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ACCOUNTING OF RESULTS OF RENT RELATIONS

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Abstract. In the conditions of the implementation of the concept of sustainable development, the study of accounting reflection of the results of rent relations becomes relevant in view of solving a number of strategic tasks that today face economic entities. The solution to this problem is proposed on the basis of the definition in the system of accounting concepts of economic nature of results of rent relations arising owing to the involvement of renting factors in the economic process. *The purpose* of the research is to determine the formulation of proposals for the accounting reflection of the results of rental relations. The methodological basis of the study is the historical and logical method used to study the evolution of rent and approaches to the disclosure of its economic meaning. The dialectical method and comparative analysis are used to identify significant differences in the definition of rent, formed at different stages and forms of economic relations. *Methods* of analysis, synthesis, induction, deduction, abstraction, idealization, and generalization are used to identify the results of rent relations in the system of accounting concepts and the formulation of proposals for accounting rent and rent payments. *Scientific results.* Based on the critical assessment of the plurality of researchers' opinions regarding the disclosure of the economic content of the rent, it has been established that: the rent is an integral part of the value added, but the added value in the accounting system is not accounted; the rent is a component of the income from operating activities carried out with the use or exploitation of limited natural resources; the complication of the previous value appraisal of rent makes it impossible to reflect it as a part of income; the amount of rent depends on the demand for the goods. If the product is sold at cost or below the cost, there will be no rent. The higher the sales price, the greater the share of rent in sales income. Taking into account the above, the rent as an income from the extraction/use of natural resources, as well as the use of other renting factors, is proposed to be reflected on the off-balance sheet account "Rent" with the allocation of sub-accounts by type of economic rent received. Rent payments are proposed to be attributed to operating expenses since their inclusion in production costs contradicts the economic nature of such costs, unjustifiably increases the prime cost, and contradicts the principle of equitable distribution of rent. *The practical importance* of the study is to increase the level of disclosure of information for making managerial decisions, in particular: determining the maximum allowable reduction in the price of sales of finished products, while maintaining an acceptable level of profitability for increasing demand, expanding the market and, consequently, increasing profits; directing the entire amount of rent or its part to the implementation of environmental measures, modernization of the material and technical base, activation of innovation activities, etc. *Value/originality.* The main advantages of the research conducted are the determination of the subject and object composition of rental relations, justification of the expediency of identifying the economic rent as an additional income, presenting proposals for the accounting of rent and rent payments, which will help to solve problems of the organization and methodology of the results of rent relations, as well as improving the reporting of economic entities.

Key words: theory of rent, rent relations, rent, rent payment, accounting of results of rent relations.

JEL Classification: M41, M49

1. Introduction

In the conditions of the implementation of the concept of sustainable development, the study of issues of accounting reflection of rent relations is important in view of solving a number of strategic tasks that today face economic entities. Integration processes, which Ukraine actively joins, create new opportunities for the business, connected with the expansion of markets. Such perspectives lead to the rejection of insufficiently effective methods of cost management in the current conditions of competition and transfer of emphasis on revenue management. It is possible to solve these issues effectively, including on the basis of the theory of rent.

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The economic theory defines features of rent relations at the state level, but in the accounting, there is no information on the accounting reflection of the rent as one of the types of the business entity's income, with the exception of individual publications, in particular, a monograph by (Osadcha, 2016). This leads to a targeted decrease in the relevance of information on income from the use of rental resources since none of the forms of existing reporting provide any information about any kind of rent.

Insufficient attention to rent significantly increases the risk of an inadequate assessment of the financial condition of business entities and affects the objectivity and effectiveness of management decisions.

One of the important problems to be solved is the essential identification of rent in the system of accounting concepts since without this it is impossible to evaluate its value and determine its impact on the formation of incomes of socio-economic agents.

2. Literature review

Issues of the theory, as well as the expedience of distinguishing its types, were studied in their writings by W. Petty, A. Smith, D. Ricardo, J. C. Mill, A. Marshall, J. A. Schumpeter, M. Blaug, and others. The search for an explanation of rent phenomenon, as well as its impact on the behaviour of economic entities, has intensified significantly due to the results of scientific research, stated in the works by G. Tullock, J. M. Buchanan, A. Krueger, in particular, the list of types of rent was significantly expanded, however, at present their proposals did not bring the scientific community closer to the solution of the scientific problem of the possibility of rent accounting by participants in the field of economic relations. Over the past years, scholars have increasingly raised issues of accounting as an information source for managing a particular type of rent. So, issues of individual types of rent were investigated by Zhuk (2012); Zamula (2010); Zdan (Melnyk) (2011); Ostapchuk (2012), and others. Positively evaluating the results of previous studies, it is worthwhile recognizing that the unconditional inclusion of rent as additional income or surplus of a business entity from the use or employment of the renting resource (production factor), with the exception of rent payments, did not occur in the system of accounting notions.

This situation can be explained by the fact that: "Despite different approaches to the interpretation of certain types of rent, modern researchers determine rent relations as a system of economic relations between the state and business entities for the receipt, distribution, and redistribution of rental income in terms of utilization (on the right of ownership or management) of limited and different in quality resources" (Hrazhevska, 2014). At the same time, the author of the publication in no way determines the possibility of accounting for the procedures for obtaining, distributing, and redistributing rental income based on the accounting system of the economic entity.

One of the main reasons for the current situation is the existence of two major difficulties associated with the theory of rent, namely: "This is a failed result of the false tendency to synthesize the incompatible cost theories ... the lack of unity in relation to the very essence of rent" (Worcester, 1946).

In issues of realization of rent relations between the state and business entities, there are many debatable issues.

In particular, there are ongoing discussions on accounting and payment of rent payments, as a manifestation of rental relations. So, according to V. Matiukha (Matiukha, 2013), the withdrawal of a rent payment from a subsoil user in favour of the state should take place in the amount of excess profits (surplus – the difference between the received and the average-normal profit). In accordance with the above proposal, the author equates rent payment to rent, as additional income, what, in our opinion, is difficult to accept.

In the publication, Zanko (Zanko, 2016) discloses features of rent payments for the use of subsoil in the accounting system in accordance with p. 18 of Provisions (Standards) of Accounting and norms of the Tax Code of Ukraine, but the question of how to account for the rent – as additional income or superprofit of subsoil users, remains out of study.

An attempt to actualize the issue of the need for rent accounting was made in the publication by S. Zdan (Melnyk) (Zdan (Melnyk), 2011). According to the author, rent is a rather complex aspect of the revenue part of the enterprise, therefore "at this stage, it is very difficult to determine its size and, as a result, to reflect in accounting. The first problem of the reflection of rental income in accounting is the lack of not only a single approach to the definition of rental income, but also a clear understanding of its availability not only on agricultural lands."

According to L. Paraskevych (Paraskevych, 2012), the main reasons for the inhibition of the rental income reflection procedure are the availability of different legislative approaches to the definition of income, expenses, and also the formation of the enterprise financial result, which, in our opinion, corresponds to reality.

Also, among the recent publications of Ukrainian scholars, one should mention the publication of O. Bondar (Bodnar, 2017), who conducted a retrospective analysis of the genesis of rent in the system of value concepts, but the answers to how to assess the rent to find ways to further reflect it in accounting and the creation of information provision for fair distribution of rent as a component of the concept of sustainable development is not given in the publication.

It is worth paying attention to the publication of T. Osadcha (Osadcha, 2015), in particular, to the proposal to reflect the rent for various rental resources on the account of financial results. Without denying the proposals put forward, it should be considered expedient to continue research on this issue.

Consequently, there are grounds to state that the scientific community has now come to the unconditional conclusion about the relevance of rent accounting; however, there are no formally approved proposals for the theoretical substantiation and methodical implementation of accounting for rent relations among Ukrainian scientists.

The purpose of the study: to formulate proposals for the accounting reflection of the results of rental relations.

Research methods: Historical and logical method is used to study the evolution of rent and approaches to the disclosure of its economic meaning. The dialectical method and comparative analysis are used to identify significant differences in the definition of rent, formed at different stages and forms of economic relations. Methods of analysis, synthesis, induction, deduction, abstraction, idealization, and generalization are used to identify results of rent relations in the system of accounting concepts and the formulation of proposals for accounting rent and rent payments.

3. The main material

Rent is one of the categories that began to be studied and researched as one of the first; however, the definitive explanation was not received to this day. In addition, the scope of its application and the list of resources associated with its occurrence and manifestation are constantly expanding. This led to the emergence of a huge list of types and forms of rent (Osadcha, 2016), which gives rise to the need to identify and analyse reasons for such a popularity of the category of rent among scientists by identifying objective and subjective factors-reasons.

Permanent transformation of economic relations causes a change in views on the understanding of rent as an economic category. After analysing a number of scientific works devoted to the genesis of the theory of rent, it has been established that the views of scholars on the nature of rent have evolved in a certain way.

Thus, the representatives of the classical political economy, in particular, W. Petty, A. Smith, D. Ricardo, J. C. Mill believed that natural rent had a double understanding of natural rent as a product of nature and a product of labour, but in terms of cost estimation of rent they had somewhat different views. So, W. Petty equated the rent to the full added value, without dividing the latter into profit and rent.

A. Smith determined the rent as an excess of the amount of profits usual for this area and laid the duality of the rents approach as a product of land and income, determined by high demand at a limited offer (rent). However, in our opinion, this understanding of the rent leaves the latter outside the composition of accounting objects, since the rent, taking into account the position of A. Smith, will be determined in the light of modern realities after the implementation of accounting procedures by comparing two profits – actually received by a certain entrepreneur and ordinary for a given area. Important for this study is the position of A. Smith, according to which rent was considered a qualitatively different part of the product price than wages and profits. Low or high wages and capital gains are the cause of a high or low price, while a smaller or larger amount of rent is the result of a price. According to A. Smith, the rent is the balance obtained as a result of the deduction from the product price of wages or profits on capital; therefore, one cannot assume that rents, wages, and profits are obtained in the same order. What is also important is that, according to A. Smith, the size of the rent depends on the larger or smaller size of the product price, which consists of three elements: wages, profits, and rent.

D. Ricardo's doctrine of rent was theoretical and practical, based on the definition of the value given by A. Smith and the positions on private ownership of land. According to a number of researchers Meshcherov (2006); Zeldner (2003), Kudryashova (2003), starting with D. Ricardo to the present, there has been practically no significant development in the aspect of the synthesis of the theory of value and rent (Bodnar, 2017), since D. Ricardo determined the rent as an economic category and insisted on the mistakes of mixing the rent with the rent payment, so moving the rent from everyday life categories to categories of economic theory. According to D. Ricardo, the main condition for the existence and determination of the rent is "the investment of two identical quantities of capital and labour" into a product, which prices will be comparable with the purpose of determining the rent.

Another approach to determining the size of rent is proposed by J. S Mill, according to whom the rent is equal to the cost savings that bring the best machinery and land as resources with exceptional properties.

"According to the ideas of K. Marx, the rent is one of the forms (along with profit and interest) of added value created by the additional labour of hired workers and assigned by the landowner. K. Marx saw the emergence of rent as an economic category 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 labour theory of value and in 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 its surplus above average for the industry profit.

Subsequently, A. Marshall and his followers, on the basis of criticism of Marxist views, expanded the understanding of rent relations, which, in their opinion, cannot be limited only by services of the land. Principles of the rent formation were extended to all types of resources, the supply of which is limited (fixed).

Followers of the theory of V. Pareto (J. Robinson, K. E. Boulding, H. D. Henderson, R. Tiffin, A. Meyer) have another view of understanding the rent. As noted by D. A. Worcester, they understood rent as the income from any factor that exceeded the level needed to maintain its operation in this area of use. This very income over and beyond (or less in the case of a negative rent) the fair return of a factor, of course, is a surplus income (Worcester, 1946).

A slightly different view from the above is set forth in the article by A. A. Alchian "Rent" in the world's most famous encyclopaedic edition "The New Palgrave Dictionary of Economics": "'Rent' is the payment for use of a resource, whether it be land, labour, equipment, ideas, or even money. Typically the rent for labour is called 'wages'; the payment for land and equipment is often called 'rent'; the payment for use of an idea is called a 'royalty'; and the payment for use of money is called 'interest'."

Accordingly, representatives of institutionalism, in particular, Tullock (1967); Buchanan (1980); Krueger (1974) consider the rent as a result of restricting competition in order to obtain monopoly rights. According to G. Tullock, any improvement of resources by the entrepreneur makes them relatively less common. Such an 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, market competition inevitably erodes it, reduces it to a normal level (Tullock, 1988).

"Modern neoclassical theory resolutely refused to separate rent from other types of noncompetitive revenues" (Kuzyk, 2004). The fair level of income is determined solely by the conditions of competition in the resource market, and as a norm, a perfect competition is proposed. Thus, it is impossible to allocate rent income as such in each individual case.

D.A. Worcester in his article "Reconsideration of the Theory of Rent" drew attention to the existence of many, sometimes incompatible views about the essence of rent (Worcester, 1946). The author has established that in the scientific circulation, different interpretations of rent are used, namely:

"1. Payments of the entrepreneur for certain factors of production.

2. Part of business payments paid to certain factors of production.

3. Revenue received by the owners of certain production resources.

4. Part of the income received by the owners of certain production resources.

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

D. A. Worcester tried to solve the most important problems of the theory of rent, in particular, whether the rent is included in the cost of production or not? He based his argument on the fact that the term "rent" should be applied at the firm level; therefore, it would be appropriate to attribute the rent to the remuneration of a certain type of production factors since the remuneration comes to the owner of the factor.

One cannot ignore the position of economists W. Jevons, P. Wicksteed, H. J. Davenport, and others, who opposed the measurement of rent as a surplus, because it explains nothing and "introduces it into the category of uncontrolled 'additional' incomes."

Returning to the interpretation of the rent formulated by V. Pareto (Pareto's rent) as a payment over and in addition to the alternative cost, D. A. Worcester 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. Worcester proposes the introduction of a new term for describing the actual surplus income of production factors at the firm level – "factor income" (since "Non-value costs" by G. 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). Consequently, this publication in 1946 in the American Economics Review states that "... the theory of rent remains very unclear since the payment of rent associated with various functions of power varies greatly..." (Worcester, 1946) D. A. Worcester positioned his concept of alternative cost as the third option, describing the discussion of two points of view: "Rent combines elements both of surplus and costs" (classical theory) and "Rent is a part of the total payments that cover the surplus" (Pareto's rent).

At the same time, modern western economic literature pays much attention to alternative costs. The economic theory of the enterprise implies that the company's alternative costs are a part of its cost structure. In real-world business situations, the use of the financial indicator of "threshold interest rate" is close in its essence to the use of the concept of alternative costs in the economic theory of the enterprise.

Thus, the phenomenon of alternative costs has firmly entered the Western theory and business practice of a modern market economy. However, this cannot be said at all about rent, for which only some of the authors find a very limited place in their writings, which has been implicitly reflected in the educational literature. So, only a few lines are devoted to rent in one of the universally recognized world's best textbooks on economics. P. A. Samuelson and W. D. Nordhaus in Part III. Factor Markets: Labor, Land, and Capital of Economics provide the following definition of rent or, more precisely, the net economic rent: "Rent (or pure economic rent) is payment for the use of factors of production that are fixed in supply." Despite the fact that at first the notion of rent is given only to land, it is further noted that "Aside from land, we can apply rent considerations to gold mines, 7-foot-tall basketball players, and anything else in fixed supply." S. Fischer gives a similar definition of rent: "Since land is traditionally considered as a quantitatively fixed factor, the word 'rent' is often used to refer to income from any factor derived from its limited supply. Thus, the factor brings the rent if it is paid at a level that is higher than necessary to ensure the supply of services for this factor."

The fact that the use of natural resources in the economic activity, other than land, forms a rent is noted by other researchers.

In particular, N. Zhikaliak considers the mining rent to be a kind of natural rent and divides it into mining, which does not depend on the behaviour of the economic entity, and entrepreneurial in the mining industry, which depends on the behaviour of the economic entity. Under mining rent, the author understands a part of the economic profit from the transfer of ownership rights to land plot and subsoil for the extraction of minerals, or from the sale of mining products. Entrepreneurial rent, in the interpretation of the author, is a part of the economic profit from the sale of rights to mineral resources or products of the mining industry, which is mainly determined by the actions of economic entities in the process of investing in current activities (Zhikaliak, 2013).

According to V. Mishchenko, among the types of mining rent, it is necessary to allocate a monopoly rent, which is received from those areas where rare minerals are extracted, which are sold at monopoly prices determined only by the payment capacity of consumers (Mishchenko, 2004).

According to Yu. Navrozova's research, the water rent is a kind of surplus profit, which depends on the natural properties of water received by the economic entity through the exploitation of limited water resources of different qualities (Navrozova, 2008).

Under the natural rents, M. Halushchak understands the additional profit, which is received in addition to a certain return on capital and labour spent. Natural resource rent arises as a result of economic activity associated with the use in the public production of natural resources as a means of production (Halushchak, 2008).

Consequently, taking into account the fact that the source of rent is a natural resource, and the obligatory condition for its occurrence is the conduct of economic activity, all types of natural rent can be considered components of economic rent, which is received by the economic entity, some of which then paid to the owner of such a resource in the form of rent payments.

According to B. Paskhaver, price mechanism cannot serve as a regulator of rental relations, since the rent does not form a price, because it is a part of the created added value. However, it is quite controversial in the scientific literature to include the payment for the use of land in production costs. B. Paskhaver believes that the inclusion of rent by landholder in production costs should not affect the price level since such individual costs will not be socially necessary. Otherwise, prices for agricultural products would be determined not only by the actual costs of their production but also by forms of rental relations. Consequently, he advocates the opinion that only at the level of the immediate commodity producer within the framework of his economic interests it is possible to consider the rent and the price of land as an element of advanced means (Paskhaver, 1972). S. Zdan (Melnyk) observes another opinion, which states that: "Direct land rent is manifested at the final price of finished agricultural products" (Zdan (Melnyk), 2011).

The current legislation of Ukraine contains a definition, according to which rent income (land rent) is the income that can be derived from land as a means of production, depending on the quality and location of the land. Rent income is calculated as the difference between the expected gross income from sales of products received on the land plot and the production costs and profits of the producer.

Consequently, taking into account the review of opinions of the scholars who were at the origin and who developed the theory of rent, as well as the content of other publications by Hurovska (2011); Bazylevych (2008); Zakharchuk (2011), one can state that the rent was treated as:

- added value;
- component of profit;
- transformed profit;
- form of added value;
- fee for using resources;
- surplus income (additional income) or surplus profits obtained as a result of efficient use/exploitation of the renting resource;
- passive income, which does not require conducting business activity from its recipients.

Under the indicated polymorphic nature of rents, its consideration as a potential object of accounting becomes of considerable importance with the following reasons:

1. The rent is a component of value added, but the value added in the accounting system is not accounted for. It is worth paying attention to the fact that: at the macroeconomic level, added value – a social form created by hired workers of an additional product. Added value can be determined only based on the application of the national accounts system. In determining it at the

microeconomic level, there are serious complications, because at the stated economic level, "added value – the value created within the enterprise as a result of the impact on the means and objects of labour and includes added value" (Ullubijeva, 2009). The application of tax legislation also does not solve the problem of its definition, since in accordance with Article 188.1 of the Tax Code of Ukraine, the VAT base for the supply of goods/services is determined on the basis of their contractual value, taking into account national taxes and fees (with the exception of separate fees and payments).

So, from the point of view of the applied economy, value added is an economic indicator that determines the value created by the enterprise in the production process. In fact, the value added of production includes the costs of its production, expenses related to remuneration of labour and social insurance, depreciation deductions, income tax. At the same time, the added value is not subject to accounting and is not reflected in the report "On Financial Results of the Enterprise" even under the existing calculation methods.

2. Rent is a component of income from operating activities carried out using or exploiting limited natural resources.

3. Rent occurs only because of the existence of a difference in production costs in different land areas or at different labour and capital costs because, as D. Ricardo pointed out, there is no rent as long as only areas of the highest quality are to be processed. When it comes to switching to the worst-quality areas, the former should give an excess of income, because the worst areas should compensate for all production costs, otherwise they would not be involved in the production. Thus, the very appearance of land rent depends on the need to move from the areas of better quality to less fertile lands. One can determine the difference in the cost of production or spent capital to one and the same entity only based on the results of a certain production cycle, the preparation of quarterly or annual financial statements. Accordingly, it is expedient to identify the rent as an additional income, which, in our opinion, cannot be equal to the size of the rent payment. In this position, the rent cannot be reflected in the expense.

4. The complexity of the previous value appraisal of rent makes it impossible to reflect it in income. It is worth mentioning that incomes are reflected upon the implementation or receipt of funds.

5. The amount of rent depends on the demand for goods. If the product is sold at cost or below the cost, there will be no rent. The higher the sales price, the greater the share of rent in revenue from sales.

6. Rent as a type of income will directly affect the optimization of the use of economic resources of the business entity, will be important in defining priorities and shaping development plans. Business, focusing on demand satisfaction, determines the prospects, priority of individual activities according to potential profits, the size of which will largely depend on the procedure of identification of the rent, the consequences of which will form a series of economic levers of influence on production, through which cooperation between individual links and participants in the production and commercial process, as well as stimulation of the improvement of technologies and an increase in the efficiency of resources use, will be ensured.

Describing the second aspect of rental relations – rent payment, we consider it necessary to express a number of considerations. Rent payments for the use of natural resources in the vast majority of countries of the world are in the form of rentals, royalties, and bonuses, the volume of which has its own features. For example, in India, the fee for the use of mineral resources for the extraction of iron ore is 10% of its market value (Matiukha, 2013). As O. Zakharchuk notes "... in the USA, enterprises engaged in the extraction of minerals pay rent, bonuses, royalties. In Scandinavian countries, enterprises pay a standard tax of 28%, a special tax – 50%, and royalty in deposits" (Zakharchuk, 2011). According to O. Zakharchuk, the large amount of rent payments is justified since the amount of rent is large. An argument in favour of a high level of rent payments is the fact that the entity does not invest anything, but bear the costs of extracting only. Summarizing the situation in Ukraine, it should be noted that enterprises that produce minerals only increase their revenues, since the interest rates on the cost of mined minerals are less than the amount of value added tax refunded to such entities-exporters. "The imperfection of the existing system of payments for the use of subsoil in Ukraine leads to negative consequences, namely: mining rent falls on subsoil users, which is, as a rule, private enterprises" (Matiukha, 2013), even so do not expect a fair distribution of rents.

As V. Zanko notes, "If an enterprise has determined the amount of rent for the use of subsoil for the extraction of minerals, which should be paid to the budget for each unit of mined raw material of a certain type, it may include the cost of charging such rent, as other direct costs to the production cost of commodity products of the mining enterprise" (Zanko, 2016). Under this approach, rental payments will be returned to the business entity in the price of the finished product sold. In our opinion, such an approach only increases the sale price and in no way affects the economic behaviour of a business entity that, in a situation of the imperfect market such as in Ukraine, is usually a monopolist. In order to ensure a fair distribution of the income from the extraction of energy resources and other minerals, the obligatory rental payment must be higher than the refundable value added tax rate and be within the range of 5-10% of the market value of minerals and to be paid quarterly in the form of advance payments with a mandatory adjustment of the sum of payments at the end of the fiscal year.

The regulation of the organization and accounting of natural resources and, consequently, natural rent, is absent in most countries of the world due to the prevalence of state ownership of natural resources.

In national standards, natural resources are referred to in the Provision (Standards) of Accounting 7 "Property, Plant and Equipment" in the part of land plots that are accounted for in the subaccount 101 "Land Plots", and the cost of improving them – the subaccount 102 "Costs for Improvement of Land Plots", as well as purchased natural resources for subsequent extraction (of oil, gas, etc.) – subaccount 114 "Natural Resources". A similar situation is observed in international standards, where the International Financial Reporting Standards 16 "Property, Plant and Equipment" refers to the registration of land plots.

However, P(S)A 7, as well as IFRS 16, does not apply to non-renewable natural resources (they are characterized by limited reserves, can only be used once (mineral wealth)). That is, the majority of renewable natural resources and all non-renewable as sources of formation of natural rent are not covered by accounting.

According to our belief, the attribution of natural resources to fixed assets is ungrounded in view of a number of their characteristics other than fixed assets, namely:
1) lack of wear;
2) natural origin;
3) ability to biological transformation.

In 2009, the Provisions (Standards) of Accounting 33 "Expenditure on Exploration of Mineral Resources" were approved, which define the methodological principles for the formation of information on the cost of exploration and determination of volumes and quality of mineral resources and its disclosure in the financial statements in accounting. The standards of this Provision (Standard) are applied by enterprises, organizations, and other legal entities (hereinafter referred to as "enterprises") irrespective of ownership forms (except for banks, budgetary institutions, and enterprises that, according to the law, make financial statements according to international financial reporting standards) and do not apply to the stages pilot industrial development of deposits. Consequently, the accounting of natural resources is not governed by this Standard in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources".

As for the American accounting system, which is regulated by US GAAP accounting standards, the classification and assignment of natural resources to objects of accounting in them is similar to the Ukrainian practice. But in US GAAP, unlike the Ukrainian Provisions (Standards) of Accounting, issues of accounting and reporting of natural resources to oil companies are further disclosed.

Thus, the methodology of accounting for natural resources as a source of natural rent requires improvement in terms of recognition by accounting objects of all natural resources and rights to their use, as well as the formation of their classification, methods for their evaluation, reflection in accounts and in the reporting of the enterprise. The specified will create the basis for a reliable determination of the amount of natural rent from a certain type of natural resource.

Regarding other factors of production (innovative methods and technology, creative staff, information, etc.), they are in the vast majority reflected in the accounts.

It should be taken into account that the process of identification of rent depends on a large number of endogenous and exogenous factors that determine the behaviour of participants in rental relations, affect the process of creation and distribution of income from the use of resources. In this case, the exogenous factors such as the legislative and regulatory activity of the state will have a decisive influence, as a result of which there is a market infrastructure that creates a system of accumulation and appropriation of rent, the allocation and extraction of surplus profits, through rent payments, etc.

However, such an endogenous factor will play a decisive role as an improved accounting system that will perform the tasks:
- formation and provision of complete, timely, and reliable information on rental income for effective management of an innovative or sales activity of an entity and its rental payments to budgets of different levels;
- ensuring control over the use of rental resources (rent-creating factor), income received by a business entity;
- creation of sufficient information support for the analysis of rental income.

Economic preconditions necessary and sufficient for the organization and maintenance of accounting of rent by the economic entity should include identification of:
- the object, – rent-forming factor (resource), which uses (exploits) the economic entity-payer of rent, which brings economic benefits and provides an economic advantage over the use (operation) of such an object;
- income of the entity that uses (exploits) such an object that includes the rent;
- rent estimates for determining rental income, the share of rent in income from a particular activity, and the subsequent implementation of rent payment;
- forms of documents and methods of accounting in the accounts of rent (rental income) and rent payment, followed by their reflection in the financial statements of the economic entity-payer of the rent.

Thus, at the entity's level, accounting of rent relations is necessary for the effective management of this entity. Based on strategic goals, the owner or user of rental resources that receives a significant amount of rent from their particular type may decide to invest additional resources for improving these resources in order to increase the amount of the rent received or spend on improving other types of resources that are worse by their properties and do not generate income from their use.

4. Discussion

The main advantage of the research conducted is the determination of the subject and object composition of the rent relations, justification of the expediency of identifying the economic rent as an additional income, elaboration of proposals for accounting for rent and rent payments, which will constitute sufficient grounds for solving the problems of the organization and the methodology of results of rent relations.

5. Conclusions

According to the results of the research conducted, it is found that rent relations today are not reflected in the accounting system in full.

To eliminate the established discrepancies in the interpretation of the essence of the rent, one should take into account the legal basis of rent relations in terms of identification of their possible entities. In particular, one should proceed from the fact that, in accordance with the current legislation and the absence of direct prohibitions, the parties (subjects) of rent relations can be:

- the individual (the recipient of the rent (rent income) and at the same time the payer of the rent payment) – the individual (the recipient of the rent);
- the individual (the recipient of the rent (rent income) and at the same time the payer of the rent payment) – the legal entity (the recipient of the rent);
- the legal entity (the recipient of the rent (rent income) and at the same time the payer of the rent payment) – the individual (the recipient of the rent);
- the legal entity (the recipient of the rent (rent income) and at the same time the payer of the rent payment) – the legal entity (the recipient of the rent).

Given the above, all the subjects of rent relations, which according to the law are obliged to keep accounting and financial statements, should carry out measures for the organization and maintenance of rent accounting.

Mandatory accounting of rent relations is determined by the fact that the payer of the rent will generate additional income and expenses associated with rent payment, and the recipient of the rent will generate revenue, from which the tax will be required. If the quasi-rent arises without further payment of rent, since the rent-forming resource (innovative methods and technology, creative personnel, information) is in the ownership or in the operational management (ownership) of the business entity, so there is no entity to which the rental payment should be transferred (make additional payments), the necessity of conducting its accounting will be conditioned by the creation of an information base for assessing the temporary competitive advantage and determining the tactics of its effective use.

Knowledge of the amount of rent forms a competitive advantage because, at actually lower costs and market value, revenue is greater than that of competitors. Knowledge of the amount of rent will allow reducing the sale price, saving the level of profitability, increasing the volume of sales and, therefore, income and profit.

Rent as an income from the extraction/use of natural resources, as well as the use of other rent-forming factors, should be reflected in the off-balance sheet account "Rent" with the allocation of subaccounts by types of economic rent received from extraction/use, other exploitation (lease) of natural resources, other rent-forming factors.

Record on the corresponding off-balance sheet account will be made after the analysis of the public financial statements, including reporting on expenses and income of business entities – competitors. The reflection of the obtained rent on the results of the last fiscal year will provide management information for possible variants of management decisions in the current fiscal year, namely:

- determination of the maximum allowable reduction in the price of sales of finished products keeping an acceptable level of profitability to increase demand, expand the market and, consequently, increase profits;
- directing the entire amount of rent or part thereof to the implementation of environmental measures, modernizing the material and technical base, activating innovation activities, etc.

Rent payments are proposed to be attributed to operating expenses since their inclusion in production costs contradicts the economic nature of such costs, unjustifiably increases the prime cost, and contradicts the principle of equitable rent distribution. In order to replenish the financial sources of the implementation of sustainable development concept and ensure the equitable distribution of income from the use of natural resources belonging to the people of Ukraine, it is proposed to set rent payments for exporters at 5-10% of the market price.

Prospects for further research are the development of proposals for making adjustments to the plan of accounting, developing recommendations for improving the organization of accounting of the results of rent relations, as well as improving financial reporting.

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