

IMPROVING METHODS OF THE CASH FLOW ANALYSIS ON THE ENTERPRISE

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The article deals with the research of the existent approaches to the analysis of the cash flows and search for the ways of improving the methods. This article aims at comparing characteristics of the tactical and strategic analysis of the cash flows, substantiating development of the analysis methods aimed at solving short and long-term goals. The authors suggest calculation of the analytical indicators for the determination of the possibility to generate asset and liability cash flows during a short period. The influence of the enterprise development strategy on the cash indicators is viewed within the frameworks of its analysis that will afford an opportunity for the enterprise to avoid risks of losing the cash flows.

Key words: tactical and strategic analysis, cash flows, asset, liability, indicator.

УДОСКОНАЛЕННЯ МЕТОДИКИ АНАЛІЗУ ГРОШОВИХ ПОТОКІВ ПІДПРИЄМСТВА

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Стаття присвячена дослідженню існуючих підходів до проведення аналізу грошових потоків та пошуку шляхів удосконалення методики. Метою статті є порівняння характеристик тактичного і стратегічного аналізу грошових потоків, обґрунтування розробки методики аналізу, що спрямована на вирішення короткострокових та довгострокових завдань. Запропоновано розрахунок аналітичних індикаторів для визначення можливості генерувати активні та пасивні грошові потоки у нетривалому періоді. У рамках аналізу стратегії розвитку підприємства розглянуто її вплив на грошові індикатори, що дасть можливість підприємству уникнути ризиків втрачання грошових коштів.

Ключові слова: тактичний і стратегічний аналіз, грошові потоки, активний, пасивний, індикатор.

PROBLEM STATEMENT. In the conditions of unstable external environment, high competitiveness and scientific and technological changes there appears a necessity of enhancing the cash flow managing efficiency. The present methods of analyzing the cash flow usage build up the information basis of this process. However they do not fully meet the needs of the decision making in modern conditions and need to be improved.

The recent researches and articles concerning current methods of analysis, represented in the works of Erich A. Helfert [9], E. H. Moiseieva [3], V. V. Yasyshena [7], Y. M. Sorokina [5], N. M. Khakhonova [6], L. A. Bernstein [1], M. Bertonesh [2], R. Nait [2], Steven N. Kaplan [8], Richard S. Ruback [8] and others, provide researching cash flows from the point of view of their sufficiency, synchronization, balance, enhancement of the efficiency and the quality of usage. The abovementioned approaches are based on the classical classifications of the cash flows and do not take into consideration the degree of influence on the production process, the role of the cash flows in estimating the cost of the enterprise, etc. In general, complication of the business activity requires a constant searching for the most universal approach to the analysis of the cash flows and taking into consideration the peculiarities of the internal and external environment of the subject functioning in the cash flow managing process.

The research is aimed at improving the present instruments of analyzing the cash flows with taking into account the management requirements.

Within the context of improving analytical procedures the authors substantiate new cash indicators which could afford an opportunity to enhance the

efficiency of the economic decisions taken as to the enterprise cash flows.

EXPERIMENTAL PART AND RESULTS OBTAINED. As a rule the indicators characterizing the cash flow liquidity, its usage efficiency and the enterprise solvency in the whole are applied during the analysis. To operate efficiently the enterprise establishes independently its tactics and strategy of the development in the present business conditions. Managing the cash flow is the most important instrument of solving tactical and strategic goals. Realization of the enterprise strategy becomes possible with the help of the developed tactics that will ensure reaching the long-term goals by the way of everyday influence on all aspects of the enterprise activity via cash flow management.

In the system of the rational cash flow management there can be singled out two ways of their investment:

- for the long-term perspective;
- for the short-term period.

It should be noted that reaching the tactical and strategic goals is necessary for constructing the efficient cash flow management system. Researching and applying the present methods of analyzing the enterprise cash flows, both tactical and strategic, are reasonable in this case.

The peculiarities of the tactical analysis of the cash flows are ensuring realization of the strategic goals on the management level, namely:

- providing sufficiency, synchronism and balance of the cash flow income (spending);
- supporting efficiency of the cash flow usage;
- opportunity to control changes in the cash flow deviations from the established norms;
- predicting the net cash flow, risk estimation in

the short-term perspective.

The peculiarities of the strategic analysis of the cash flows on the enterprise are:

- taking into consideration the external and internal factors of the influence on the cash flows;
- providing opportunity of accepting decisions on the long-term perspective;
- taking into account the influence of the

enterprise strategy on the process of managing cash flows;

- tracking interdependence between the cash flows and the enterprise cost, the cash flows and the capital gains.

Description of the kinds of cash flow analysis is an important element on the development of methodical approaches (Table 1).

Table 1 – Comparison of the strategic and tactical analysis of the enterprise cash flows

№	Indicator of difference	Tactical analysis of the cash flows	Strategic analysis of the cash flows
1	Degree of reaching the goal	one goal and quite exact result	there may be several goals, various degrees of exactness
2	Term	short-term and middle-term	long-term
3	Degree of influence	limited, influences only one determined element of the cash flow	in-depth, influences all cash flows on the enterprise
4	Managing level	structural managers (management on the centers of responsibility)	top-management (managers of the highest level)
5	Information quality	quite accurate and reliable information	information is limited and has a general character
6	Prediction accuracy	high prediction accuracy	various accuracy levels of the predicting decisions
7	Methods	analysis of the dynamics and structure of the cash flows; indicators of the cash flow balance; analysis of the cash flow profitability; analysis of the cash flow managing efficiency, etc.	analysis of the external environment influence on the cash flows; analysis of the strategy of managing the cash flows; analysis of the cash flow discounting, etc.
8	Periodicity of realization	regularly on all administrative levels	on the necessity of changes in the perspective tendencies in the development of the enterprise

Within the frameworks of creating the system of the cash flow strategic analysis on the enterprise the authors suggest considering the analytical set of instruments. The process of accepting decisions for the realization of the enterprise development strategy is based on the value approach.

Methodical approach to the estimation of the cash flows is based on the point it is viewed. If the company is examined from the investors' point of view (investing), its value is determined by the cash flows which provide return on the funds invested into the enterprise.

If the administrative decision is accepted from the point of view of attracting money funds to the enterprise, its ability to increase income for investors and for its own interest should be taken into consideration. Analysis of the influencing factors on the cash flows is traditionally realized with the help of analytical instruments: SWOT; PEST; SNW (fig. 1).

Level of the tactical analysis includes retrospective, operative and predictive part of the cash flow analysis which ensure receiving information about tendencies and perspectives of providing realization of the enterprise strategy.

In the conditions of the limited opportunities to enlarge money funds domestic enterprises face an important task of proving constant attraction of the temporally free cash flows in the turnover. To systemize these processes the authors suggest

completing the present classifications with indicator level of administrative influence on the generating processes. This indicator characterizes the ability of the enterprise management to control the flow and to influence the cash flow usage efficiency.

According to the method of generation it is suggested to differentiate asset cash flow and liability cash flow.

1. Asset cash flow is an amount of money in the sphere of the constant influence from the enterprise management that is used in the operations administered by the enterprise itself.

Asset cash flow is characterized by such inherent features as dependence from the enterprise competitiveness, qualification level of the management staff, duration of the cash flow convertibility, etc.

2. Liability cash flow is an amount of money which nominally belongs to the enterprise but is temporally directed by it to the objects out of the enterprise influence. So it is out of sphere of the owners' and leadership's management.

Characteristic features of the liability cash flow are complication of its formation, the difference between incoming and outgoing flows should be always positive and the liability flow does not depend on the enterprise which invests it. That is the enterprise does not have any administrative influence on it, so it is important to conduct a research before accepting decision to avoid undesirable risks.

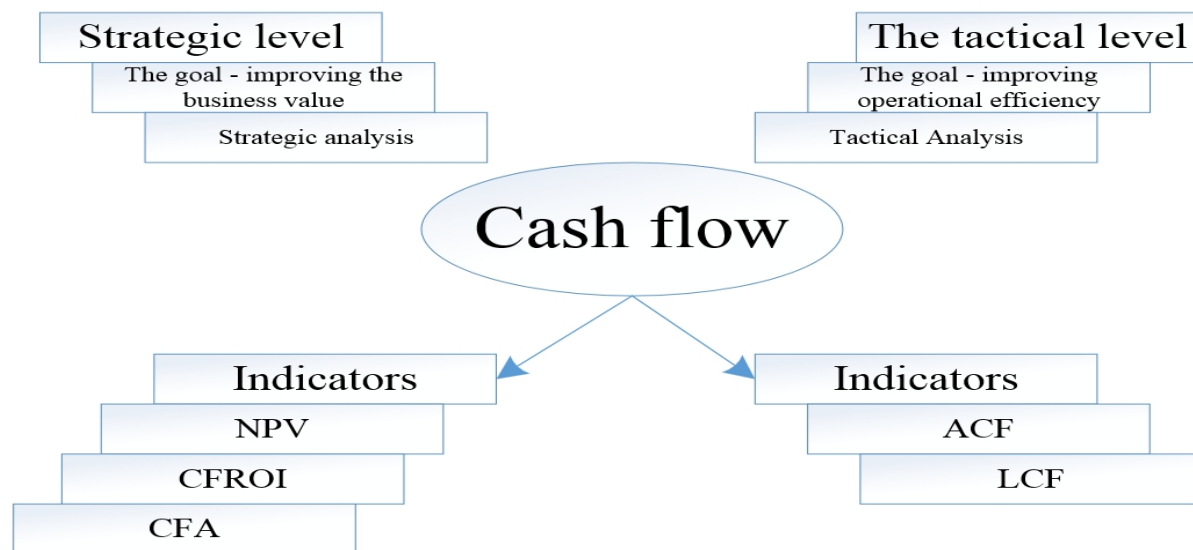


Figure 1 – Strategic and tactical levels of cash flow analysis indicators

Full comprehension of the process of generating the liability cash flow is impossible without understanding the nature of the asset cash flow that ensures complete functioning of the market participant. To identify the asset cash flow in the total amount of all cash flows of the enterprise first of all we should define the current need in money to ensure functioning of the enterprise with taking into account the period of generating the liability cash flow.

Managing the asset and liability cash flows consists of three stages of processes: unallocating, transforming and generating.

The first stage of managing the cash flows is the process of unallocating the asset and liability cash flows from the total volume of all the flows on the enterprise. Such process is possible when the asset cash flow covers current needs of the enterprise. Availability of the liability cash flow depends on the opportunity to isolate money funds for directing them on receiving additional money resources which are formed out of the enterprise's influence. The second stage is transforming the asset cash flow into the liability one. That is the source of the liability cash flow formation may be the asset cash flow. It depends on the efficiency of its formation and usage. Excelling the actual need in the net asset cash flow over the planned one is a criterion of defining the volume of the flow transformed. The third generating stage is a separated liability cash flow formed due to the general and asset flow of the cash resources which is directed to the passive operations (on the short-term or middle-term basis). The process of generating liability cash flow depends on the correctness of the necessary income object for investment. It is necessary to ensure

its reversibility within the object of the investment to increase the volume of the net liability flow. But it depends on the increase of the volume of money incomes. To receive the positive liability cash flow we should choose the most profitable object for investment the realization of which will give the highest result with the lowest money loses. Estimation of the amount of investments directed should not excel financial possibilities of the enterprise.

Money funds which the enterprise unallocates for a short period of time are directed to the passive operations and give the enterprise an opportunity to develop itself more actively due to receiving additional income and avoiding money loses from inflation. The usage of this instrument will be effective in case of its constant implementation.

Sources of the temporally free funds are:

- additional emission of shares of the enterprise;
- ensuring return of the debts receivable;
- receiving postponement of paying the debts receivable due to various types of payments;
- reimbursement of VAT;
- receiving debts receivable before the term established;
- taking into consideration the seasonal character of activity of the market participant, etc.

Thus, the received temporally free money funds are transformed into the liability cash flow and directed to the established object of investment.

On the initial stage of investing the liability cash flow it is necessary to increase the volume of investments due to the generated positive income of money funds.

Establishment of the size of incoming liability cash

flow from step-by-step realization of the investment and its comparison to the sum of outgoing liability cash flow will give an opportunity to form balance of the cash flows which attests financial realization of the chosen investment object.

Analytical procedures of defining faults in managing cash flows of the enterprise include multistage methods. First of all we research dynamics and structure of the asset and liability cash flows aimed at defining tendencies in their changes. The processes of managing transformation of the cash flows require proper information support that actualizes the corresponding methodical support which is suggested to be in the following stages:

1. analysis of the process of generating cash flows;
2. analysis of the process of transforming the asset cash flow into the liability one;
3. analysis of the efficiency of using the asset and liability cash flows.

To analyze the cash flows from the point of view of the management level influence on the process of generation the authors suggest the indicators mentioned below:

1. Analytical indicators of the generating process give the idea about forming the net cash flows due to various sources, namely passive and active operation from the point of view of the management influence.

1.1. Net asset cash flow is calculated as a sum of all positive and negative asset cash flows.

1.2. Net liability cash flow is calculated as a sum of all positive and negative liability cash flows.

1.3. Net cash flow of the enterprise is a sum of the net asset cash flow and the net liability cash flow.

2. The process of transforming the asset cash flow gives an opportunity to the enterprise to avoid undesirable surpluses of money funds due to directing it to the passive operations which will help to pay off money deficit in the future.

2.1. Coefficient of transforming the cash flow is characterized by the ability of the asset cash flow to form the liability one and is calculated as a ratio of the liability cash flow to the asset one.

Increasing the liability cash flow of the enterprise will lead to the increase of the indicator of transformation that will attest activation of the process of managing the liability cash flows.

3. Indicators of the efficiency of using the asset cash flows give the quality estimation of the accepted management decisions, indicators of the liability cash flow estimate ability of the management to choose a highly effective object for investment.

3.1. Indicator of the efficiency of the asset cash flow determines the effectiveness of the management decisions, namely net cash flow to asset cash flow.

3.2. Coefficient of the efficiency of the liability cash flow gives an opportunity to estimate the volume of money funds which can be used for the realization

of new investments.

3.3. Coefficient of profitability of the asset cash flow allows establishing the sum of the net income per one hryvnia of the asset cash flow spent.

3.4. Coefficient of profitability of the liability cash flow allows establishing the sum of the net income per one hryvnia of the liability cash flow spent.

CONCLUSIONS. So division of the cash flows on asset and liability ones and the suggested analytical indicators give an opportunity to the enterprise to define faults in managing short-term free money funds. Interpretation of these indicators answers the question about the effectiveness of using passive generation of the cash flows by the management staff and owners of the enterprises. Analysis of the influence of the strategy on the money indicators reveals interconnection between the chosen long-term goals and their funding.

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УСОВЕРШЕНСТВОВАНИЕ МЕТОДИКИ АНАЛИЗА ДЕНЕЖНЫХ ПОТОКОВ ПРЕДПРИЯТИЯ

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Статья посвящена исследованию существующих подходов к проведению анализа денежных потоков и поиску путей усовершенствования методики. Целью статьи является сравнение характеристик тактического и стратегического анализа денежных потоков, обоснование разработки методики анализа, направленной на решение краткосрочных та долгосрочных задач. Предложен порядок расчета аналитических индикаторов для определения возможности генерирования активных и пассивных денежных потоков в краткосрочном периоде. В рамках анализа стратегии развития предприятия рассмотрено ее влияние на денежные индикаторы, дающие возможность предприятию избежать рисков потери денежных средств.

Ключевые слова: тактический и стратегический анализ, денежные потоки, активный, пассивный, индикатор

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