



The Impact of Cash Flows on the State and Results of the Financial Activity of the Enterprise

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Abstract: *The results of production, commercial, financial and other types of economic activity depend on various factors that are to varying degrees dependent on each other. Of particular importance in the efficiency of the functioning of the organization is the control of its cash flows.*

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Money is an economic category denoting a specific commodity that plays the role of a universal equivalent in society. At the same time, money is a social phenomenon. They express a system of social relations based on the equivalent exchange of the results of their labor by producers. There are credit, paper money.

Money arose in connection with the development of commodity production, is an integral element of the commodity economy and plays an important role in ensuring the normal functioning of a market economy [4]. With the development of production and circulation of goods, the market economy as a whole, there were both quantitative and qualitative changes in the functioning of money, which led to the demonetization of gold. With the development of market relations in all spheres of economic life, the role and importance of money increases. In order to carry out commercial activities, each enterprise must have working capital. Cash is the most liquid asset. They are present at the initial and final stages of the accounting cycle, which includes the acquisition of goods, the production of products, the performance of work, the provision of services, as well as their sale and receipt of revenue. Their characteristic feature is that they are completely consumed and restored after each production cycle.

Circulating assets make a continuous cycle: from the monetary form they pass into the material, then into the production and again into the material and monetary. Money is, first of all, a special sector of economic relations that mediates the mutually beneficial exchange of goods, work, services and capital between economic entities with predictable consequences. Secondly, it is the totality of all means of payment capable of ensuring the production, circulation, consumption of the whole variety of goods that have a consumer value in accordance with the development of productive forces and production relations [2].

The totality of the company's cash can be classified as follows.

Depending on the scale of servicing the business process:

- funds for the enterprise as a whole characterize the total volume of monetary transactions of this enterprise, and accumulates in itself all types of funds accompanying and servicing the process of its functioning;
- the funds of individual structural units characterize the volume of monetary transactions of each of them and allow us to evaluate the effectiveness of their activities, the participation of each of them in the business process of the enterprise;
- cash from a particular type or direction of economic activity characterizes the scale and volume of operations for this type of activity of the enterprise;
- cash on a separate business transaction characterizes the cash flow, which allows you to evaluate its effectiveness and impact on the total cash flow of the enterprise.

Depending on the direction of the movement of funds, the following are considered:

- ✓ input (positive) flow, which is characterized by the volume of cash receipts from all types of activities;
- ✓ the output (negative) flow, which is characterized by the volume of spending money.
- ✓ Depending on the type of economic activity, there are:
- ✓ cash from operating activities; – cash from investment activities;
- ✓ cash from financial activities [3].
- ✓ According to the cost composition of funds, there are:
- ✓ gross cash flow is used to assess the volume of all types of operations of the enterprise associated with the movement of funds, regardless of the direction of the movement of funds;
- ✓ net cash flow is a change in cash for the period and is defined as the difference between the cash balance at the end and the beginning of the period or the receipt and expenditure of cash for the analyzed period. Thus, it characterizes the balance flow without reflecting the volume of cash transactions.

Depending on the regularity of implementation, the funds of the enterprise are divided into regular and irregular.

Regular cash is a stream of payments, all members of which are positive values, and the time intervals between payments are the same. At the enterprise, such flows are, as a rule, the result of the economic and financial activities of the enterprise. Their volume is stable over time or has a certain tendency to change. Receipts and expenditures of money are carried out systematically, with a certain frequency. This makes it possible to regulate and plan them [1].

Irregular funds represent payments of different volume and time intervals between their implementation, usually associated with certain business transactions. They arise spontaneously, do not have a constant volume and periodicity. Planning for the formation and implementation of these funds can only be carried out by direct calculations, according to the time and volume of operations that generates.

Depending on the priority of making payments, funds are divided into:

- Priority cash flow is a system of cash costs, which to the greatest extent ensure the implementation of the company's strategy. - obligatory cash flow
- These are mandatory cash payments that the company must make as a matter of priority in order to prevent financial difficulties and continue normal functioning. It includes interest, tax payments, repayment of debts that are due, and other payments that are mandatory. The

composition of the latter is determined by the enterprise itself, depending on the conditions of management.

- secondary funds represent expenses of funds that can be deferred in terms of strategic needs or, in case of insolvency, implementation without direct costs to the enterprise in the form of fines, penalties, etc.

In relation to a certain investment project, it is possible to separate:

- ✓ additional cash flow
- ✓ this is a stream from the implementation of a specific investment project, a stream that concerns exclusively this project;
- ✓ retrospective cash flow
- ✓ these are all other funds that are not taken into account when making management decisions on this project.

According to the sufficiency of volume, they distinguish:

- deficit cash flow - this is when there is insufficient cash flow to carry out all planned expenses;
- excess cash flow

is the excess of positive cash flow over the company's need for spending.

If possible, the regulation of funds, they are divided into:

- funds subject to regulation (change over time), which are such types of spending of funds, the terms of which can be changed by agreement of the parties (for example, lease payments, settlements with suppliers);
- funds that are not amenable to regulation (change over time) - these are types of spending of funds, the terms of which cannot be changed (for example, tax payments). The division of funds, if possible, is of an individual nature and is determined by the specifics of the activities of a particular enterprise.

According to the level of predictability, there are:

- ✓ fully expected funds - these are the volumes of planned and included in the corresponding plan of receipts and expenditures of funds;
- ✓ insufficiently (or absolutely) unpredictable funds - this is a set of income and expenses of funds that arose as a result of the occurrence of risky events, unpredictable events and, accordingly, are not included in the plans for the receipt and expenditure of funds.

In terms of balance:

- ✓ balanced cash flow - characterizes this type of total cash flow, which ensures the balance of positive and negative cash;
- ✓ unbalanced cash flow - characterizes this type of total cash flow, for which the balance of positive and negative cash is not ensured.

The criterion of balance is the indicator of variation between positive and negative cash flow. In the first case, it goes to one, in the second - to zero.

By time period:

- short-term cash flow characterizes its type, according to which the time from the moment of receipt or expenditure of funds to their complete completion does not exceed one year [4];

- long-term cash flow characterizes its type, in which the time from the moment of receipt or expenditure of funds to their full completion exceeds one year.

According to the forms of money, it is used:

- cash flow characterizes the part of the total cash flow that is serviced in cash. Cash assets of enterprises are under tight regulation by state authorities;
- non-cash cash flow characterizes the part of the total cash flow, which is serviced by non-cash payments.

Cash in the national currency characterizes such a part of the total cash flow, which is serviced by the national currency. Cash in foreign currency characterizes such part of the total cash flow, which is serviced by foreign currency. The use of currency as a means of payment has significant legal restrictions that must be taken into account when carrying out relevant monetary transactions.

Money circulation, including cash circulation, in turn, serves as an integral part of money circulation. The circulation of banknotes involves their constant transition from one legal entity or individual to another. The cash flow is replaced by credit operations performed with the participation of the bank on the accounts of participants in the relevant operations. Therefore, the concept of "money circulation" can be attributed only to a part of the money turnover, namely, to cash circulation. Thus, the system of monetary relations acts as an organic structural element, an integral part of the general system of commodity-money relations. Money serves all spheres of economic relations in the process of social reproduction, while performing five functions: measures of value, means of circulation, means of payment, means of accumulation of value, world money. In each of these functions, money has its own specific form of manifestation. Therefore, in economic practice, the names of money can be phenomena that are outwardly very similar words: units of account, in which the prices of goods are determined; national banknotes; foreign currency; bank account entries; funds spent on the purchase of securities; debt obligations that are used for payments and the like.

The cash management policy must be considered as a complex concept, in the structure of which the following constituent elements (policy determinants) can be distinguished:

- 1) goals and objectives of cash management;
- 2) the main directions of cash management;
- 3) criteria for making managerial financial decisions;
- 4) methods of quantitative assessment of funds;
- 5) forms of money management [1].

In each management process, a methodology must be followed and effective methods and techniques should be selected [7; eight].

Let us consider the determinants of cash flow management policy in more detail.

In accordance with the principles of organizations of the enterprise cash management model, the latter includes the following main functional elements:

- ✓ formation and acceleration of incoming cash flows of the enterprise; – concentration of cash receipts;
- ✓ control over the formation of output cash flows of the enterprise in time;
- ✓ forecasting and planning of the liquidity reserve;

- ✓ formation of a system for monitoring, managing and controlling the liquidity reserve of an enterprise;
- ✓ optimization of the use of a temporary excess of funds at the disposal of the enterprise.

Thus, the set of goals that are set for the cash management model, including both the general goals of enterprise financial management and specific ones:

- completeness and timeliness of covering the needs of the enterprise in capital to finance its operating, investment and financial activities;
- maintaining an acceptable level of solvency and liquidity, as well as preventing the formation or development of a financial crisis;
- increase in incoming cash flows as the main source of financing for the enterprise and their optimization by type;
- reduction of the cash turnover cycle;
- maintaining an adequate balance between the formation of a liquidity reserve and lost alternative opportunities;
- ensuring the efficiency of the use of enterprise funds through their optimal distribution in time and space;
- reduction of overhead costs of the enterprise associated with the generation of its cash flows, primarily with the receipt of input cash flows.

In order to effectively control the movement of cash flows, it is necessary to clearly establish the goals and objectives of current management [5; 6].

The justification of goals and the establishment of current tasks of cash flow management should be carried out in compliance with the following rules.

Firstly, the systematic formation of target financial indicators and cash flow management ratios in accordance with the set of goals and objectives of the enterprise cash flow management model.

Secondly, the completeness and reliability of the formation of input primary information on cash flow management in the areas of such management - in the context of incoming and outgoing cash flows, cash flows from the operating, investment and financial activities of the enterprise.

Thirdly, ensuring the comparability and information content of financial indicators and ratios for the purpose of their adequate statistical and mathematical processing to justify and make managerial financial decisions by the financial manager of the enterprise.

Fourth, the rationale for the use of processing methods for the purpose of adequate consolidation of incoming primary information resources and subsequent identification on their basis of the target parameters of the enterprise cash flow management model.

Fifth, the formation of qualitative and quantitative parameters of cash flows based on the definition of a set of target financial indicators, as resulting from a relatively stable set of isolated financial indicators that characterize certain aspects of the enterprise's cash flow.

Sixth, ensuring the possibility of adequate controlling the system of target parameters of the enterprise's cash flow in order to ensure the implementation of managerial financial decisions (monitoring the implementation of the plan, identifying deviations and adjusting cash flow parameters).

Seventh, ensuring the acceptability of the target parameters of cash flows for their use in managing the company's cash flows in the following periods [3].

The content of planning in the management process is to determine the basic proportions and directions for the development of activities, taking into account the factors of the external and internal environment [9]. The essence of planning lies in concretizing development goals for a set period of time, defining tasks and developing means to achieve them, sequence and timing, identifying financial and material resources. Analysis is always the first step in management activity. As part of the analysis, information is collected and processed, classified, analyzed, systematized and stored for management purposes. The general problem is divided into several components, between which relationships and interdependence are determined.

In conclusion, the general laws of the existence of the system are determined. The main task of the manager at this stage is to process the maximum possible amount of information. The analysis function extends to all elements of the organization, in connection with this, special divisions are created in the organization to perform this type of activity (for example, analytical and sociological departments), in which analysis should be combined with the synthesis of information, the preparation of materials to justify alternatives to proposed management decisions. In addition, it is expedient to assess the reaction of direct executors and persons on whom the implementation of decisions is directed to managerial actions.

Thus, the obvious need to control the movement of cash flows in order to improve the efficiency of the enterprise.

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