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THE ROLE OF THE CASH FLOW STATEMENT IN THE NATIONAL ACCOUNTING SYSTEM

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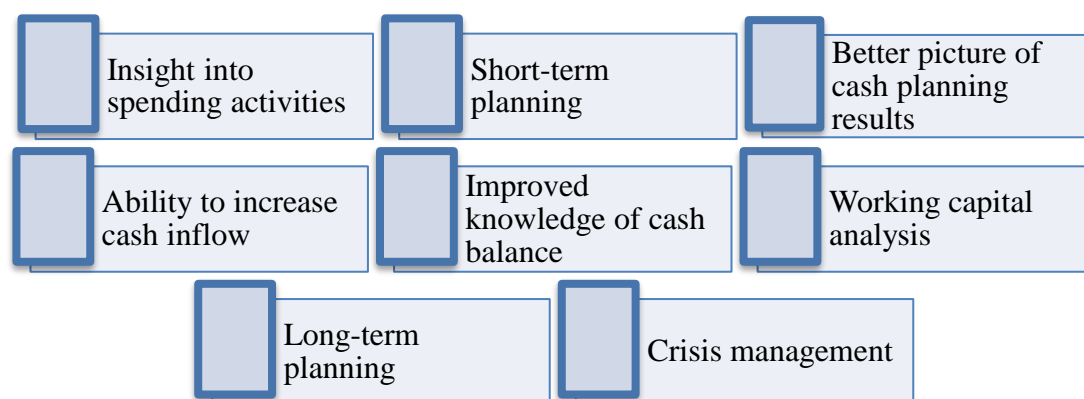
Abstract. This thesis explains the role and importance of the cash flow statement in accounting

Keywords: cash flow, short-term planning, ability to increase cash inflow, working capital analysis, long-term planning, cash balance

In the conditions of rapid development in Uzbekistan, special attention is directed towards ensuring socio-economic stability, strengthening the competitiveness of the economy and further improving the investment environment. In particular, in terms of increasing the attractiveness of the investment environment in the country, the tasks of “further improving the investment environment in the country and increasing its attractiveness, taking measures to attract 120 billion US dollars, including 70 billion dollars of foreign investments, in the next five years”¹ have been defined. Effective implementation of these tasks and strengthening the attraction of foreign investors to the country today requires the transfer of the accounting system to international standards of financial reporting and increasing the confidence of foreign investors in the prepared financial reports. This is aimed at researching the problems of transforming investment objects and their financial reports into international financial reports and thereby increasing the correctness and accuracy of reports, determining the real market value of investment objects and their assets, and as a result, providing foreign investors with transparent information about the financial status of investment objects. determines the relevance of the implementation of scientific works.

Cash flow statements can help businesses navigate the need for positive cash-related activity. Here are eight reasons why a cash flow statement might be useful for company.

¹ Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the Development Strategy of New Uzbekistan for 2022-2026"



1. Pic. Usefulness of cash flow statement²

Insight into spending activities. Cash flow statements give a holistic picture of the different payments companies make that aren't typically reflected in a profit and loss statement. For instance, if your company took out a loan and is paying it back, those payments wouldn't be included in a profit and loss statement. Comparatively, this information would be included in a cash flow statement, providing insight into the actual cash your business spent. If you want to know where your business is spending money, a cash flow report can give you a precise portrait of outflow.

Short-term planning. Cash flow statements are especially useful to companies when it comes to short-term planning. All companies must stay solvent to avoid bankruptcy and meet obligations, such as paying wages, operating costs and more. Because cash flow statements provide a detailed report on how much cash a business has on hand at a given time, they can help financial managers project the cash flow in the near future and keep track of spending to meet specific, short-term goals.

Better picture of cash planning results. Businesses typically create cash plans to follow to ensure their ventures are successful. Despite this, however, there are times when businesses aren't able to execute their cash plans perfectly or meet the objectives identified during the planning period. A cash flow statement can help companies analyze whether their cash planning was actually effective by allowing readers to compare projected cash flow numbers to actual cash flow results. Companies can use this information to make more accurate projections in the future.

Ability to increase cash inflow. When businesses have data regarding their current inflow and outflow, they can focus on creating cash from activities other than earning profits. While profit inevitably helps to create cash, there are other ways to do so, and sometimes these methods can be more lucrative overall. For instance, if a company's employees find that they're spending a lot of money on inventory, they can try to create excess cash by optimizing operations, such as using inventory efficiently to collect receivables faster.

Improved knowledge of cash balance. It is vital for business owners and stakeholders to know the optimal amount of cash they need to operate successfully. This is one of the most important things a cash flow statement can accomplish—with such a statement, companies can analyze whether they have an excess or deficit of funds. If a company has an excess of cash, they can invest that

² Systematized by the author

money, and if they are in a deficit situation, they can turn to external lenders or investors to reach their optimal cash balance.

Working capital analysis. Working capital is defined as the funds that are currently available to businesses—the amount of cash, deposits or other reserves kept on hand to manage operational and day-to-day expenses. Cash flow statements can help business executives, investors and other stakeholders analyze the working capital movement within a given company. This analysis makes it easier for a business to improve its operations in order to preserve cash and improve inflow numbers.

Long-term planning. Similar to short-term planning, cash flow statements can help financial managers plan for the long term. A company's growth is dependent on accurate financial planning, and a cash flow statement can help managers identify specific, implementable changes. These changes could very well situate the business within a solid financial position over time. In essence, a cash flow statement helps financial managers understand what activities a company needs to prioritize.

Crisis management. Because a cash flow statement gives business stakeholders insight into whether they have a shortage or excess of cash on hand, the report can help with crisis management. If a manager can project a potential cash shortage in a company's future, they may be able to come up with ways to help the company overcome such a challenge ahead of time. This can make an enormous difference in a company's ability to reach its goals.

Cash flow statements can help businesses navigate the need for positive cash-related activity.

In conclusion, it is necessary to emphasize the importance of compliance with international standards in the modern economy and for business in Uzbekistan. These standards play a key role in ensuring the accuracy, reliability and transparency of financial reporting, which helps investors, stakeholders and governments make informed decisions, helps attract investment and supports sustainable economic development.

However, the implementation of international standards in Uzbekistan is accompanied by certain challenges, such as limited implementation, inadequate training of accountants, cultural and institutional barriers, and difficulties in interpreting and applying the standards in local contexts.

In order to successfully comply with international standards in Uzbekistan, it is necessary to pay attention to raising awareness and educating accountants, providing them with the necessary resources and support. Promoting a culture of compliance and transparency, as well as adapting standards to the local context, will contribute to the successful implementation and compliance of international standards in Uzbekistan.

In general, compliance with international standards is an important factor in the development of business in Uzbekistan and contributes to its integration into the world economy.

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