METHODS OF ANALYSIS OF CASH FLOWS

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Abstract. *This article focuses on the issue of cash flow, which plays an important role in the activity of every organization, company or company, specifically the methods of cash flow analysis, what are the benefits of this, and the benefits of cash flow analysis for a company, organization or enterprise provides feedback.*

Keywords: *cash flows, cash flow analysis, cash flow, accounting, business opportunity assessment, financial cycle indicator.*

Currently, almost all existing methods of cash flow analysis are based on accounting information, that is, on the statement of cash flows related to the balance sheet. From the point of view of analysis speed, this is the best option for analysis. These methods are used by external users to evaluate the cash flows of a company, organization or enterprise. However, such information is not always objective and may contain insufficient information.

Cash flow statement analysis is designed to evaluate the cash flows generated by an organization, company, or business, and it can be said to be a reliable indicator of future cash flows. That's why cash flow statement analysis is so important when evaluating business opportunities to create fundamental value.

It is natural to ask the question, "What does cash flow analysis provide to a company, organization or enterprise?" It is not inappropriate to ask the question, "How will the organization or enterprise benefit from the analysis of this report?" Cash flow analysis provides important information, such as the adequacy of net operating cash to finance investments and other financial obligations, which represents cash, not profit, used to pay investment obligations and pay dividends.

It can be said that the analysis of cash flows is necessary, because the increase of cash funds describes the actual result of the activity of an organization, company or enterprise, and cash flow is also an indicator of the financial cycle.

It should also be noted that profit can be significantly different from the increase in cash, because it is not the final result of the activity, in particular, because cash cannot be paid in full for the products sold. In this process, it is appropriate to analyze the tools. The advantage of means analysis is that the results can be compared from year to year.

Analysis of cash flows based on the statement of cash flows allows you to determine the true financial position of any company, organization or enterprise. At the same time, the analysis of cash flows of a company, organization or enterprise should be carried out taking into account the implementation of the main forms of accounting for financial statements: the balance sheet and the income statement.

Comparing these reports may at first glance lead to conflicting results. First, according to the balance sheet and the income statement, the company makes a profit, and the comparison of the income and expense statements reflects the cash flow. Second, the balance sheet and income statement reflect a loss, which means that the comparison of income and expenses in the cash flow statement is unlikely to show a positive result.

When analyzing the cash flow statement, it is certainly beneficial to put various questions to the center and take action. The following are the main questions that can be answered:

- What are the sources of income and directions of use of funds?
- What are the sources of funds invested in real and financial assets?
- How to use funds for event financing?
- What are the opportunities for corporations to service debt capital through free cash flow?
- From what sources are liabilities and dividends paid?
- What determines the difference between income from cash change?
- What is the composition of cash receipts, expenses, benefits?
- What is the free cash flow of a company, organization or business, which is the main factor that determines the fundamental value of a company, organization or business?

As written by E.A. Makhonina, a company, organization or enterprise can solve these issues with the help of analysis of synchronization of cash flows, analysis of cash expenditures and analysis of cash receipts.

The use of two methods in the analysis of cash flows is beneficial for a company, organization or enterprise. That is, the analysis of cash flows is carried out in the following ways:

- the direct method, which is of great help in clarifying the total amount of gross cash receipts and disbursements. The main element of evaluation in this method is the proceeds from the sale of the products (works and services) of the organization, company or enterprise. Also, this method allows to determine the data describing the value of gross and net cash flows of an organization, company or enterprise when calculating the total amount of net cash flow. Also, with the help of this method, the total amount of receipts and expenses of funds is determined in various contexts of the economic activity of the organization, company or company;
- indirect method, in which the net financial result of the organization, company or enterprise during the year is adjusted according to the amount of income and expenses that are not related to the actual cash flow.

In applying these highlighted methods, it is also possible to obtain different data for calculating cash flows. However, this difference can only be obtained from the current activities of the organization, company or establishment.

When using the method of calculating direct cash flows, the source of information is accounting data, which describes the receipts and expenses of all types of funds. To develop a statement of cash flow of a company, organization or enterprise, this method is a statement of balance and financial results and their use.

It is necessary to compare the methods of calculating the amount of cash flows with direct and indirect methods, and to emphasize the advantages of using them in companies, organizations or enterprises. According to theoretical and practical studies and the opinions confirmed by their results, the indirect method of calculating cash flows is used in the preparation of financial statements, as well as for analytical purposes.

This method allows you to analyze and compare cash flow indicators. It is also a key value for the formation of cash budgets, and it helps to correctly implement predictive planning of cash flows in the long and short term. At the same time, the indirect method of calculating cash flow does not affect the elements of the balance sheet and allows you to see their dynamics and impact on cash flow.

Analysis of cash flow ratios is also used in the analysis of the cash flow statement. It was considered necessary to present this analysis in the following form:

Indeks	Calculation formula
Net cash flow adequacy ratio	YR(SPO) = SPO/A(P)+P(M), Here, YR(SPO) is the flow of the adequacy ratio of net funds; SPO is the amount of net cash flow; A℗ is the amount of principal payments on loans and debts; P(M) is the amount of dividends (interest) paid to owners (shareholders) on invested capital (shares, shares, etc.).
Cash flow liquidity ratio	LR(PO) = YPO - (P(AQ) - P(ABQ) /YPOM LR — cash flow liquidity coefficient; YPO is the amount of gross positive cash flow (cash receipts); P(AOQ) is the sum of the balance of monetary assets at the end of the considered period; P(ABQ) is the sum of the balance of monetary assets at the beginning of the considered period; YPOM is the amount of gross negative cash flow (cash outlay).
Cash flow efficiency ratio	ER(PO) = EPO/YPOM Here, ER(PO) is the coefficient of cash flow efficiency
Positive cash flow ratio	DPOR-Ds/DPO Here, Ds is the organization's net profit for the period; DPO is positive cash flow for the period
Return on average cash balance	DPOR=Ds/PSaverage.
Cash flow rate of return	DPOR=Ds/PSrent.

The method of assessing the adequacy of funds is to determine the length of their cycle period. For this purpose, the formula is used.

In general, cash flow analysis provides important information, such as the adequacy of net cash from operating activities to finance investments and other financial obligations, which represents cash, not profit, to pay obligations for investing activities. used; contributes to obtaining information on the payment of dividends.

Analysis of cash flows based on the statement of cash flows allows you to determine the true financial position of any company, organization or enterprise. At the same time, the analysis of cash flows of a company, organization or enterprise should be carried out taking into account the implementation of the main forms of accounting for financial statements: the balance sheet and the income statement.

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