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Basis of Efficient Cash Flow Management of the Enterprise

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ABSTRACT

The urgency of the problem of managing the cash flows of organizations is of particular importance today. Cash flow management is a necessary tool for making a profit for any organization.

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Introduction

For the implementation of almost all types of financial transactions, the organization generates a certain cash flow in the form of their receipt or expenditure. This cash flow of a functioning organization over time is a continuous process and is defined by the concept of "cash flow".

The economic activity of the enterprise is connected with the implementation of financial transactions.

Cash flow management is one of the most important tasks of financial management. To ensure the solvency of the company and the fulfillment of all financial obligations, it is necessary to rationally distribute and manage cash flows in the organization.

Literature analysis

The main theoretical views on the emergence and movement of cash flows are widely discussed in the economic literature. Scientists devoted their works to the study of these issues, among which are I. A. Blanka, V. V. Bocharova, Van Horn J. K., V. V. Kovalev, T. B. Rubinshtein, E. M. Sorokin, O A. Tereshchenko and many others. It should be noted that there are different approaches to the definition and interpretation of the concept of "cash flow". An analysis of the financial and economic literature made it possible to establish that domestic and foreign scientists interpret the definition of the concept of "cash flows" of an organization in different ways and, as a result, have a different approach to managing them.

Main part

Even for successfully operating organizations, insolvency can arise as a result of the imbalance of various types of cash flows over time. Synchronization of receipts and payments of funds is an important part of the anti-crisis management of a commercial organization under the threat of its bankruptcy.

Active forms of cash flow management allow the organization to receive additional profit generated directly by its monetary assets. First of all, we are talking about the effective use of the organization's temporarily free cash balances as part of current assets, as well as the investment resources accumulated by the organization when making financial investments.

A high level of synchronization of receipts and payments of funds in terms of volume and time makes it possible to reduce the actual need of a commercial organization for the current and insurance balances of funds serving the operational process, as well as the reserve of investment resources formed in the process of real investment of its activities.

Thus, the effective management of the organization's cash flows contributes to the formation of additional investment resources for the implementation of financial investments, which are a source of profit.

In the activities of each business entity, cash flow management is one of the important and rather difficult tasks of managing the financial and economic activities of this entity, regardless of the economic conditions in which this entity is located. In conditions of inflation and economic crisis, only an enterprise that has an effective system of planning, accounting, analysis and control of not only financial resources, but also cash can survive. This is what determines the need for the management of the organization to receive daily information about the sufficiency of financial resources, the possibility of their redistribution in order to select the most optimal options for their use. When generating funds, the management of an economic entity must also ensure their effective redistribution in accordance with financial plans in order to ensure future cash receipts. In the economic literature, it is this redistribution of money in a certain period of time that is considered to be a cash flow.

The formation of effective cash flow management of commercial enterprises is included in the domestic practice of managing, using the rich experience accumulated by the market economy, however, it cannot always be applied by enterprises operating not in the conditions of a “established market economy”, but in a dynamic one subject to constant changes. reality.

The mechanism for managing the cash flows of a particular commercial organization is determined by its management, which regulates the set of functions, methods, control levers in order to achieve the greatest efficiency in specific economic conditions.

The purpose of cash flow management is to ensure the stable operation of the enterprise by balancing the amount of savings and the use of funds in certain, given and identical periods of time. There are many works that define the possible goals of cash flow management. However, the goals and objectives of management listed in them either partially duplicate each other, or are focused on highly specialized issues, for example, only the issues of cash flow management in the event of a probable bankruptcy of an economic entity are considered, etc.

In management theory, all the named goals of cash flow management can be identified and isolated, however, in order to organize effective cash flow management of a particular commercial organization, it is advisable to classify these goals according to the following criteria:

1) by priority:

- formation of monetary resources;
- use of financial resources;
- optimization of cash balances;

2) by objects of cash flow management:

- within the economic entity as a whole;
- by structural divisions: branches, representative offices;
- by types of activities and services provided;
- by business segments;

3) by importance:

- basic goals;
- auxiliary purposes.

Such a classification of management objectives will cover all aspects of cash flows in the complex and in interrelation, taking into account the significance for the organization.

Only a clear definition of the goals of cash flow management will allow for the effective implementation of the relevant functions of cash flow management.

The management function is the process of systematically targeting the economic processes that affect the organization's cash flows by creating a cycle of certain stages of cash flow management.

There are four stages of working with cash flows within a commercial organization, namely:

1. Cash flow planning.
2. Organization of cash flow management.
3. Accounting for cash flows.
4. Cash flow control

The first stage of the organization of work with cash flows is the planning of cash flows.

Planning is the process of developing and approving the quantitative and qualitative nature of cash flows and ways to determine the most effective way to achieve them. Planning is carried out to calculate the required amount of funds and determine the time, a possible shortage of funds or their possible excess, that is, a surplus in order to prevent crises or misallocation of money.

In foreign and domestic economic theory, there are many works devoted to the planning and forecasting of cash flows. It is this stage of cash flow management that does not cause difficulties when it is put into practice. The formation of business plans, the development of investment projects and loan applications ensured the implementation of this stage of management at a fairly high theoretical, methodological and practical level of implementation.

The organization of cash flow management is the use of economic laws that determine the procedure for making cash and non-cash payments in the Republic of Uzbekistan, compliance with the regulations of authorized ministries, the Central Bank, regulating the procedure for storing and using funds, documenting settlement and payment documents. At its core, this stage of cash flow management in terms of the implementation in practice of planned operations related to the cash flow of a commercial organization is determined by the internal regulations of each business entity.

The third stage is cash flow accounting. This is the most complex and underdeveloped stage of cash flow management. Despite the apparent simplicity of accounting, its strict regulation by regulations and internal regulations, it is here that, as a rule, contains the largest number of undeveloped issues that create serious problems for the entire cash flow management system of an economic entity.

Accounting should be considered as an information system that includes financial and management accounting. It is in the accounting system that almost all information about all economic objects and facts of economic activity of a given enterprise is collected, evaluated, grouped, analyzed, controlled.

In the accounting of enterprises and organizations of all forms of ownership and subordination, the information necessary for the formation of financial statements is collected and processed, mainly on cash balances and their movement by type of activity, while detailed information about their movement over time in the context of all available there are no structural divisions. This information can be obtained and detailed in the required form by using analytical data. The information received in the financial accounting system is the most reliable and accessible to users, but for making operational and strategic decisions it is not complete and needs to be structured, which determines the need for management accounting.

In management accounting, information is generated on cash flows for various types of activities, financial responsibility centers, and individual structural divisions. In the management accounting system, it is necessary to take into account all the specific aspects of organizing the cash flow of an enterprise, in addition to focusing primarily on planning from “achieved”, and also take into account all the internal performance indicators of the enterprise that affect the movement of its cash flows.

Describing the procedure for organizing cash flow accounting, it should be concluded that not only in national, but also in international accounting, such an accounting object as cash flows is absent. Moreover, in international financial reporting standards, the text of several standards at once mentions the need to control and disclose information about the ability of a business in general and its segments in particular to generate cash flows.

Almost all economic and educational literature, all accounting regulations and even international financial reporting standards (IFRS 7 “Cash Flow Statement”) define the methodology for accounting

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for cash, not cash flows. In fact, the current accounting system only states the cash flow of the enterprise and does not pay due attention to cash flows, their analysis and control.

Recently, isolated scientific works by Uzbek and foreign authors have appeared that define certain issues of accounting for cash flows.

The next step in cash flow management is control. Cash flow control involves the organization of feedback at the enterprise in order to provide reliable and timely information to the cash flow management system in order to timely adjust the implemented management decisions.

In the economic literature, the following forms of cash flow control are distinguished:

1) preliminary - this type of control is necessary to prevent possible errors when using funds at specified intervals. Control is carried out at the time of preparation and consideration, as well as the approval of cash flow budgets, income and expenses, investment expenses, etc.;

2) current - this is control over cash flows during the period of execution of approved budgets, preventing deviations of actual budget data from planned ones;

3) subsequent - this is the control of cash flows after the end of the reporting period to assess the results achieved and identify the causes of deviations of actual data from planned ones.

The final stage of management is the stage of analyzing the volume, structure and dynamics of funds and their balances, which is necessary to understand the effectiveness of their use. A full analysis of cash flows in all commercial organizations should be carried out in three main areas:

1) current (operational) activities;

2) investment activity;

3) financial activities.

In practice, this division is caused by the need to see how it is possible to compensate, for example, a negative current cash flow from operating activities with an inflow of funds from the sale of assets (that is, investment activities) or attraction of bank loans (financial activities). Thus, we can conclude that the organization of work with the cash flows of an enterprise is one of the most important tasks facing the management system, the successful solution of which involves the use of certain principles. According to the scientific position of a number of accounting, there are five basic principles of cash flow management, presented in Figure 1.

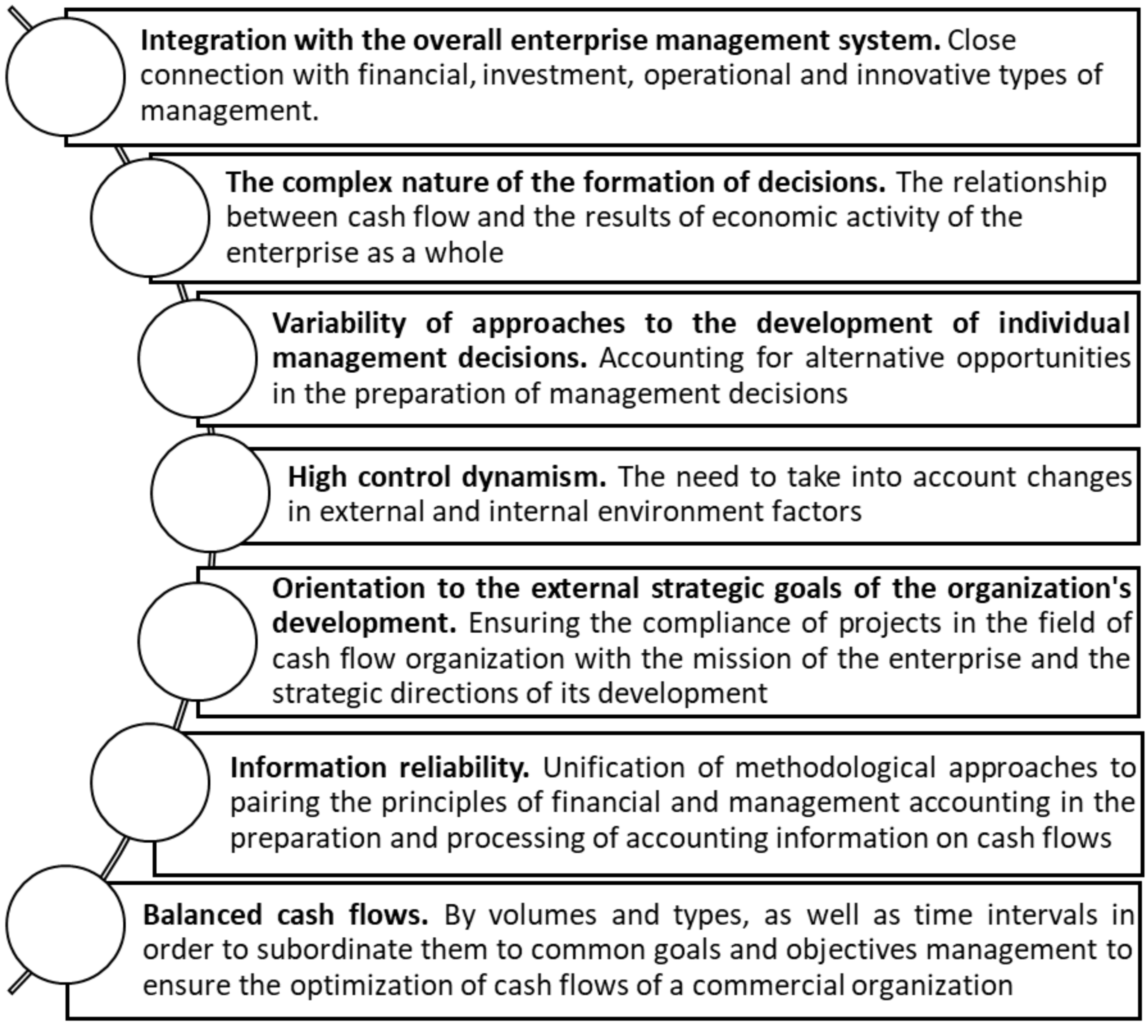

Fig.1 Principles of cash flow management

Conclusion

Based on the foregoing, it is advisable to consider cash flow management as effective if the following features are present: - cash flows are allocated as an independent object not only of the management system of an economic entity, but also of accounting, analysis and control systems;

- appropriate methodological support has been developed (regulatory documents, regulations, methods, as well as forms of intra-company management reporting of an economic entity);
- cash flows are closely interconnected with material and information flows;
- cash flows from the current, financial and investment activities of the economic entity are balanced based on the established target management parameters.

The art of cash flow management, of course, lies in the use of active forms of cash flow management, created on the basis of the developed progressive theoretical and methodological foundations and on the basis of accumulated practical experience in the conditions of the economy of Uzbekistan. To organize an effective cash flow management system for commercial enterprises, management needs sufficient, reliable, timely information on cash flows with a high degree of analyticity, which significantly changes the requirements for the organization and implementation of accounting, assuming the allocation of this management object to an independent accounting object.

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