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Ways to Improve the Efficiency of the Financial Mechanism Through Managing Accounts Receivable in Cotton Ginning Enterprises

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ABSTRACT

This article analyzes the formation of accounts receivable in cotton ginning enterprises and examines their volume, structure, and turnover in terms of their impact on the efficiency of the financial mechanism. The study substantiates that the growth of accounts receivable is driven not so much by production volumes as by time gaps between the execution of economic operations and their reflection in the accounting system, insufficient payment discipline, and weaknesses in management mechanisms. It is also scientifically demonstrated that a high share of accounts receivable leads to a slowdown in cash flows and a deterioration in liquidity and financial stability indicators. As a result, the study concludes that accounts receivable should be considered not only as accounting objects, but also as an important managerial element in improving the financial mechanism of cotton ginning enterprises.

Keywords: cotton ginning enterprises, financial mechanism, accounts receivable, cash flow, turnover, liquidity, financial stability, economic operations, accounting, payment discipline.

Introduction. In a market economy, the effective functioning of the financial mechanism plays a crucial role in ensuring the financial stability of enterprises, enhancing their competitiveness, and increasing their investment attractiveness. This is particularly relevant for cotton ginning enterprises, where the seasonal nature of production, irregular cash flows, and the complexity of settlement relations with economic entities have a direct impact on financial performance. Under these conditions, the volume, structure, and turnover rate of accounts receivable emerge as key components of the enterprise's financial mechanism.

Practical experience shows that the growth of accounts receivable in cotton ginning enterprises is often driven not by an increase in production volumes, but by time gaps between the execution of economic transactions and their reflection in the accounting system, as well as by insufficient

payment discipline. Therefore, the study of accounts receivable not merely as accounting objects, but as an effective managerial tool determining the efficiency of the financial mechanism, represents an important scientific and practical task.

THE ROLE OF ANALYZING THE VOLUME AND STRUCTURE OF ACCOUNTS RECEIVABLE IN THE FINANCIAL MECHANISM

Accounts receivable are reflected in the enterprise balance sheet as part of current assets, and their volume and structure have a significant impact on the level of liquidity and solvency of the enterprise. In cotton ginning enterprises, accounts receivable mainly arise from settlements related to product sales, settlements with employees, and financial relations with budgetary and extra-budgetary funds.

Analyzing accounts receivable by maturity periods is of great importance in assessing the possibilities of their timely collection. In particular, the separate classification of receivables as not yet due, due, and overdue allows for a more accurate evaluation of the enterprise's financial condition. An increase in overdue accounts receivable indicates a decline in the efficiency of the financial mechanism and leads to a slowdown in cash flows.

In cotton ginning enterprises, a high share of accounts receivable is often explained by the widespread use of deferred payment terms in product sales, weak control over contractual relations, and insufficient implementation of modern settlement mechanisms. This situation disrupts the balance of the financial mechanism and negatively affects the overall financial performance of the enterprise.

THE EFFECT OF ACCOUNTS RECEIVABLE TURNOVER ON ENTERPRISE FINANCIAL STABILITY

The turnover of accounts receivable reflects the speed at which receivables are converted into cash and represents one of the key indicators for assessing the efficiency of the financial mechanism. An increase in the turnover ratio indicates faster collection of receivables, while a reduction in the turnover period signifies improved cash flows.

In cotton ginning enterprises, a shorter accounts receivable turnover period is associated, on the one hand, with an increase in net revenue from product sales and, on the other hand, with more rational management of receivables. Conversely, an extended turnover period leads to the withdrawal of financial resources from circulation and increases the enterprise's dependence on borrowed funds.

Accounts receivable turnover has a direct impact on the overall financial condition of the enterprise. A higher share of receivables within total current assets intensifies financial risks, worsens liquidity indicators, and reduces financial stability. Therefore, improving the system of accounts receivable management within the framework of the financial mechanism is essential.

Figure 1 illustrates the formation and management of accounts receivable in cotton ginning enterprises in close interrelation with the main elements of the financial mechanism. It reflects, through a systematic approach, the relationships among economic operations, accounting processes, and payment discipline.

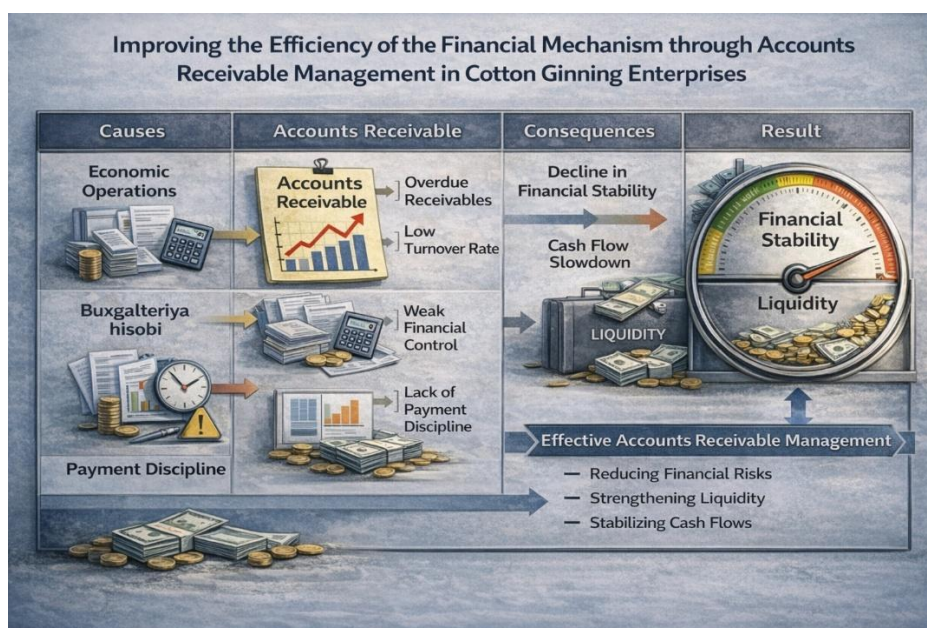


Figure 1. The impact of accounts receivable management on the efficiency of the financial mechanism in cotton ginning enterprises

As shown in Figure 1, effective management of accounts receivable contributes to the stabilization of cash flows, an increase in liquidity levels, and the strengthening of financial stability. Conversely, weak payment discipline and insufficient financial control mechanisms lead to the growth of accounts receivable and an escalation of financial risks. This confirms the necessity of considering accounts receivable as an important managerial element of the financial mechanism.

In conclusion, managing accounts receivable in cotton ginning enterprises represents one of the key directions for improving the efficiency of the financial mechanism. A systematic analysis of the volume, structure, and turnover of accounts receivable makes it possible to stabilize cash flows, enhance liquidity, and ensure financial stability. Therefore, the issue of accounts receivable management should be regarded as a priority area in improving the financial mechanism of enterprises and has significant scientific and practical relevance within the framework of doctoral research.

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