

# *Cash Flow Analysis of Clothing Company—Take Shengye Clothing Company as an Example*

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**Abstract:** Cash is of great significance to the production and operation of enterprises. Cash flow has always been regarded as the "blood" of enterprise operation, especially affected by the COVID-19 epidemic. If not paying attention to the management of cash flow, business operation is bound to be worse. Therefore, it is necessary to study the cash flow problem of enterprises. The article is based on this context, using the methods of literature inquiry, case analysis and comparative analysis, on the basis of cash flow related theory, take Shengye Clothing Company as a case, analyze the cash flow from the three aspects of business activities, investment activities and financing activities. Through the analysis, it is found that there are some problems of low efficiency of operating cash, annual decline of cash income of investment projects and a relatively large proportion of bank loans in the cash inflow of financing activities. In response to this issue, it is proposed to improve the efficiency of cash operating activities, increase cash income from investment projects, reduce the proportion of bank loans flowing into financing activities, and help Shengye Clothing Company improve its cash flow management level.

## **1. Introduction**

### **1.1 Research Background**

The national economy has shrunk due to the impact of COVID-19, and business operations have also been affected against this background, especially for small and medium-sized enterprises. And cash is the "blood" in the process of small and medium-sized enterprise management, only have sufficient funds, to ensure that small and medium-sized enterprises can be in the epidemic environment for normal turnover, but for now, most of the small and medium-sized enterprises in the process of management failed to cash, lead to cash flow problems in the enterprise, not timely provide funds for the enterprise management. According to the national finance department, in 2022 our country small and medium-sized enterprises have cash fell 30.23% from the previous year, it shows that small and medium-sized enterprises in the current management process of lack of sufficient funds, so based on the above background, the article choose insufficient cash flow of small and medium-sized enterprises clothing company, for example, to analyze the cash flow, found that the existing problems of cash flow in the epidemic environment, and puts forward the relevant

countermeasures, in order to promote the healthy development of clothing company in the future.

## **1.2 Study Purpose and Significance**

### **1.2.1 Purpose of Research**

Through the systematic analysis of the cash flow of Shengye Garment Company, the situation of the cash flow of Shengye Garment Company is deeply studied, the problems in the cash flow are found, and the corresponding measures are given. There are three purposes listed below.

(1) We hope to help Shengye Garment Company fully understand the importance of strengthening cash flow management to enterprise operation and form a consensus among all the employees of the company.

(2) We hope to help Shengye Clothing Company to deeply study the weak links existing in the cash flow management, find out the causes of the existing problems, improve the internal control system, and improve the level of cash management.

(3) Hope to provide reference suggestions on cash flow management for enterprises in the same industry.

### **1.2.2 Research Meaning**

As China has completed the building of a moderately prosperous society in all respects, people's living standards have been continuously improving, and high-quality economic and social development has become the new normal. As directly related to People's Daily life of the garment industry faces increasingly fierce market competition, and two years of the influence of the new crown outbreak, clothing enterprise production and management difficulties, enterprises to realize the ideal income full of uncertainty, and small and medium-sized enterprise financing difficulties, financing expensive, some clothing enterprises by the lack of operating funds, ShengYe clothing company is a typical example. Therefore, it is of great practical significance to study the cash flow management problem of Shengye Garment Company.

(1) Through the study, analysis sheng industry clothing company analysis of cash flow to its daily production and operation, especially in the new crown outbreak of public emergencies under the impact of cash flow, can help dress company to improve the attention of cash management, enhance risk awareness, to strengthen cash management, in order to improve its production and operation ability.

(2) It helps to promote the construction of the internal control system of enterprises, improve their ability to obtain cash inflows, accelerate inflows, and carefully analyze the purpose of cash outflows to control cash outflows, ensuring that the enterprise has a relatively safe net cash flow, ensuring the smooth progress of production and operation, and enhancing its ability to survive and develop.

(3) It can provide certain reference and reference for enterprises with cash flow management problems in the same industry.

## **1.3 Research Status, Both at Home and Abroad**

### **1.3.1 Current Situation of Overseas Research**

Moussa A (2020) points out that the total inflow and outflow of the company's cash flow refers to the flow of the company's cash flow, and the inflow of cash refers to the sales volume of the company's goods, the supply of labor and various daily activities, while the outflow of cash refers to the company's investment in financing activities and procurement of raw materials. By studying the

problems of enterprise cash flow management, we can improve the planning and management of the actual cash flow of the enterprise's work, so as to improve the actual cash control ability of the enterprise, so that the working system can be improved[1].

Temtime Z T (2021) proposed that the cash flow management of modern enterprises should be organically combined with the future development strategy of the enterprise, the management system process should be organically combined with the management system established within the enterprise, and the strengthening of the management in the overall operation of the enterprise should be organically combined with the enterprise cash flow rate management[2].

Wadesango N (2020) pointed out that the cash flow management for the enterprise business activities need a large amount of liquidity guarantee, which also can explain the cash flow management is good or bad, for an enterprise future development plays a decisive influence, and through the analysis of enterprise own internal and external actual environment, reasonable grasp the development direction of various financing direction and specifications, and the effective management of cash flow of future development also is of great significance[3].

### **1.3.2 Status Quo of Domestic Research**

Chen Wen (2022) believes that there is a close correlation between cash flow, financial position and risks in the company's operating process. The cash flow situation is the alarm for the financial risk of the enterprise, which has the following three aspects: first, the cash flow situation reflects the repayment ability of the company; second, the capital flow situation reflects the operating strength of the company; third, the analysis of the capital flow helps to prevent the false financial statements of the company[4].

Zhou Wangyang (2022) pointed out that the cash flow management of operating activities will face problems such as scattered investment funds, ineffective planning and inefficient operation, so in order to improve the above problems, we must do a good job in the cash flow analysis of operating activities, but also must pay attention to the rationality of the composition of cash flow of operating activities[5].

Cong Ailing (2022) believes that in the management mode of cash flow, the company retains the more cash, the better, which will cause a lot of time and cost of the company to obtain profits. In the control of the cash flow, the high deviation rate of the cash inflow from operating activities increases the operation risk of the company's financing activities. There is also an unreasonable status quo in the cash inflow planning of financing activities, thus losing the guiding role of capital planning[6].

To sum up, foreign researchers first have the main body consciousness of enterprise cash flow management, and promote the formation and development of cash flow statement, so as to deeply study the main influencing factors of enterprise cash flow, the association between cash flow and enterprise investment and financing activities, the safety of enterprise cash flow and other aspects. At present, the main research results of cash flow management of related enterprises in China roughly include both theoretical research and case study. Domestic and foreign researchers evaluate the company's value creation ability from the perspective of capital flow through the preparation and analysis of the company's cash flow statement. Due to the late start of domestic research on enterprise cash flow management, the research on specific corporate cash flow management is relatively few. Therefore, on the basis of previous research results, this paper analyzes the cash flow of Shengye Garment Company.

## **1.4 Study Content and Methods**

### **1.4.1 Research Contents**

This article mainly consists of four parts. The first part is an introduction, explaining the background, purpose, and significance of the research, as well as the current research status and methods at home and abroad; The second part is the relevant theoretical section, which elaborates on the significance, types, content, and related analysis methods of cash flow; The third part is the current situation analysis section, taking Shengye Clothing Company as an example, analyzing the cash flow status from three aspects: operating activities, investment activities, and financing activities. It is found that there are problems such as low efficiency in operating cash usage, decreasing cash income from investment projects year by year, and cash inflow from financing activities; The fourth part is divided into the solution part, and based on the existing problems in the previous part, relevant countermeasures are proposed to improve the future cash flow management level of Shengye Clothing Company.

### **1.4.2 Research Method**

#### **(1) Literature Query Method**

Through the retrieval of the articles related to the cash flow management to be studied, we can more clearly understand the development process and status of the cash flow management work, but also can establish an impression system of the cash flow management work, and have a comprehensive understanding of it, so as to facilitate the smooth progress of the future research paper.

#### **(2) Case Analysis Method**

This paper will take the specific company of Shengye Garment Company as the main research object, carry out a specific analysis of its cash flow, and according to the actual operation status and financial management status of Shengye Garment Company, the problems facing its cash flow, so as to provide more targeted solutions.

#### **(3) Method of Comparative Analysis**

The article mainly compares the cash flow indicators of Shengye Garment Company from 2020 to 2022 to more intuitively understand the problems in the cash flow management of Shengye Garment Company, and put forward relevant solutions to promote the cash flow management of Shengye Garment Company in the future.

## **1.5 This Paper Intends to Solve the Problem**

This paper mainly on the clothing company as a study case, analyzes the cash flow, through the analysis found in the cash flow operating cash efficiency is not high, investment project cash income decline year by year and financing activities in the bank loans accounted for the larger problem, according to the above problems put forward relevant countermeasures, in order to promote the cash flow management level in the future.

## **2. Related Concepts and Research Basis**

### **2.1 The Meaning of the Cash Flow**

Cash flow refers to the difference between the expenses and income of the expenses of the operating activities and financing activities after the company has been received or paid as the main measurement criterion in a fiscal year[7]. The cash inflows here include: first, all cash for the

annual promotion of products and the provision of labor income; second, the sale of residual value income in the fixed assets; third, all cash obtained for the recovery of funds or investment income; and fourth, all other cash income, namely all cash income that does not meet the above conditions [8]. Net cash of the Company includes: first, all cash expenses for business activities; second, all cash expenses for the operation and renovation projects of the Company; third, employee salaries and various benefits expenses; fourth, various taxes and fees; fifth, the Company does not meet other cash expenses of the above four items. In addition, the definition of enterprise cash flow also involves the flow direction and speed of cash flow. Cash flow mainly reflects the distribution of cash in enterprises, and the scientific management of cash flow can improve the utilization rate and economic benefits of cash in enterprises[9].

## **2.2 The Type of Cash Flow**

Cash flow management is the process of forecasting, implementation, management, feedback, and analysis and evaluation based on the entry, outflow, and net flow of cash flow, and the total amount and duration of the current and future operating time[10].

Cash flow from business activities refers to the activities of an enterprise to complete the manufacture, sales or provision of goods, which is the main transaction content and matters of the company. Such as purchasing raw materials, manufacturing products, etc[11].

Cash flow from financing activities refers to the economic activities of the Company for the acquisition or construction of long-term fixed assets and the financing beyond the scope of cash equivalents, and the entry and outflow of cash formed through disposal. Such as the purchase and sale of fixed assets, loan issuance and return, etc[12].

Cash flow from investment activities refers to commercial activities that enable changes in the size and composition of the company's assets and debts. Such as cash invested by the company, loans obtained to commercial banks, etc.

## **2.3 Content of the Cash Flow**

Initial cash flow refers to the cash flow incurred at the beginning of the investment, which generally includes the following parts: First, the investment in fixed assets. Including the purchase or construction cost, transportation cost and installation cost of fixed assets; second, the investment[13] in current assets. Including investment in current assets such as materials, products, finished products and cash; third, other investment expenses. Refers to the employee training fee, negotiation fee and registration fee related to the long-term investment; fourth, the variable price income of the original fixed assets. This mainly refers to the cash income from the sale of the original fixed assets when the fixed assets are updated.

Operating cash flow refers to the amount of cash inflow and outflow caused by production and operation in the life cycle after the investment project is put into use [14]. This cash flow is generally calculated in years. Cash inflow into cash here generally refers to operating cash income. Cash outflow refers to the operating cash expenses and taxes paid.

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## **2.4 Analysis Method of Cash Flow**

Ratio analysis method: it is to analyze the cash flow through the relevant ratio, this method can

more intuitive understanding of the current cash flow of the enterprise, and according to the change of each ratio, understand the real reason for the existence of cash flow management problems.

Index analysis method: in fact, according to the cash flow statement of the cash flow analysis, through the analysis to understand the cash flow under the indicators changes, generally speaking, usually from the business activities, investment activities and financing activities in the three indicators to analyze.

### 3. Shengye Clothing Company Cash Flow Status Quo Analysis

#### 3.1 Shengye Clothing Company

Rizhao Shengye Garment Co., Ltd. was established on August 24, 2011, with a registered capital of 3 million yuan. Its registered place is located in Gongjiazhuang Village, Yuli Town, Wulian County, Rizhao City, and its legal representative is Wang Fujian. The business scope includes the processing and sales of clothing; the sales of textile materials, textile equipment, sewing equipment and accessories; the import and export of general goods, except for the goods restricted or prohibited by the state (the above scope involves approval or production and operation with valid approval or license).

#### 3.2 Shengye Clothing Company's Cash Flow Status Quo

##### 3.2.1 Cash Flow from Operating Activities

The details of the cash flow of Shengye Garment Company from 2020 to 2022 are shown in the table1.

Table 1: Cash flow of operating activities of Shengye Clothing Company from 2020 to 2022

Unit: ten thousand yuan

project	2020age	2021age	2022age
Cash received from sales of goods and labor services provided	119.22	109.79	92.17
Received other cash related to business activities	80.99	80.39	87.85
Cash inflow from operating activities	200.21	190.18	180.02
Percentage of cash inflow from operating activities	55.60%	51.31%	40.89%
Growth rate of cash inflow from operating activities	20.00%	-5.01%	-5.34%
Cash outflow from operating activities	176.93	168.08	158.98
Net cash flow from operating activities	23.28	22.10	21.04

Data source: 2020-2022 financial report of Shengye Garment Company

Through table 1 sheng industry clothing company in 2020-2022 sales, provide services received cash trend of decline year by year, it shows that the company in clothing sales, and sales in Shengindustry clothing company is the main business in its business, so the clothing sales received cash reduction, cash inflow in the enterprise business activities will decrease.in addition. From 2020 to 2022, the net cash flow from operating activities of Shengye Clothing Company showed a decreasing trend year by year. The decrease in net cash flow from operating activities will affect capital flow, mainly due to the imbalance in the proportion of operating activities of Shengye Clothing Company. Without controlling 50% of the industry level, the efficiency of cash utilization from operating activities has decreased. In addition, during the period of 2020 to 2022, due to national policies and popular reasons, Shengye Clothing Company is a traditional clothing enterprise with relatively weak market competitiveness, making it difficult to attract the attention of

market consumers, resulting in a 3.63% decrease in operating rate in 2022. In summary, during this period, Shengye Clothing Company experienced slow and stagnant development, unstable cash inflows from operating activities, low efficiency in cash utilization in operating activities, and a trend towards non main business development.

### 3.2.2 Cash Flow of Investment Activities

Table 2 is a certain analysis of the cash flow of the investment activities of Shengye Garment Company from 2020 to 2022.

Table 2: Cash flow of investment activities of Shengye Garment Company from 2020 to 2022

Unit: ten thousand yuan

project	2020age	2021age	2022age
Cash inflows from investment activities	119.85	109.68	98.90
Collect the cash received from the investment	91.20	89.60	82.30
Cash received from the investment income	25.58	24.63	22.74
Other cash received in connection with the investment activities	25.10	24.22	24.16
Total cash inflows	261.73	248.13	228.10
Percentage of cash inflow from investment activities(%)	45.79%	44.20%	43.36%
Growth rate of cash inflow into investment activities(%)	9.76%	-8.49%	-9.83%
Net cash flow from investment activities	-30.16	-49.67	-60.37

Data source: 2020-2022 financial report of Shengye Garment Company

From Table 2, it can be seen that in terms of investment activities, the net cash flow of Shengye Clothing Company's investment activities has shown a decreasing trend year by year, from -301600 yuan in 2020 to -603700 yuan in 2022. This indicates that the cash income obtained from investment activities has decreased year by year, mainly because Shengye Clothing Company has not received investment income from participating companies, and the potential impact of Shengye Clothing Company's main business profits is not significant, The possibility of choosing to invest in other projects, as well as the possibility of blind investment, carries a certain degree of risk and hinders the long-term development of Shengye Clothing Company.

### 3.2.3 Cash Flow of Financing Activities

Financing is the beginning of enterprise operation and management activities, and financing risk may originate from different factors, such as financing methods, time limit and use of funds. Therefore, the paper analyzes the financing activities of Shengye Clothing Company from the perspective of financing methods and financing structure. The specific situation is shown in Table3 and Table 4.

Table 3: Cash received from loans obtained by Shengye Garment Company in 2020-2022

Unit: ten thousand yuan

project	2020age	2021age	2022age
bank advance	104.66	116.46	128.64
Cash received from obtaining loans	113.79	124.48	135.24
proportion	91.98%	93.56%	95.12%

Table 4: Cash flow statement of Shengye Garment Company from 2020 to 2022

Unit: ten thousand yuan

project	2020age	2021age	2022age
Cash received from obtaining loans	113.79	124.48	135.24
Subtotal of cash inflows from financing activities	133.97	144.84	156.78
Cash paid on the debt	95.49	104.95	106.75
Payment of other cash related to financing activities	21.20	30.92	42.14
Subtotal of cash outflow from financing activities	116.69	135.87	148.89
Subtotal of cash outflow from financing activities	17.28	8.97	7.89

As can be seen from the data in Table 4, in the financing activities of Shengye Garment Company, the cash received through borrowing accounted for almost 100% of the inflow of financing activities from 2020 to 2022, and the borrowing channels were mainly obtained through borrowing from banks and other financial institutions, indicating that the financing channels of Shengye Garment Company are relatively single. And sheng industry clothing company financing activities of cash net flow in 2020-2022 show the trend of the decline year by year, it shows that the company using the funds raised to repay their debts, still remaining part of the money, but the capital surplus is showing a downward trend, that sheng industry clothing company financing activities in the capital and debt scale change cash flow is decreasing. At present, it is mainly because Shengye Clothing Company is more dependent on bank loans in the financing process, so its own financing channel is relatively single, which affects the inflow scale and speed of the funds in the process of raising funds.

### 3.3 Shengye Clothing Company's Cash Flow Problems

#### 3.3.1 Operating Cash Is Not Very Efficient

Figure 1 shows the cash turnover of operating activities of Shengye Garment Company, which mainly analyzes the growth rate index of cash inflow of operating activities in the current part.

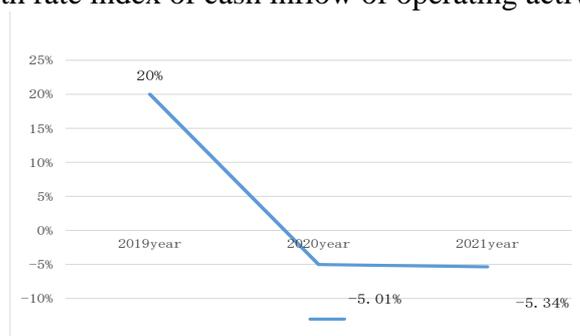


Figure 1: Operating cash flow of Shengye Garment Company from 2020 to 2022

As can be seen through figure 1, sheng industry clothing company in the business activities of cash inflow growth rate from 20% in 2020 to 2022, the phenomenon of falling year by year, this means sheng industry clothing company no cash effective use of business activities, enterprises there is a certain amount of idle cash, the existence of the cash will not only sheng industry clothing company cash resources waste, will also affect the enterprise cash turnover. The inflow and outflow of cash flow in an enterprise reflect the operating conditions of the enterprise to some extent, If the cash only flows in without flowing out, It shows that the company is not using its own cash well, Shengye Clothing Company, In the process of its development, only in order to occupy a certain market share in the more fierce market competition, Cain short-sighted behavior in enterprise

operation, Focusing on expanding the size of the enterprise, As a result, employees lack of attention to cash flow, Did to recognize the importance of cash in businesses, As a result, the funds in enterprises cannot be used effectively, You also need to raise money to get money. In addition, Shengye Garment Company did not maintain a certain balance between the dynamics of the capital in the enterprise, resulting in the outflow is greater than the inflow. The existence of this phenomenon will affect the cash flow management of the enterprise, and may lead to the rupture of the capital chain of the enterprise.

### 3.3.2 The Cash Income of Investment Projects Has Decreased Year by Year

Figure 2 shows the change of cash income in the investment activities of Shengye Garment Company from 2020 to 2022. The cash items received from the current investment income are mainly selected as the analysis indicators.



Figure 2: Investment income of Shengye Garment Company from 2020 to 2022

As can be seen from Figure 2, the cash income of Shengye Garment Company in investment activities decreased from 255,800 yuan in 2020 to 227,400 yuan in 2022, showing a downward trend of decline year by year, which indicates that the use of cash in investment activities is relatively low. This is mainly due to the low investment penetration rate of Shengye Garment Company in new projects, and few enterprises cooperate. So, the enterprise's overall project investment plan is not adaptable to the operation of the enterprise development, to a certain extent also affect the enterprise customer cooperation consciousness, and sheng industry clothing company for investment project management ability is weak, lead to the company in the rapid expansion stage performance failed to achieve, or internal enterprise did not pay attention to the analysis of the reasons will continue to blind investment, may make money failed to reasonable use and idle condition.

### 3.3.3 Financing Activities of Cash Inflow into the Bank Loans Accounted for a Relatively Large Proportion

Figure3 shows the acquisition of funds in the financing activities of Shengye Garment Company from 2020 to 2022, mainly using the ratio of cash received from the loans in the financing activities and the proportion of cash inflow from the financing activities.



Figure 3: Financing situation of Shengye Garment Company in 2020-2022

Can be seen through figure3, ShengYe clothing company financing activities of cash flows into bank borrowing is larger, and presents a rising trend of the year by year, this shows that ShengYe clothing company in financing activities is relatively single, mainly through the way of bank borrowing funds, mainly due to ShengYe clothing company is still in the primary stage of economic development, no financing more reasonable plan, so the more inclined to bank loans in the financing process. Although ShengYe clothing company efforts to raise funds more diversified, but based on the huge need for capital and enterprise long-term existence in this field, to better find investment opportunities and financial costs, to balance the effect of capital utilization and improve its efficiency, the enterprise can only rely on new loans or return the old loan way to solve. At present, sheng industry clothing company financing way is single, mainly reflected in the company only through the bank loan to complete the money raising, and cannot increase the proportion of endogenous financing, make sheng industry clothing company in the process of financing risk, not good to promote the normal operation of the company, at the same time, will make the enterprise to the company's credit situation and ability to form a question, and the enterprise will for a long time of review, to some extent, the best time to delay the company financing, also improve the company financing cost.

## 4. Solutions to the Cash Flow Problem of Shengye Garment Company

### 4.1 Improve the Efficiency of Cash Use in Business Activities

#### 4.1.1 Strengthen the Importance of Cash Flow

First of all, for the senior management of Shengye Garment Company, it is necessary to establish the operating mentality of taking cash flow as the king, and abandon the operation idea of only paying attention to the creation of gross profit margin and ignoring the capital flow cycle. Facing clothing market Jiang Zheng more intense, ShengYe clothing company need to change short-sighted, don't be blinded by the increase their market share, to fundamentally face the company surface good operation hidden behind the huge cash flow crisis, should not strides for business expansion, and need to put the business center on the huge cash flow problem. Enterprise operators and managers should not only focus on the company's revenue and profit, the company's market performance, and ignore the influence of capital flow, so in the company business activities, to have proactive, not only for profit procurement business plan, marketing, products, artificial, but according to the need for the specific business development plan to make more long-term plan, to prevent short-sighted. At the same time, cash flow awareness should be effectively regarded as the code of conduct for all companies. Through the reasonable arrangement of business activities of employees at all levels of the enterprise, the strict establishment of corresponding rules and regulations to promote employees

to enhance the awareness of cash flow control. Only by effectively paying close attention to the role of cash flow in the thinking level, and strictly establishing the system construction related to cash flow in enterprise behavior, can Shengye Garment Company further enhance the comprehensive strength of enterprises to fight against cash risks.

#### **4.1.2 Maintain the Dynamic Balance of Funds**

Shengye clothing company should maintain a balance through its own capital dynamics, and ensure that the inflow and outflow of cash in the enterprise are within a reasonable proportion and scope, only in this way can it better improve the use efficiency of funds in the enterprise. ShengYe clothing company can be established in the enterprise cash flow and outflow contrast table, and set up the relevant personnel control, the personnel can be selected from the financial department, in the prescribed date by the personnel will summarize cash flow and outflow, once the proportional imbalance, goes back to each departments to adjust, and to a certain extent will money dynamic balance.

### **4.2 Increase the Cash Income of Investment Projects**

#### **4.2.1 Make a Reasonable Investment Plan**

Shengye Garment Company should make a scientific and reasonable investment plan before the investment, which is the cornerstone and premise of the stable investment of Shengye Garment Company. In the process of developing investment planning, it is necessary to fully consider the following main issues: firstly, as the capital composition of Shengye Clothing Company is mainly composed of working capital and belongs to a leading commercial enterprise, the foundation of investment planning is to focus on the company's current operations, determine the company's current strategic position in the Chinese clothing market, and formulate a reasonable industrial differentiation strategy, Clarify the company's unique target consumer group and special market, focus on further developing the company's main business areas, and further enhance the company's market strength; Secondly, measure whether the investment project can form a synergistic effect with the company's existing main business, whether it can effectively promote the implementation and development of the company's existing main business, and prevent overly aggressive investment decisions; Finally, it is necessary to fully consider the internal and external factors of the enterprise, and consider whether the invested construction project can be smoothly put into operation and whether it is feasible.[16] If there are some adverse factors affecting the development of business management, it is necessary to carefully consider whether to invest. At the same time, it is necessary to grasp the quality of decision-making, and all organs within the organization organs should fully discuss and scientifically evaluate the implementation of decision-making, and choose the best method from a variety of alternative methods of investment, so as to formulate a scientific and reasonable investment plan.

#### **4.2.2 Improve the Management of the Investment Process**

The various investment management practices of Shengye Clothing Company should pay attention to the following important aspects: firstly, in the organization and management of investment activities, the enterprise must improve the corresponding investment activity project management mechanism, scientifically and reasonably decompose investment activity responsibilities, fully utilize material resources, and ensure that everyone is responsible, in order to improve the efficiency of the enterprise's actions in the investment process; The second is to strictly manage and standardize the direction of enterprise investment funds, further improve the

effectiveness of capital use, greatly reduce capital consumption, and timely measure the planned capital investment and actual fund use. Once there is a significant gap, enterprises should proactively identify the reasons, adjust investment strategies in a timely manner, and implement a reward and punishment system to ensure the reasonable implementation of enterprise investment plans; Thirdly, establish risk awareness in financing management.[17] Financial, audit and internal management personnel work together to supervise the whole process of funds, to prevent a large amount of cash being squeezed and embezzlement, unreasonable capital investment, so as to ensure the smooth development of all investment business.

### **4.3 Reduce the Proportion of Cash Inflows from Financing Activities**

#### **4.3.1 Develop a Reasonable Financing Plan**

Shengye Clothing company can give full play to the time value of enterprise accounts receivable and use the company's accounts receivable to achieve investment. This way can reasonably reduce the recovery period of the company's accounts receivable, thus reducing the cost and cost of holding accounts receivable, and also improving the effectiveness of managing the company's funds. [18]Among them, Shengye Garment Company can roughly divide the management mode into two categories: on the one hand, Shengye Garment Company can directly transfer the debt period of accounts receivable to other institutions, while the debtor can directly return its funds to those institutions within the maturity date of the debt. Under this mode, once the financial institution has no recourse against its original debtor and the enterprise, then Shengye Garment Company will not have to bear the claim liability for its subsequent related matters. However, through the securitization of accounts receivable, because the accounts receivable of Shengye Clothing Company is relatively low liquidity in the financial market, although the company can realize financing by directly converting its accounts receivable into stocks, it also faces considerable risks and imbalance in the securities market. To sum up, the most rapidly developing and the least risky one in the accounts receivable investment is the sale of accounts receivable. With a good foundation of goodwill and integrity protection, Shengye Clothing Company can use sales and other methods to directly conduct receivables to other companies to achieve financing, which can not only reduce the risk of the company, but also optimize and enhance the company's capital composition and value in the international market.[19]

#### **4.3.2 Adopt Diversified Financing Methods**

ShengYe clothing company can also consider through financing to supply chain finance company, supply chain finance company can put the core of the company and the downstream subsidiary more closely together, and use the collaboration between commercial Banks and other third parties, for the enterprise with accounts receivable of credit pledge, production of finished product pledge loans and other financing means, let the company in the stages of operation of human resources have the opportunity to quickly converted into high liquidity enterprise financing. Because the investment cost generated by the third-party mutual guarantee is relatively high, so Shengye Clothing Company may also consider the method of mutual guarantee investment.[20] However, this kind of financing mode may lead to the enterprise management risk and the corresponding loss to further expand the phenomenon, according to the fact that industry clothing company must strengthen the establishment of mutual insurance relationship and other enterprises with strict research and review, also must take corresponding normative standards for its business situation, the ultimate purpose of this measure is to reduce industry clothing company and mutual insurance enterprise involving the risk of possibility. Shengye Garment Company must also require that the

credit level and business situation of the mutual insurance enterprise are good, but not allowed to have internal non-performing assets, but also requires that the area of the mutual insurance enterprise must be the same as the enterprise, and have good development advantages.

## 5. Conclusion

In the context of the epidemic, the company should avoid blindly expanding the scale and seeking to improve the company's revenue, and focus on the company's development on the control of cash flow. Therefore, this paper makes a systematic analysis of the cash flow status of Shengye Clothing Company, and finds out the key problems that it faces, so as to get the following relevant conclusions:

(1) Shengye Clothing Company should make full use of the cash owned in the operation and improve the use efficiency of cash, which can not only strengthen the cash flow of cash in the company, but also better make the value of cash play in the operation process and provide sufficient cash for the company's operation.

(2) ShengYe clothing company should improve their cash income in investment activities, for now the company's investment cash income presents a trend of decline year by year, this shows that the company is not in the investment link to reasonable use, cause waste of cash resources, so in order to ensure the cash flow of investment activities, ShengYe clothing company need to improve before investment plan and process, ensure the effective use of cash in the company's investment activities.

(3) ShengYe clothing company should reduce bank loans accounted for the proportion of cash financing activities, for example, this single financing channels will lead to the company's financing risk, so the company in the process of financing cash need to develop reasonable financing plan, according to the plan to adopt diversified financing way, the cash flow problems in the process of financing activities to effectively avoid.

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