

POSITIVE ASPECTS OF THE CASH METHOD IN SMALL BUSINESSES IN A PANDEMIC ENVIRONMENT

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Abstract: One of the important tasks of the present period is to find ways to slow down, stop and overcome the crisis that has arisen in the economy in the short term under the influence of the pandemic and is continuing on an increasingly large scale. In the face of this negative reality, all enterprises must quickly adapt to the unusual conditions. Business entities that have acted correctly in the face of unusual circumstances and their demands have maintained their viability and are gradually recovering from the effects of the crisis.

In a pandemic (unusual) environment, one of the most important and central issues for enterprises is to find, attract, use sufficient funds to ensure business continuity, and to establish appropriate economic mechanisms, tools or methods to properly manage transactions that can increase them. Accounting and economic analysis play an important role in this regard. There are many ways to implement the optimal use of cash in business through management and financial accounting and economic analysis. However, the existing methods have their own drawbacks as they are not adapted to the unusual conditions in the economy.

In contrast to the current views in this regard, in our view, the possibilities of the cash method, a number of its advantages and its proper management of cash in small enterprises in pandemic (unusual) conditions, which are not used or given insufficient importance in accounting and analysis of the state and movement of funds in enterprises. The practical aspects required for this are shown in the form of a model.

The article presents a model of the internal reporting form of accounting, which forms both analytical and generalized data on the income and expenditure of cash. The model is a concise expression of the internal report, which is designed to accurately reflect the movement and status of cash in the enterprise in a pandemic, the total income and expenditure of individual accounts, activities and activities. The data in the model will be one of the foundations for making cash-related optimal decisions in small business management. As a result, the opportunities for accurate and uninterrupted management of small businesses will increase, despite the negative effects of the pandemic.

Keywords: Cash inflows, cash outflows, cash method of cash accounting, internal reporting of cash inflows and outflows, model of internal cash flow reporting, unusual conditions.

Introduction

Unusual situations in the international and national economy occur unexpectedly and aggravate the problems and aggravate the problems of all business entities operating under normal conditions, which are already sufficient. At this time, businesses are required to operate in or adapt to unusual conditions. For example, the global financial and economic crisis that began in 2008 is a confirmation of our view. It should be noted that the pandemic, which began in 2019, also initiated a similar unusual reality in the economy.

The results of our observations show that a specific aspect of the economic crisis caused by the pandemic has led to a joint decrease in the interaction of business entities, both demand and supply in an unrelated situation. One of the main reasons for this is the temporary cessation of economic activity (mass quarantine). As a result, the purchase of raw materials for production is temporarily suspended or reduced, while the volume of production and sales is also reduced or stopped. This has led or continues to lead to a sharp reduction in the volume of cash flows in enterprises.

In order to mitigate the impact of this negative (unusual) situation on economic entities, each country is taking a number of measures, taking various measures within its capabilities. In particular, a number of important measures in this direction have been introduced and are being implemented in the Republic of Uzbekistan.

One of the benefits, assistance or support provided by the President and the Government of the Republic of Uzbekistan to producers was to leave the funds owed by enterprises on various obligations (taxes, loans), ie to keep them in circulation or not collect them until they are solvent. It should be noted that such measures are very important in a pandemic. Because, as a result of such a set of actions, enterprises have additional funds for their turnover.

Another important aspect of the issue is to ensure the optimal and efficient use of available funds in the enterprise, depending on the circumstances. It follows that in a pandemic (unconventional) environment, one of the most important and central issues is to establish an appropriate economic mechanism or means that will ensure the proper management of transactions that can attract, spend and multiply funds in the activities of enterprises. In this regard, accounting and economic analysis have their place.

In this article, we would like to express our views on the need to make greater use of the opportunities of accounting and economic analysis in small businesses, namely, the proper management of funds in the context of the ongoing pandemic. That is, there are many ways to implement the optimal use of funds in the activities of small businesses through the methods of management and financial accounting and economic analysis. However, they all have a unique character as they are adapted to normal economic conditions.

In our view, the article is to show the possibilities and a number of advantages of the cash method, which is not used or not given enough attention in the accounting and analysis of cash flows in the accounting system of small enterprises in a typical economy, and their practical importance for effective cash management .

However, the literature in the field does not provide opinions on this issue, that is, the calculation and analysis of cash under unusual conditions. In a number of literatures studied by us (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11) the views on the advantages of the calculation method, the disadvantages of the cash method are described.

The available sources do not address global (unusual) situations with their own specific characteristics, such as pandemic conditions, and their impact on enterprises, the use of untapped opportunities in accounting or analysis in such conditions, what can be achieved as a result of additional measures.

In this article, we want to model the use of the cash method in the accounting system of small businesses in a pandemic environment in the areas of management accounting and analysis.

Material and Method

Data for research on this topic were obtained and tested from small businesses operating in Namangan region of the Republic of Uzbekistan.

Internal reporting, which forms the movement and status of funds in the management account in small enterprises, is formed using all the existing methods of accounting. This approach is evident in the internal reporting model. However, the key aspect here is to rely on the cash method when accounting for cash inflows or outflows. That is, the money actually received is received as income, and the money actually paid is reflected in this report as an expense.

The content of the proposed form of internal reporting is the formation of chronological and systematic data on the movement and status of funds in the management account and analysis of small enterprises, both analytical and aggregate data by type of activity (accounting objects), combining the cash method with the calculation method. This allows you to generate information on the status of actual cash inflows by type of activity (accounts) in a small enterprise, as well as the actual cash inflows for a particular date by type of activity (accounts). Information on actual cash outflows and receipts is necessary, first of all, for proper management of cash, and on this basis for management decisions aimed at ensuring the optimal movement of business activities.

Results

The form of internal reporting, which shapes the movement and status of cash in small businesses, has a number of positive aspects in the optimal management of cash in a pandemic setting. We consider the form and content of this internal report, its algorithm in the form of a model (Table 1).

Table 1

A model of the internal reporting form that shapes the movement and status of cash in small businesses¹

Cost structure by type of activity	Including:	Income structure by type of activity	Including:
	The structure of expenses at the object of activity as required by the expenditure of cash		The structure of income in the object of activity according to cash inflows
A	B	C	D
1. Production costs (X_1) ($X_1 = X_{1Y} + X_{1S} + X_{1Z}$)	Costs that require cash outlay (X_{1Y})	1. Produced products income from sales (S_1) ($S_1 = S_{1Y} + S_{1D} + S_{1Z}$)	Sales that bring in cash (S_{1Y})
	Accounts payable (X_{1S})		Accounts receivable (S_{1D})
	Costs that do not require cash outlay (X_{1Z})		Other forms of income (S_{1Z})
	Total cost ($X_1 = X_{1Y} + X_{1S} + X_{1Z}$)		Total income ($S_1 = S_{1Y} + S_{1D} + S_{1Z}$)
2. Current Expenses (X_2) ($X_2 = X_{2Y} + X_{2S} + X_{2Z}$)	Costs that require cash outlay (X_{2Y})	X	X
	Accounts payable (X_{2S})		
	Costs that do not require cash outlay (X_{2Z})		
	Total cost ($X_2 = X_{2Y} + X_{2S} + X_{2Z}$)		

¹ Developed by the authors

3. From other (operational) activities income (X_3) ($X_3 = X_{3Y} + X_{3S} + X_{3Z}$)	Costs that require cash outlay (X_{3Y})	2. Income from other (operating) activities (S_2) ($S_2 = S_{2Y} + S_{2D} + S_{2Z}$)	In the form of cash receipts (S_{2Y})
	Accounts payable (X_{3S})		Accounts receivable (S_{2D})
	Costs that do not require cash outlay (X_{3Z})		Other forms of income (S_{2Z})
	Total cost ($X_3 = X_{3Y} + X_{3S} + X_{3Z}$)		Total income ($S_2 = S_{2Y} + S_{2D} + S_{2Z}$)
4. Financial expenses (X_4) ($X_4 = X_{4Y} + X_{4S}$)	Costs that require cash outlay (X_{4Y})	3. Income from financial activities (S_3) ($S_3 = S_{3Y} + S_{3D}$)	In the form of cash receipts (S_{3Y})
	Accounts payable (X_{4S})		Accounts receivable (S_{3D})
	Total cost ($X_4 = X_{4Y} + X_{4S}$)		Total income ($S_3 = S_{3Y} + S_{3D}$)
5. Emergency expenses (losses) (X_5) ($X_5 = X_{5Y} + X_{5Z}$)	Costs that require cash outlay (X_{5Y})	4. Extraordinary income (S_4) ($S_4 = S_{4Y}$)	In the form of cash receipts (S_{4Y})
	Costs that do not require cash outlay (X_{5Z})		
	Total cost ($X_5 = X_{5Y} + X_{5Z}$)		
6. Income taxes (X_6) ($X_6 = X_{6Y}$)	Costs that require cash outlay (X_{6Y}) ($X_6 = X_{6Y}$)	X	X
7. Gross x expenses (X_{SX}) ($X_{SX} = X_1 + X_2 + X_3 + X_4 + X_5 + X_6$) or ($X_{SX} = X_{SY} + X_{SC} + X_{SZ}$)	Expenditures requiring cash outflows (X_{SY}) ($1H X_{SY} = X_1 + X_{2Y} + X_{3Y} + X_4 + X_{4Y} + X_{5Y} + X_{6Y}$)	5. Gross income (S_{SS}) ($S_{SS} = S_1 + S_2 + S_3 + S_4$) or ($S_{SS} = S_{SY} + S_{SD} + S_{SZ}$)	In the form of cash receipts ($S_{SY} = S_{1Y} + S_{2Y} + S_{3Y} + S_{4Y}$)
	Accounts payable (X_{SC}) ($X_{SC} = X_{1S} + X_{2S} + X_{3S} + X_{4S}$)		In the form of receivables ($S_{SD} = S_{1D} + S_{2D} + S_{3D}$)
	Non-cash expenditures (X_{SZ}) ($X_{SZ} = X_{1Z} + X_{2Z} + X_{3Z} + X_{4Z}$)		In other forms ($S_{SZ} = S_{1Z} + S_{2Z}$)
	Gross cost $X_{SX} = X_{SY} + X_{SC} + X_{SZ}$		Gross income ($S_{SS} = S_{SY} + S_{SD} + S_{SZ}$)

The data in columns A (Costs) and C (Income) in the longitudinal direction of Table 1 are compiled based on the order of formation of the financial results of the enterprise and cover all types of activities of the enterprise. However, it should be noted that this internal report is not intended to determine financial results. Perhaps it is necessary for the following purposes.

Boxes 1-; 2-; 3-; 4-; 5-; 6, located in column A of the report, are assigned to form the costs separately by type of activity, and cells 7 in this column are assigned to indicate the total costs related to the types of activities. Expenditures for each type of activity (columns V 1-; 2-; 3-; 4-; 5-; 6-cells) according to the demand for cash expenditures - expenditures requiring cash expenditures, expenses

formed on the accounts payable, cash expenditures reflects information on unclaimed costs and total costs of the relevant object.

Costs that require cash outflows are those costs that are paid for during the course of the business process, that is, the cash outflows that are incurred to the accounting entity (or s) in a particular activity. Here, each recognized type of expense required a cash outflow at cost. For example, raw materials were purchased for money, and the time was spent or began to be spent on production.

Expenditures incurred at the expense of the creditor are expenses incurred during the business process without temporary payment, ie without temporary expenditure of funds. That is, current accounts payable, which are paid after a certain period of time, can serve as an example of our idea.

A group of expenses that do not require a cash outflow are expenses such as depreciation of property, plant and equipment or amortization of intangible assets.

The structure of income for each type of activity (column C, columns 1-; 2-; 3-; 4-;) is also one of the most important aspects of the report.

Income in the form of cash receipts at the expense of the account is the cash inflows provided by the corresponding income at the time the income is recognized. That is, transactions for which the product was sold at the time the product was sold or received earlier.

Revenue in the form of receivables are transactions in which revenue is recognized for a product sold at a particular date, but the amount to be paid is in the form of current receivables.

Other forms of income include income recognized on the basis of barter transactions, such as the sale (transfer) of products to repay creditor debts. This type of income consists of income that does not fall into the above two types of income.

This internal reporting data allows for a comparison of costs and revenues by type of activity and for each accounting entity. This clearly shows the status of cash outflows and income for each account, the impact of accounts payable and receivable, non-cash expenditures and non-cash income. This information is very important for analysis and forecasting work.

Another important point here is to know exactly the gross activity as well as how much money is spent on each account object. Cash flow information is generated and retrieved in the corresponding cells in row 7 of columns A and B. Expenditures that require a cash outflow within the total cost of the activity are made on the basis of this calculation $XSX = XSY + XSC + XSZ$ (column A, row 7). Expenditures that require a cash outflow for each account item are generated in $XSY = X1Y + X2Y + X3Y + X4Y + X5Y$ (column V, row 7).

So why do you need this information? First of all, it is necessary to know how much of the total expenses incurred for the operation of the enterprise required the expenditure of money on that particular date. In this way, the minimum amount of cash required or required to run the business during this period becomes clear. This means that the company must have the same amount of cash for a certain period of time.

The formula $XSY = X1Y + X2Y + X3Y + X4Y + X5Y$ can be used to know exactly how much of the minimum amount of money available belongs to or is spent on each account object. This is essential for the optimal distribution of funds between each account object.

The formation of costs that require cash as part of the total cost of each object of account indicates the minimum amount of money required to carry out the activities of this object.

The three information on the costs that require the expenditure of cash are very important in the management of the activities of the enterprise, each type of activity, as well as the organization and maintenance of the object of accounting in cash. These data are not intended to reflect cash outflows at the end of a particular period. Perhaps it is also essential for forecasting and planning cash outlays. It is also necessary to know the forecast, plan and actual state of cash expenditures, as well as the dynamics of certain periods and to analyze the factors influencing the changes. This information will be the basis for making the right business decisions to manage the activities of the enterprise [15].

The availability of minimum or moderate cash flows for business activities depends on the cash inflows to the enterprise in the form of income. Therefore, another important aspect of the report is that it is tailored to accurately formulate revenue in terms of cash inflows. Information on the gross income of the enterprise (column C, column 5 $SSS = SSY + SSD + SSZ$ formula), income from each activity in cash (column D, column 5 $SSY = S1Y + S2Y + S3Y + S4Y$) and separately received income received in cash is formed in the form of (in column S 1-; 2-; 3-; 4-; rows). This shows how much money was received in the form of income on that exact date. This information is necessary for the enterprise to know how much money was received in the form of income from each type of activity, its size, whether it is sufficient or surplus to cover the costs required by the expenditure on that date. It also examines how much money will come in in the form of continuous income for the reporting period and whether it will be sufficient to keep it in reserve. At the same time, it is determined from which account object the cash inflow is most and comes in its own country. If the income in the form of cash income is insufficient, the enterprise determines measures to obtain short-term or long-term loans. In short, the calculation and analysis of income received in cash is the same as the calculation and analysis of expenses. Only cash inflows are studied in terms of income points.

On the basis of the reporting data, it is possible to determine the internal criteria of the state of the enterprise in relation to cash inflows and outflows to assess the state of the enterprise's activities and the state of cash supply for each account object (Table 2).

Table 2

Criteria for assessing the state of the enterprise in terms of cash inflows and outflows

The name of the account object	Formula	Criteria			
		great	Good	in moderation	bad
Status of cash inflows and outflows for the production of a particular type of product (Account Object)	$(S_{1Y} / X_{1Y}) = N$	if, $2 \leq N$	$(1,5-1,9) = N$	$(1,5-1,1) = N$	$N < 1$

Based on the criteria in Table 2, it is possible to assess the situation in this regard for the expenditure and income of each individual account (as well as the total for the enterprise). This assessment is important not only for the past period but also for forecasting purposes.

It should be noted that this approach is used in a small enterprise for each type of activity or object of accounting, especially in the production of a particular product (work, service), the volume of resources purchased and spent as much as possible on the amount of resources consumed in the product (work, service) should be equal or close. However, if the supply and sales period is short-lived, the data in this internal reporting form will be important in decision making. If this term takes a longer description, then the significance of the data may not be very strong. Because this approach is based on the cash method. The point is that the amount of money spent to produce and sell each account item over a period of time, as well as how much money it received in the form of income, is considered. Exactly, is the cash flow and income in the account object sufficient to continue the production activity without attracting additional cash? The answer is In addition, it is studied whether the surplus of cash income (together for each account item) in the same period reaches the enterprise's current expenses, financial expenses and tax payments. Cash flows can be analyzed in other ways if the time between production and sale of the product (work, service) is long.

Discussion

In the event of a pandemic, the enterprise must have sufficient funds for its turnover and to ensure the optimal and efficient use of available funds, depending on the circumstances. The form of internal reporting proposed by us has its practical significance for the proper management of

transactions that can attract, spend and multiply funds in the activities of enterprises in a pandemic. In this order, information on cash inflows and outflows recorded on a cash basis is formed for each account, type of activity, total business activity, to know and control the status of cash flows in business activities, to maintain the balance between cash flows or a positive balance. continuation is an important tool for forecasting cash flows. This tool, along with other mechanisms, serves to ensure that the enterprise's business activities continue uninterrupted, depending on the circumstances. This tool is designed to be adapted for small business folate.

However, we have not been able to find any important ideas directly related to this issue in the literature or articles in the field. All of the views expressed are devoted to the accounting and analysis of cash under normal circumstances. There are a number of views on the shortcomings of the cash method in this regard. We did not cite them in the form of quotations because the views studied did not directly relate to the subject under study.

Conclusion

1. The peculiarity of the economic crisis caused by the pandemic has led to a joint decline in the relationship of business entities, in which both supply and demand are not interdependent. One of the main reasons for this is the temporary cessation of economic activity (mass quarantine). As a result, the purchase of raw materials for production is also temporarily suspended or reduced, while the volume of production is also reduced or stopped. This has led to, or is leading to, a drastic reduction in the volume of cash flows in enterprises.
2. The pandemic conditions that have arisen in the international and national economy have made it necessary for all enterprises to operate in an unusual environment. It follows that in a pandemic (unusual) environment, it is essential and central to establish appropriate economic mechanisms or tools that enable enterprises to properly manage the activities in which they can raise, spend and multiply funds. In this regard, accounting and economic analysis have their place.
3. What we want to say here is that in the context of the ongoing pandemic, it is necessary to make greater use of the opportunities of accounting and economic analysis in enterprises, namely, in the proper management of funds. There are many ways to implement the optimal use of cash in business through management and financial accounting and economic analysis. However, all of them have a unique character as they are adapted to the conditions of a normal economy.
4. In contrast to the existing views in this regard, in our view, the possibilities and a number of advantages of the cash method, which is not used or not given enough attention in the accounting and analysis of the state and movement of funds in the enterprise accounting system in a typical economy. of practical importance.
5. The proposed model of the internal reporting form in the management account acquires a specific character with the purpose of showing the status of cash inflows and outflows in the business activities of the enterprise in terms of the object of accounting, type of activity and total activities. The information in the report form is intended to clearly indicate how much money was spent on which account object for a given date and how much money was received from which account object.
6. Cash spent or received as income for expenses incurred on the relevant accounting items is also necessary to know which product (work, service) or type of activity in the enterprise generates how much cash flow or requires cash outflow. It is used to make important decisions about the availability of cash in the enterprise and its further increase.
7. Cash disbursed or received as income for expenses incurred in the relevant accounts is necessary to quickly control which product (work, service) or type of activity in the enterprise, how much cash is generated or how much cash is incurred.
8. A set of data on the status of cash inflows and outflows, the object of the account, the type of

activity and the sum of the types of activities is crucial for accurately predicting the future optimal use of cash.

9. The main thing is that in a pandemic (unusual) conditions, the enterprise remains a practical method and tool used to find and effectively use the funds needed to conduct business normally or to develop it.

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