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The Relevance of the Statement of Cash Flows in the Decision Making of Business Organizations: The Experience of the Banking Industry in Nigeria

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Abstract: The statement of cash flow provides an important ingredient for rational decision-making as regards the financial stability and viability of an organization. The success and survival of every organization depends on its abilities to generate enough cash inflows to meet its objectives. The study examines the relevance of the statement of cash flows in the decision making of an organization with a particular emphasis on the banking sector in Nigeria. The survey research design was adopted. The population of the study consists of commercial banks in Nigeria. The target population of the study consists of 750 employees of the 21 deposit money banks in Port Harcourt metropolis. A sample size of 261 was determined using Taro Yamen formula. Structured questionnaire was used as an instrument for primary data collection and was designed in Likert scale 5 points format ranging from strongly agreed = 5 to strongly disagreed = 1. It was evident from the empirical results that significant and positive relationship exists between cash flow and decision-making. On the strength of this findings, it was recommended that Regulatory Authorities such as the Financial Reporting Council of Nigeria, and the Securities and Exchange Commission should develop a strong policy framework that will encourage the banking sector and other organizations to establish a result oriented cash flow system; that will enable the investing public to evaluate the financial viability and liquidity of an organization and to avail themselves of any financial risk capable of eroding their investment.

Keywords: Statement of cash flow; Decision-making; Operating activities; Investing activities; Financing activities.

1. Introduction

Companies survive because they have cash, which is sufficient to meet their obligations as they fall due. They fail when they have insufficient cash. Cash is defined in terms of liquidity and cash flow is concerned with variation in liquidity. Cash includes not only cash itself but also any instrument that can be converted into cash quickly. The statement of cash flow seeks to identify changes in cash and cash equivalent (IAS, 7). We must therefore be interested in the ability of companies to generate cash as well as the source of the cash generated. The importance of this assertion stems from the fact that cash represents the organization's vascular system, and if it fails or dwindles, the business will not survive. A profitable enterprise could experience liquidity issues if it does not put in place a functional template to manage its cash flow effectively and efficiently. Therefore cash flow management is not just about liquidity and survival of the firm but it also involves the process of generating and utilizing cash resources optimally.

The statement of comprehensive income and the statement of financial position alone do not tell the whole story about organization overall performance. They are not enough to fully convey the results of operations of an entity. Considering only the statement of comprehensive income and the statement of financial position of an organization can result in erroneous interpretation of financial statement information as organization experiencing a liquidity crunch may dispose off a profitable segment of its business. The immediate cash generated from the disposal may result in substantial cash balance in the statement of financial position at the end of the year. To the unsuspecting users of financial statements, the cash injection through the disposal might make the going-concern and the liquidity position of the organization to be robust and stable. However, the disposal of the profitable unit may in the long-run pose a threat to the survival of the firm. There is therefore a need to indicate or disclose how the entity generated the cash. Finkler and Ward (2006) assert that statement of cash flows detail where cash resources come from and how they are used. It provides more valuable information about liquidity than can be obtained from the statement of comprehensive income and statement of financial position.

As an integral component of organization financial statements, statement of cash flow can reveal the cash inflows and outflows of an entity. This information is relevant to management and users of financial statement in evaluating the performance and the liquidity position of a business enterprise. A statement of cash flow when used

together with other component of financial statements, such as statement of comprehensive income, statement of financial position and statement of changes in net assets and other relevant notes to the accounts, provides relevant information that enables interested parties to appraise a company's financial structure, and to determine the ability, timing and certainty of cash generated by an entity. According to Osirim and Wadike (2016), Statement of cash flow shows the cash receipts and payments of organization over a period as well as reveal clearly how cash generated are utilized.

Adejuwon (2011) asserts that the economic decisions that are taken by users of financial statements require an evaluation of the ability of an entity to generate cash and cash equivalents and the timing and certainty of their generation. Financial statement such as statement of cash flow are prepared to assist users in the evaluation of the liquidity and solvency of the organization and to assist management in planning, control and in making rational decision. Despite a background of intensive studies on the concept of statement of cash flow, a rigorous empirical study on the influence of cash flows on decision-making is lacking especially within the Nigerian environment. Thus to fill this gap, this study attempts to find out the relationship and the impact of the statement of cash flow on decision making in organizations. Specific objectives of the study include to:

- ◆ investigate the relationship between operating activities cash flow and operational decisions of firms.
- ◆ investigate the relationship between operating activities cash flow and investment decisions of firms.
- ◆ investigate the relationship between operating activities cash flow and financing decision of firms.
- ◆ determine the relationship between investing activities cash flow and operational decision of firms.
- ◆ determine the relationship between investing activities cash flow and investment decision of firms.
- ◆ determine the relationship between investing activities cash flow and financing decision of firms.
- ◆ examine the influence of financing activities cash flow on the operational decisions of firms.
- ◆ examine the influence of financing activities cash flow on the investment decisions of firms.
- ◆ examine the influence of financing activities cash flow on the financing decisions of firms

To meet these set objectives, the following research questions are posited:

- ◆ To what extent does operating activities cash flow influence operational decisions of your firm?
- ◆ To what extent does operating activities cash flow influence investment decisions of your firm?
- ◆ To what extent does operating activities cash flow influence financing decisions of your firm?
- ◆ To what extent does investing activities cash flow influence operational decisions of your firm?
- ◆ To what extent does investing activities cash flow influence investment decisions of your firm?
- ◆ To what extent does investing activities cash flow influence financing decisions of your firm?
- ◆ To what extent does financing activities cash flow influence operational decisions of your firm?
- ◆ To what extent does financing activities cash flow influence investment decisions of your firm?
- ◆ To what extent does financing activities cash flow influence financing decisions of your firm?

The proposed hypotheses to test the relationship and significance of statement of cash flow on decision-making are hereby stated in null form as follows:

- ◆ There is no significant relationship between operating activities cash flow and operational decisions.
- ◆ There is no significant relationship between operating activities cash flow and investment decisions.
- ◆ There is no significant relationship between operating activities cash flow and financing decisions.
- ◆ There is no significant relationship between investing activities cash flow and operational decisions.
- ◆ There is no significant relationship between investing activities cash flow and investment decisions.
- ◆ There is no significant relationship between investing activities cash flow and financing decisions.
- ◆ There is no significant relationship between financing activities cash flow and operational decisions.
- ◆ There is no significant relationship between financing activities cash flow and investment decisions.
- ◆ There is no significant relationship between financing activities cash flow and financing decisions.

2. Literature Review

2.1. Theoretical Review

Corporate Governance Theory: According to the Organization for Economic Cooperation and Development, Corporate governance encompasses a set of processes, policies, laws and institutions affecting the way a company is directed. It also includes relationships among the stakeholders of the company and a definition of the goals for which it is governed (OECD, 2004; Cadbury Committee, 1992). Corporate governance provides the structure and policy framework for corporate decision-making, specification of rights and responsibilities of shareholders and stakeholders as well as assessing the performance and quality of management through financial reporting. Rules and policies to share power between the principals and agents and management functions were the core point in time past but it has become evidently clear recently from research that financial reporting is a major element of corporate governance. Business stakeholders can only evaluate efficiency and performance of management and make an informed decision when the information included in the financial statements is relevant and reliable. The essence is to ensure high quality and relevant financial reports of companies that could be relied upon by users of financial statements to make informed investment decisions.

Agency Theory: The theory views a business enterprise as a place of contract between the principal and agent. However, conflict of interest may arise between the agent and the principal due to varying goals between the two.

To give maximum returns to shareholders, organizations need to develop a suitable cash flow mix. The principals who are the owners of the firm could monitor the agents or managers behaviours by introducing a robust compensation plan, which will serve as an incentive to encourage the effort of the agent and hence protect the interest of the principal respectively. Besides, the agent will be motivated to reciprocate the principal or shareholder (s) by providing reliable financial reports and open accessibility to timely financial information as at when needed and hence reduce the residual loss and to enable the principal to ascertain the profit trend, liquidity and liability of the organization.

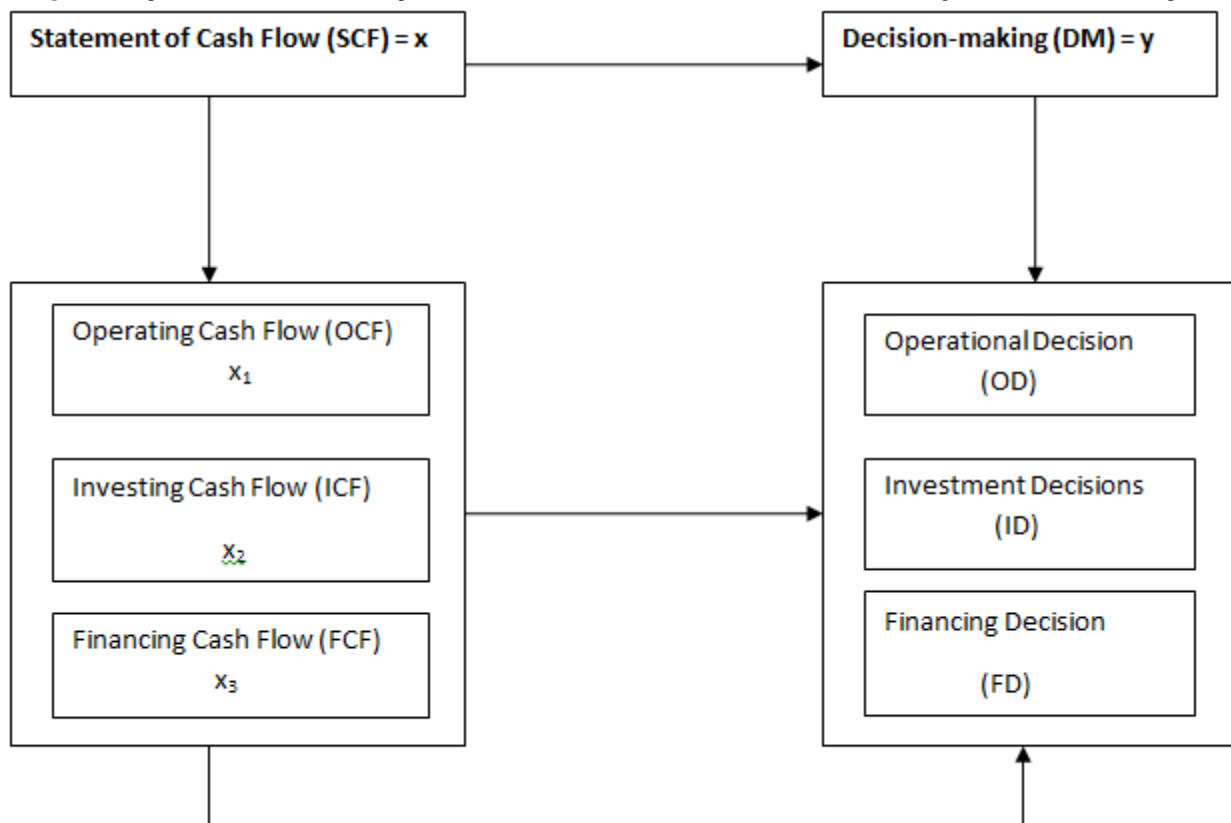
2.2. Conceptual Framework

According to Akintoye (2008), cash flows of an organization are those pools of funds that the company commits to its fixed assets (non-current assets), inventories, account receivables and marketable securities that lead to corporate profit. To improve productivity and performance, companies must choose the best mix of funds to finance its operations. Such cash flows should be well structured and judiciously utilized. This could be achieved through a careful financial planning and control decisions. The fact that a firm is profitable does not mean it is solvent. The profit is not cash. The solvency and the financial performance of the firm are set on the firm’s ability to generate positive cash flows from the operating, investing and financing activities (Ashtiani, 2005). Cash flow is an index of the money that is actually received by or paid out by a firm for certain period. This index however exclude non cash generating items such as depreciation, bonus issue of shares, refinancing of debt instruments, exchange of non momentary assets, conversion of financial instruments and the like.

Internally, managers need to know the current financial position of the firm for decision-making. According to Adelegan (2003), cash flows are more direct measures of liquidity and a contributing factor in corporate performance. Statement of cash flow helps users of financial information in obtaining relevant information about the entire financial resources of organization over a period for decision-making.

The study conceptual framework consists of statement of cash flow (independent variable) and decision-making (dependent variable). The independent variable (SCF) is operationalized along the dimensions of operating cash activities flow, investing activities cash flow and financing activities cash flow. The dependent variable (DM) is measured in terms of operational decision, investment decision and financing decision.

Fig-1. Conceptualization of the relationship between Statement of Cash Flow (SCF) and Decision-making (DM) of a business enterprise



2.3. Operating Activities Cash Flow

Operating activities are “the principal revenue producing activities of the entity and other activities that are not investing or financing activities” (IAS 7.6). Examples of cash flows from operating activities include: cash receipts from the sales of goods and the rendering of services, cash receipts from commission, fees, royalties and other revenues, cash payments to suppliers for goods and services, cash payments to and on behalf of employees, cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits,

cash payments or refunds of income taxes unless they can be specifically identified with financing, and investing activities and cash receipts and payments from contracts held for dealing or trading purpose. According to Adejuwon (2011), The amount of cash flows from operating activities is a key indicator of the extent to which the operations of the entity have generated sufficient cash flows to repay loans, maintain the operating capacity of the entity, pay dividends and make new investments without recourse to external sources of financing. The direct and the indirect methods of presenting cash flows from organizations operating activities are recommended under IAS 7.18. The direct method details the actual cash receipts and payments that are part of operating activities of the organization. Where this method is used, the information will generally be derived directly from the organizations books of accounts. This method is highly recommended under IAS 7. Where the indirect approach is adopted, the starting point will be the profit or loss for the period. Thereafter adjustments are made on the profit or loss for non-cash transactions, deferrals or accruals of income and expenditure and for items that will form part of the investing and financing activities of the entity (IAS 7.18).

2.4. Investing Activities Cash Flow

Investing activities are “the acquisition and disposal of long-term assets and other investments not included in cash equivalents” (IAS 7.6). Examples of cash flows arising from investing activities include cash receipts from the sale of, or cash payment to acquire an item of property, plant and equipment, intangibles and other long-term assets; cash receipts from the sales of or cash paid to acquire equity or debt instruments of other entities and interest in Joint Venture; cash advances and loans made to other parties (other than advances and loans made by financial institutions which is classified as operating). Cash flows from investing activities represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Cash receipts or payments arising from the sale or acquisition of a business should be shown as a net figure and identified in the statement of cash flows as part of an entity’s investing activities (IAS 7.39). The profit or loss made from assets disposal is not a cash flow and therefore is not reported in the statement of cash flows. The actual cash proceeds received on the disposal are however reported in the statement of cash flows.

2.5. Financing Activities Cash Flow

Financing activities are “activities that result in changes to the size and composition of the contributed equity and borrowings of the entity” (IAS 7.6). Examples of financing activities include cash proceeds from issuing shares or other equity instruments, cash payments to owners to acquire or redeem the entity’s shares; cash proceeds from issuing debentures, loans, bonds, mortgages and other short terms or long-term borrowings; cash repayment of the amounts borrowed and cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease (the capital element in finance lease payments made during the period). Financing activities is useful in forecasting claims on future cash flows by providers of capital to the entity.

Entities are encouraged to report cash flows from operating activities using direct method. The direct method provide information about major classes of gross receipts and gross cash payments and other information which may be useful in estimating future cash flows and which is not available under the indirect method (Osirim and Wadike, 2016).

2.6. Cash and Cash Equivalent

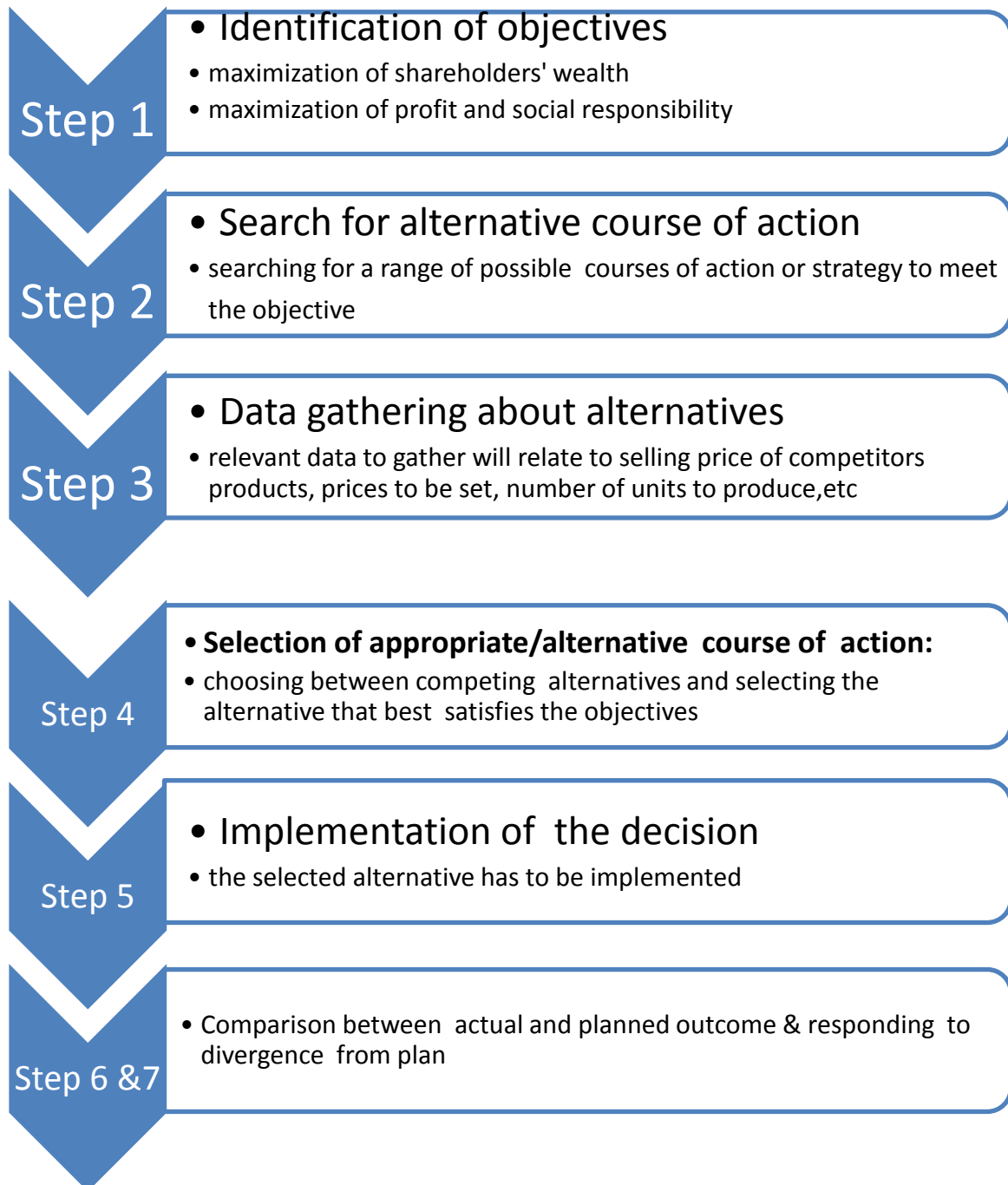
Cash is “cash in hand and demand deposits while cash equivalents are “ short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value” (IAS 7.6). To meet the definition of cash equivalent, the item should have the following basic characteristics of easy and instant convertibility, short-term maturity (three months or less from the date of acquisition) and insignificant risk of changes in value. Cash equivalent is held by organizations for the purpose of meeting short-term cash obligations as they materialize and due for settlement. They are not for long-term investments purposes. From the foregoing, cash equivalents may therefore include short-term deposits, bank deposits accounts, and government securities. Bank overdraft which normally forms part of organization’s financing activities could be included as part of cash and cash equivalents if they are repayable on demand. Equity investments are excluded from cash equivalents because they are liable to a significant risk of variation in value. They can only be treated as cash equivalents if in substance they are cash equivalents (acquiring a debenture or preference stock within a short-term of their maturity).

2.7. Decision-Making and the Underlying Theories

Decision-making is one of the main activities of management. Decision-making is a cognitive process resulting in the selection of a course of action among several possibilities based on the values, preferences and orientation of the decision maker.

Rational Choice Theory: This theory states that decision-making is reasoning or emotional process, which can be rational or irrational and can be based on explicit assumptions or tacit assumptions. Rational choice theory encompasses the notion that people try to maximize benefits while minimizing costs (Bodie *et al.*, 2004). Related to this is Franklin Theory. This is popularly referred to as Franklin rule. It entails weighing the pros (merits) and cons (demerits) of the probable outcome of a decision before making the decision.

Operational and Strategic Decisions: operational managers are concerned with the day-to-day operations of their particular subsystem with the business enterprise. Operational, investment and financing decisions are made within the framework of strategic decisions. Strategic decisions is the process of selecting or deciding on the objectives of the organization and on the changes in these objectives, and on the policies that are to govern the acquisition, use and disposal of these resources. It is the responsibilities of the top management to make strategic decisions. Strategic decisions would include such matters as the selection of product markets, the required level of company's profitability, purchase and disposal of subsidiary companies, diversification of investment (future market prospects, availability and cost of raising new funds, capital equipment needs, financing and investment decisions and other long term decisions that will assist the organization to achieve its objectives. Decision-making according to Adeniji (2012) involves these seven (7) steps:



Step 2 which involves searching for alternative courses of strategy that might enable the objectives to be achieved is the most difficult and the most vital stage in the decision making process.

3. Empirical Review

Empirical literature in this area of study is very scanty. However, the results of the research carried out by Ashtiani (2005) on the relationship between accounting ratios and operating cash flows, investments financing and stock returns show that cash flows and decision making have a significant relationship. Adelegan (2003) who

undertook an empirical analysis of the relationship between cash flow and dividend charges in Nigeria found no significant positive relationship between cash flows and corporate performance. A noticeable gap that resulted from the disagreement in the researchers outcomes warrant further investigation hence this study was undertaken.

4. Research Method

In this study, the researcher adopted survey researcher design. The choice of this method stems from the fact that it is highly reliable and could be used to elicit honest response from respondents. The study population consisted of commercial banks in Nigeria. The study units for data collection were bank employees, bank customers, shareholders and other investors in Rivers State, Nigeria. The target population of the study consists of 750 employees of the 21 deposit money banks in Port Harcourt metropolis. A sample size of 261 was determined using Taro Yamen formula $750 / 1 + 750 (0.05)^2$. Structured questionnaire was used as an instrument for primary data collection and was designed in Likert scale 5 points form (strongly agree = 5, agree = 4, indifferent = 3, disagree = 2, strongly disagree = 1). Expert opinions were consulted to validate the content and structure of the questionnaire during the pilot study. The reliability of the research instruments was determined using the internal consistency method, which was estimated at 0.704 Cronbach Alpha. This show reliability of the instrument as it is above the minimum benchmark of 0.70. A total number of 261 questionnaire were administered to the respondents and 235 copies which represent 90% rate of returns were achieved.

4.1. Estimation Techniques and Model Specification

The data collected was analyzed using Spearman’s Rank Correlation Coefficient with the aid of Statistical Packages for the Social Sciences (SPSS) version 20. The models are specified below:

$$\begin{aligned}
 DM &= f \{SCF\} \dots\dots\dots(i) \\
 OD &= f \{OCF, ICF, FCF\} \dots\dots\dots(ii) \\
 ID &= f \{OCF, ICF, FCF\} \dots\dots\dots(iii) \\
 FD &= f \{OCF, ICF, FCF\} \dots\dots\dots(iv)
 \end{aligned}$$

In a regression form, the model will appear as follows:

$$\begin{aligned}
 Y &= f \{x_1, x_2, x_3 \dots x_n\} \dots\dots\dots(v) \\
 OD &= a + b \{OCF + ICF + FCF\} + e \dots\dots\dots(vi) \\
 ID &= a + b \{OCF + ICF + FCF\} + e \dots\dots\dots(vii) \\
 FD &= a + b \{OCF + ICF + FCF\} + e \dots\dots\dots(viii)
 \end{aligned}$$

Where:

- DM = Decision making
- OD = Operational decision
- ID = Investment decisions
- FD = Financing decision
- OCF = Operating cash flow
- ICF = Investing cash flow
- FCF = Financing cash flow
- a = intercept
- b = Co-efficient of the regression
- e = error term capturing other explanatory variables not explicitly captured in the model

4.2. Empirical Results and Discussion

The Spearman Rank Correlation was employed to show the relationship between the independent and the dependent variables. In this section, the responses to the designed questionnaire items were inserted into the computer system and the software programme (SPSS) version 20 was used to correlate the data on the study variables. The outcomes are presented as follows:

Table-1. Correlation between Operating Cash Flow and Decision-making

		Operating Cash-flow	Operational Decisions	Investment Decisions	Financing Decisions	
Spearman’s (rho)	Operating Cash Flow	Correlation Coefficient Sig. (2 tailed) N	1.000 .001 235	.703** .001 235	.812** .002 235	.788** .002 235
	Operational Decision	Correlation Coefficient Sig. (2 tailed) N	.703** .001 235	1.000 .000 235	.0655** .000 235	.0710** .001 235
	Investment Decision	Correlation Coefficient Sig. (2 tailed) N	.812** .002 235	.655** .000 235	1.000 .000 235	.805** .003 235
	Financing Decision	Correlation Coefficient Sig. (2 tailed) N	.788** .002 235	.710** .001 235	.805** .003 235	1.000 .000 235

** Correlation is significant at 0.01 levels (2 tailed)

Table 1 shows a positive correlation between operating cash flow and operational decisions (0.703), a positive relationship between operational cash flow and investment decision (0.812) and a positive relationship between operating cash flow and financing decision (0.788). These correlations are significant at 0.01 level of significance. Hence, the null hypotheses 1, 2 and 3 are not accepted.

Table-2. Correlation between Investing Cash Flow and Decision-making

			Investing Cash-flow	Operational Decisions	Investment Decisions	Financing Decisions
Spearman's (rho)	Investing Cash Flow	Correlation Coefficient Sig. (2 tailed) N	1.000 .000 235	.882** .000 235	.796** .003 235	..812** .002 235
	Operational Decision	Correlation Coefficient Sig. (2 tailed) N	.882** .000 235	1.000 .000 235	.708** .000 235	.714** .001 235
	Investment Decision	Correlation Coefficient Sig. (2 tailed) N	.796** .003 235	.655** .000 235	1.000 .000 235	.805** .003 235
	Financing Decision	Correlation Coefficient Sig. (2 tailed) N	.812** .002 235	.714** .001 235	.805** .003 235	1.000 .000 235

** Correlation is significant at 0.01 levels (2 tailed)

Table 2 shows a positive relationship between investing cash flow and operational decisions (0.882), a positive relationship between investing cash flow and investment decision (0.796) and a positive relationship between investing cash flow and financing decision (0.812). These correlations are significant at 0.01 level of significance. Hence, the null hypotheses 4, 5 and 6 are not accepted.

Table-3. Correlation between Financing Cash flow and Decision-making

			Investing Cash-flow	Operational Decisions	Investment Decisions	Financing Decisions
Spearman's (rho)	Financing Cash Flow	Correlation Coefficient Sig. (2 tailed) N	1.000 .001 235	.703** .001 235	.811** .003 235	..930** .006 235
	Operational Decision	Correlation Coefficient Sig. (2 tailed) N	.703** .001 235	1.000 .000 235	.730** .000 235	.806** .003 235
	Investment Decision	Correlation Coefficient Sig. (2 tailed) N	.811** .003 235	.730** .000 235	1.000 .000 235	.802** .003 235
	Financing Decision	Correlation Coefficient Sig. (2 tailed) N	.930** .006 235	.806** .003 235	.802** .003 235	1.000 .000 235

** Correlation is significant at 0.01 levels (2 tailed)

Table 3 shows a positive relationship between financing activities cash flow and operational decisions (0.703), a positive relationship between financing cash flow and investment decision (0.811) and a positive relationship between financing cash flow and financing decision (0.930). These correlations are significant at 0.01 level of significance. Hence, the null hypotheses 7, 8 and 9 are not accepted.

5. Discussion of Findings

This study investigates the relationship between statement of cash flows and decision making in an organization with the banking sector in focus. It was evident from the empirical results that significant relationship exists between statement of cash flow and decision making in organizations. The findings show that there is a significant positive relationship between operating cash flow and operating decisions of banks in Nigeria ($\rho = 0.703$, p value < 0.01). By implication, this means that managers could rely on statement of cash flow to make rational operational decisions. The study also found a significant relationship between operating cash flow and investment decision of banks ($\rho = 0.812$, p -value < 0.01). It also established a significant relationship between operating activities and financing decisions of banks ($\rho = 0.788$, p -value < 0.01).

Table2 shows a significant relationship between investing activities cash flow and operational, investment and financing decisions with $\rho = 0.882$, 0.796 and 0.812 with p -value < 0.01 respectively.

Finally, the findings also show that a positive and significant relationship exist between financing activities and operating, investing and financing decisions of banks as ρ computed are 0.703 , 0.811 and 0.930 with p -value < 0.01 respectively.

The implication of these findings is that both the predictor and the criterion variables move in the same direction. This means that high quality statement of cash flow could be relied upon for quality decision making with respect to the acquisition and the disposal of non-current assets and investments. Similarly, the statement of cash flow could help in making decisions with respect to capital structure and borrowing plans of organizations.

6. Conclusion

The objective of statement of cash flow is to provide relevant information to decision makers and investors to assess the ability of the organization to generate cash and cash equivalents and to evaluate the liquidity position of the organization. This study has examined the relevance of cash flow statement to the decision making of organizations. It was evident from the empirical results that significant and positive relationship exists between cash flow and decision-making. Operating activities cash flow, investing activities cash flow and financing activities cash flows were used as proxies for statement of cash flows while operational decision, investing decision and financing decision were used as proxies for decision-making. The findings of this study support both theoretical and empirical evidence of prior studies that operating and financing cash flows impact positively on the decision of an organization provided a strong corporate governance policy is instituted in the organization. The researcher therefore conclude that negative net cash flows generated from operating activities, investing activities and financing activities associated with poor decision making are capable of decreasing performance and dampening the organizations' going concern. This is due to the fact that negative cash flows resulting from weak decisions may discourage customers, suppliers and investors from maintaining loyalty to the firm and this may adversely affect the turnover, growth and the overall performance of the organization. These findings are in agreement with the prior studies of Ali *et al.* (2013). In the same vein, positive net cash flow generated from operating activities, investing activities and financing activities associated with enhanced decision-making framework are capable of increasing performance and promoting the organizations' going concern. This is because positive cash flows resulting from rational decisions taken may encourage customers, suppliers and investors to maintain loyalty to the firm and this may affect the turnover, growth and the overall performance of the company positively.

Recommendations

On the bases of the research findings and conclusion, the following recommendations are provided:

- Regulatory Authorities such as the Financial Reporting Council of Nigeria, and the Securities and Exchange Commission should develop a strong policy framework that will encourage the banking sector and other organizations to establish a result oriented cash flow system that will enable the investing public to evaluate the financial viability and liquidity of an organization.
- Business enterprises especially the banking sector of the economy should be encouraged to embrace the tenets of strong accountability and they should be encouraged to dutifully adopt and implement the full provisions of IAS 7 with respect to the preparation and presentation of statement of cash flow.
- Financial analysts such as the independent auditors should be encouraged to use cash flow ratios in making decision and forming an independent opinion on the financial performance of an organization. This will no doubt help investors to make rational investment decisions and to avail themselves of financial risk exposure capable of eroding their investment value.

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