



Article

On The Essence of Cash Flows in The Treasury Different Approaches to Their Management, Principles

Shodmonkulova Shahlo Olimjon Qizi^{*1}

1. Tashkent State University of Economics

* Correspondence: sh.shodmonkulova@tsue.uz

Abstract: This study examines the principles and techniques of cash flow management in treasury systems in light of the problem of optimizing financial resources in a turbulent economy. Despite the wealth of research on financial management, there is a deep gap in understanding the practical coordination of cash inflows and outflows to maintain cash flow and ensure liquidity and financial viability. This is a study adopting a qualitative approach to analyze secondary data from scholarly sources and to do the retrospective and on going analysis to identify the pattern and inefficiency. By exploring advanced methodologies, algorithm driven planning and a systemized budgeting, the key findings show that the integration can improve cash flow optimization as well as reduce insolvency risk. Results stress principles of efficiency, balance, and reliability in the process of financial decision making. This work has ramifications for enhancing the financial performance management practices in enterprises, enhancing sustainable growth, and building resilience in competitive economic environments.

Keywords: Treasury, Cash Flow, Principles, Cash Flow Management Approach, Efficiency, Liquidity, Balance, Reliability

1. Introduction

Globalization of the economy, integration processes, innovation speed and requirements in a strong competitive environment require improvement of the system of practical processes related to calculations in accordance with modern business rules. After all, the market model, which is recognized as a pillar of interests, first of all requires an accurate calculation algorithm, their evaluation and deep analytical solutions. In this case, it is beneficial to approach certain principles with a deep understanding of the essence of the field [1].

It is no secret that the 21st century is the century of new formation of the world economy. This world represents humanity, changes in socio-economic and spiritual life, transformation of economic models, international relations, globalization and the formation of a new geo-economic construction. Today's economy is not an economy that finds fault with others, solves problems easily, pats everyone on the head equally, does not require science and knowledge to acquire as much property as you want, opens up unlimited opportunities for change and development, and is free from dangers. recognition is necessary. First of all, the modern economy is becoming a complex system that constantly renews itself, regulates itself and is sensitive to various threats based on deep analytical solutions. Therefore, it is very important and urgent to understand the

Citation: Qizi, S. S. O. On The Essence of Cash Flows in The Treasury Different Approaches to Their Management, Principles. American Journal of Economics and Business Management 2025, 8(1), 439-443.

Received: 10th Dec 2024

Revised: 15th Dec 2024

Accepted: 17th Jan 2025

Published: 29th Jan 2025



Copyright: © 2025 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license

(<https://creativecommons.org/licenses/by/4.0/>)

nature of cash flows in the existing economic processes in any country, to approach the necessary principles in the introduction of methods for their correct and rational management, and to use modern technologies and tools in these processes.

Literature Review

It is known that cash flow is the sum of cash receipts and payments in the process of operational, investment and financial activity of an organization. Perhaps for this reason, the costs of directed movement of financial resources arising from compensation in financial management and attracting funds from financing sources; compensation (in cash equivalents) for products sold and services provided are considered cash flows. Of course, this position was supported by foreign scientists Y.Brigham, L.Gapensky, L.A.Bernstein, O.E.Efimova, I.A.Blank, A.D.Sheremet, V.V.Bocharov, V.V.Kovalyov, E.M.Sorokina, L.T.Gilyarovskaya, E.S. It is necessary to remember that the Stoyanovas advanced.

In particular, in the economic literature, it was witnessed that the attention of scientists is money management, liquidity, financial stability from the point of view of the problem of regulation of money flows. Based on this, it is necessary to maximize the profit of the enterprise or organization, to optimize the capital structure and ensure its financial stability, to increase the attractiveness of the financial position for owners (participants, founders), investors and creditors, forming an effective mechanism for the management of an enterprise or organization, as well as using all the opportunities of the market mechanism in attracting financial resources, the main thing is to increase the efficiency of cash flows as a result, it will not be out of place to emphasize that it can be achieved only by paying serious attention to management.

In turn, the new meaning of freedom, ownership of results, development and progress in the activity of economic objects or entities requires the improvement of the entire management system.

2. Materials and Methods

The methodology for the article is that of systematic analysis and management of cash flows in treasury systems. This research is based on secondary data from financial and economic literature, previous research by foreign and domestic scholars and best practices in cash flow management. Scholarly articles, reports and financial records of all categories are used as data sources with global standards of presentation. There is also a methodology of recognizing the key principles (efficiency, liquidity, balance and reliability) that emerging of fundamental to manage cash flows properly. Retrospective and ongoing analysis of cash flows and balances gives a full sense of inflows and outflows. To evaluate scenarios, the study also attempts to integrate simulation techniques, such as the Monte Carlo method, but the limitations of such methods are addressed with alternative step by step processes. Algorithm development, calculation models and systemized budgeting tools are applied through building precision in cash flow optimization. Research is focused on enterprise level cash flow systems to provide actionable insights in the area of synchronizing cash inflows and outflows, insolvency risk reduction and operational efficiency. This methodology combines theoretical principles with practical applications, and ultimately provides a robust, bridge between theoretical principles and the application in dynamically changing economic environments.

3. Results

Today, a wide range of opportunities are opening up for companies and organizations. Not only the community of economic entities, property owners, investors, but also the entire state and public system are interested in change and development in management. In this regard, it can be said that the following approach serves efficiency in the introduction of modern cross-industry management:

- a. Covering the near and long term - planning;

- b. Providing property owners and target users with financial and other information - accounting;
- c. Economic analysis, which defines a quick, current and future management strategy through deep processing of information, objective evaluation of activities, determination of economic and financial opportunities;
- d. Scientific activity, which provides concrete solutions and effectiveness of activity establishment and targeted management, allows to ensure innovative and smart economy;
- e. Based on the effectiveness and efficiency of the activity, an important criterion for coordinating relations is the appropriate promotion of work;
- f. And other (social, ecological, technical, organizational) aspects should be considered as a complex system.
- g. In this, of course, it is permissible not to overlook the issue of managing cash flows. And for this it is darcor to understand its true essence.

With the appearance of the term "cash flow" in market conditions, the existence of the category of tools is fully justified. In particular, "Cash Flow" reveals the dynamism of Treasury and business activity when cash inflows and outflows are constant in continuous flows. It should be noted that there are different approaches to the definition and interpretation of the concept of "cash flow"[2]. The definition of the concept of "cash flows" and their management in different ways was clarified by analyzing the financial and economic literature and studying the views of local and foreign scientists.

When studying the researches of scientists, a clear problem arises as a result of different definitions: the differences in approaches are related not only to the interpretation of the content of cash flows as an object of financial management, but also to specific definitions of terminology in relation to it. Summarizing the results of foreign and local studies, it can be said that according to economists, two approaches are widely used: local theory and practice of management.

The debate about cash flows mainly begins to take shape during the economic activity of an organization. And it is considered as the most important independent object of financial management [3].

Cash flow management of an enterprise or organization is an important component of the overall management system for its financial activities. In this process, several methods are included in this component:

1. In the process, ensuring the financial balance of the enterprise, strategic development by synchronizing cash flows;
 2. To reduce the risk of insolvency of the organization within its own funds, to reduce the duration of production and financial periods and to reduce the need for capital to serve the economy;
 3. Optimizing the operational process by increasing the rhythm of payments.
- The cash flow management process is aimed at:
- a. Current solvency of the company;
 - b. Determination of reserves and dynamics of incoming and outgoing funds flows;
 - c. Redistribution of cash flows according to analytics, accounting, analysis, planning, regulation and adjustment.

The above methods are central to the cash flow management process. The most popular among them is the Monte Carlo method. However, this method has some shortcomings. For example, the main drawback is a complex systematic approach and lack of leveling at the control stage.

N.N. Selezneva offers step-by-step methods for cash flows, taking into account the same shortcomings in the control phase:

- a. Forming a cash flow management organization scheme. Determining a special structure for this, ensuring cash flow management; clarification of financial accounting centers; development of a normative planning base;

- b. Document management software, systematization and summarization of cash flow information are recommended to optimize collection [5].

Determining the elements of cash flow, developing algorithms, and the calculation method for obtaining an effective indicator consists of cash flows in net cash flow. Investment, operational and financial activities of organizations are the basis for this:

$$NCF = ONCF + INCF + FNCF$$

Here, NCF is net cash flow; ONCF, INCF, FNCF are net cash flows from operating activities.

Forming a system of analytical indicators and describing cash flows and cash balances clearly proves that the main task of cash flow analysis is to determine the causes of the lack (surplus) of funds, sources of income and directions of use. In this case, retrospective and ongoing analyzes are conducted in two directions:

1. Analysis of the absolute values of cash flows and balances: cash flow statement on the main data base. It does not reveal relationships in an absolute sense in specific indicators.
2. Analysis of the relative values of cash flows and residual funds. There is a basic condition for the correct calculation of the relative values - the comparison of the compared values and the real existence of the studied phenomena are focused on. Each of the coefficients carries a certain information load.

At the stage of the formation of the cash flow budgeting system, it is assumed that the budget system will be developed. This system is characterized by the presence of:

- a. A detailed reference of expenditure items;
- b. The procedure for drawing up, coordinating and approving specific budgets;
- c. Duties, powers and responsibilities of consolidation specialists and departments;
- d. Well-thought-out budget forms;
- e. Developed automated system.

Today, it is very difficult to use a hierarchical budget system to achieve competitiveness in a unified and clearly coordinated manner. For this reason, the construction of the entire budget system is primarily based on the principles of complexity, dynamism, and information security.

Optimizing cash flows and cash balances. It is known that the amount of cash flows in a working organization is constantly changing. In this case, structures are also more important at certain times when companies optimize the amount of funds available to group members.

Control of cash flows. At this stage, it is recommended to set important goals, which are the following main goals:

- a. Real availability of cash needs and balance between them;
- b. Determining internal reserves for cash flow growth;
- c. Ensuring compliance with the normative legal documents and legal documents currently in force on the territory of the country.

The methodology proposed above sufficiently covers the issues related to the organization and management of cash flows in an enterprise or organization, and its practical application (with necessary changes and modifications) helps to increase the effectiveness of cash flow management.

The economic activity of an enterprise or organization is related to how financial transactions are carried out. In this process, managing cash flow is one of the most important tasks of financial management. Ensuring the solvency of the enterprise or organization and the fulfillment of all financial obligations is necessary for the rational distribution and management of cash flows.

The existence of certain principles in the management of cash flows in an enterprise or organization serves the efficiency of the sector. For this reason, it is recommended to be based on the following principles:

1. Efficiency;

2. Liquidity;
3. Balance;
4. Reliability.

Managing cash gaps based on these principles; control of free funds in cash flows; taking into account the amount, types, and other important characteristics of cash flows; as well as an information base for cash flow management, standardization of approaches to cash accounting is achieved.

Cash flow management is one of the most important economic segments of the financial work in the enterprise, the effectiveness of its organization is related to both current performance results and future development rates. Therefore, the main goal of cash flow management is to ensure the financial balance of the enterprise in the development process by balancing cash receipts and outgoings and synchronizing them in time. In particular, the importance and role of cash flows for the activity of an enterprise or organization increases the need to improve the efficiency of their management process.

4. Conclusion

In conclusion, it can be said that any management process is based on certain principles. The cash flow management process is no exception, as it is an integral part of the overall economic management system for the enterprise. The main principles of cash management are enterprise flows - this is the principle of information reliability, focusing on ensuring balance, liquidity, efficiency, while the principle of information reliability refers to the changes and information about cash flows resulting from the database in the cash flow management systems of the enterprise. It is allowed to serve to ensure that the information is complete, truthful and impartial in various types of activities.

Based on these principles, the enterprise or organization covers the main stages in the consistent organization of the cash flow management process: (1) Forming the necessary reports to ensure a complete and reliable account of cash flows, (2) Analysis of previous period cash flows of the enterprise, (3) Optimization of enterprise cash flows, (4) Planning of cash flows of the enterprise by different types, (5) Ensuring effective control over cash flows in the enterprise.

The step-by-step implementation of the cash flow management of the enterprise as above ensures the constant monitoring of uniformity and synchronicity in the formation of cash flows. At the same time, optimal cash flow management can have a positive effect on the quality and efficiency of cash flows in the enterprise if it is carried out according to two main approaches - balancing income and expenses and forming a minimum cash balance.

REFERENCES

- [1] Raximov M. Yu., *Analysis of the Financial Condition of Economic Entities*, Tashkent: Iqtisod-Moliya, 2015, p. 316.
- [2] Shodmonkulova Sh. O., "Financial resources of the treasury system and issues of their management," *Web of Scientist: International Scientific Research Journal*, vol. 4, no. 3, pp. 493-495, Mar. 2023.
- [3] Shodmonkulova Sh. O., "Experience of foreign countries in improving the methodology for monitoring cash flows in the treasury," *Web of Scientist: International Scientific Research Journal*, vol. 2, no. 12, Dec. 2021.
- [4] Shodmonkulova Sh. O., "The importance of implementing the treasury system in the state finance system," *International Conference on Developments in Education*, Amsterdam, Netherlands, Apr. 2022, pp. 350-351.
- [5] N. Selezneva and N. Ionova, *Financial Analysis. Financial Management: A Textbook for Universities*, N. N. Selezneva, Ed., Moscow: UNITY-DANA, 2012, p. 47.