

## IMPROVING THE STATEMENT OF CASH FLOWS

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**Abstract:** The main purpose of the "Statement of Cash Flows", the sequence of its preparation and cash flows in the course of activities are revealed in the article.

**Key words:** Cash flows, accounting, financial statements, main activity, investment activity, financial activity.

The main purpose of the "Report on cash flows" (Form 4) is to classify and disclose information on cash inflows and outflows of enterprises according to their types of activity. In particular, this report reflects the cash flows of enterprises according to the types of main, investment and financial activities, as well as taxation. The classification of cash flows of enterprises in the report on these types of activities and the composition of the items included in them are the cause of various discussions. Below we will focus on the controversial issues of this report on specific types of activities.

Cash flows from operating activities. The main activity of enterprises usually means the type of activity defined in accordance with the branch code indicated in the certificate of their state registration. In accordance with the charter documents, the main activity of enterprises can be defined as consisting of not one, but several types. In such cases, the enterprise may, at will, receive a network code that corresponds to one of the types of activity considered to be the main one, and later change it depending on the type of activity that made up the largest share of its income.

In our opinion, it is not correct that the first section of the "Report on cash flows" is called "Operational activity", which is intended to reflect the cash inflows and outflows related to the main activities of enterprises. Because all types of activities of the enterprise, including investment activities and financial activities, are specific operational activities. Therefore, in our opinion, it would be appropriate to call the first section of the report "Main activities".

Inflows and outflows that are not directly related to this activity are reflected in the cash flow section of the report. For example, cash received and given as financial aid, cash payments to and on behalf of employees, cash receipts for current rent, etc. Cash flows of this nature, in our opinion, are related to organizational-management and other types of activities of the enterprise.

Cash flows from investing activities. According to the content and nature of the report, some items representing the cash flows related to the investment activities of enterprises are included in the cash flows related to other types of activities. In particular, cash payments for the purchase of private shares are reflected in the "financial activity" section of the report. The amount of lease payments received from the short-term lease of fixed assets and intangible assets is included in other cash receipts from the main (operational) activity, and the cash received from the long-term lease of these assets is included in the cash receipts from financial activities. We believe that these operations and related cash flows

should be included in the investment activity according to their economic nature, because they are directly related to and directly related to the investments made by enterprises in previous periods.

In BHMS No. 9 "Statement of cash flows" and in the "Statement of cash flows" prepared on the basis of this standard, as well as in the 3rd BHMS "Report on financial results" and in the "Report on financial results" prepared on the basis of this standard (2 form) directly related to investment activities and some incomes calculated as a result thereof, for example, incomes in the form of interest, dividends, profit share and royalties, incomes related to financial activities and cash flows are included. In our opinion, after the investment activity is recognized separately, it is appropriate to reflect the income received from it in the form of interest, dividend, profit share, and royalties in this section.

In section 2 of the report entitled "Investment activity", some items related to this activity are not reflected, for example, purchase and sale of unfinished capital investments, debt, loan and foundation contributions and their repayment, cash receipts from the sale of private shares. We consider it appropriate to reflect these cash flows related to investment activities as separate items in the report.

Cash flows from financing activities. Certain incomes equated to other incomes from the main activity in the "Regulation on the composition of the costs of production and sale of products (works, services) and the formation of the final financial results" and "Rules for filling out financial reporting forms", No. 2 BHMS "Income from the main activity" and cash receipts representing them, in our opinion, are income and cash receipts related to the financial activities of the enterprise. Such income and cash receipts representing it include, but are not limited to: (1) fines and penalties collected or assessed; (2) government subsidies in the form of cash; (3) Non-refundable funds. These incomes and cash receipts related to them are directly derived from relationships of a financial nature.

Cash flows related to organizational-management and other general economic activities. It should be noted that the organizational and management activities of enterprises are not recognized as an object of accounting in the literature. Therefore, in the report on cash flows, cash receipts and outgoings related to organizational and management activities are not allocated to a separate section. In our opinion, organizational and management activities, which are an important type of general economic activity of enterprises, should be recognized as one of the special objects of accounting, and accordingly, cash receipts and outgoings related to this activity should be reflected in a separate section in the "Report on cash flows".

In our opinion, organizational-management activity means management and other general management activities aimed at directing economic activity towards a set goal, ensuring the integrity and continuity of the main, financial and investment activity processes, and representing the financial relations of the enterprise with external management and control bodies, as well as other legal entities. a complex of operations is understood. Without these operations, it is known that no economic activity can be carried out at all. The presence of the enterprise in space and time requires the creation of a certain management

apparatus, spending money on management. The management apparatus ensures the conduct of all other activities except the main activities that have occurred and are occurring in the enterprise, determines and summarizes the results of these types of activities. Taxes and mandatory deductions paid by the enterprise, including payments on behalf of employees, are the result of its organizational and management activities. Therefore, in our opinion, it would be more correct to call the "Taxation" section of the cash flow statement "Organizational management and other general economic activities". In this section, we consider it appropriate to include items representing cash receipts and payments related to sales, administration, tax and mandatory deductions, as well as other general expenses and other general income.

Taking into account the above, we recommend that the "Report on cash flows" be prepared in a new way. This proposed form of reporting has several advantages.

First, it accurately classifies and describes how much money enterprises spend on each type of activity and how much money they receive from them. The comparison of the sums of cash inflows and outflows allows to assess the conditions that positively and negatively affect the speed of cash flow for each type of activity, to make appropriate management decisions on the faster return of cash funds that have been excluded from circulation for a long time (immobilized).

Secondly, the items of the report included in each type of activity are filled directly based on the data of the accounting accounts. This, in turn, ensures constant monitoring of the consistency of accounting and reporting data without additional calculations.

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