

**Using lean accounting tools in the show of the cash flow
statements**

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Abstract:

The aim of this study is to identify the concept of the financial statements in general and the cash flow statements in particular, which is the seventh standard of international accounting standards issued by the International Accounting Standards Committee (IASC), in addition to the methods and steps of preparing this cash flow statements and its significance in providing important information to investors in time to make decisions. This study shows the meaning and concept of Lean Accounting and the significance of using the lean accounting tools and the most important elements of application in the preparation of cash flow statements for institutions. Through this study was reached to requirement in economic institutions when issuing cash flow statements to benefit from the advantages and benefits we offer, as well as to reduce the waste of time, effort and cost and the need to spread the culture of the system of lean between staff, employees and senior management alike. This study showed the requirement to prepare the staff and train them well to enable them to identify weaknesses and work to eliminate them quickly, and the need for management to keep up with what is new in the administrative sciences, and work to develop the work environment in line with new developments.

Keywords: Lean Accounting, Cash Flow Statements, Financial Statements, Economic institutions

Research problem:

Any delay in the production of the financial information of the institution or the loss of time will lead to a delay in preparing the financial reports that contain that information.

Research objective:

to get rid of wasted time and effort represented in unnecessary operations to achieve the highest level of efficiency in terms of preparing the cash flow statement at the lowest cost and effort and as soon as possible.

Research methodology:

The research relied on the descriptive method and the analytical method in analyzing the sources, conference papers and researches that were relied upon in writing the research and the inductive approach to extrapolate the accounting literature for lean accounting and prepare a list of cash flows to reach the results.

Research hypothesis:

The use of lean accounting tools leads to reduced waste and waste of resources and time, reduced costs, and increases the level of performance in preparing and presenting the list of cash flows and delivering them to the beneficiaries in a timely manner.

Principles of Lean Accounting

- Lean and Simple Business Accounting
- Accounting Processes that Support Lean Transformation
- Clear and Timely Communication of Information
- Planning and Budgeting from a Lean Perspective
- Strengthen Internal Accounting Controls

Steps to apply lean accounting in organizations

- 1- We must link the flow of value with the organization's strategic goals.
- 2- The flow of profit and value must be developed and improved, and where value flows are lost.
- 3- The financial staff must be trained in the value flow strategy to make sound decisions using lean accounting tools
- 4- Analyzing cost data to support lean accounting operations.
- 5- You must neglect and omit complex financial transactions.
- 6- The pricing must be on the account of cost and to determine the break-even point in the competing markets.
- 7- Training and developing the capabilities of employees and leaders of institutions on the lean accounting system

(Huntzinger, JR, 2007).

Areas of use of lean accounting

There are four areas of using lean accounting and they are:

- 1- Manufacturing practices
- 2- Performance measures
- 3- Accounting practices
- 4- Investment management

Conclusions and recommendations

• Conclusions

- 1- The use of lean accounting tools has an effective role in reducing costs in organizations.
- 2- Lean accounting provides the data and information necessary to make decisions in a correct, proper and implementable manner.
- 3- The accounting system is characterized by the multiplicity of records and statistical statements, and there is repetition and multiplicity in its operations, especially the operations of deposits and withdrawals.
- 4- Lean accounting tools are not limited to the tools mentioned in this study. Rather, any method that can be used to reduce waste and waste of time and resources can be supportive of the application of lean accounting as the organization is in a state of constant updating in production methods and manufacturing plans, and for this it is not possible to limit A specific number of tools and considered the ultimate lean accounting tools.
- 5- The cash flow list helps in evaluating historical and current cash flows, as well as contributing to the detection of future cash flows that pertain to the economic unit and thus contribute directly to investment decisions by providing data and information through which it is possible to determine the location of assessing profitability and flexibility as well as the weaknesses and strengths of institutions Economic.
- 6- The results of the cash flow indicators may be positive (cash surplus) or negative (cash shortage) and the reason for this is that it is the difference between the incoming and outgoing cash flows for its activities (operational, investment and financing) and this is what distinguishes it from other financial indicators in the other lists. .

7- Rationalization in financing decisions by paying attention to cash flow data brings many advantages, and it is a clear picture of the monetary difficulties and obstacles that institutions face in addition to their effective aspect in their role in forecasting.

8- Reducing financial distress in the economic institution is a guarantor of ensuring the achievement of its strategic objectives of achieving stability and growth and obtaining the expected returns.

• **Recommendations**

1- The necessity of holding training courses and workshops to educate the employees and supervisors of the production process, especially the officials and those in charge of preparing the financial statements and the statement of cash flows, as well as the senior management to provide them with practical experiences in how to use lean accounting tools, methods and methods in preparing the financial statements.

2- The necessity of working on the use of lean accounting tools, especially those related to them, in preparing the statement of cash flows because it provides the necessary information to take decisions and prepare reports clearly and easily in a timely manner.

3- The necessity of using lean accounting tools in a way that reduces redundancy and repetition of the same accounting operations to reduce waste of time, effort and cost.

4- It is necessary to urge economic institutions to provide data and information related to the financial statements and the list of cash flows related to their financial performance by using rational accounting tools.

5- The need for the administration to keep abreast of everything new in the administrative sciences, and to work to develop the work environment in line with the new developments.

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