equivalents) [Partin 2003]. Thus, it can be assumed that financial resources are all assets of a business entity. At the same time, one should pay attention to the fact that financial resources are derived from basic (natural, material, labor) resources, so the distinguishing of materialized financial resources seems to be controversial.

In our opinion, the opinion of financiers as to the economic essence of financial resources should be confirmed in the accounting system, in particular, in the form of those objects that are accounted.

So, N. B. Yaroshevych notes that financial resources consist of the following elements: authorized fund; reserve fund; depreciation fund; special funds and targeted financing; funds provided to the enterprise in the intra-industry distribution); undivided profit; short-term and long-term payables; funds for financing capital investments; funds from the sale of own securities (except for shares); other funds reflected in the liabilities [Yaroshevych 2012].

Thus, according to the author of the paper [Yaroshevych 2012], special funds are components of financial resources. The above division also allows us to express the assumption that financial resources include all objects of accounting, which are reflected in the liabilities of the balance sheet of the entity (objects, which are booked on accounts of 4, 5, 6 classes).

As for the inclusion of funds in the financial resources, it should be noted that under modern conditions of management, most of the monetary funds of enterprises are not accumulated in the relevant funds. Under such circumstances, it is difficult to determine the difference between monetary funds and financial resources. Taking into account the above, according to N. O. Pikalova and O. I. Bobyr, it is useless to solve the problem of separating monetary funds from financial resources precisely because of the designed purpose of the latter [Pikalova].

Katan L. I. adheres to almost the same idea and notes that "Today, the concept of "funds" as an organizational category of money flows simply begins to disappear from the vocabulary of enterprises. For this purpose, it is enough to look at the form of balance sheet, in which the funds are never referred to, but the term "capital" [Katan] is used. As correctly noted by L. I. Katan, "... assets are most often acquired when the enterprise has sufficient free cash resources, and not because of creation of a fund" [Katan].

It is the awareness of this trend that led to the allocation of other financial resources, namely: profit; depreciation deductions; working capital, budget allocations; receipts from trust funds; receipts from centralized corporate funds; loans [Yukhymenko 2010].

Recently, an increasingly common opinion is that the financial resources of an enterprise are as follows:

- a set of all highly liquid assets available [Hudz 2007];

- a set of all monetary funds or equivalent liquid assets (cash capital) [Nedilska 2009];

- monetary funds and liquid current assets, advanced in the form of equity, borrowed, called-up capital ... [Zelisko 2012];

- the most liquid assets of the enterprise, which include cash receipts and their equivalents, current financial investments, finished goods and current receivables [Maslovska 2009];

- assets of the enterprise in terms of monetary funds, receivables and financial investments, in particular: non-current assets (long-term financial investments, long-term receivables); current assets (accounts receivable for goods, works, services, accounts receivable, other current receivables, current financial investments, cash and their equivalents) [Skrypnyk 2016].

Taking into account the carried out analysis of scientists' opinions as to the essence and composition of financial resources of enterprises, we consider that under the financial resources of an entity it is necessary to mean the set of its monetary funds, which are in the form of cash, financial investments and claims (accounts receivable).

However, along with the concept of financial resources, the term "financial assets", which, according to the analysis of its composition, absorbs financial resources, has become widespread.

Now, according to the International Monetary Fund's methodology, financial assets of business entities should be considered as:

– bilateral assets, relationship between two parties (asset and liability): cash and deposits; loans, securities, other than shares; derivative financial instruments traded on the stock market; shares and other equity instruments; commercial loans; other accounts receivable;
– contingent financial assets: agreements on further reacquisition, financial leasing;
– OTC derivative financial instruments; most swaps and forward rate agreement; other derivative financial instruments that have market value.

In our opinion, there are two discussion innovations in the above list, in particular: an asset and an obligation, which by its nature is the source of an asset, therefore, in our opinion, an obligation cannot be identical to a financial asset of a business entity; inclusion of financial instruments into financial assets. The latest innovation requires further consideration, since the starting point for accounting reflection of financial rent transactions is the identification of the object or the definition of the objects, when we deepen the level of detail to the level of specific financial instruments [Petruk 2016].

Options for identifying financial rent in accounting. On the one hand, identification and valuation of financial instruments are provided by a number of regulatory documents (Law of Ukraine "On Securities and the Stock Market", IAS 39, AR(S) (Accounting Regulation (Standard) 13, etc.), that is, formally, there is no problem.

So, in the Law of Ukraine "On Securities and the Stock Market" No. 3480-IV dated February 23, 2006, financial instruments are defined as securities, fixed-term contracts, money circulation instruments, interest-rate contracts, fixed-term contracts for exchange in case of price dependence from interest rate, exchange rate or stock index, options that give the right to purchase or sell any of these financial instruments, in particular, which provide for a cash payment.

In accordance with AR(S) 13, a financial instrument is a contract that simultaneously leads to the creation (increase) of a financial asset at one enterprise and a financial liability or equity instrument of another enterprise [Accounting Regulation (Standard) 13 "Financial Instruments"]. A similar definition is given in IFRS 32 "Financial Instruments: Disclosure and Presentation [International Financial Reporting Standards]: a financial instrument is any contract that results in the simultaneous occurrence of a financial liability or an equity instrument with one party and a financial asset in the other one.

It is worth noting that A. P. Dankevych [Dankevych 2009] has a more fundamental approach to the definition of financial instruments, specifying the requirements that they must meet, in particular: free circulation; accessibility; standard nature; documentation; regulation and recognition by the state; liquidity; risk. According to V. L. Chesnokov [Chesnokov 2008], financial instruments are: 1) financial documents, the sale or transfer of which provides the receipt of financial resources, that is, the means by which the operation of the financial sector itself is carried out; 2) carriers of information on money transactions; 3) various types of market products of financial nature, which are the holders of future or past financial events.

It should be noted that the issue of identification of financial instruments in the conceptual framework of accounting is now completely uncertain. The examples of this are several facts, in particular, according to Y. V. Petrakov "Financial instruments should be considered as financial documents, circulation of which leads to an increase in financial resources, and obtaining the cumulative effect of their investment by the producers and recipients of financial assets [Petrakov 2016].

However, taking into account the content of AR(S) 13 and IFRS 32, the use of financial instruments causes the appearance or quantitative/value changes in composition:

- financial assets (cash and cash equivalents, cash deposits with the bank, trade receivables, receivables purchased under a factoring agreement, received bills of exchange; purchased bonds; sums to be received under a finance lease agreement; financial investments in shares of other enterprises);
- financial liabilities (accounts payable for trading transactions; issued bills of exchange; loans received; issued bonds, financial lease commitments);
- equity instruments (own ordinary shares; warrants; options for purchase of shares).

Consequently, a financial instrument is a mean that exists in the form of a paper or electronic financial document, the ownership of which, or whose change of ownership causes changes in the amount of financial resources (financial assets), financial liabilities, or equity. Just for the said reason identification of the financial instrument with the financial resource (financial asset) is wrong. However, financial instruments can generate financial rent that can be quantified and estimated. Proceeding from the main idea in the rent interpretation asserted in this study, the specific manifestation of financial rent will be the excess income from the use of financial instruments, which is the subject of accounting. In this context, it is necessary to clarify what represents an additional income from the financial instruments, from which financial instruments it arises, to make its assessment.

From the point of view of the use of financial instruments, today, two cases of financial rent manifestation can be distinguished: 1) receipt of financial rent as a result of sale or resale of securities subject to availability of a positive exchange rate difference; 2) receipt of financial rent as a result of increase of income from ownership of securities of another entity. Let's consider the first case. The basis of financial instruments that are used in the stock market are securities of various forms and types. In international practice, there are about 20 major types of securities distinguished by economic status, economic nature, type of sold goods, type of transfer of property rights, type of embodied value and issuers. It should be noted that the above classification does not stipulate the presence or absence of financial rent under the listed types of securities in the context of classification characteristics, since it is necessary to consider the specific type of security and conditions of its issue in order to identify the excess profit that may be obtained by its owner or holder.

In Ukraine, according to the Law of Ukraine "On Securities and the Stock Market" No. 3480-IV dated February 23, 2006, securities are used that differ in form and content. Under the form, one distinguishes equity securities, non-equity securities, documentary, non-documentary, bearer securities, registered securities, order securities.

Both equity and non-equity securities can generate rent in the form of excess profit, when the value of their resale exceeds their nominal value.

Under equity securities, it is possible to determine the aggregate financial rent from the total issue (the issuer of shares to track the dynamics of the market value of the enterprise), or a part of the issue that one investor has acquired (in the case of a resale of a block of shares or bonds). Non-equity securities can also generate financial rent. In particular, a bill of exchange, in the case of high guarantees of its repayment, may be re-registered by another buyer at a value higher than the cost of its initial accounting (discount). According to the current legislation, by content, there are six groups of securities, namely, share (equity), mortgage, debt, privatization, title and derivative.

A large number of different types of securities is issued into circulation. A wide range of securities issuance is explained by the fact that the reasons that encourage the issuance of securities and buy them are also very different. However, conceptually they can be divided into three types: stocks, bonds and derivatives from them, (secondary) securities.

Each of these groups of the stock market instruments has certain features. Thus, income from shares may be excessive due to the growth of the nominal value of the assets of the corporation, and, accordingly, the course of the shares themselves.

The above largely explains our conclusion about the broad, free interpretation of all income from financial instruments as rent. However, the nature of the securities, which is derived from the economic content of the relations mediated by them, did not provide

for the receipt of speculative income from various types of their market value or, as it is commonly called in accounting terminology, the share premium of an enterprise.

So, what is not defined as the main purpose of the existence of financial instruments will be a derivative function, and the resulting income, respectively, excessive - is a positive difference between the exchange rate of securities, and accordingly it will be financial rent.

The answer to the question on what types of securities may arise the exchange rate difference has already been partially given above when analyzing the content of financial instruments. It is only necessary to note that the exchange rate difference can predominantly arise from stocks and bonds, less often by discount securities – bills of exchange, bank certificates [Burenin 1998]. That is exactly for basic securities, and not contracts aimed at minimizing risks.

This requires consideration of two possible situations in the entity's business, which are reflected in the accounting:

1. Issuance of securities, which are sold with share premium (exchange rate difference);
2. Resale of securities by financial intermediaries in the secondary market with the origin of the share premium (exchange rate difference).

If the issuing enterprise carries out transactions with shares, then in the first case, the financial rent will be reflected in the accounting in the form of share premium, in the second - the goodwill of the enterprise. One of the problematic issues for today is that current legislation does not provide for methods of calculating financial rent for Ukrainian enterprises. However, it should be noted that information about financial rent is important for managing financial flows of an enterprise. We propose to determine the financial rent from the exchange rate difference at the sale (issue) of shares according to the following formula:

$$ФРа = ВВа – НВа, \quad (1)$$

where, ФРа – financial rent from the exchange rate difference at the sale (issue) of shares, UAH; ВВа – repurchase value of shares, UAH.; НВа – par value of shares, UAH.

Taking into account the features of financial rent as an object of accounting, an important organizational and methodological issue, which is designed to solve the problem of accounting of financial rent, is the formation of information about it in the accounting system. To account financial rent arising from the initial issuance of shares sold with the exchange rate difference, it is expedient to use the synthetic account "Additional capital", in particular the sub-account "Share premium" with the opening of analytical accounts "Financial Rent" and "Rent from the exchange rate difference at the issuance of shares".

When reselling shares by financial intermediaries in the secondary market, a situation may arise when the repurchase value of the shares of the enterprise will be higher than the nominal value. In this case, the issuing enterprise has a basis for recognizing the growth of its market value in comparison with the balance sheet. In this case, the task of recognizing the formation/growth of the goodwill of the entity. Taking into consideration the above-mentioned situation, goodwill should be considered one of the most important management objects that needs appropriate information support in terms of its characteristics both at enterprise level and in the context of interaction with the external environment, in particular, regarding the placement of shares on stock exchanges and stock markets.

The growth of the share price when resold by financial intermediaries in the secondary market relates, more likely, to the so-called "internal" goodwill (accumulated intangible assets of the enterprise over the years that allows it to have tangible competitive advantages), which is not reflected in accounting practice.

In order to reflect the transactions for forming the internal goodwill and its write-off, it is appropriate to open the "Internal goodwill" sub-account for the off-balance sheet item "Contingent assets and liabilities". For this type of financial rent we consider it expedient to disclose in the Notes to the annual financial statements as the amounts of internal goodwill for a number of reporting periods that will promote the enterprise's activity popularization, attracting investors, improving the creditworthiness and business image of the enterprise. The proposed approach can be considered as a possible alternative solution to the problem of determining goodwill in the context of solving a more global problem - the formation of more reliable information in the accounting system, which would help in determining the potential value of the enterprise when making managerial decisions.

As for bonds as one of the types of securities, then financial rent can be formed as an excess income from the resale of bonds at a price that exceeds the cost of their acquisition. The amount of the specified financial rent is proposed to be determined by the formula:

$$ФРпп = До – Со \quad (2)$$

where, ФРпп – financial rent from resale of bonds at a price that exceeds the cost of their acquisition, UAH; До – income from sale of bonds, UAH; Со – the cost of purchasing bonds, UAH.

Financial rent from resale of bonds at a price that exceeds the cost of their acquisition is proposed to be recorded on the analytical account "Rent from resale of bonds at a price that exceeds the cost of their acquisition", which should be opened up to the sub-account "Financial transactions result". Hence, financial rent is formed in the entity that resold the bonds at a price that exceeds the cost of their acquisition. The specified financial rent will arise mainly from business entities that are active participants in the stock market and will form speculative financial capital. The second option concerns the case where the potential recipient of finance rent is not an active participant in the stock market and the execution of financial transactions is not the subject of its core business activity.

Determining the type of rent-generating financial resource for a given condition should proceed from the fact that:

- rent is brought by an economic resource that is owned, disposed of or managed and, after receiving income, its legal status does not change;
- the resource is clearly identified and participates in the receipt of income two or more times;
- the factor income from the utilization of the resource is not fixed (predefined).

These features do not apply to the following types of financial resources: long-term receivables (arrears for property leased; long-term promissory bills of exchange received; interest-free long-term loans granted to other entities (including employees of the enterprise); cash and their equivalents; cash deposits with banks; short-term bills received; short-term bonds, commercial and other receivables.

So, financial resources that can form a financial rent will include long-term financial investments (investments to related parties using the equity participation method, other investments to related parties, investments to unrelated parties), in the form of securities, shares of other business entities whose holder receives investment income over a period of more than one calendar year. The accounting of investment income from the specified long-term investments is regulated by the current accounting methodology, however, financial rent, as a component of such income under the second proposed option, is not currently reflected in the accounting.

In order to eliminate the aforementioned deficiency, as well as evaluation of the effectiveness of long-term investments, we propose to reflect financial rent on the off-balance sheet "Rent" with the separation of the sub-account "Financial rent" and the reflection of the latter by the types of relevant financial instruments. An entry on the appropriate off-balance sheet account, in particular, "Unexpected assets and liabilities" can take place subject to the analytical accounting of the received share premium by types of shares held, and the subsequent comparison of such incomes for the previous period subject to their growth.

**Conclusions.** According to the results of the carried out research, the author's approaches to recognition of financial rent as an object of accounting are presented, organizational and methodical provisions of accounting of financial rent are developed, the procedure for determining the amount of financial rent and the order of its reflection at the accounts is proposed, depending on the sources of its formation.

The above proposals will contribute to increasing the informativeness of the accounting system for management personnel in order to manage the effectiveness of the enterprise. The prospect of further research is the development of financial reporting in terms of reflecting financial rent, which will satisfy the information interests of its users.

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