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## Analysis of the Tools Used in the Valuation of Leasing Assets and Liabilities

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### INTRODUCTION.

In the context of globalization, financial market integration, and the rapid development of modern business models, leasing has become one of the most important instruments for financing fixed assets and ensuring sustainable economic growth. Leasing allows enterprises to use necessary assets without significant initial capital expenditures, while lessors benefit from stable cash flows and risk diversification. As a result, leasing operations play a crucial role in the activities of financial institutions, industrial enterprises, and service organizations across both developed and developing economies.

With the growing scale and complexity of leasing transactions, the issue of **accurate valuation of leasing assets and liabilities** has gained particular importance. Proper valuation directly affects the reliability of financial statements, the transparency of financial information, investment attractiveness, and the quality of managerial decision-making. Inaccurate or inconsistent valuation methods may distort an entity's financial position, misstate profitability indicators, and lead to ineffective risk assessment. Therefore, the selection and application of appropriate valuation tools are essential for ensuring high-quality accounting and financial reporting of leasing operations.

In recent years, significant changes have occurred in the regulatory framework governing lease accounting, most notably with the introduction of **International Financial Reporting Standard (IFRS) 16 "Leases."** This standard fundamentally transformed the accounting treatment of leases by requiring lessees to recognize most leases on the balance sheet in the form of right-of-use assets and corresponding lease liabilities. Consequently, the valuation process has become more complex and methodologically demanding, as it involves discounting future lease payments, estimating lease terms, determining incremental borrowing rates, and reassessing lease components throughout the lease period.

The valuation of leasing assets and liabilities relies on a wide range of tools, including discounted cash flow models, present value techniques, interest rate estimation methods, fair value measurement approaches, and sensitivity analysis instruments. Each of these tools has its own advantages, limitations, and areas of application depending on the nature of the lease agreement, market conditions, and the financial characteristics of the reporting entity. Moreover, the choice of valuation tools is influenced by professional judgment, availability of reliable data, and the

level of development of financial markets.

Despite the existence of international standards and methodological guidelines, practical application of valuation tools often reveals significant challenges. These include difficulties in determining appropriate discount rates, estimating variable lease payments, assessing residual values, and incorporating inflation, currency risks, and changes in economic conditions. Such challenges are particularly acute in emerging economies, where financial markets may be less developed, and reliable benchmark data may be limited. As a result, there is a growing need for a comprehensive analysis of the tools used in the valuation of leasing assets and liabilities, as well as an assessment of their effectiveness and practical applicability.

Furthermore, the increasing use of leasing in sectors such as transportation, construction, energy, and technology underscores the importance of developing a robust valuation framework that ensures consistency, comparability, and transparency of financial information. For stakeholders—including investors, creditors, regulators, and management—accurate valuation serves as a key basis for assessing financial stability, creditworthiness, and long-term performance of organizations engaged in leasing activities.

In this regard, the present article aims to analyze the tools used in the valuation of leasing assets and liabilities, focusing on their methodological foundations, practical implementation, and relevance under modern accounting standards. By examining both theoretical approaches and practical considerations, the study seeks to identify key challenges and propose directions for improving valuation practices in lease accounting. This analysis contributes to the broader discussion on enhancing the quality of financial reporting and strengthening the role of leasing as an effective financial instrument in contemporary economic conditions.

## **CONCLUSION.**

This study has provided a comprehensive analysis of the tools used in the valuation of leasing assets and liabilities, emphasizing their methodological foundations, practical applicability, and relevance under modern accounting standards. In the context of the growing role of leasing as a financing mechanism and the widespread implementation of IFRS 16, the accurate measurement of lease-related items has become a critical issue for ensuring transparency, comparability, and reliability of financial statements.

The analysis demonstrates that the valuation of leasing assets and liabilities is a multidimensional process that relies on a combination of financial, accounting, and analytical tools. Discounted cash flow models, present value calculations, incremental borrowing rate determination, and fair value measurement techniques play a central role in assessing lease liabilities and right-of-use assets. These tools allow entities to reflect the economic substance of lease transactions more accurately, moving beyond the traditional off-balance-sheet treatment and enhancing the quality of financial reporting.

At the same time, the study highlights that the effectiveness of these valuation tools largely depends on the quality of underlying assumptions and professional judgment. Estimating lease terms, determining appropriate discount rates, assessing variable lease payments, and accounting for options to extend or terminate leases require a high level of expertise and consistency. Inaccurate assumptions or inadequate methodological approaches can significantly distort the valuation results, thereby affecting key financial indicators such as leverage ratios, profitability, and asset turnover.

Furthermore, the research reveals that different valuation tools have varying degrees of complexity and informational value. While simplified methods may be easier to apply, especially for small and medium-sized enterprises, they may not fully capture the economic realities of complex lease arrangements. Conversely, more advanced valuation techniques provide a deeper and more precise assessment but require greater analytical capacity, data availability, and compliance costs. Therefore, the selection of valuation tools should be aligned with the scale of

operations, the nature of lease contracts, and regulatory requirements.

The findings also underscore the importance of integrating valuation tools into a broader system of financial analysis and internal control. Proper valuation of leasing assets and liabilities not only ensures compliance with accounting standards but also supports informed managerial decision-making, risk assessment, and long-term financial planning. By using reliable valuation tools, organizations can better evaluate the cost-effectiveness of leasing versus purchasing assets, manage liquidity risks, and improve capital structure optimization.

In conclusion, the valuation tools used for leasing assets and liabilities are essential instruments for achieving faithful representation of financial information in modern accounting practice. Their correct application enhances transparency, strengthens stakeholders' confidence, and contributes to the overall stability of the financial system. Future research may focus on the adaptation of these tools in emerging economies, the impact of digital technologies on lease valuation processes, and the development of standardized methodological guidelines to reduce subjectivity and improve comparability across entities.

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