

Research Article

**Improvement Of Financial Flow Management Of A Railway Transport Enterprise**

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**Abstract:**

The Article Is Devoted To The Specifics Of Managing Financial Flows In Railway Transport, Including The Classification Of Financial Flows Of Uzbek Railways JSC, Cash Flows Based On Calculations Using Centralized Income And Expense Accounts, Consolidated Budgeting And Tax Flow Management.

**Key Words:** Financial Flows, Centralized Personal Account Of Income And Expenses, Corporate Budgeting, Organization's Tax Budget, Tax Minimization, Tax Optimization.

**Introduction.** For The Purpose Of Managing Financial Resources, Enterprises Usually Separate The Incoming And Outgoing Financial Flows Of The Enterprise. Joint-Stock Company "Uzbek Railways" (JSC "UZRW") Is A Monopoly Company Of Railway Transport In The Republic Of Uzbekistan. Based On The Specifics Of The Main Activity Of The Railway Company, Internal (Intracorporate) Financial Flows Are Also Distinguished, Reflecting The Movement Of Funds Between The Company As A Whole And Its Structural Divisions. Financial Flows Within JSC "UZRW" Can Be Grouped In The Following Areas:

Incoming Financial Flows[ 1]:

1) Cash Flows From Current Activities:

- Funds Received From Buyers And Customers In The Form Of Proceeds From The Transportation Of Goods And Passengers, From Other Activities;
- Receipts From The Budgetary System;
- Other Income (Ancillary Activities, Etc.);

2) Cash Flows From Investing Activities Include Proceeds From The Sale Of:

- Objects Of Fixed Assets And Other Non-Current Assets;
- And Securities And Other Financial Investments.

3) Cash Flows From Financing Activities Include:

- Receipts From The Issue Of Shares Or Other Equity Securities;
- Receipts From Loans And Credits.

Internal Financial Flows:

- Funds Received From The Sale And Directed To Pay For Goods, Works, Services Within The Company;
- Intracorporate Redistribution Of Financial Resources, Including Profits;
- Deductions To Reserves, Including Centralized Ones;
- Cash Balances On Accounts.

Outgoing Financial Flows:

1) Cash Flows From Current Activities:

- Funds Allocated To Pay For Purchased Goods, Works, Services;

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- Remuneration Of Employees;
- Payment Of Dividends, Interest;
- Payment Of Taxes And Other Obligatory Payments To The Budget Of The Republic Of Uzbekistan;
- Funds Allocated For Other Expenses;
- 2) Cash Flows From Investment Activities:
  - Acquisition Of Subsidiaries;
  - Acquisition Of Fixed Assets, Intangible Assets And Profitable Investments In Tangible Assets;
  - Purchase Of Securities And Financial Investments;
  - Loans Provided To Other Organizations;
- 3) Cash Flows From Financial Activities:
  - Repayment Of Loans And Credits (Without Interest);
  - Repayment Of Finance Lease Liabilities.

### Method

To Date, JSC "UZRW" Has Implemented A System Centralized Personal Account (CLS). The Objectives Of The CLS Are:

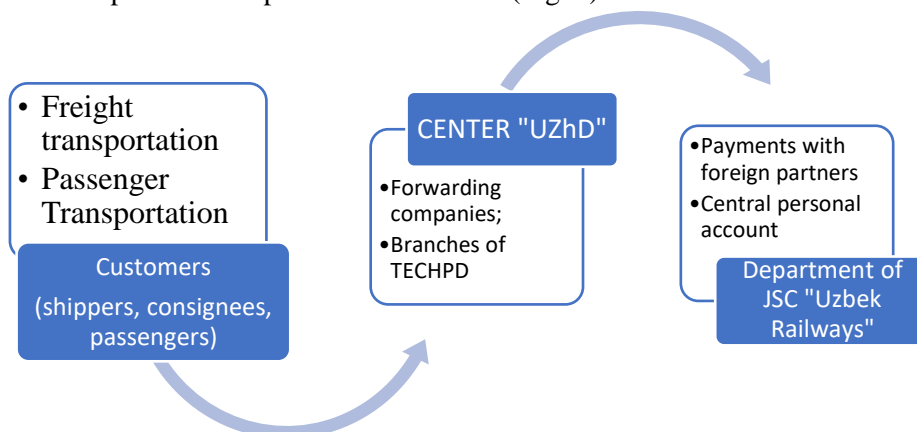
- 1) Consolidation Of Information On Financial Flows Of Cash Receipts From Cargo Operators;
- 2) Ensuring High-Quality Customer Service Of JSC "UZRW";
- 3) Organization Of Consolidated Accounting Of Settlements With Customers Of Structural Units Of The Center For Road Calculations (CDR). Automated Maintenance Of The Accounting Register Of Payers CLS In Real Time For Each Client Allows You To Track The Flow Of Funds Received As Payment For Services Rendered To Clients, Operations For Calculating Freight And Other Payments, And Quickly Determine The Balance Of Settlements With Clients. At The Same Time, Only One Contract Is Concluded With JSC "UZRW" At The Selected Point For Maintaining A Single Account (With One Of The Six Structural Divisions Of The CDD) [4].

### Results And Discussion.

In The Context Of The Introduction Of Electronic Document Management, It Seems To Us That Further Expansion Of The Practice Of Settlements Using The CLS Of Payers And Forwarding Organizations For Settlements For Freight Transportation Is Advisable To Organize Settlements And Payments On Similar Conditions Through The CLS For Regular Customers:

- Loading Works, If They Are Not Paid For By Forwarding Organizations;
- Freight Charges For The Carriage Of Postal Cargo; Travel Documents For Group Transportation Of Passengers Purchased By Organizations And Authorities.

Taking Into Account The Above, The Main Financial Flows Of JSC "UZRW" Can Be Represented In The Form Of A Relationship Between Operations With Cash (Fig. 1).



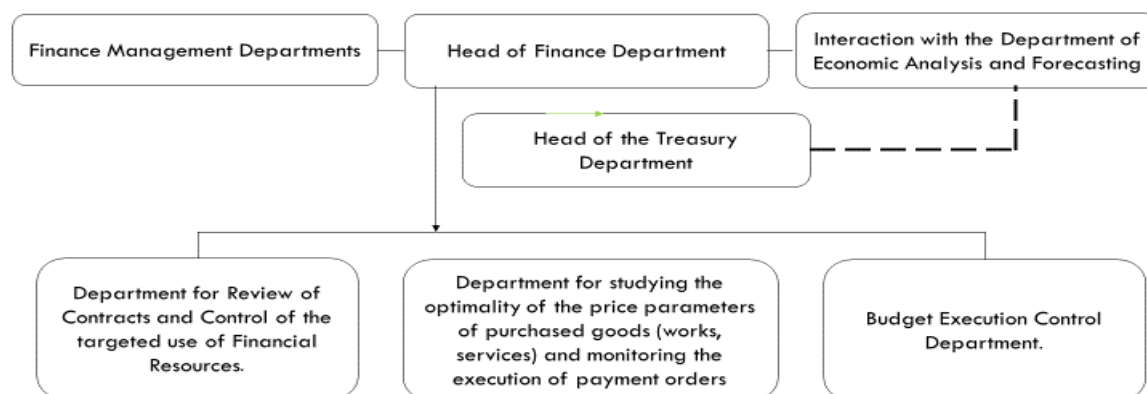
**Picture 1.** Scheme Of Operations With Financial Flows For Services From Transportation Of JSC "UZRW"

The Most Developed Form Of Management (Planning, Optimization, Coordination And Control) Of Financial Flows Is Budgeting. Budgeting In JSC "UZR" Is A Consolidated Budget, Which Includes A System Of Private Budgets, Specifying The Indicators Of The Consolidated Budget. In The Current Practice Of Budgeting In JSC "UZR", The Division Into Income And Expenditure Parts Is Used.

The Income Part Of The Consolidated Budget Reflects The Proceeds From The Sale Of Railway Services, Goods And Works, Income From Non-Sales Activities, Account Balances, Budget Appropriations, And Borrowed Funds. Its Expenditure Side Reflects Taxes And Other Obligatory Payments To The Budget And Extra-Budgetary Funds, Wages, Depreciation, Purchases Of Materials, Fuel, Electricity And Other Inventories, Payments On Loans And Borrowings, And Other Expenses.

The Budgets Of Structural Divisions, The Capital Investment (Investment) Budget And The Long-Term Borrowing Program Are Of Relatively Independent Importance. The Tax Budget Is Also Of Particular Importance, However, Tax Payments Are Formally Planned In UZR JSC. We Believe That Corporate Tax Budgeting Should Pursue The Goal Of Full-Fledged Management (Organization, Planning, Regulation And Control) Of Tax Flows: The Organization's Tax Revenues (In The Form Of Savings On Tax Payments) And Its Tax Expenditures (Tax Payments Payable To The Budget System).

### PROPOSED STRUCTURE OF THE TREASURY DEPARTMENT OF «UZBEKISTAN RAILWAYS» JSC



**Figure 2.** Proposed Organizational Structure Of The Treasury Of JSC "UZRW"

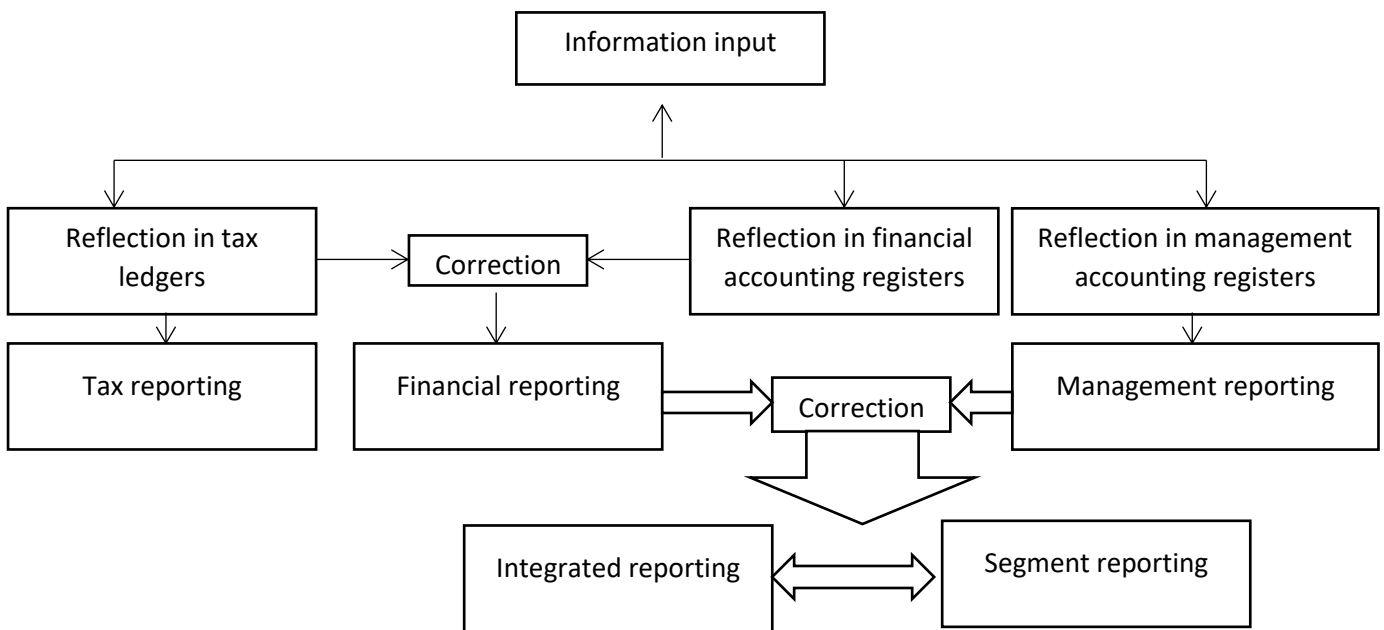
In Order To Strengthen Control Over The Company's Financial Flows, We Propose To Introduce A Treasury System For Managing Financial Flows In The Uzbek Railways JSC. Our Research And Analysis Of The Use Of The Treasury System At The Railway Enterprises Of Such Developed Countries As Great Britain, Canada, Germany, Japan And Russia Has Shown Their Effectiveness. The Treasury System Is Designed To Strengthen Control Over The Targeted Spending Of Funds. Considering That In UZR JSC Financial Flows At All Management Levels Are Formed Using Modern Information Technologies, The Introduction Of The Treasury System Will Increase The Efficiency Of The Company's Revenue And Expenditure Management At All Levels, Including Measures To Optimize The Company's Tax Budget. Picture 2 Shows The Proposed Structure Of The Treasury System At UZR JSC.

Corporate Tax Budgeting Directly Depends On The Correct Management Of The Process Of Formation Of Financial Tax Flows To Minimize Or Optimize Tax Payments By The Taxpayer. In The Theory And Practice Of Tax Management, There Is A Rule According To Which, With A Tax Burden On An Enterprise Of Up To 15%, There Is No Need To Minimize (Optimize) Tax Flows, Since The Costs Of

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Implementing This Process Will Exceed The Effect (Savings On Taxes); With A Higher Tax Burden, It Is Advisable To Introduce Individual Elements Or A Full-Fledged Tax Management System (The Higher The Tax Burden, The Higher The Efficiency Of Tax Decisions). If The Tax Burden Is In The Range From 15% To 30%, Then It Is Advisable To Apply Methods Of Minimizing Tax Payments, And If The Burden Exceeds 30%, Then It Is Necessary To Develop And Implement A Tax Optimization System At The Enterprise [3].

Integrated (Consolidated) Reporting Is A New Type Of Enterprise Reporting That Combines A Variety Of Information About The Company's Activities, Obtained In Financial And Management Accounting, As Well As With The Help Of Other Tools For Obtaining Information In Order To Fully And Comprehensively Disclose The Features Of The Functioning Of An Economic Entity, The Results Achieved, Development Prospects With The Goal Of Sustainable Development (Figure 3)



**Figure 3.** Proposed Organizational Structure Of The Treasury Of JSC "UZRW"

Indicators Of Integrated Reporting Can Be Obtained Only To A Small Extent In The Financial Accounting System, Most Of Them Are Formed In Management Accounting, As Well As Using Other Methods Of Collecting Information (Polls, Questionnaires, Market Research). To Facilitate The Implementation Of Integrated Reporting, It Is Advisable To Use The Proposed Classification Of Integrated Reporting Indicators.

### **Conclusions:**

The Practice Of Managing Financial Flows Shows That Data For Reporting Can Be Generated In System Accounting (Financial, Management) And Outside Accounting Systems (Through Questionnaires, Surveys, Research Of Internet Resources, Analytical Samples, Etc.). When Identifying The Stages Of Implementing Integrated Reporting At A Particular Enterprise, It Is Necessary To Take Into Account The Varying Degrees Of Detail In Measures To Prepare The Company's Accounting System For The Formation And Control Of Financial Flows.

There Are Two Main Stages:

- 1) Preparation Of An Information Base For The Preparation Of Integrated Reporting;

2) Organization Of The Presentation Of Integrated Reporting.

Within Each Stage, A Specific System Of Indicators Is Proposed That Characterizes The Activities Of The Enterprise. Thus, In The Management Of Financial Flows Of A Railway Transport Enterprise, The Proposed Form Of Integrated Reporting Provides Current, High-Quality, Timely, Complete And Reliable Information About The Company And Contains Data On The Company's Long-Term, Strategic Plans For The Future.

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