

ANALYSIS OF ENTERPRISE CASH FLOWS AND THEIR OPTIMIZATION

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Abstract. The article is devoted to the analysis of enterprise cash flows and their optimization. Methods for assessing cash flow, identifying imbalances and key factors affecting financial stability are considered. Practical measures to improve cash flow management, including financial planning and accounting automation are proposed.

Keywords: cash flows, cash flow analysis, financial optimization, liquidity management, solvency, financial planning, accounts receivable, accounts payable, budgeting, cash gaps.

Cash flow plays a key role in the financial management of any company, reflecting its solvency, liquidity and ability to develop. It represents the receipt and disposal of cash during operating, investment and financial activities. Control over cash flow allows you to effectively manage resources, avoid cash gaps and ensure the financial stability of the enterprise.

The movement of funds over time forms a cash flow, which includes its various types, ensuring financial stability and economic activity of the organization. The process of cash flow begins with the receipt of income from core activities, such as sales revenue, payment for services rendered or advances received. These flows are then distributed to cover current expenses, pay suppliers, pay salaries and pay taxes. The operating cycle of the enterprise determines the speed of circulation of cash flows and affects the level of liquidity. The faster the company receives payments from customers and minimizes delays in settlements, the higher its financial stability. In addition to operating activities, an important aspect of cash flow is investment activity. The acquisition of fixed assets, investments in long-term projects or the sale of assets form investment flows. Companies that are actively developing their production or modernizing equipment often face a temporary outflow of cash flows, which, however, can bring long-term profit.

Cash flows are also classified by the direction of movement of funds. A distinction is made between positive (inflows) and negative (outflows) cash flows. Inflows include receipts from customers, investment income and borrowings, while outflows are related to the payment of liabilities, investments and loan repayments. Another important classification is the division of cash flows by the accounting level: gross and net. Gross cash flows characterize the total amounts of receipts and expenses, while net cash flows are determined by the difference between inflows and outflows, showing the real change in the financial condition of the organization. By the regularity of occurrence, there are constant and variable cash flows. Constant flows are regular receipts and payments, for example, rent payments or wages. Variable cash flows change depending on market conditions, sales volume or other factors. Let us display the above types of classification of cash flows by various criteria in the form of the following table:

Table 1. Classification of cash flows

Classification criterion	Types of cash flows	Description
By type of activity:	Operating	Cash flows related to the company's core business (sales revenue, payments to suppliers, taxes).
	Investment	Cash flows related to the acquisition and sale of assets, investing in projects.
	Financial	Operations related to raising borrowed funds, issuing shares, paying dividends.
In the direction of movement:	Positive (inflows)	Income from clients, investment income, borrowings.
	Negative (outflows)	Payment of obligations, investment expenses, return займов.
By accounting level:	Gross	The total amount of income and expenses, excluding any difference between them.
	Clean	The difference between inflows and

		outflows, showing the real change in financial position.
By regularity of occurrence:	Constant	The difference between inflows and outflows is the difference between real change in financial position.
	Variables	Vary depending on market conditions, sales volume and other factors.

It should be noted that the cash flow of an enterprise is influenced by many internal and external factors. Internal factors include the characteristics of the production process, cost structure, level of accounts receivable and liquidity management policy. External factors include the economic situation, tax policy, inflation, interest rates and the level of competition in the industry. The interaction of these factors determines the stability of cash flows. To ensure effective interaction of internal and external factors affecting the cash flows of an enterprise, it is necessary to take comprehensive measures aimed at balancing them and adapting them to changes in the economic environment. That is, cash flows that support the stable functioning of all aspects of the organization's activities can be considered as an analogue of the "financial blood circulation" system (Diagram 1):

The principles of creating a financial management system play a key role in ensuring the stability and efficiency of financial processes. They help to form a transparent, balanced and adaptive system that allows for the rational use of resources, minimization of costs and risk management. An important aspect is a holistic approach covering all stages - from planning and control to analysis and forecasting. Transparency and accountability contribute to the trust of stakeholders, and flexibility and adaptability ensure sustainability in a changing economic environment. Taking into account the balance between risks and profitability allows you to make informed decisions focused on long-term sustainability and development.

So, key information about the company's finances, including sources of receipt and directions of use of funds, are reflected in the cash flow statement. The cash flow statement is one of the main financial documents providing information on the receipt and expenditure of the company's funds for a certain period. It allows you to assess the organization's ability to generate cash, cover liabilities, finance investments and ensure sustainable development. Unlike the income statement, which reflects the company's profitability, the cash flow statement shows the actual cash flows, which makes it especially important for liquidity analysis. This document helps determine how effectively the company manages its cash flows and copes with current financial obligations.

Analysis of the cash flow statement allows you to identify the company's sources of financing, assess its solvency and predict possible financial risks. A positive cash flow indicates the company's ability to generate funds for further development, while a negative one may indicate financial difficulties. The cash flow statement helps make informed management decisions aimed at improving operational efficiency and ensuring long-term financial stability.

As in any area, a strategic approach and systemic control play an important role in managing the company's cash flows, which allow you to control cash flows, ensure timely fulfillment of obligations, optimize expenses and increase investment attractiveness. For this, various methods are used that help organize the processes of planning, control and forecasting financial flows.

One of the main methods is cash flow budgeting, which allows you to make forecasts of receipts and payments for a certain period. This makes it possible to identify potential cash gaps in advance and develop measures to prevent them. The method of optimizing accounts receivable and payable is also used, aimed at accelerating the receipt of funds from customers and effectively managing the timing of payments to suppliers. Another important approach is liquidity management, which involves maintaining an optimal level of cash in the company's accounts. This is achieved through the use of financial instruments such as short-term loans, deposits and factoring. In addition, the method of regulating investment activities is used, which helps to distribute financial resources between current and capital costs, ensuring a balance between the development of the company and maintaining its solvency. A visual representation of the methods of managing the cash flows of an enterprise and the expected results from the use of these methods is given in the form of the following Table:

Table 2. Cash flow management methods, their description and expected results

Management Method	Description	Expected result
Cash Flow Budgeting	Planning receipts and expenses, forecasting cash gaps	Reduction of financial risks, ensuring payment stability
Optimization of Accounts Receivable and Payable	Accelerating settlements with clients and effectively managing payment terms to suppliers	Improvement of capital turnover, reduction of overdue liabilities
Liquidity Management	Maintaining sufficient cash for current operations	Prevention of cash gaps, ensuring financial stability
Regulation of Investment Activities	Allocation of financial resources between current and capital expenditures	Increase in investment efficiency, balance between expenses and income
Use of Financial Instruments	Using factoring, credit lines, deposits and other tools to improve the efficiency of cash flows	Reduction in the cost of raising funds, increase in financial flexibility

The application of these methods in combination allows the enterprise to ensure financial stability, minimize the risks of cash shortages and effectively manage its financial resources. A competent approach to cash flow management helps to increase the company's competitiveness, the stability of its financial condition and the growth of profitability in the long term. However, for successful implementation, a holistic approach is required, including not only individual tools, but also a system of interrelated actions. Thus, cash flow management methods are part of a broader concept - a cash flow management mechanism, which is a set of processes, tools and solutions aimed at ensuring a balanced inflow and outflow of funds. Below in Table 3 we will display the key elements and functions that include the cash flow management mechanism:

Таблица 3. Элементы механизма управления денежными потоками и их функции¹

Element of the mechanism	Functions
Planning	Forecasting receipts and expenses, developing

¹ Источник: Составлена автором

	a cash flow budget
Accounting	Recording all financial transactions related to cash flow
Control	Monitoring the implementation of planned financial indicators
Analysis	Identifying deviations, assessing the effectiveness of cash flow management
Financial instruments	Using loans, factoring, debt management and other mechanisms to optimize the movement of funds

A well-designed cash flow management mechanism allows a company to minimize financial risks, ensure stable functioning and make informed management decisions. The most important tool for assessing the financial condition of a company, forecasting its future opportunities and identifying risks is cash flow analysis. It allows you to determine the sources of receipt and directions of expenditure of funds, assess solvency, investment activity and financial stability of the enterprise. Various types of analysis help management make informed management decisions and effectively allocate resources. Depending on the goals and methods of the analysis, several of its main types can be distinguished. Vertical analysis assesses the structure of cash flows for a certain period, identifying the share of each element in the total movement of funds. Horizontal analysis is aimed at studying the dynamics of changes in cash flows over time, allowing you to identify trends and predict future changes. Ratio analysis is based on the calculation of financial indicators that allow you to assess liquidity, solvency and the effectiveness of cash management. Predictive analysis is used to model cash flows in the future, taking into account various development scenarios. The importance of cash flow analysis is that it helps to avoid cash flow gaps, optimize the structure of income and expenses, identify problem areas and find solutions. It also plays a significant role in attracting investors and creditors, as transparent financial management increases trust in the company. Table 4 presents the main types of cash flow analysis, their characteristics and importance in the financial management of the enterprise:

Table 4. Types of cash flow analysis, their characteristics and importance in enterprise financial management ²

Type of analysis	Description	Importance in cash flow management
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² Источник: Составлена автором на основе изученной литературы

Vertical analysis	Assessment of the structure of cash flows, identifying the share of each element	Allows you to identify the main sources of receipt and directions of use of funds
Horizontal analysis	Comparison of the dynamics of cash flows for different periods	Helps to identify trends, predict future changes and develop a financial management strategy
Ratio analysis	Calculation of financial indicators, such as liquidity ratio, profitability and turnover	Provides a quantitative assessment of the effectiveness of cash flow management and the financial stability of the company
Predictive analysis	Modeling future cash flows taking into account various factors	Allows you to identify potential financial problems in advance and develop strategies to prevent them
Comparative analysis	Comparison of company indicators with industry standards or competitors	Helps to assess the competitiveness of the enterprise and identify possible reserves for improving efficiency
Factor analysis	Study of the impact of various factors on cash flow	Allows you to identify the causes of changes in cash flows and develop corrective measures

The results of the cash flow analysis in the organization should provide a comprehensive understanding of the financial condition of the enterprise, its sustainability and the efficiency of using cash. The main results of such analysis are:

1. Evaluation of the structure and dynamics of cash flows - identifying the main sources of receipt and directions of spending cash, determining their balance and identifying the factors influencing their movement.

2. Identification of cash gaps - analysis of time periods when receipts are insufficient to cover expenses, and development of measures to eliminate them (optimization of payment terms, attraction of short-term financing, etc.).

3. Assessment of solvency - determining the company's ability to timely fulfill its financial obligations to creditors, suppliers and personnel.

4. Determining the efficiency of using cash - analysis of the rate of capital turnover, assessment of the level of available cash and identification of opportunities to increase profitability.

5. Forecasting future financial needs - calculation of future cash flows taking into account possible changes in the business, which helps to plan sources of financing and strategic decisions in advance.

6. Investment policy assessment – determining the effectiveness of capital investments, identifying the profitability of investment projects and the ratio between equity and borrowed funds.

7. Identifying risks and weaknesses in cash flow management – analyzing possible threats to financial stability and developing strategies to minimize them.

8. Formulating recommendations for optimizing financial flows – developing specific measures to improve the structure of income and expenses, managing accounts receivable and accounts payable, and increasing the effectiveness of financial decisions.

All of the above results allow the company to more effectively manage cash flows, reduce financial risks, and ensure stable development in the long term.

To maintain a stable financial position, liquidity, and the ability to fulfill obligations to employees, partners, and the state in a timely manner, the enterprise needs to optimize cash flows. In conditions of market instability and competition, control over cash flow plays a significant role in adapting the enterprise to changes in the external environment, preventing crisis situations, and ensuring its long-term development.

The lack of an optimized cash flow management system leads to the risk of a shortage of liquid funds, increased debt and deterioration of the company's financial condition. Forecasting receipts and expenses allows you to identify potential problems in advance, adjust the strategy and make informed management decisions. Optimization also contributes to the efficient use of internal resources, reducing unproductive costs and increasing operational efficiency, which is especially important for companies with limited financial capabilities.

To optimize accounts payable, it is advisable to review the terms of settlements with suppliers, achieving more favorable payment terms and reducing the burden on working capital. Efficient use of short-term financial instruments, such as overdraft or credit lines, allows you to balance the time gaps between

receipts and payments. In addition, control over internal expenses plays an important role, since rational cost management helps reduce excess cash outflow and increase the operational efficiency of the enterprise.

Regular monitoring of cash flows allows you to promptly identify deviations from planned values and promptly make adjustments to financial policy. The use of automated accounting and analysis systems helps not only to control the current state of finances, but also to predict possible risks. The use of modern technologies and digital tools in cash flow management helps to increase the transparency of financial transactions, improve control over the movement of funds and speed up the adoption of management decisions.

Next, we present Table 5, which presents the negative consequences of cash flow imbalance and their degree of influence on the financial sustainability and stability of the enterprise:

Table 5. Negative consequences of cash flow imbalance and their degree of influence on the financial stability and sustainability of the enterprise ³

Consequences of cash flow imbalances	Consequences of cash flow imbalances Degree of negative impact (%)
Cash gaps	80%
Increase in debt	70%
Decrease in liquidity	85%
Decrease in profit	60%
Risk of bankruptcy	90%

An analysis of the negative consequences of cash flow imbalances shows that the most critical factor is the risk of bankruptcy, reaching 90%. This indicates that a long-term imbalance in income and expenses can lead to loss of solvency and forced cessation of operations. The high level of risk is due to a lack of liquidity, increased debt and cash gaps, which together create financial instability. A drop in liquidity with an indicator of 85% demonstrates that the inability to cover short-term obligations in a timely manner becomes a serious threat to the financial condition of the enterprise. The lack of sufficient funds to fulfill current settlements leads to an increase in debt and cash gaps, which weakens the trust of

³ Источник: Финансовый менеджмент: учебник для студентов вузов, обучающихся по направлениям подготовки «Экономика» и «Менеджмент» / [М.И. Ермилова, Н.В. Грызунова, М.Е. Косов, Ю.С. Церцейл]. М.: ЮНИТИ-ДАНА, 2023.

partners and contractors. In turn, cash gaps, the level of which is estimated at 80%, create an immediate problem of a lack of cash in specific periods of time. This prevents timely payment of taxes, wages and bills, which can lead to fines, litigation and deterioration of the company's business reputation. The growth of debt, affecting the enterprise at the level of 70%, leads to an increase in financial obligations to creditors and suppliers. Additional expenses for servicing loans increase the cost of products or services, which can lead to a deterioration in the financial result and limitation of investment opportunities. In this context, a decrease in profit, estimated at 60%, also becomes an important factor. It leads to a reduction in opportunities for business expansion, implementation of new technologies and increase in competitiveness.

Below is an example of Amazon cash flow optimization. As we know, Amazon is one of the largest and most technological companies in the world. The company actively uses cash flow management strategies to minimize cash gaps and increase liquidity. Amazon operates in the online retail sector, where large working capital is required for the purchase of goods, logistics and storage. However, low business margins and high operating costs created the risk of cash gaps.

Optimization methods:

1. Negative working capital cycle - Amazon receives prepayment from customers and pays suppliers for goods with a delay of 60-90 days. 2. Cloud business development (AWS) - Amazon Web Services (AWS) brings high margins (about 30%) and stable cash flows, which compensates for the low profitability of retail.

3. Warehouse and logistics automation - investments in warehouse robotics and artificial intelligence have reduced operating costs and accelerated order processing. This has reduced order processing time by 50%, reduced logistics costs and improved control over cash flows.

4. Tax burden optimization - Amazon uses tax incentives in different countries, and also actively invests in research and development, which allows it to receive tax deductions.

5. Amazon Prime subscription program - a paid Amazon Prime subscription (\$139 per year) provides predictable cash flows. In 2023, the service had more than 200 million subscribers, which brought in \$28 billion in stable revenue.

Optimization results:

*Modern digital systems and automation have accelerated warehouse logistics and reduced costs.

*Sustainable cash flows thanks to subscription services and AWS.

*Minimizing cash flow gaps due to prepayments from customers and deferred payments to suppliers.

*Increasing capitalization - in 2023, Amazon's market value exceeded \$ 1.5 trillion.

*Reduced operating costs due to automation of warehouses and logistics.

This example shows how competent cash flow management allows Amazon to scale its business, reduce risks and maintain high financial stability. The introduction of modern digital accounting and analysis systems helps to quickly track cash flow, predict future financing needs and optimize the cost structure. The use of software solutions for financial planning helps to minimize errors, speed up the decision-making process and increase the level of control over financial flows. Rational use of resources, reduction of unproductive expenses and the introduction of energy-saving technologies help to optimize operating costs and increase profitability. Analysis and revision of expense items help to identify potential opportunities for savings and redistribution of financial flows in favor of higher-priority areas. Attracting additional sources of financing also helps to improve cash flow management. Developing relationships with banks, using credit lines, issuing bonds and attracting strategic investors allow the company to provide the necessary level of liquidity and maintain stable financing of its activities. It is important to take into account the cost of funds raised and choose the most profitable and sustainable financial instruments to avoid excessive debt burden. In conclusion, it can be said that the analysis of enterprise cash flows is an important tool for assessing its financial stability, liquidity and solvency. It allows you to identify problem areas in the structure of receipts and expenses, determine the sources of cash formation and assess the efficiency of their use. Regular monitoring of cash flow movements makes it possible to predict financial risks, prevent cash gaps and ensure stable operation of the enterprise. Optimization of cash flows is aimed at increasing the manageability of financial resources, reducing costs, improving liquidity and ensuring a balanced distribution of funds between operating, investment and financial activities. The following can be noted as suggestions. To improve the efficiency of cash flow management, enterprises need to implement modern methods of financial planning and control. Developing detailed budgets, automating accounting and analyzing the structure of cash flows

will help to promptly identify imbalances and adjust the financial management strategy. It is important to use tools for managing accounts receivable and payable, such as factoring, optimizing the terms of settlements with counterparties and monitoring payment terms. Optimizing costs, reducing unproductive expenses and effectively using borrowed resources will minimize financial risks. The use of digital technologies and analytical systems also helps to increase the transparency of cash flows and speed up management decision-making. An integrated approach to the analysis and optimization of cash flows will ensure the financial stability and competitiveness of the enterprise in the long term.

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