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Information Capabilities and Methods of Compiling a Cash Flow Statement

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Abstract: The article deals with the issues of compiling anddevelopment of a standard table of indicators "Cash flow statement". Particular attention is paid to the technical aspects of report indicators.

Keywords: assets and liabilities, operating activities, operating activities, financial activities, accounting, international accounting standards, cash flow statement, financial reporting, financial condition, internal turnover, financial management.

International financial reporting standards provide for the disclosure of information that directly characterizes the actual change in the financial position of the enterprise. At the same time, it is required that cash flows associated with the movement of cash and cash equivalents are not included in the reporting. Net cash flows of this category are the real object of control and regulation of the company's cash flows. At the same time, internal turnover is shown in parentheses, which does not have an external impact on the financial condition of the enterprise.

However, for the purposes of financial control, it is important to reflect and disclose gross cash flows. Disclosure of mutual cash flows between accounts in the statement of cash flows allows you to evaluate the "empty turnover" of money. This is the conversion of foreign currency, maintaining cash balances on the current and special accounts of the enterprise, withdrawing money from the current account6 and vice versa. Only at first glance it may seem that they do not affect the additional capital gains. In fact, transactions between assets and liabilities due to exchange rate differences, commissions, interest on deposit rates, etc. may or may not affect the growth or decline of equity. In this respect, the cash flow statement falls within the realm of financial control and financial management.

The cash flow statement is compiled according to the principle of the balance sheet equation as follows: *Table 1*

Balance at the beginning of the reporting period	Income with an increasing total amount from the beginning of the reporting period	Expense with an increasing total amount since the beginning of the reporting	Balance at the beginning of the reporting period

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The report not only relates the cash balances on the balance sheet to the amounts of cash flows, but also provides a description of the company's cash flows and important aspects of their sources. It also allows us to describe the impact of these turnovers on the financial condition of the enterprise, to describe the efficiency of cash flow.

One of the important components of the cash flow statement is information about the attraction and withdrawal of funds by owners and third parties.

Table 2 **Operating cash flows**

Revenue	Debit	Credit	**Expense**	Debit	Credit
Revenues from sales of products (goods, works and services)	5110, 5210, 5520, 5530	4010, 6310	Cash paid to suppliers of goods	4310, 6010	5110, 5210, 5220, 5530
Other revenues from operating activities	5110, 5210, 5220, 5530	5010, 5110, 5210, 5510, 5520, 4310, 4390, 4860, 6310, 6390	Cash payments to employees	4210, 4220, 4230, 4290, 6710, 6720	5110, 5210, 5220, 5530
			Other cash payments from operating activities	6990	5110, 5210, 5220, 5530

Information about the inflow and outflow of cash associated with operating (current) activities is an essential element of the cash flow statement. As a rule, all cash flow items that are not related to the turnover of financial and investment activities are included in the category of current cash accounts associated with the normal production activities of the enterprise. From the data in table 2, you can get an idea of the cash flows associated with operating activities.

The second element of the cash flow statement is the relatively separate treatment of cash flows associated with investing activities. This type of activity is associated with the rights of the company's assets to long-term tangible and intangible assets, securities and future stable income, therefore it belongs to the category of fixed assets (or capital investments in the form of investments).

The composition of cash flows associated with the investment activity of the enterprise is shown in Table 3.

Table 3 **Cash flows related to investing activities**

Revenue	Debit	Credit	**Expense**	Debit	Credit
revenue from the loss of fixed assets	5110, 5210, 5220, 5530	9210	**purchase of fixed assets**	4320, 6010	5110, 5210, 5220, 5530
revenue from the sale of intangible	5110, 5210, 5220, 5530	9220	**purchase of** intangible assets	0830, 4320	5110, 5210, 5220, 5530

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assets					
revenue from the sale of long-term and short-term investments	5110, 5210, 5220, 5530	9220	**purchase of** long-term and short-term investments	0610,0690, 5810-5890	5110, 5210, 5220, 5530
revenue from the sale of other investment activity	5110, 5210, 5220, 5530	9220	other cash payments from investment activity	0810,0820	5110, 5210, 5220, 5530

When compiling a cash flow statement, the company develops a standard form of indicators in the form of a standard table and depends on the indicators reflected in the general ledger, as well as in the accounting registers "cash register", "current account", "foreign currency account", "special bank accounts" and other cash accounts can be used. This is a technical aspect of the formation of reporting indicators.

Table 4 describes the main items of income and expenditure on foreign economic conjuncture, that is, borrowing and savings.

Table 4 **Cash flows related to financing activities**

Revenue	Debit	Credit	**Expense**	Debit	Credit
interest received	5110, 5210, 5220, 5530	4830	**interest paid**	6920	5110, 5210, 5220, 5530
dividends received	5110, 5210, 5220, 5530	4840	**dividends paid**	6610	5110, 5210, 5220, 5530
revenue from the issued stock	5110, 5210, 5220, 5530	4610, 0610, 0620, 8410	cash payments to the issued stock	6620, 8610, 8620	5110, 5210, 5220, 5530
revenue from the long-term credits	5110, 5210, 5220, 5530	4850	cash payments to the long-term credits	6810- 6840, 6950	5110, 5210, 5220, 5530
revenue from the long-term leases	5110, 5210, 5220, 5530	4850	cash payments to the long-term leases	6910, 6950	5110, 5210, 5220, 5530
Other cash receipts	5110, 5210, 5220, 5530	4850, 9540	Other cash payments	6930, 6990	5110, 5210, 5220, 5530

If the organization's management seeks to disclose financial information in all its material aspects in a complete and reliable manner, taking into account the characteristics of the organization, it is necessary to develop the concept of a cash flow statement. In our opinion, this may be due to the following reasons:

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- studying the movement of money capital, including cash equivalents;
- a cash flow statement prepared within a small commercial organization such as a production cooperative, agricultural firm, etc.;
- the importance of disclosing information on turnover in connection with compliance with monetary obligations for mandatory payments, settlements with employees, etc.;
- users of the cash flow statement information is aimed at meeting the requirements;
- The company's management can achieve transparency of the internal cash flows of a commercial organization in the report. This is due to the fact that the safety of funds does not mean the expediency of attracting them, and maintaining a certain level of liquidity does not provide the required profitability, a reasonable form of accounting, etc.;
- information can be presented with varying degrees of detail (for example, in a straight and curved form, based on gross and net cash flows, minimizing and expanding information about the turnover of monetary capital). This ensures the relevance of the indicators of the cash flow statement not only within the framework of this report, but also in other forms of financial statements.

Both the correct method and the curved method of balancing the cash flows of information about the financial and investment activities of the subject are almost identical. Under the influence of this situation, the content of reports prepared for different options for balancing cash flows is significantly converging. The main difference lies only in the fact that operational activity consists in identifying the receipt and expenditure of funds.

As a rule, the indicators of the cash flow statement are also shown in the balance sheet or account registers. But in order for accounting to be universal, data should be grouped by the characteristics of transactions, and not by account names.

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