The Role of Cash Flow Statements in Assessing Corporate Liquidity: Insights from Bulgarian Banks

Fanya FILIPOVA
University of Economics - Varna
fanya_filipova@ue-varna.bg

Atanas ATANASOV *
University of Economics - Varna
**Corresponding author: atanasov_at@ue-varna.bg*

Rumyana MARINOVA
University of Economics - Varna
r_marinova@ue-varna.bg

Teodora ZAPRYANOVA
University of Economics - Varna
teodorazap@ue-varna.bg

Abstract. *The study aims to examine which information and indicators are used by banking institutions when assessing companies-borrowers' corporate liquidity, and to what extent the cash flow statement serves as an information source. An online survey was conducted to obtain feedback from seven major banks operating in Bulgaria on their use of information from the Cash flow statements of borrowers. According to the results of the survey, information from the cash flow statement is used by Bulgarian banks mainly in connection with the assessment of risks and liquidity of borrowers. A significant part of the banks (85.7%) assume that information from all financial statements (Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity) is equally useful in analyzing the liquidity and creditworthiness of enterprises. Indicators related to cash flows and liabilities are determined as the most important in analyzing the liquidity and profitability of enterprises, according to Bulgarian banks. A significant part of the banks determines the information from the cash flow statement as moderately to very useful in decision-making.*

Keywords: cash accounting, cash flow statement, corporate liquidity, usefulness of information in cash flow statement, liquidity ratios, cash flow information, bank lending practices.

Introduction

Issues related to company liquidity and effective cash flow management are always a top priority for every management. This is especially true in the current difficult-to-predict dynamics in the economy and overall environment, as well as due to the significant financial constraints that most companies often face.

Company liquidity and its proper management is a problem that creditor banks are also very interested in. Often, assessing the optimal amount of company liquidity is very difficult due to the constant changes in company activities and the environment in which it is carried out. This requires constant, complex analysis of several indicators and factors related to liquidity. One of the sources of information is the company's financial statements. However, here, specialists have different opinions about which parts of them (balance sheet, income statement, cash flow statement, etc.)

DOI: 10.2478/picbe-2025-0217

and which indicators are of leading importance in determining company liquidity. The issue becomes even more debatable depending on who and from what perspective is interested in company liquidity, and in the longer term - in company solvency.

The aim of this study is to establish at an introductory, basic level what information and indicators are used by banks in the lending process, and to what extent the cash flow statement serves as an information source for them.

The object of the study is the relationship between corporate liquidity and bank lending, and the subject – corporate liquidity from the perspective of creditors - banks and the importance of the cash flow statement in its determination.

The research method used includes a questionnaire survey to obtain feedback from creditor banks on the use of information from the cash flow statement and analyzing the responses received.

Such a study is also in the context of the work initiated by the IASB to improve the structure and content of the Cash Flow Statement (CFS) and the disclosure of information related to it. The first results of this project are expected in the first quarter of 2025.

Literature review

Historically, a company's liquidity has been measured primarily through balance sheet data and the calculation of ratios such as current ratio, quick ratio, liquidity ratio, and cash ratio.

Gradually over time analysts, banks, regulators, and other stakeholders began to pay due attention to the information in the Cash Flow Statement, which appeared as a mandatory part of public financial statements in the 1980s. Using this information, they calculate several liquidity-related ratios based on the company's cash flows and their net change, especially those from operating activities. This makes it possible to assess how management manages the company's liquidity resources and to establish why a company with good overall liquidity, calculated from balance sheet data, can have a negative net cash flow from operating activities, even if it has a negative financial result (loss). That is, through the information from the Cash Flow Statement, the relationship between assets, liabilities, revenues, profit/loss, and cash flow can now be traced and used in a more complex financial analysis. Therefore, the information from the Cash Flow Statement and the indicators based on it enable users to understand the relationship between the accrual principle (embedded in the Balance sheet and Income statement/Statement for comprehensive income) and the cash principle (Cash Flow Statement), and to overcome the limitations/shortcomings inherent to these two principles in the course of their analysis.

Despite the greater analytical possibilities related to the assessment of corporate liquidity based on the movement and change of cash and cash equivalents, the existing practice in Bulgaria (and in other countries where the main source of financing for enterprises is bank loans) shows that the use of information from the cash flow statement, especially by banks as a lender, is strongly influenced by the type of lending - asset-based lending and cash-based lending. And also by the traditions of banking analysis: to use and analyze information from the balance sheet and the profit and loss account (or statement of comprehensive income) of the borrowers. The regulatory framework is also important, which may oblige or exempt certain enterprises from the requirement to prepare Cash flow Statement (as is the case in Bulgaria - micro and small enterprises are not required to prepare an annual CFS). This, in turn, affects the approach and attitude of banks towards this report and its information. Of course, the attitude of banks towards the information from the CFS and its use is also influenced by the industry in which the borrower operates: for example, it is common for industries with a longer operating cycle such as construction, agriculture, etc., or seasonality (tourism), their liquidity to be assessed according to fluctuations in their net cash flows (mainly from their operating activities). It is well known that these two statements are based on the accrual accounting principle. In this regard, it is interesting to note that the American Financial Accounting Standards Board (FASB) believes that the accrual principle, along with revenue and profit, is leading in corporate and investment forecasting by capital market participants. That is why the focus in US accounting legislation is the realization principle and the comparability of income and expenses – the income approach (FASB, 1978). On the other hand, the dominant orientation of the IASB is towards the leading role of the Balance sheet (Statement of Financial Position) and hence – the development of increasingly complex approaches for the valuation of accounting objects, incl. assets and liabilities. That is, the IASB focuses on valuation and disclosure (balance sheet approach) as a main priority in creating accounting rules and standards.

However, in our opinion, such a focus (even overexposure by some scholars and accounting legislators) on the various elements of the financial statement and specific accounting principles is an approach that leads to one-sided and distorted results, findings, and conclusions. The creation, usefulness, and use of information from financial statements should be considered complexly, interconnectedly, in its entirety. Moreover, both of the cited boards (FASB and IASB), in the standards they develop, explicitly and repeatedly emphasize that these standards are for the preparation of general-purpose financial statements addressed to a wide range of users (and not just to investors!). Because of all this, the correct question is not the information from which report (Balance Sheet, Statement of Comprehensive Income, Statement of Cash Flows) is more useful for one or another purpose, but how to make information from general purpose financial statements truly useful for a wide range of users? And one more thing: the process of studying how different users use this information; what difficulties they encounter; and what can be rationalized and improved, should be constant, and especially for Bulgaria - acutely urgent.

In this regard, it is striking that in the revised Conceptual Framework to the IAS (2018), effective from 2020, the IASB Board presents separately (IASB, par. 1.17 and 1.20), but consistently, the two historically competing accounting principles: accrual and cash basis, as well as their effect on financial results. This shows that the IASB Board takes into account the usefulness of these principles, taking into account their specific features, without emphasizing or seeking to rank them and determine which of them is more important. This supports the authors' understanding that each of the financial statements – Statement of Financial Position, Statement of Profit and Loss and Other Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity – has its specific informational significance and none of them should be underestimated or ignored. In addition to the above, there are amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (effective from 01.01.2024), which affect disclosures in the following areas: Liquidity risk, Changes in liabilities arising from financing activities and Additional information (if necessary).

Specifically, IFRS 7 in par. 33-35 requires quantitative and qualitative disclosure of liquidity risk and in par. 39 - disclosure of the maturity analysis of financial liabilities. New and more detailed information should also be disclosed regarding reverse factoring agreements. All this emphasizes the role of information in the Statement of Cash Flows and the disclosures related to it in determining the company's liquidity, solvency, and liquidity risk.

Kemp and Overstreet (1990) point out that lenders have specific information needs. For them, the current credit exposure of the client, the use of working capital, and company cash are the leading indicators. Therefore, the assessment of the borrower's liquidity, the value of its inventory, the amount of bad debts, and their impairment are very important indicators. Also, for the correct analysis of all this, the accounting policy followed by the enterprise is crucial, and from here -

lenders try to assess how adequate it is and is applied consistently and correctly. A particularly important conclusion made by Kemp and Overstreet is that, unlike investors, lending institutions attach less importance to income and financial results. (Kemp and Overstreet, 1990, p. 55)

In his study "The deteriorating usefulness of financial report information and how to reverse it", Baruch Lev (Lev, B., 2018) criticizes the modern accounting model (mostly the American one), believing that accounting legislators are moving away from the traditional realization principle and that of comparability of income and expenses (Income Statement), in favor of the valuation approach (Balance Sheet). This, together with the inability of accounting legislators to regulate adequate criteria for recognizing intangible assets, which are increasingly leading in creating company value, according to the author, leads to a decrease in the usefulness of information from financial statements. Therefore, the field of discussion is the two statements - the Statement of Comprehensive Income and the Balance Sheet, but not the Cash Flow Statement. This largely means that the usefulness of information related to money and cash flows is not questioned.

In 2016, the UK Financial Reporting Council (UK FRC, 2016) published a discussion paper on improvements to the cash flow statement. This discussion paper made proposals to improve the structure of the statement, including the introduction of a separate section containing information on the management of liquid assets. It clarified the purpose of the cash flow statement, namely to present the company's liquidity and changes in it. All this would help creditors in assessing the company's ability to repay its debts, and not only the information needs of investors, mainly focused on the company's ability to pay dividends and to calculate the amount of free cash flow.

Ball and Nikolaev conducted a series of tests comparing the forecasting ability of operating earnings and operating cash flows. They concluded that accrual-based accounting is more informative about a firm's future performance than cash-based accounting, supporting the FASB's (FASB, 1978) position that earnings are a better indicator of future cash flows than current-period cash flows (Ball&Nikolaev, 2020).

Xu (Frank) Wang, Jenny Zhang and William Sanjian Zhang (2012) make an interesting observation that major credit rating agencies (e.g. Standard and Poors) do not use indicators from the Cash Flow Statement in determining the respective credit rating (or they have very little weight in the overall credit rating), despite claiming how important cash and cash flows are in the credit rating of the respective company. The authors of the cited study found that the possible reason for this is the following: operating net cash flow is more strongly tied to the credit rating of the so-called speculatively rated issuers (those with credit ratings BB, B, CCC, CC, C, and D), compared to investment issuers (companies with high credit ratings AAA, AA, A, and BBB). This study addresses the question: how and to what extent does the credit rating of a given enterprise participate in determining its creditworthiness by banks as creditors (in the so-called bank scoring)? And if, in practice, credit rating agencies do not use information from the Cash Flow Statement to the necessary extent for some companies (investment issuers), then how do banks approach it, i.e. what is the role of information on corporate cash flows for the credit market?

The above brief review of studies related to the use of information from the Cash Flow Statement to evaluate corporate liquidity shows the differences in the understanding of individual researchers, as well as mixed, contradictory empirical results. All this provides an opportunity and occasion for new research. Based on the studied literature and observations in Bulgarian practice, the authors formulate the following working hypotheses:

Hypothesis 1: Although Bulgarian banks prefer the direct method for preparing the Cash Flow Statement, they need additional information on working capital management to accurately assess a company's liquidity and evaluate its management.

Hypothesis 2: Creditors use information from the balance sheet and the cash flow statement almost equally when determining the liquidity of the company.

Methodology

The research methodology of the study is based on the results of an online survey containing seven questions, the purpose of which is to examine the way in which banks use the information from the Cash Flow Statement in the lending process and how they assess the usefulness of this information, including in terms of measuring and assessing company liquidity. The survey was conducted in the period August-September 2024.

Our study includes a sample of a total of 10 banks that have been licensed by the Bulgarian National Bank. These banks were sent a link to the survey with a request to complete it on behalf of the bank. The respondents include: 1. All five banks from the first group according to the total value of their assets according to BNB data as of 30.06.2024: DSK Bank, United Bulgarian Bank, UniCredit Bulbank, Eurobank Bulgaria, and First Investment Bank. These are the five largest banks in Bulgaria; 2. Three banks from the second group, according to BNB data, which were selected using the random non-repeating selection method: Allianz Bank Bulgaria, Tokuda Bank and Central Cooperative Bank; 3. Two banks from the third group, according to BNB data, are included: Citibank Europe - Bulgaria branch and ING Bank N.V. - Sofia branch. We assume that the sample we formed is representative due to the value of the loans provided by the surveyed banks. According to BNB data, the loans provided by banks from the first group amounted to BGN 88,550,537 thousand or 79.82% of the total value of loans and advances and 74.32% of all loans granted to non-financial enterprises as of June 30, 2024. Banks from the second group have a relative share of 18.27% of all loans and advances granted, and banks from the third group - 1.91% (BNB, 2024).

Our survey gathered responses from seven banks in total. This includes all five banks in the first group (based on BNB data), one from the second group, and one from the third group. With 10 invitations sent out, this gives us a 70% response rate overall (RR = Number of responses / Number of invitations). To protect privacy and meet ethical guidelines, we've kept all responses completely anonymous—no individual bank's answers can be traced back to them. This anonymity is a key part of ensuring trust and integrity in research like this.

The responses received from banks in the three categories do not imply individualization towards a specific bank, therefore, the identity of individual banks is kept confidential. To further guarantee the anonymity of the participating banks, personal names of the responding bank representative, as well as specific financial indicators from any of the banks, were not required. The results obtained from the survey are summarized only at the level of the group of the respective bank.

Although the survey is anonymous and this does not allow the banks surveyed to be identified, the significance of the responses received, based on the value of loans provided by these banks, allows us to accept the results of the survey as significant in terms of banks' assessment of the role and importance of information from the Cash Flow Statement in the lending process. The survey required all participants to declare that they were familiar with the purpose of the survey, as well as that their participation in the survey was voluntary and not incentivized with monetary and/or material incentives. The participants agreed that the data and information provided by them would be used in scientific publications.

Results and discussions

The results of this study provide empirical data on the perceptions and methodology used by Bulgarian banks in assessing and managing corporate liquidity, based on information from borrowers' cash flow statements. The summarized findings can be categorized into several key areas. This section presents an analysis of the results and a comparison with the existing literature for a broader context of the study.

Q1: Please express your opinion on the usefulness of the information from the annual financial report in connection with the analysis of the financial position and the assessment of the creditworthiness of enterprises, incl. the determination of credit risk.

More than 3/4 of the respondents (85.7%) believe that information from all financial statements is equally useful, while 14.3% give priority to the income statement. The available data indicate that Bulgarian banks apply a comprehensive approach to credit analysis, integrating information from multiple financial statements, and are not limited to analyzing only the income statement or the cash flow statement. This approach is an indicator of the adoption of a multidimensional assessment of financial stability.

Q2: The information from the Cash Flow Statement (CFS) is more understandable and useful when it is prepared.

The answers to this question provide information on how banks perceive the usefulness of the information from the Cash Flow Statement depending on the method used for its preparation. A significant part of the banks (57.1%) indicated that they prefer the direct method for preparing the Cash Flow Statement, supplemented with additional disclosures necessary for applying the indirect method. This preference reflects the perception that the direct method provides clearer information on cash inflows and outflows, improving the transparency of financial reporting. This means that banks need both information on the value of cash inflows and outflows from the operating activities of the enterprise, as well as certain data on non-cash items that may affect the financial result, and thus banks try to smooth out these imperfections. The standard deviation of 0.79 shows some variation in the opinions of some respondents who prefer the strict application of the direct method regulated in IAS 7 without any adjustments.

About 28.6% of respondents believe that the statement prepared using the direct method in IAS 7 without any adjustments is more useful. At the same time, it should be noted that 14.3% believe that the method of preparing the statement does not have a significant impact on the understandability and usefulness of the information, which is consistent with Lev's (2018) view that the true value of the statements lies in the consistency and clarity of their presentation. The results support Broome's view, which emphasizes that the use of the indirect method to present operating cash flows is confusing for many readers and suggests switching to the direct method, believing that this will increase confidence in the financial statements and provide better information for investors and creditors (Broome, 2019).

Q3: Is the use of information from the Cash Flow Statement in the analysis of creditworthiness and credit risk related to the amount of the loan?

Looking at the answers to this question, there is a diversity of opinions. 42.9% of the banks surveyed confirm the existence of a direct relationship, but more than half of the banks (57.1%) do not share such a relationship. This result suggests that for a significant part of the banks, the size of the loan is not the leading factor in the analysis of creditworthiness through the cash flow statement. Our finding corresponds to the statement of Kemp and Overstreet (1990), who point out that the information needs of creditors often vary depending on the exposure to the loan, with larger loans usually requiring a more in-depth analysis. In this direction, we believe that the results can also be interpreted as an opportunity to adopt a more flexible approach to credit risk assessment. In such an approach, the importance and role of information from the cash flow statement may be dictated by the complexity of the credit agreement, and not only by the value of the loan. Such a finding is consistent with the study by Wang, Zhang, and Zhang (2012), who found that operating cash flows play a more significant role in the credit rating of speculative-grade companies compared to investment-grade ones.

Those banks that consider the use of cash flow information to be directly related to the size of the loan are likely to adapt their analysis to the value of the loan. This may be due to:

• Risk: It is considered that the larger the loan, the higher the risk it carries from the bank's perspective. This requires a more careful analysis of cash flow information. For smaller loans, instead of cash flow analysis, banks could use other indicators such as the debt/asset ratio, etc.

• Administrative burden: Analyzing additional information for smaller loans is not always justified by the administrative costs of performing this analysis.

• Client type: Cash flows for some clients with smaller loans and specific activities may be more difficult to predict or less significant in the short term, which gives grounds for initially abandoning cash flow analysis.

In summary of the results, it can be concluded that in the analysis of creditworthiness, the value of the loan is not decisive in terms of the use of information from the cash flow statement for most banks.

Q4: Which indicators related to measuring the liquidity of the enterprise do you use most often?

The results show that the banks surveyed prefer to use indicators that offer a better picture of the overall liquidity of the companies. The current ratio (41%) and the operating cash flow ratio (29%) stand out as the most frequently used indicators to measure liquidity, which highlights the importance of broader liquidity measures and the management of cash flows from operating activities. (Figure 1) This is likely because these indicators provide a clear picture of the ability of the company to cover its current obligations. In this context, we believe that banks can be expected to pay more attention to the assessment of liquidity based on cash flows, using a combination of different indicators to obtain a more complete picture of the financial situation of their clients.

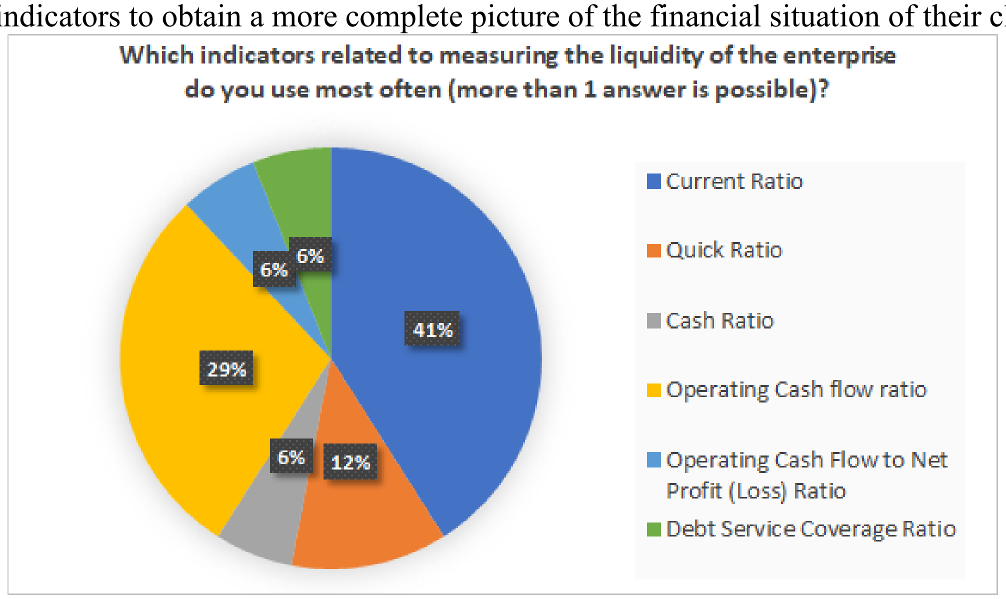

Figure 1. Most often used indicators for measuring the liquidity of enterprises

Source: Authors' research results.

DOI: 10.2478/picbe-2025-0217, pp. 2816-2825, ISSN 2558-9652 |
Proceedings of the 19th International Conference on Business Excellence 2025

Such conclusions are in line with Lev's (2018) view that the usefulness of information related to money and cash flows is largely unquestioned. Such an understanding fits into contemporary credit risk analysis practices, where liquidity and solvency are increasingly assessed based on cash generation, rather than just static balance sheet data.

Q5: Which of the listed dependencies (correlations) do you think have the most significant impact on the analysis of the liquidity and profitability of the enterprise?

According to the banks' responses, the importance of two dependencies stands out - "Between net cash flow from operating activities and the value of current liabilities", with a value of 71.4% of respondents, and the dependency "Between free cash flow and total liabilities", which is indicated by 57.1%. The dependency "Between net cash flow from operating activities and net financial result" with 14.3% was indicated as having the least influence on the assessment of borrowers' liquidity. These results show that banks mainly focus on liquidity and debt repayment capacity in combination with risk reduction. The obtained results are consistent with the findings of Wang, Zhang and Zhang (2012), who emphasize that cash flows are a key indicator of the financial stability of a given enterprise, especially in periods of economic instability. Emphasizing operating cash flows in the process of assessing financial stability suggests that for banks, sustainable cash generation is more important than accounting profit.

Q6: What information from the Cash Flow Statement do you use when analyzing the management of the company's working capital (inventories, receivables, payables)?

Regarding the information provision of working capital management, the largest number of banks (42.9%) indicated that the Cash Flow Statement lacks information for such an analysis of working capital management. The information on the total net change in cash flows from operating activities and the information on incoming and outgoing cash flows from counterparties were indicated by 28.6%. There were no responses related to cash flows from investing or financing activities. More than 40% of banks consider that the information in the cash flow statement is insufficient when analyzing working capital elements such as inventories, receivables and payables. The part of banks that indicated that they use it, relies mainly on information on cash flows from operating activities, giving the most significant importance to those from suppliers and customers and almost excluding cash flows from investing and financing activities. This shows that banks mainly focus on operating cash flows and relations with counterparties when managing working capital. The latter can also be seen as a need for improved reporting or provision of additional sources of information. These findings are in line with Dechow, who demonstrates that profits are a better measure of a firm's performance than cash flows (Dechow, 1994). However, this is not consistent with the findings of Gong et al., who found that lenders use cash flow-based performance measures when assessing creditworthiness because cash flow-based performance measures improve debt service capacity. According to the cited authors, this leads to lower credit spreads, especially for firms with higher credit risk or liquidity concerns (Gong et al., 2024).

Q7: What is the desired ratio of free cash flow (FCF = net cash flow from operating activities – payments for investments (capital expenditures) – dividends) to the amount of borrowed funds and debts of the enterprise (loans, financial leases, etc.)?

The analysis of the responses shows that the key, according to banks, is that free cash flow from operating activities should be 1.5 times greater than the sum of principal and interest on loans and leases that are maturing. The use of this ratio by 42.9% of respondents emphasizes the importance of cash flow stability, especially in the context of paying obligations. The results indicated allow us to formulate the conclusion that more conservative banks are likely to seek lower risk, striving for ratios that provide sufficient cash flow for current and short-term obligations.

More aggressive banks, which have requirements for a ratio of net financial liabilities to EBITDA of up to 3.5 times, are likely to be oriented towards a longer-term perspective, placing greater emphasis on the future profitability of the enterprise compared to its current liabilities. All this shows the heterogeneous strategies of banks, with the majority maintaining more moderate or conservative ones.

The results of this study should be considered in the context of the following limitations:

- The study reflects the policy of Bulgarian banks at a specific point in time (September 2024). In this regard, no analysis was performed to track changes in banks' policies regarding the use of information from the cash flow statement over time.

- Given the scope of the study, the findings are specific to Bulgaria and may not be relevant to countries with different financial regulations and traditions in bank lending.

- Our study focuses primarily on the way Bulgarian banks use information from the cash flow statement in assessing liquidity in the lending process. This analysis also examines some key cash flow indicators, such as liquidity ratios and debt coverage ratios, despite the primary focus on cash flow statements. Other financial indicators that are important for a comprehensive credit assessment are not considered, as they fall outside the scope of this study.

- Given that the conclusions drawn are the result of a survey, the analysis of the responses received may contain potential biases, such as subjective interpretations of the respondents regarding the usefulness of the cash flow statement and how banks use it in practice.

- The importance of cash flow statement information used by Bulgarian banks may vary for companies from different industries. Furthermore, our study does not take into account the influence of a wider range of economic factors, such as inflation, financial crises, etc., which may affect the overall assessment of liquidity and creditworthiness that banks make.

Conclusion

This study examines the role of the cash flow statement and the method by which the information from this statement is used in assessing the corporate liquidity of borrowers in making lending decisions from the perspective of Bulgarian banks. Our results show that the majority of banks find the information from the cash flow statement to be moderately to very useful. According to Bulgarian banks, the most important indicators in the analysis of the liquidity and profitability of enterprises are the indicators related to cash flows and liabilities.

The results obtained support the formulated Hypothesis 1, which shows that banks prefer the direct method of preparing a cash flow statement in combination with a requirement for additional information related to working capital management to obtain a more complete picture of the borrower's liquidity. It follows that cash flow information alone, without additional financial disclosures, may not be sufficient in assessing credit risk. Our results also support Hypothesis 2, showing that banks assess borrowers' liquidity using both balance sheet and cash flow statement information. All of this supports our thesis that financial statement information should be viewed and analyzed in a complex, interconnected, and holistic manner.

In conclusion, it can be summarized that the results of this study highlight the need for a more integrated approach to corporate creditworthiness analysis in the lending process. This approach should use both cash flow statement information and accrual-based statements to improve the adequacy of lending decisions and risk assessment in the lending process in the banking sector.

References

Ball, R., & Nikolaev, V. (2020). FASB was right: Earnings beat cash flows when predicting future cash flows. Retrieved from https://business.columbia.edu/sites/default/files-efs/imce-uploads/CEASA/Events%20Page/fasb_earnings_beat_cash_flows_when_predicting_future_cash_flows.pdf

Dechow, P. M. (1994). Accounting earnings and cash flows as measures of firm performance: The role of accounting accruals. *Journal of Accounting and Economics*, *18(1)*, 3-42. https://doi.org/10.1016/0165-4101(94)90016-7

FASB (1978). Statement of Financial Accounting Concepts No. 1, Objectives of Financial Reporting by Business Enterprises. Financial Accounting Standards Board.

Gong, G., Jiang, X. D., & Xie, B. (2024). The use of cash flows metrics in CEO compensation and the design of loan contracts. *Contemporary Accounting Research*, *41(4),* 2384–2416. https://doi.org/10.1111/1911-3846.12981

IASB (2018). Conceptual Framework for Financial Reporting, IFRS - Conceptual Framework 2018

IASB. (2018). Conceptual framework for Financial Reporting, https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/conceptual-framework-for-financial-reporting.pdf

Kemp Jr., Robert P. and George A. Overstreet Jr. (1990), A study of the information needs of commercial loan officers, *Journal of Commercial Bank Lending, 72*, 47–57.

Lev, B. (2018). The deteriorating usefulness of financial report information and how to reverse it. *Accounting and Business Research*, *48*(5), 465–493. https://doi.org/10.1080/00014788.2018.1470138

O. Whitfield Broome. (2004). Statement of Cash Flows: Time for Change! *Financial Analysts Journal*, *60(2),* 16–22. http://www.jstor.org/stable/4480552

UK FRC (2016), Improving the Statement of Cash Flows A Discussion Paper prepared by staff of the UK Financial Reporting Council, http://efaidnbmnnnibpcajpcglclefindmkaj/https://media.frc.org.uk/documents/Discussion_Paper_Improving_the_Statement_of_Cash_Flows.pdf

Wang, X.(F.), Zhang, J., & Zhang, W. S. (2012). The role of operating cash flow in credit rating: Investment-grade firms vs. speculative grade firms. *Risk Governance and Control: Financial Markets & Institutions, 2(2)*, 48-63. https://doi.org/10.22495/rgcv2i2art3