

## LEVERAGE-LEASING AS A LONG TERM MECHANISM OF ENTERPRISES INVESTMENT NEEDS

**Tatarinov V.V.**

Candidate of Economic Sciences, Associate Professor  
Head of Department of Economics, Marketing,  
Social Works and Economic Cybernetics  
Kremenchuk Institute of the Alfred Nobel University

**Gnoievyi V.G.**

Candidate of Economic Sciences, Associate Professor,  
Associate Professor of Department of Finance, Accounting and Audit  
Kremenchuk Institute of the Alfred Nobel University

Lack of financial resources of enterprises, shortage of own funds for fixed capital financing, near-zero investment crediting, insecurity of reimbursement of credits or loans to lenders provide necessity for the adaptation by lenders new schemes of funds raising. One scheme of financing is a leverage leasing.

Leverage leasing has substantial prospects for further development in Ukraine since it enables leasing companies to raise the banking sectors towards the financing of the real economy. The largest local leasing companies are banks' affiliated companies so that leverage leasing schemes are even more essential.

The specific feature of the leverage leasing is involvement of a number of parties in a deal, among them: more than one shareholder, including lessor; more as one money lender; one and more seller, thus, five parties as a minimum.

The group of co-investors of a project sideward a lessor are shareholders of specially established managing company, which becomes a lessor and concludes a straight leasing agreement. Those parties allocate

only those part of finance needed for purchase of a leasing subject, as a rule, 20% of initial cost of property. Money is involved by mean of shares issuing and distributing them among share-holders. Most of the where-withal for purchase of inventories, remaining 80%, is raised by another group of lenders, which are banks as usual. Thus ratio appears, in which leverage consists 4:1.

By using of leverage for financing of a complex investment project, a lessor, with minor input of his own funds into a case, receives the right to use the tax and other incentives and preferences, which are applicable for financial leasing transactors according to a national legislation. Therefore, a lessor can offer to a lessee more lower rates by leasing as by renting, providing only some part of renting equipment.

As experience of developed countries shows, governmental support of those financing model greatly facilitates the banking system crediting activities, provides priority development of the investment crediting comparatively to the consumer and enforces competitiveness of the Ukrainian economy in the world specialisation labour system.