Universitatea Babeș-Bolyai | Facultatea de Științe Economice și Gestiunea Afacerilor

CASH FLOW REPORTING AS PART OF THE FINANCIAL REPORTING REQUIREMENTS FOR LEGAL ENTITIES

- SUMMARY OF THE THESIS -

Doctoral Supervisor:

Prof. Univ. Dr. Dumitru MATIȘ

Candidate: Laura Georgeta Cristea (căs. Negrea)

2016

“Babes-Bolyai” University Cluj-Napoca

Faculty of Economics and Business Administration

Accounting and Audit

Name of the Thesis:

CASH FLOW REPORTING AS PART OF THE FINANCIAL REPORTING REQUIREMENTS FOR LEGAL ENTITIES

Doctoral Supervisor:

Prof. Univ. Dr. Dumitru MATIȘ

Candidate: Laura Georgeta Cristea (căs. Negrea)

2016

Table of contents for the Summary

Key Words:

CASH FLOW; FINANCIAL REPORTING; IFRS; FREE CASH FLOW; CREATIVE ACCOUNTING; FINANCIAL MANAGEMENT; FINANCIAL PERFORMANCE; FINANCIAL FORECAST.

Table of contents for the thesis:

Introduction and methodology

Acknowledging the cash flow report as an essential tool for analyzing the financial performance of legal entities, the thesis has as main objective a thorough analysis on cash flow reporting issues, emphasizing its role in providing not only a fair value, but also a useful indicator of the financial performance of the company, of the liquidity in particular.

The analysis is divided into two main areas: (1) the form, content and utility of this report, both for the companies 'management and for external users, as an indicator of financial health; (2) thorough analysis of the cash flow report as relevant for assessing the sustainable and predictable financial performance, alongside other reports such as the profit and loss report. The paper is focused on continuous operating activities of the legal companies and not on the specific project cash flow or temporary activities analysis.

The secondary objectives are:

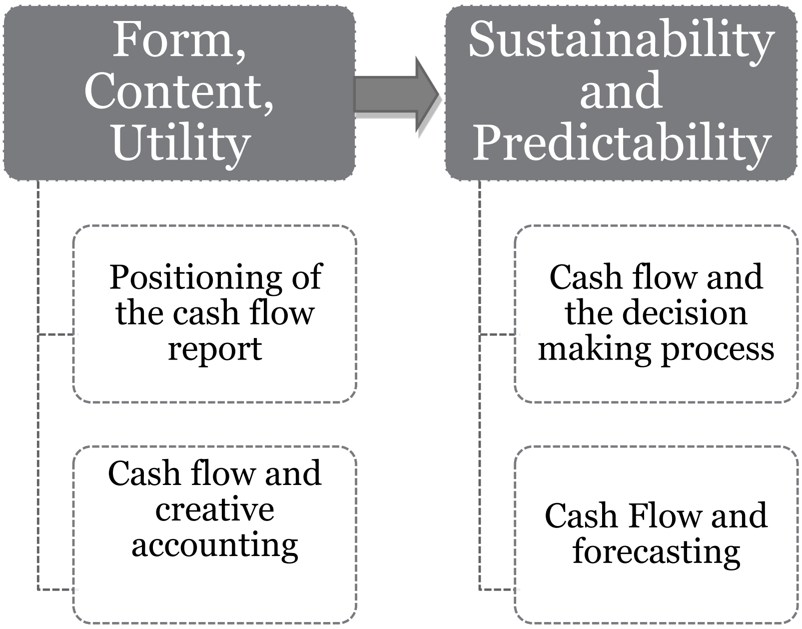
(a) Analyzing the positioning of cash flow accounting among the financial reports of legal entities;

(b) The importance of fair value versus creative cash flow reporting, as well as identifying the role of the cash flow report in spotting potential earnings management;

(c) Completing a study on the role of the cash flow reports in the internal planning activities and the impact of the changes in cash flow value on the company's management policies;

(d) Financial analysis and forecast of the cash flow value. Cash-flow – versus Earnings – research on the relationship between the two variables and the future performance of the company, their role in forecasting financial performance.

The figure below is a synthesis of the scope and structure of the thesis, showing both the main and the secondary objectives:



The grounds of the thesis structure are based on the Conceptual Framework for Financial Reporting issued by IASB in 2010. It refers to the financial performance mainly as the capacity of the company to generate cash from the operating activities:

OB 18: Information about a reporting entity's financial performance during a period, reflected by changes in its economic resources and claims other than by obtaining additional resources directly from investors and creditors, is useful in assessing the entity's past and future ability to generate net cash inflows. That information indicates the extent to which the reporting entity has increased its available economic resources, and thus its capacity for generating net cash inflows through its operations rather than by obtaining additional resources directly from investors and creditors.

OB 20: Information about a reporting entity's cash flows during a period also helps users to assess the entity's ability to generate future net cash inflows. It indicates how the reporting entity obtains and spends cash, including information about its borrowing and repayment of debt, cash dividends or other cash distributions to investors, and other factors that may affect the entity's liquidity or solvency. Information about cash flows helps users understand a reporting entity's operations, evaluate its financing and investing activities, assess its liquidity or solvency and interpret other information about financial performance. (IASB 2010, CF).

When everything around us is moving and transforming, information is an essential tool for any manager, investor or supervising authority. The financial strategy of every company cannot be developed without being aware of the cash flow movements. Considering the asymmetry of information, the cost for obtaining it can be rather high for investors, mainly when un-listed companies are concerned. That is mainly why these kind of financial reports are quite important for the capital market.

The current form of the cash flow statement is the result of over one century of evolution. The structure and the content of the cash flow report have as source older statements with various names but mainly all based on the term “funds”. Worldwide nowadays, there are various reporting formats, but the differences are becoming less important due to the increasing influence of the International Standards Board (IASB).

In Romania, these reports do not seem to be truly appreciated. While for Western European countries and for the US these are daily working tools for managers and creditors, mainly banks, in our country only the large companies have a treasury department in charge with assessing the liquidity and with preparing cash flow forecasts.

The past or actual cash flow statement is based on simpler calculation methods, whereas preparing the forecast requires advanced accounting and financial analysis knowledge. Most of the Romanian companies do not have the dedicated personnel, in charge of such an analysis or the managers that demand, understand and use these financial reports.

The first particularity of the current state of knowledge is the supremacy of the Anglo-Saxon literature concerned with cash flow reporting. The specialists consider this is a result of the financing sources in those countries, sources that are based on the capital market. The investors are interested in the financial reports of the companies and free cash flow is seen as a significant indicator of the financial performance. A second reason derives from the numerous notorious financial frauds that led to investors and creditors having an increased focus on potential earnings management, net income starting to be seen as a less reliable indicator of potential future failure.

Another particularity is the possibility to split existing researches and analysis into two main areas:

(1) The first area is focused on the reporting techniques, the form, content and utility of the report, the boundaries and options offered by the standards, the creative accounting techniques;

(2) The second category is focused on issues related to performance assessment, on the sustainability and predictability of the results, following the cash flow report impact on the decision making process and on the issuing of financial forecasts.

As a result of the above conclusions, the thesis is structured in order to cover the two areas.

A third particularity is the continuous debate and the missing of unanimous conclusions on the most appropriate operating cash flow reporting method (direct or indirect) or on main performance driver – cash flow or earnings. This, however, is basis for future research, considering that harmonizing reporting practices is a main concern in accounting and estimating future performance is a main objective of the financial analysis.

The stages of the research can be synthetized as follows:

(1) Collecting information;

(2) Inductive analysis: by analyzing the numerous articles that are part of the database, articles focused on specific issues, general conclusions on cash flow reporting were derived. Following the inductive analysis, the main areas in the thesis structure were identified, areas that can be observed in the titles of the chapters.

(3) Deductive analysis: by identifying the general policies and regulations, the resulting pattern is followed on specific issues like creative accounting techniques, the necessity of free cash flow reporting, and the forecast of financial performance.

Summary of Each Chapter

Chapter 1: Cash flow reporting between compulsory and optional practices

The first chapter contains mainly theoretical aspects related to the international reporting systems, focusing on the objectives and regulations imposed, but also on their flexibility.

The first part is a literature review, relevant for the subject of the thesis, a picture of the state of knowledge, identifying the main concerns, the areas of interest and the conclusions of the most relevant research and analysis so far.

A short history of the reporting standards is also included, as well as a description of current reporting forms and a synthesis of the differences between the two dominant reporting standards – according to US GAAP and according to IFRS.

It has been noticed that the studies on the reporting methods are debating to find the most appropriate version, while presenting the advantages and disadvantages of each method accepted by the standards and admitting that this flexibility is generating difficulties when comparing the results of different companies.

Still, the majority observes that considering the interest of the beneficiaries of the financial statements, the direct method is more appreciated, while from the point of view of those issuing the report, the indirect method is preferred and used. There were also statistic studies on the ability of the two methods to offer a basis for predicting future results, studies that still find the direct method as the winner.

The first chapter is also referring to a voluntary report as well, the free cash flow report. The analyzed research shows a lack of consent regarding the definition and calculation of this indicator, considering this is not a reporting requirement set by the standard. Some define it as cash flow from operating activities after deducting payments for fixed assets (either for maintaining or for developing the business), others deduct interest or dividend payments as well. Still, the majority agree that the most common calculation method implies deducting only payments for fixed assets out of the operating cash flow.

Secondly, it was noticed that in countries with a well-developed capital market there is significant interest for this report. On the other hand, this additional report, in case of positive result, may hide or compensate for weak financial performance or negative results deriving from the other compulsory financial reports.

Also, considering the agency cost theory, when the objectives of the managers are different from those of the shareholders, when there is no efficient mechanism for monitoring, the freedom of choice given to the managers may drive them to overinvesting in their own interest, without bringing additional profitability to the company. Almost the entire literature on this subject mentions warning signals on the possibility that a high free cash flow generally leads the managers to perform low profitability investments, investments that have no added value and often just satisfy their personal interest. These consequences are considered a result of weak corporate governance and of the availability of cheap internal financing sources. The solutions proposed have in mind setting a high value free cash flow as a target for managers, increasing the debt ratio or, where possible, increasing the involvement of the shareholders in managing the company.

Chapter 2: Cash flow reporting between instrument for detecting and subject of creative accounting

The main purpose of this chapter is to fulfill the research on form, content and utility of the cash flow reports, corresponding to the first area within the objective of the thesis. In this context, the study focuses on the potential reporting techniques that can impact the fair value of the financial results, leading to a false assessment of the financial health done by external users, damaging the sustainability and predictability of the reports.

More than this, the cash flow report proves to be an efficient instrument that can be used to detect potential earnings management.

Although the phrase "Cash Flow is a fact, Net Income is an opinion" is notorious, cash flow may actually be a subject of potential manipulative techniques. It is obvious that main focus is on operating cash flow, as it derives from the activities that produce the highest income.

The interest of investors and creditors is to identify the operating cash flow that is healthy and consistent enough in order to insure the continuity of the business, the repayment of debt and the payment of dividends. Thus, it is not surprising how the potential creative account techniques are focused on operating cash flow.

Charles W. Mulford and Eugene E. Comiskey (2005) offer a complex definition of creative cash flow reporting. According to the two, creative cash flow reporting refers to any and to all of the steps taken to create an altered image of the operating cash flow, and to send deceiving signals on the capacity of the company to generate sustainable cash flow. The steps taken to show a false capacity of the company to generate cash may be a consequence of the flexibility or lack of clarity of the standards or may derive from actions outside the standards' boundaries. This definition was actually the starting point for this chapter, the main idea on the research in this area.

Finally, the amounts may be correctly reported, as operational cash flow, but may not have the sustainability which is normal for the operational cash flow. In this case, "creative" is pejorative.

Mulford and Comiskey classify the manipulative actions into four main categories:

1) Flexibility of classifying cash flow into one of the three categories;

2) Actions that go beyond the boundaries of the standards;

3) Opportunistic reporting of non-recurrent sources of cash flow;

4) Reporting taxes related to non-operational elements as operating cash flow.

The two specialists state that in order to offer the correct image of the sustainable cash flow, the operating cash flow report should be adjusted for the influence of the above factors.

The opinions of Mulford and Comiskey have been presented in the preliminary part because they are a perfect synthesis of all the researchers identified as preoccupied by this subject.

More than this, it is a perfect example of the high interest for a report that is not just correct in form, but also in substance so as to insure that the operating cash flow has sustainability and predictability, the cash flow report being an important source for financial forecast and for managerial or investing decision.

These two particular roles of the cash flow statement are the subject of the following chapters in the thesis. The second chapter however, as stated before, wants to complete the first one and fulfill the objective of identifying the form, content and utility of cash flow reporting.

Thus, there have been analyzed issues on creative cash flow reporting deriving from the flexibility or lack of clarity of the existing standards. In this context, choosing how to classify the cash flow as either operational or financing/investing plays a crucial role. Other particular examples with impact on cash flow value include the treatment of the acquisitions or the assessment of the non-recurrent sources of cash.

Another area of concern is spotting the potential manipulative techniques that go beyond the boundaries of the reporting and accounting standards as well as the real operational activity decisions with impact on cash flow value.

The second part of the chapter analyzes the role of the cash flow report as an instrument to detect potential techniques of accruals management.

The empirical studies in the thesis focused on this area and have tested some hypothesis on the relationship between operational cash flow and earnings, as well as the effect of lacking a correlation between the two.

The analysis was performed on a sample of Romanian companies. The research focused on the correlation between the changes in the value of the two variables: operating cash flow and operating earnings. This has been performed through a few different methods, among which also the Excess Cash Margin calculation, proposed by Mulford and Comiskey (2005). By eliminating the extreme values in the sample, the results show there is correlation between the two variables, the correlation being persistent throughout the entire period.

By analyzing the financial performance of the Romanian companies in the sample over a period of several years, the results show that companies with positive (negative) operating cash flow, in the presence of financial loss (net income) will experience deterioration of the cash flow (net income) value over the following years.

Chapter 3: Cash flow development as a result of management processes

The third and the fourth chapters wish to identify both the informative role of the cash flow statement within the internal planning processes and the impact of its variation on management policies and decision making. The result is an analysis of the role and of the ad hoc reporting formats of the cash flow statement, highlighting the motivation that managers have to demand the issuance of such reports.

Even if the thesis is mainly focused on cash flow as part of the compulsory accounting reports, the management component cannot be ignored. It is mainly analyzed through the accounting management perspective that implies several such internal, ad hoc or periodic reports, as grounds for an appropriate cash flow management. These reports include regular short term forecasts and represent an important management tool, used for decision making. These practices under one form or another are common to all large companies.

The structure of the third chapter includes three main parts, corresponding to the areas of interest identified while researching the related literature: working capital management, risk management, the decision to invest versus the decision to save cash flow.

The study begins with some theoretical issues on management accounting of the cash flow. There is a clear correlation between the quality of accruals reporting and the efficiency of managing cash flow, which again confirms the high impact of correct and well-structured reports on the management of the operating activities. Another conclusion of this part of the study is the important role that cash flow has in the budgeting process. Not only does it help reduce uncertainty of future liquidity, but also brings added value to forecasting of other financial elements such as the value of receivables and account payables. Another aid is brought to evaluating the efficiency and to planning of the investment projects. Treasury management is a highly important activity within the planning, processing and controlling processes. Following the current automatic and modern information systems, the reporting and administrating part requires less human effort, thus allowing more time to developing strategies. The available information comprising all financial areas is interlinked, giving support to decision making, within a continuous monitoring process.

From this perspective, the case of multinational companies cannot be ignored, as these are the type of companies for which a good reporting of the treasury result is vital. The treasury managers will thus be able to concentrate all liquidity and to obtain the most from spreading it. Through a continuous and complex reporting process they will be able to identify in due time the branches that have liquidity issues, but also to anticipate the excess liquidity, being able to analyses the best possible uses for it.

The succeeding study represents a specific analysis of the working capital management, an area of interest not only for scientific researchers, but also for managers of the companies.

It seems that the most useful calculated and reported rate is the cash conversion cycle. This rate emphasizes through its components the areas to be corrected or improved, being an actual measure of the liquidity of the company.

By analyzing the research in this field, some conclusions were drawn, conclusions representing some specific operational actions recommended for managers. These actions are oriented to various directions. The management of receivables is highly important and most of the studies recommend a continuous monitoring, avoiding dependencies, analyzing each debtor but also using banking products that can compensate for the lack in cash until the point when it gets collected, products that can be tailor made for the cycle of each company. Optimizing the value of the liabilities towards suppliers implies the opportunity of advance payments in exchange for receiving discounts. Identifying the optimal inventory level though, seems to be the greatest challenge for managers, which is why the quality of the financial information package is extremely important.

Optimizing the treasury level however, cannot be done only through real operational activities. The risk management techniques have an important role in reducing uncertainty and increasing the predictability of financial forecast. From this point of view, the financial instruments offer support in managing the risks associated with cash flow.

After analyzing the related literature, the foreign exchange hedging instruments were found to be among the preferred instruments, but also among the most efficient ones, reducing significantly the exposure of the company to this risk.

Moreover, the hedging accounting has the benefit of reducing the volatility of the profit and loss account from one month to the next, by including the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, directly in equity.

The managers seem to use these hedging solutions mainly as a result of the aversion to risk, of the need to increase the predictability of the forecasts, to decrease the exposure to a certain risk, but also because of speculative intentions.

Chapter 4: The cash flow value and the decision to invest or to save cash. A comparative study.

After identifying the role of the cash flow report within the management processes and after analyzing the means to improve the efficiency of company's treasury, chapter four comes to emphasize the impact of cash flow value changes on the management's decision to invest or save cash.

The research in this area analyzes the influence of the cash flow on the decision to invest, mainly in the presence of financial constraints. Most of the researchers however, seem to agree that the presence of such constraints leads to an actual weakening of the investment sensitivity to internal cash flow. A possible explanation could be the fact that these kinds of companies tend to create reserves in the financial years experiencing high cash flow value, so as to have enough resources to finance future investment. In case of financial constraint companies with negative cash flow, the investments are already reduced to the minimal level, which is why a further decrease of the cash flow cannot drive an even further decrease of the investments.

The manager's decision to invest seems to depend on other drivers as well. The stage in cash flow cycle, the existing and the level of investment opportunities and the usage of bank loans seem to be among the most important ones. However, the most recent studies report the decrease if not the disappearance of the impact of operating cash flow on the level of investments of the company.

On the other hand, the decision to save cash seems to be strongly determined by the value of internal cash flow. More than this, the presence of financial constraints seems to strengthen the relationship. The correlation degree depends on other drivers as well, including the aggregated risk associated with the company, the profile of the manager, especially considering the aversion towards risk, the economic and political environment, the size of the financial development of the company.

The empirical study was meant to test the validity of several hypothesis identified throughout related literature review within the Romanian economic environment. The statistical models were taken from previous research, trying to test how cash flow changes impact the decision to invest or to save cash of the Romanian managers.

The results show the Romanian market has experienced a decrease in companies ‘cash flow over the past few years, a decrease that can be observed for the companies in the sample.

On the other hand the changes in operating cash flow value proved not to correlate to the investment volume, except for 2013 when a weak correlation is present. A small part of the sample (25%) has experienced a weak sensitivity of investments to the internal cash flow.

The study pursues a comparative approach as well, analyzing the effect that the changes in operating cash flow value have on the cash saved by the companies in the sample. The result is opposite to the one mentioned above. Thus the cash flow seems to be an important determinant of the value of cash saved, the causal relationship being extremely powerful mainly for the period between 2009 and 2011. Still, the proportion of cash in total assets is experiencing a decrease over the seven years period analyzed.

Chapter 5: Cash flow versus earnings to predict financial performance

Subsequent to the chapters focused on the form, content and utility of the cash flow report, features that determine the sustainability and predictability of this report, the current chapter wants to identify the extent to which these to attributes can be assessed, the extent to which the current financial reports can be the grounds to future forecasts of the financial performance, of the future cash flow value.

The information on future cash flow seems to have a significant utility not only for investors trying to secure their future income from dividends, but also to managers investing time and energy in planning processes.

The related literature has a turning point in 2001, when the models used for estimating future cash flow started to include components of the working capital (Divesh Sharma, 2001)

The researchers have been preoccupied with identifying the most efficient and precise models for estimating future cash flow. This is mainly a result of the fact that the risk factors associated with issuing predictions cannot be ignored. These risk factors are deriving both from the general economic trend as well as from more subjective elements like the ability of the analyst or the stake of the shareholders.

The statistical models used throughout the scientific literature can be split into two main categories: based on previous year cash flow and based on previous year earnings as independent variables.

Those preferring the models based on previous year cash flow state that the earnings are easier to manipulate, are more a subject of discretionary management, thus having a lower relevance. On the other hand, disaggregating earnings into cash flow and accruals seems to increase the statistical relevance of the models. Thus, the role of accruals in determining future performance becomes relevant, fact emphasized by IASB within the guidance and objectives mentioned into the thesis as well. The accruals capture the effects of the transactions in period when they actually happen, even if the cash settlement is done at a later date.

It seems that, although there are different opinions on the matter, the related studies consider as best predictor variable either the cash flow, or the earnings, while most of the studies agree that the models in which earnings are disaggregated into accruals and cash flow are superior.

It has to be mentioned though that, in order to obtain a high accuracy of the prediction model, a careful choice of the predictors is not enough. When performing or analyzing a forecast of the financial performance revealed through future cash flow, other variables must be taken into account as well. The general economic environment and its perspectives are essential. Also, other variables like accounting policies, national regulations system, the compliance of the accounting system with the fiscal one or the development stage of the capital market must be carefully analyzed. Moreover, the reporting method (direct or indirect) seems to be a statistically significant predictor as well.

Within this chapter, an important step is trying to identify a statistical model for estimating future cash flow, a model relevant for the Romanian market. This exercise meant testing the significance of the three predictor variables, previous year cash flow, previous year earnings and previous year earnings disaggregated. The latter variable meant the disaggregation of previous year earnings into operating cash flow and accruals, while the accruals were composed out of change in receivables, change in inventory, change in account payables, amortization and depreciation. After applying the three methods onto a sample of Romanian companies, the results have shown that the model based on previous year earnings is most relevant for cash flow prediction within the Romanian market environment.

This result may have been determined by the particularities of the country, the weak capital market, an accounting system that is identical to the fiscal one, a potential lack of accuracy of the accruals, but also by the reduced sample and the relatively short period of time analyzed.

Conclusions, limits and perspectives of the research

The main contribution to the current state of knowledge are the results obtained after applying the most relevant statistical models frequently found in the relevant studies, to a sample of companies from the Romanian market, models that are most relevant for analyzing operating cash flow.

Thus, the thesis contains studies on the investments - cash flow sensitivity, but also on the cash flow sensitivity of cash. The results proved a strong determinative relationship between the operating cash flow and the cash saved, but a weak or a lack of sensitivity of the investments to the internally generated cash flow. This may be a result of the severe drop in operation cash flow experienced by the companies in the sample during the three years prior to 2013, as proved by the dedicated chapter, forcing the replacement of the internal sources of cash with external financing such as bank loans, causing the changes in operating cash flow to no longer have a significant impact on the increase or decrease of the investments.

Another contribution is finding a statistical model to be used for estimating future cash flows, a model relevant for the Romanian market. The results have shown the model based on prior year earnings as the predictor variable to be the most relevant for Romanian market, after also analyzing the models based on prior year cash flow and prior year earnings disaggregated into cash flow and accruals. This result may be the consequence of a weak capital market, with an accounting system identical to the fiscal one, or a potential lack of quality of the accruals.

Another perspective that shows the contribution of the thesis is within the creative accounting field.

Within the study, the ECR (Excess Cash Ratio) proposed by Mulford and Comiskey (2005) has been applied on a sample of Romanian companies and their financial reports during a period of eight years, with the purpose of identifying the presence of correlations between the changes in operating earnings value and those in operating cash flow, considering that the lack of such a correlation may be signaling creative accounting practices. Most of the sample registered a stable value of this ratio over time, but some companies with discrepancies were identified, discrepancies that needed further research.

These results were also confirmed by applying statistical methods, mainly Pearson Correlations model.

Another result of the research is proving that where there is a discrepancy between the changes of the operating cash flow value and those of the operating earnings, a warning signal must be drawn. This is more obvious when one of the two variables has a negative value and the other has a positive one, case in which the deterioration of the financial performance in the years to follow is undebatable.
In order to reach to this result, every company in the sample that presented negative (positive) cash flow cash flow while experiencing profit (loss) has been separately analyzed. Their financial performance over the years to come has been investigated.

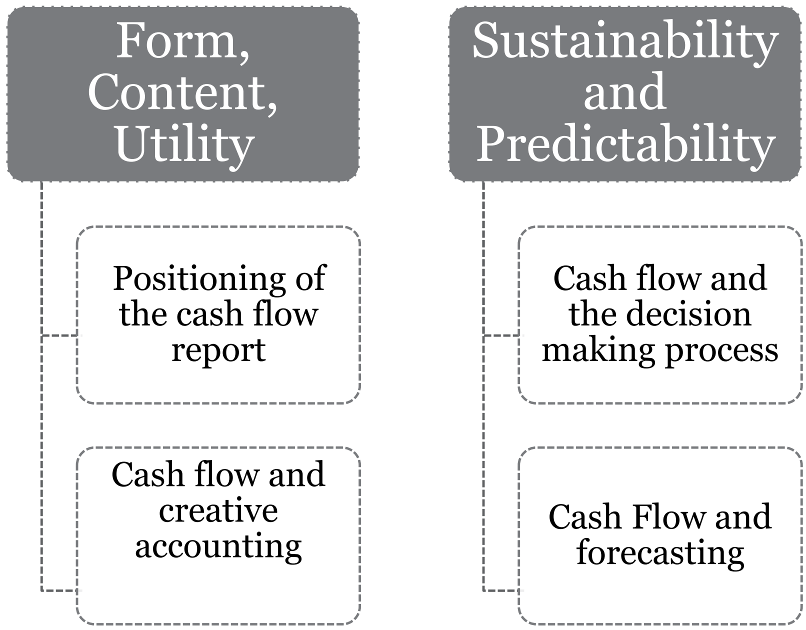
The results have proved the validity of the hypothesis of Mulford and Comiskey (2005) in almost all of the cases, as the variable with positive value deteriorated.

Moreover, another particularity of the thesis is the usage of the actually reported cash flow figures throughout all the statistical studies. Most of the times, within prior studies, the value of the cash flow variable was in fact estimated by reconciling the operating earnings. The current study, however, used the actual reported values of cash flow, even though such a task was more laborious, due to difficult access to information.

Another input is the analysis of the differences between IFRS and US GAAP, useful while performing financial analysis or detecting creative accounting. Knowing the details of each reporting requirements system helps the user to perform correct and useful comparisons between companies reporting their financial performance by following a different set of standards.

A main contribution of the thesis is concluding a complex study on the cash flow statement in its current forms.

A new approach was used, that started from identifying the main features of the form, content and utility of the reports, as main attributes to determine the sustainability and predictability of the results.



This process implies the mixing elements and notions of financial accounting with those of financial analysis, management or financial prognosis, all bringing their own contribution the scientific research.

The main potential users of these results may be both the researchers in this field that can find different perspectives on the subject of cash flow reporting, and the financial analysts that are dedicated to preparing periodical reports and analysis for the top management.

The main limitation of the research is caused by the rather small sample used, following the lack of a public data base containing the complete financial reports issued by Romanian companies. Even for listed companies, sometimes it got difficult or even impossible to find the financial reports, cash flow report in particular.

Moreover, in many cases the cash flow or profit and loss account were available only in a synthetic form, as part of the administrators 'report, thus making it impossible to identify all the components, which led to an additional reduction of the available sample of companies to be used for statistical research.

Another limitation is driven by the methodology and the data base used to identify the relevant articles, data base which may not have included all related studies, thus leading to the possibility that not all relevant research was analyzed. A potential future development in this area is using a different methodology, by investigating the highest rated journals over the past few years and thus finding all articles with relevant subjects. This method however implies additional costs to obtain full access to all these high rated publications.

The perspectives of the research are numerous and may head towards the expending of any of the issues presented, towards the deepening any of the current debatable issues or towards the improvement proposals to the current reporting standard, a standard that is flexible enough to leave room for debate or opportunistic behavior.

The thesis can be developed by testing the proposed hypothesis on a larger sample of companies, provided there is access to needed financial data.

The thesis can also be improved by adding a thorough analysis of the details in the financial reports, the information in newspapers, as well as other sources of information, in order to identify potential techniques to manage earnings, choosing the analyzed sample by following the warning signals given by the lack of correlation between operating cash flow and operating earnings.

The subsequent research perspectives could also head towards identifying other variables to influence the decision to invest versus the decision to save cash. Within the model, other macroeconomic variables can be included, as well as other items that may theoretically have a certain influence, items like the debt ratio, loans ratio or changes in working capital value. The loans ratio may replace the operating cash flow in financing investments, while changes in working capital may cause a decrease of the cash rate into total assets value, through a potential increase in collection periods.

Also, the quality of the cash flow forecast could be analyzed after including additional variables to the statistical models, variables like the reporting method chosen (direct or indirect) or the management decision to distribute or not dividends for the analyzed period.

Bibliography

Adam Tim R., Fernando Chitru S., ”Hedging, speculation, and shareholder value”, Journal of Financial Economics, 81 (2006), 283-309

Adhikari Ajay & Duru Augustine, ”Voluntary Disclosure of Free Cash Flow Information”, Accounting Horizons, Vol. 20, No.4, dec. 2006, pg. 311-332

Adut David, Holder Anthony D., Robin Ashok, ”Predictive versus opportunistic earnings management, executive compensation, and firm performance”, nr. 32, 2013, pg. 126-146

Ahmed Kamran, Jahangir Ali Muhammad, ”Determinants and usefulness of analysts’ cash flow forecasts: evidence from Australia”, International Journal of Accounting and Information Management, Vol. 21, Nr.1, 2013, pg. 4-21

Al-Attar Ali, Hussain Simon, ”Corporate Data and Future Cash Flows”, Journal of Business Finance & Accounting, vol. 31, nr. 7 & 8, 2004, pg. 0306-686X, 861-903

Alexander David & Nobes Christopher, ”Financial Accounting, An International Introduction”, Ed. Pearson Education, 2004, pg. 284, pg 285

Allayannis George, Mozumdar Abon, ”The impact of negative cash flow and influential observations on investment-cash flow sensitivity estimates”, Journal of Banking and Finance nr. 28, 2004, pg. 901-930

Almeida Heitor, Campello Murillorm, Weisbach Michael S., ”The Cash Flow Sensitivity of Cash”, The Journal of Finance, vol. LIX, nr. 4, 2004, pg. 1777 - 1804

Antill Nick, Lee Kenneth, ”Company Valuation under IFRS. Interpreting and forecasting accounts using International Financial Reporting Standards”, Ediția a 2-a, Ed. Harriman House LTD, 2008, pg. 145-150, pg. 19

Artiach Tracy, Lee Darren, Nelson David, Walker Julie, ” The determinants of corporate sustainability performance”, Accounting and Finance, Vol. 50, 2010, pg. 31-51

Atieh Sulayman H. , ”Liquidity Analysis Using Cash Flow Ratios as Compared to Traditional Ratios in the Pharmaceutical Sector in Jordan”, International Journal of Financial Research, 2014, Vol. 5, Nr. 3, pg. 146-158

Atrill Peter & McLaney Eddie, ”Contabilitatea și Finanțele pe înțelesul tuturor”, Ediția a IV-a, Ed. Rentrop & Straton, 2006, pg. 168.

Attig Najah, Cleary Sean, ”Organizational Capital and Investment-Cash Flow Sensitivity: The Effect of Management Quality Practices”, Financial Management, Toamna 2014, pg. 473-504

Atwood T.J, Drake S. Michael, Myers N. James, Myers A. Linda, ” Do earnings reported under IFRS tell us more about future earnings and cash flows?”, Journal of Accounting and Public Policy, Vol.30, 2011, pg. 16, 103–121

Atwood T.J., Drake Michael S., Myers Linda A., „Book-tax conformity, earnings persistence and the association between earnings and future cash flows”, Journal of Accounting and Economics, nr. 50, 2010, pg. 111-125

Ayers Benjamin C., Jiang John Xuefeng, Yeung P. Eric,” Discretionary Accruals and Earnings Management: An Analysis of PseudoEarnings Targets”, The Accounting Review, vol. 81, nr. 3, 2006, pg. 617–652, pg. 619, 650.

Badertscher Brad A., Collins Daniel W., Lys Thomas Z., ”Discretionary accounting choices and the predictive ability of accruals with respect to future cash flows”, Journal of Accounting and Economics, nr. 53, 2012, pg. 330-352

Balkrishna Harishankar, Coulton Jeffrey J., Taylor Stephen L., „Accounting losses and earnings conservatism: evidence from Australian Generally Accepted Accounting Principles”, Accounting and Finance, nr. 47, 2007, pg. 381-400

Bao Dichu, Chan Kam C., Zhang Weining, ”Asymmetric cash flow sensitivity of cash holdings”, Journal of Corporate Finance, nr. 18, 2012, pg. 690-700

Barbosa Paulo S. F. Și Pimentel Priscilla R., ”A linear programming model for cash flow management in Brazulian construction industry”, Construction Management and Economics nr. 19, 2001, pg. 469-479

Barker Richard, ”The operating-financing distinction in financial reporting”, Accounting and Business Research, vol. 40, nr. 4, 2010, pg. 391-403, pg. 392-393, 401-402

Barth Mary E., Beaver William H., Hand John R. M., Landsman Wayne R. „Accruals, Accounting-Based Valuation Models, and the Prediction of Equity Values”, Journal of Accounting , Auditing & Finance, vol.20, nr. 4, 2005, pg. 311 - 345

Barth Mary E., Cram Donald R., Nelson Karen K., „Accruals and the Prediction of Future Cash Flows”, The Accounting Review,Vol. 76. No. 1 January 2001 pp. 27-58 (pg 56-57)

Bartov Eli, Goldberg Stephen R., Kim Myung-Sun, „The Valuation-relevance of Earnings and Cash Flows: an International Perspective”, Journal of International Financial Management and Accounting 12:2 2001, 103:132 (pg. 29-130)

Bartram Sohnke M., ”What lies beneath: Foreign exchange rate exposure, hedging and cash flows”, Journal of Banking & Finance nr. 32, 2008, pg. 1508-1521

Bates Thomas W., Kahle Kathleen M., Stulz Rene M., ”Why Do U.S. Firms Hold So Much More Cash than They Used To?”, The Journal of Finance, 2009, vol. LXIV, nr. 5, pg. 1985 - 2021

Batrancea I., Staneanu Gh. – “Analiza fluxurilor de trezorerie”, Editura Dacia, Cluj-Napoca, 1997, p 19-20.

Bătrâncea Ioan, ”Analiza trezoreriei entității economice”, Ed. Risoprint, 2008, pg. 122.

Benston George J., ”Fair-value accounting: A cautionary tale from Enron”, Journal of Accounting and Public Policy, 25 (2006), 465-484

Berkman Henk, Bradbury Michael E., Phil Hancock, Ines Clare, ”Derivative financial instrument use in Australia”, Accounting and Finance, nr. 42, 2002, 97-109

Bezuidenhout A., Mlambo C., Hamman W.D., ”Investigating causality between cash flow and profitability: an econometrics approach”, Meditari Accounting Research, Vol. 16, No.1, 2008, 27:41

Bhojraj Sanjeev, Libby Robert, ”Capital Market Pressure, Disclosure Frequency – Induced Earnings/Cash Flow Conflict and Managerial Myopia”, The Accounting Review, vol. 80, nr. 1, 2005, pg. 1-20

Bissessur S.W, ”Earnings quality and earnings management: the role of accounting accruals”, 2008, University of Amsterdam, http://dare.uva.nl/document/96793, Cap. 5

Black Ervin L., ”Usefulness of financial statement components in valuation:an examination of start-up and growth firms”,VENTURE CAPITAL, 2003, VOL. 5, NO. 1, 47-69 (pg 65-66)

Boisjoly Russel P., ”The Cash Flow Implications of Managing Working Capital and Capital Investment”, Journal of Business & Economic Studies, vol. 15, nr. 1, 2009, pg. 98-108

Britton Anne & Waterston Chris, ”Financial Accounting” (ediția 4), 2006, Ed. Pearson Education, pg. 8, pg.161.

Broome O. Whitfield, ”Statement of Cahs Flows: Time for change!”, Financial Analysts Journal, Vol. 60, No. 2, Martie/Aprilie 2004, pg 16-22

Broussard John Paul, Buchenroth Sheree A., Pilotte Eugene A., ”CEO Incentives, Cash Flow, and Investment”, Financial Management, Ediția de vară 2004, pg. 51-70

Brown James R., Petersen Bruce C., ”Why has the investment – cash flow sensitivity declined so sharply? Rising R&D and equity market developments”, Journal of Banking & Finance, nr. 33, 2009, pg. 971-984

Brush Thomas H., Bromiley Philip şi Hendrickx Margaretha, ”The Free Cash Flow Hypothesis for Sales Growth and Firm Performance”, Strategic Management Journal, Vol. 21, 2000, pg 455-472

Burgstahler David, Eames Michael, ”Management of Earnings and Analysts’ Forecasts to Achieve Zero and Small Positive Earnings Surprises”, Journal of Business Finance & Accounting, 33(5) & (6), Iunie/Iulie 2006, pg. 633–652,

Call Andrew C., Chen Shuping, Tong Yen H., ”Are analysts’ forecasts more accurate when accompanied by cash flow forecasts?”, Review of Accounting Studies, 2009, vol. 14, nr. 2-3, pg. 358-391

Chang Xin, Tan Tek Jun, Wong George, Zhang Hongfeng, ”Effects of financial constraints on corporate policies in Australia”, Accounting and Finance nr. 47, 2007, pg. 85-108

Chao Xiuli, Chen Jia, Wang Shouyang, ”Dynamic Inventory Management with Cash Flow Constraints!, Wiley InterScience (www.interscience.wiley.com), 2009

Chen Huafeng (Jason), Chen Shaojun (Jenny), ”Investment-cash flow sensitivity cannot be a good measure of financial constraints: Evidence from the time series”, Journal of Financial Economics, vol. 103, 2012 , pg. 393-410

Chen Kevin C.W., Chen Zhihong și Wei K.C. John, ”Agency Costs of Free Cash Flow and the Effect of Shareholder Right on the Implied Cost of Equity Capital”, Journal of financial and quantitative analysis, Cambridge University Press, vol. 46, 2011, pg. 171-207

Cheng C.S. Agnes, Hollie Dana, ”Do core and non-core cash flows from operations persist differentially in predicting future cash flows?”, Review of Quantitative Finance and Accounting, nr. 31, 2008, pg. 29-53

Cheng C.S. Agnes, Hollie Dana, „The Persistence of Cash Flow components into Future Cash Flows”, Working Paper Series, Oct 2005

Cheng C.S. Agnes, Yang S. M., „The Incremental Information Content of Earnings and Cash Flows from Operations Affected by Their Extremity", Journal of Business Finance & Accounting, (30) 1 & 2, 2003, pg. 306-686

Choi Frederick D. S., "International Finance and Accounting Handbook. Third Edition.", John Wiley and Sons, Inc., 2003, Cap. 5

Chorafas Dimitris N., „IFRS, Fair Value and Corporate Governance. The Impact on Budgets, Balance Sheets and Management Accounts", CIMA Publishing (Elsevier Ltd.), 2006, pg. 112, 233, 279, 260

Coad Alex, "Structural Change and Economic Dynamics", Structural Change and Economic Dynamics, nr. 21, 2010, pg. 206-218

Cohen Gil, Yagil Joseph, "A Multinational Survey of Corporate Financial Policies", Journal of Applied Finance", nr. de primavara/vara 2007, pg. 57-69

Contrera Malacrida Mara Jane, De Lima Gerlando A.S., Lopes Favero Luiz Paolo, Siqueira Lima Iran, „An accounting Accruals Model to predict Future Operating Cash Flow: Evidence from Brazil", International Journal of Management, vol. 27, nr.3, partea I, 2010, pg. 562-578

Csiszar Ernst N., "Managining Risk and Uncertainity", Business & Economic Reviw, Oct-Dec 2008

Dănescu Tatiana, Rus Luminița, "Cercetări privind impactul modelului de contabilitate asupra performanței economico-financiare", Audit financiar, 2014, nr.8, pg. 20-28

Dechow M. Patricia, Skinner J. Douglas, "Earnings Management: Reconciling the Viewa of Accounting Academics, Practitioners, and Regulators", Accounting Horizons, vol.14, nr. 2, Iunie 2000, pg. 235-250, pg. 239

Dechow Patricia M., Dichev Ilia D., " The Quality of Accruals and Earnings: The Role of Accrual Estimation Errors", The Accounting Review, Vol. 77, Supplement 2002, pp 35–59, pg. 36, 54

Dechow Patricia M., Kothari S. P., Watts Ross L., "The relation between earnings and cash flows", Journal of Accounting and Economics nr. 25, 1998, pg. 133-168

Deshmukh Sanjay, Vogt Stephen C., "Investment, cash flow, and corporate hedging", Journal of Corporate Finance, nr. 11, 2005, pg. 628-644

Ding Yuanyao, Qian Xu, "Investment Cash Flow Sensitivity and Effect of Managers' Ownership: Difference between Central Owned and Private Owned Companies in China", International Journal of Economics and Financial Issues, Vol. 4, Nr. 3, 2014, pg.449-456

Edmonds Christopher T., Edmonds Jennifer E, Maher John J.,"The impact of meeting or beating analysts' forecasts on a firms cost of debt", Advances in Accounting, incorporating Advances in International Accounting, nr. 27, 2011, pg. 242-255

Eisdorfer Assaf, „The Importance of Cash Flow News for Financially Distressed Firms", Financial Management, toamna 2007, pg. 33-48.

Elliott Barry şi Elliott Jamie, "Financial Accounting and Reporting ", 12th Edition, Pearson Education Limited, 2008, pg. 643, pg. 645

Eng Li Li, Nabar Sandeep, Chng Chee Kiong, „The Predictive Value of Earnings, Cash Flows and Accruals in the Period Surrounding the Asian Financial Crisis: Evidence from Hong Kong, Malaysia, Singapore and Thailand", Journal of International Financial Management and Accounting, 16:3, 2005, pg. 165-193

Eng Li Li, Sun Li, și Vichitsarawong Thanyaluk ”Are International Financial Reporting Standards–Based and U.S. GAAP–Based Accounting Amounts Comparable? Evidence From U.S. ADRs”, Journal of Accounting, Auditing & Finance, 2014, Vol. 29(2), pg. 163–187

Farris M. Theodore II, Hutchison Paul D., ”Cash – to – cash: the new supply chain management metric”, International Journal of Physical Distribution & Logistics Management”, vol. 32, nr. 4, 2002, pg. 288-298

Farshadfar Shadi, Monem Reza, „Further Evidence on the Usefulness of Direct Method Cash Flow Components for Forecasting Future Cash Flows”, The International Journal of Accounting, nr. 48, 2012, pg. 111-133

Fazzari Steven M., Hubbard R. Glenn, Petersen Bruce C., ”Financing Constraints and Corporate Investment”, Brookings Papers on Economic Activitz, nr. 1, 1988, pg. 141 – pg. 206

Feleagă Niculae, ”Sisteme contabile comparate”, Ediția a II-a, vol II, Ed. Economică 2000, pg 70-83.

Fernandez Pablo, ”Cash Flow is a Fact. Net income is just an opinion”, Working Paper, Octombrie 2008, IESE Business School, Madrid, Spania.

Florea Adriana, Pitulice Ileana Cosmina, Nichita Mirela & Jianu Iulia, ”Studii practice privind aplicarea Standardelor Internaționale de Raportare Financiară în România”, Ed. Contaplus, 2007, pg. 51.

Francis Bill, Hasan Iftekhar, Song Liang, Waisman Maya, ”Corporate governance and investment – cash flow sensitivity: Evidence from emerging markets”, Emerging Markets Review, nr. 15, 2013, pg. 57-71

Francis Jennifer, Smith Michael, ”A Reexamination of the Persistence of Accruals and Cash Flows”, Journal of Accounting Research, vol. 43, nr.3, 2005, pg. 413-450

Francis Rick N., ”Out-of-sample cash flow prediction and cash distributions to shareholders”, Advances in Accounting, incorporating Advances in International Accounting nr. 27, 2011, pg. 1-9

Francis Rick N., Eason Patricia, ”Accruals and the naive out-of-sample prediction of operating cash flow”, Advances in Accounting, incorporating Advances in International Accounting, nr. 28, 2012, pg. 226-234

Freiberg Richard, Ganslandt Mattias, ”Exchange Rates and Cash Flows in Differentiated Product Industries: A Simulation Approach”, The Journal of Finance, vol. LXII, nr. 5, 2007, pg. 2475 - 2502

Freund Steven, Prezas Alexandros P., Vasudevan Gopala K., ”Operating Performance and Free Cash Flow of Asset Buyers”, Financial Management, Iarna 2003, pg. 87-106

Fuller Kathleen & Blau Benjamin M., ” Signaling, Free Cash Flow and “Nonmonotonic” Dividends”, The Financial Review, vol. 45, 2010, pg. 21-56.

Garcia – Teruel Pedro J., Martinez – Solano Pedro, Sanchez – Ballesta Juan Pedro, ”Accruals quality and corporate cash holdings”, Accounting and Finance nr.49, 2009, pg. 95-115

Gerard M. Zack, ”Fair Value Accounting Fraud. New global risks and detectetion techniques”, Jonh Wiley & Sons Inc., 2009, pg 227-232

Givoly Dan, Hayn Carla, Lehavy Reuven, ”The Quality of Analysts Cash Flow Forecasts”, The Accounting Review, vol. 84, nr. 6, 2009, pg. 1877-1911

Glautier M.W.E. & Underdown B., "Accounting, Theory and practice", Pitmon Pub., London 1991, p.473

Gopal Rampa, "Accounting for Managers (Starting from Basics)", New Age International (P) Ltd., Publishers, 2009

Gordon Elizabeth A., Petruska Karin A., Yu Minna, Do Analysts' Cash Flow Forecasts Mitigate the Accrual Anomaly? International Evidence, Journal of International Accounting Research, Vol. 13, Nr. 1, 2014, pg. 61-90

Gregory Alan, "The Long Run Abnormal Performance of UK Acquirers and the Free Cash Flow Hypothesis", Journal of Business Finance & Accounting, nr. 32 (5) & (6), 2005, pg. 0306-686X

Gryglewicz Sebastian, "A theory of corporate financial decisions with liquidity and solvency concerns", Journal of Financial Economics, nr. 99, 2011, pg. 365-384

Habib Ahsan, "Prediction of Operating cash Flows: Further Evidence from Australia", Australian Accounting Review, nr. 53, vol. 20/2, 2010, pg. 134-143

Habib Ahsan, "The role of accruals and cash flows in explaining security returns: Evidence from New Zealand", Journal of International Accounting, Auditing and Taxation 17 (2008) 51–66, Pg. 52-53

Hackel Kenneth S., Livnat Joshua, Rai Atul, "A Free Cash Flow Investment Anomaly", Journal of Accounting, Auditing & Finance", Vol. 15, No. 1, 2000, pg. 1-24

Hagelin Niclas, Pramborg Bengt, "Hedging Foreign Exchange Exposure: Risk Reduction from Transaction and Translation Hedging", Journal of International Financial Management and Accounting ol. 15, nr. 1, 2004, pg. 1- 20

Henry David, "Fuzzy Numbers", Cover Story, Business Week, 4 Oct, 2008.

Hewitt Max, "Improving Investors' Forecast Accuracy when Operating Cash Flow and Accruals Are Differently Persistent", The Accounting Review, vol. 84, nr. 6, 2009, pg. 1913-1931

Hirshleifer David, Hou Kewei, Teoh Siew Hong, Zhang Yinglei, "Do investors overvalue firms with bloated balance sheets?", Journal of Accounting and Economics 38 (2004) 297–331, Pg. 303, 328

Hodder Leslie, Hopkins E. Patrick, Wood A. David, "The Effect of Financial Statement and Informational Complexity on Analysts Cash Flow Forecast", The Accounting Review, vol. 83. nr. 4, 2008, pg 915-956

Hodge Frank D., Hopkins Patrick E., Wood David A., "Contemporary Accounting Research, vol. 27, nr. 1, pg. 101-133

Hodgson Allan, Stevenson-Clarke Peta, „Earnings, cash flows and returns: Functional relations and the impact of firm size", Accounting and Finance, nr. 40, 2000, pg. 51 - 73

Hovakimian Armen, Hovakimian Gayane, "Cash Flow Sensitivity of Investment", European Financial Management, vol. 15, nr. 1, 2009, pg. 47-65

Hovakimian Gayane, "Determinants of Investment Cash Flow Sensitivity", Financial Management, nr. primăvara 2009, pg. 161-183

Huibrecht Margaretha van der Poll, „Integrity issues of information created by book entries", Faculty of Economic and Management Sciences, University of Pretoria, Iunie 2006, Cap. 5

Hussey Roger & Ong Audra, ”International Financial Reporting Standards, Desk Reference. Overview, Guide and Dictionary, ed. John Wiley & Sons, Inc., 2005, pg. 268, pg. 156

Inderst Roman, Muller Holger M., ”Internal versus External Financing: An Optimal Contracting Approach”, The Journal of Finance, vol. LVIII, nr. 3, 2003, pg. 1033 - 1062

Jensen, M.,” Agency costs of free cash flow, corporate finance, and takeovers”, American Economic Review 1986, vol 76, pg. 323–329

Jones Stewart, Sharma Rohit, ”The Impact of Free Cash Flow, Financial Leverage and Accounting Regulation on Earnings Management in Australia‘s ”Old” and ”New” Economies”, Managerial Finance, Vol. 27, No. 12, 2001, pg 18-39

Kanagaretnam Kiridaran, Mathieu Robert, Shehata Mohamed, ”Usefulness of comprehensive income reporting in Canada”, Journal of Accounting and Public Policy, nr. 28, 2009, pg. 349 - 365

Kaplan Steven N., Zingales Luigi, „Do Investment – Cash Flow Sensitivities Provide Useful Measures of Financing Constraints”, The Quarterly Journal of Economics, Februarie, 1997, 169 - 215

Kaplan Steven N., Zingales Luigi, „Investment – Cash Flow Sensitivities Are Not Valid Measures of Financing Constraints”, The Quarterly Journal of Economics, Mai 2000, pg. 707 - 712

Ketz Edward J., ”Hidden Financial Risk. Understanding Off-Balance Sheet Accounting”, 2003, John Wiley & Sons, Inc., pg. 236 - 238

Khurana Inder K., Martin Xiumin, Pereira Raynolde, ”Financial Development and the Cash Flow Sensitivity of Cash”, Journal of Financial and Quantitative Analysis, vol. 41, nr. 4, Dec. 2006, pg. 787 - 807

Kim Myungsun, Kross William, ”The Ability of Earnings to Predict Future Operating Cash Flows Has Been Increasing – Not Decreasing), Journal of Accounting Research, Vol. 43, No. 5, 2005, 753-780

Kinnunen Juha şi Koskela Markku, “Do cash flows reported by firms articulate with their income statements and balance sheets? Descriptive evidence from Finland”, The European Accounting Review 8 (4), 1999, pg. 631-654

Kissan Joseph, Richardson Vernon J. Richardson, ”Free Cash Flow, Agency Costs and the Affordability Method of Advertising Budgeting”, Journal of Marketing vol. 66, Ian. 2002, pg. 94-107

Kokia Roghayeh Ahmdi Panah Banad, Jokarb Iman (2014), ”An investigation on how to estimate future cash flows: Evidence from Tehran Stock Exchange”, Management Science Letters, Vol. 4, 2014, pg. 503–506

Kousenidis Dimitrios V., ”A free cash flow version of the cash flow statement: a note”, Managerial Finance, 2006, Vol. 32, No.8, pg. 645-653.

Kousenidis Dimitrios V., Negakis Christos I. şi Floropoulos Iordanis N.,” Disclosure requirements and voluntarily reporting of cash flow information in Greece”, Managerial Finance, Vol. 32, No. 8, 2006, 685-699

Kousenidis V. Dimitrios, ”Disclosure requirements and voluntarily reporting of cash flow information in Greece”, Managerial Finance, vol. 32, nr. 8, 2006, pg. 685-699

Krishnan Gopal V., Largay James A. III, „The Predictive Ability of Direct Method Cash Flow Information”, Journal of Business Finance & Accounting, 27 (1) & (2), 2000, pg. 306 - 686

Krishnan Gopal, „Audit Quality and the Pricing of Discretionary Accruals”, Auditing: A Journal of Practice & Theory, vol. 22, nr. 1,2003, pg. 109 - 126

Kusnadi Yuanto, K.C. John Wei, ”The determinants of corporate cash management policies: Evidence from around the World”, Journal of Corporate Finance, nr. 17, 2011, pg. 725

Kusuma Hadri, The Incremental Information Content of the Cash Flow Statement: An Australian Empirical Investigation, International Journal of Business Administration, Vol. 5, Nr. 4, 2014, pg. 90-102

Kvaal Erlend & Nobes Christopher, ”International differences in IFRS policy choice: a research note”, Accounting and Business Research, vol. 40, nr. 2, 2010, pg. 173-187

Kwok Helen, ”The efect of cash flow statement format on lenders decisions”, The International Journal of Accounting, 37 (2002), pg. 347-362.

La Rocca Maurizio, La Rocca Tiziana și Stagliano Raffaele, ”Agency costs of free cash flow or Internal Capital Market Arguments in Diversification Decisions”, Review of Managerial Finance, Ian. 2013, pg. 1 - 32

Lazaridis Ioannis T., „Cash flow estimation practices in Mediterranean countries”, Managerial Finance, vol. 32, nr. 8, 2006, pg. 625-633

Lee Seul Ki, Jang SooCheong (Shawn), Foreign exchange exposure of US tourism – related firms, Tourism Management nr. 32, 2011, pg. 934-948

Lennard Andrew, ”Stewardship and the Objectives of Financial Statements: A Comment on IASB’s Preliminary Views on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information”, Accounting in Europe, vol. 4, nr. 1, 2007, pg. 51–66

Lewis Richard & Pendrill David, ”Advanced Financial Accounting” (7th Edition), Ed. Pearson Education Ltd, 2004, pg. 528-529, pg. 531

Lin Yi – Chen, ”The cash flow sensitivity of cash: evidence from Taiwan”, Applied Financial Economics, vol. 17, 2007, pg. 1013-1024

Liu Jing, Nissim Doron, Thomas Jacob, „Is Cash Flow King in Valuations?”, Financial Analysis Journal, Vol. 63, No. 2, 2007, pg. 56-68

Lorek Kenneth S., Willinger G. Lee, ”Time series versus cross-sectionally derived predictions of future cash flows”, Advances in accounting, incorporating Advances in International Accounting, nr. 26, 2010, pg. 29-36

Lorek Kenneth S., Willinger G. Lee, „Time-series properties and predictive ability of quarterly cash flows”, Advances in Accounting, incorporating advances in International Accounting, nr. 24, 2008, pg. 65-71

Lorek S. Kenneth, Willinger G. Lee, ”New evidence pertaining to the prediction of operating cash flows”, Review of Quantitative Finance and Accounting, Springer Science & Business Media, LLC 2008, 2009, pg. 1-15

Luo Mei, ”Unusual operating cash flows and stock returns”, Journal of Accounting and Public Policy, 27, 2008, 420-429

Manning A. George, ”Financial investigation and forensic accounting”, CRC Press, Taylor & Francis Group, 2005, pg. 422-423

Matiș Dumitru, Pop Atanasiu, “Contabilitate financiara”, Casa Cartii de Stiinta, 2008

Matiș Dumitru, Vladu Alina Beattrice, Negrea Laura, ” Cash flow reporting between potential creative accounting techniques and hedging opportunities. Case study Romania”, Annales Universitatis Apulensis Series Oeconomica, 11(1), 2009.

McInnis John, Collins Daniel W., ”The effect of cash flow forecasts on accrual quality and benchmark beating” Journal of Accounting and Economics Received date: 8 August 2006, Revised date: 3 September 2010, Accepted date:15 October 2010, Pg 4-5

McInnis John, Collins Daniel W., ”The effect of cash flow forecast on accrual quality and benchmark beating”, Journal of Accounting and Economics, nr. 51, 2011, pg. 219 - 239

Miranda-Lopez Jose E., Nichols Linda M., „The use of earnings and cash flows in investment decisions in the U.S. and Mexico: Experimental Evidence”, Journal of International Accounting, Auditing and Taxation”, nr. 21, 2012, pg. 198-208

Mohamed Ezzeddine Ben, Fairchild Richard, Bouri Abdelfettah, ”Investment cash flow sensitivity under managerial optimism: New evidence from NYSE panel data firms”, Journal of Economics, Finance and Administrative Science, Vol. 19, 2014, pg. 11-18

Mohanram S. Partha, ”How to Manage Earnings Management”, Accounting World – Institute of Chartered Financial Analysts of India”, 2003

Molina Carlos A., Preve Lorenzo A., ”Trade receivables Policy of Distressed Firms and Its Effect on the Costs of Financial Distress”, Financial Management, 2009, pg. 663-686

Monahan Steven J., ”Discussion of Why do Managers Voluntarily Issue Cash Flow Forecasts?”, Journal of Accounting Research, vol. 44, nr. 2, 2006, pg. 431-436

Moyen Nathalie, ”Investment - Cash Flow Sensitivities: Constrained versus Unconstrained Firms”, The Journal of Finance, vol. LIX, nr. 5, 2004, pg. 2061 - 2092

Mulford C.W., Comiskey E.E., „Creative cash-flow reporting – Uncovering Sustainable Financial Performance” , John Wiley & Sons, Inc., 2005 pg.211-212, pg. 345-376, pg. 18, pg. 38, pg. 52-55

Mulford Charles W., Comiskey Eugene E., ”The Financial Numbers Game. Detecting Creative Accounting Practices”, John Wiley & Sons, Inc., 2002

Nandy Debarshi K., ”Why do firms denominate bank loans in foreign currencies? Empirical evidence from Canada and U.K., Journal of Economics and Business, nr. 62, 2010, pg. 577-603

Nikkinen Jussi, Sahlström Petri, ”Impact of an accounting environment on cash flow prediction”, Journal of International Accounting, Auditing & Taxation nr. 13, 2004, pg. 39-52

Nurnberg Hugo, ”The distorting effects of acquisitions and dispositions on net operating cash flow”, Accounting Forum 30 (2006) 209–226

Nwaeze Emeka T., Yang Simon S. M., Yin Q. Jennifer, ”Accounting Information and CEO Compensation: The Role of Cash Flow from Operations in the Presence of Eamings”, Contemporary Accounting Research, Vol. 23, No.1, 2006, pg. 227-265, pg. 227, 233, 257

Ohlson James A., Jagadison K. Aier, „On the Analysis of Firms' Cash Flows”, Contemporary Accounting Research vol. 26, nr. 4, 2009, pg. 1091-1114

Oprea Ryan, ” Free Cash Flow and Takeover Threats; An Experimental Study”, Southern Economic Journal, 2008, Vol. 75, No. 2, pg. 351-366

Orens Raf, Reheul Anne-Mie, European Management Journal (2013), articol în curs de publicare

Orpurt Steven F. & Zang Yoonseok, ”Do Direct Cash Flow Disclosures Help Predict Future Operating Cash Flows and Earnings?”, The Accounting Review, Vol. 84, No. 3, 2009, pg. 893-935.

Pae Jinhan, Yoon Sung-Soo, ”Determinants of Analysts' Cash flow Forecast Accuracy”, Journal of Accounting, Auditing and Finance”, nr 27(I), 2012, pg. 123-144

Palazzo Berardino, ”Cash holdings, risk and expected returns”, Journal of Financial Economics Nr. 104, 2012, pg. 162-185

Pantea Iacob Petru, Bodea Gheorghe, “Contabilitatea financiara romaneasca conforma cu Directivele Europene”, Intelcredo 2008

Park Kwangmin, Jang (Shawn) SooCheong, ”Capital structure, free cash flow, diversification and firm performance: A holistic analysis”, International Journal of Hospitality Management, nr. 33, 2013, pg. 51-63

Pawlina Grzegorz, Renneboog Luc, ”Is Investment-Cash Flow Sensitivity Caused by Agency Costs or Asymetric Information? Evidence from the UK”, European Financial Management, vol. 11, nr. 4, 2005, pg. 483-513

Pătrașcu Lucian, Radu Florin, Bordeianu Gabriela-Daniela, Paraschivescu Marius Dumitru, ”National and International Regulatory Norms Cash Flows”, Economy Transdisciplinarity Cognition, Vol. 17, Nr. 1, 2014, pg. 13-18

Penman Stephen H. și Yehuda Nir, ”The pricing of earnings and cash flows and an affirmation of accrual accounting”, Review of Accounting Studies, Working Papers, 2009, Vol. 14, No.4

Penman Stephen H., ”On Comparing Cash Flow and Accrual Accounting Models for Use in Equity Valuation: A Response to Lundholm and O'Keefe”, Contemporary Accounting Research, Vol. 18-4, p. 681-692, 2001

Piatti Domenico, ”Operating Cash Flow and Creditworthiness Assessment”, Academy of Accounting and Financial Studies Journal, 2014, Vol. 18, Nr. 2, pg. 1-20

Pindado Julio, Requejo Ignacio, De la Torre Chabela, ”Family control and investment – cash flow sensitivity: Empirical evidence from the Euro zone”, Journal of Corporate Finance, nr. 17, 2011, pg. 1389-1409

Pirchegger Barbara, ”Hedge Accounting Incentives for Cash Flow Hedges of Forecasted Transactions”, European Accounting Review, vol. 15, nr. 1, 2006, pg. 115-135

Pope F. Peter, „Discussion of Disclosure Practices, Enforcement of Accounting Sandards, and Analysts' Forecast Accuracy: An International Study”, Journal of Accounting Research, vol. 41, nr. 2, 2003, pg. 273 - 283

Priceaterhouse Coopers, ”IFRS and US GAAP, similarities and differences”, IFRS Readiness Series, PricewaterhouseCoopers LLP, Sept. 2008

Rai Atul, ”Reconciliation of net income to cash flow from operation: an accounting equation approach, Journal of Accounting Education, Ed. 21 (2003) 17-24

Rambo Robert G., Main Daphne, Beaubien Louis, „Reducing reporting risk: Designating foreign currency forward contracts as cash flow hedges”, Journal of Accounting, Ed. 29, 2011, pg. 284-294

Reichelstein Stefan, ”Providing Managerial Incentives: Cash Flow versus Accrual Accounting”, Journal of Accounting Research, vol. 32, nr. 2, 2000, pg. 243-269

Reider Rob și Heyler Peter B., ”Managing Cash Flow. An Operational Focus”, John Wiley & Sons, Inc., 2003

Reider Rob, Heyler Peter B., ”Analyzing Sales for Better Cash Flow Management”, Wiley Periodicals, Inc., Wiley InterScience, www.interscience.wiley.com, 2003, pg. 15-25

Riddiough Timothy J., We Zhonghua, ”Financial Constraints, Liquidity Management and Investment”, Real Estate Economics, vol, 37, nr.3, 2009, pg. 447-481

Robinson Thomas R., van Greuning Hennie, Henry Elaine, Broihahn Michael A., CFA, ”International Financial Statement Analysis”,CFA Institute, Investment Series, John Wiley & sons, 2009, pg.250-251, pg. 196, 671, pg. 220, pg. 221

Ruangprapun Jomsurang, ”The effect of analysts cash flow forecasts on real activities management and the role of value-relevant earnings information”, 2011, J.Mack Robinson College of Business, Georgia State University

Schaeffer Mary S., ”Using Accounts Payable to Improve Cash Flow”, The Journal of Corporate Accounting & Finance, Nov/Dec 2007, pg. 25 - 28

Schilit Howard, ”Financial Shenanigans. How to detect accounting gimmicks and fraud in financial reports”, Ed. A 2-a, 2003, Ed. McGraw-Hill

Schoendube-Pirchegger Barbara, ”Hedge, hedge accounting, and speculation in a rational expectations equilibrum”, Journal of Accounting and Public Policy 25 (2006), pg. 687-705.

Semenov Radislav, ”Financial systems, financing constraints and investment: empirical analysis of OECD countries”, Applied Economics, nr. 38, 2006, pg. 1963-1974

Shackelford Douglas A., Shevlin T., ”Empirical Tax Research in Accounting”, Journal of Accounting & Economics nr. 31, 2001, pg. 321-387

Sharma Divesh S. şi Iselin Errol R., „The decision usefulness of reported cash flow and accrual information in a behavioural field experiment” Accounting and Business Research. Vol. 33. No. 2. pp. 123-135. 2003

Sharma Divesh S., „The Role of Cash Flow Information in Predicting Corporate Failure: The State of the Literature”, Managerial Finance, vol. 27, nr. 4, 2001, pg. 3-28

Sharma Divesh S., Iselin R. Errol, „The Relative Relevance of Cash Flow and accrual Information for Solvency Assesments: A Multi-Method Approach”, Journal of Business Finance & Accounting, vol.30, nr. 7 & 8, Sept/Oct 2003, pg. 0306-686X

Sharma Divesh, ”Predicting Corporate Failure: When Cash Flow is King”, Journal of Banking and Financial Services, 2001

Stancu Ion, Stancu Dumitra, Delimitări conceptuale şi metodologice ale indicatorilor de cash, cash-flow şi cash-flow disponibil ale întreprinderii, Audit Financiar, nr. 10, 2014, pg. 42-52

Steffan Belinda, „Essential Management Accounting. How to maximise profit and boost financial performance”, 2008, Kogan Page Limited

Stittle John & Wearing Robert, ”Financial Accounting”, 2008, Ed. Sage Publication Ltd, pg. 69-70, pg. 72, pg 73

Stolowy Herve, Breton Gaetan, „A Framework for the classification of accounts manipulation”, HEC Accounting & Management Control Working Paper nr. 708, Iunie, 2000, pg. 24

Subramanyam K. R., Venkatachalam Mohan, „Earnings, Cash Flows, and Ex Post Intrinsic Value of Equity”, The Accounting Review, Vol. 82, No. 2 2007pp. 457–481(pg 457-460)

Toby Adolphus J., ”Empirical Survey of Corporate Liquidity Management Practices of Nigerian – Quoted Manufacturing Enterprises”, Journal of Financial Management and Analysis, 18(2), 2005, pg. 41-56

Tracy John A., ”How to read a financial report:wringing vital signs of the numbers”, ed. John Wiley & Sons Inc., 2009, pg. 20, pg. 88, pg. 90.

Tsai Chih – Yang, ”On delineating supply chain cash flow under collection risk”, International Journal of Production Economics, nr. 129, 2011, pg. 186-194

Tsai Chih – Yang, ”On supply chain cash flow risks”, Decision Support Systems nr. 44, 2008, pg. 1031-1042

Tugui Iuliana, “Contabilitatea fluxurilor de trezorerie - Modelari, analize si previziuni financiar-contabile”, Ed. Economica, 2002, pg. 70

Turnbull Shann, ”Grounding economics in commercial reality: A Cash Flow Paradigm”, 2006, Working Paper – The Fifth Australian Society of Heterodox Economists Conference

Wagenhofer Alfred, „Accrual-based compensation, depreciation and investment decisions”, European Accounting Review, 12:2, 2003, pg. 287-309

Watson Jodi, Wells Peter, ”The association between various earnings and cash flow measures of firm performance and stock returns: Some Australian evidence”, Financial Accounting eJournal 10/2005, pg.3

Wei K.C. John, Zhang Yi ” Ownership structure, cash flow, and capital investment: Evidence from East Asian economies before the financial crisis”, Journal of Corporate Finance, vol. 14, 2008, pg. 118–132

Weiss Neil S., Yang James G.S., ”Cash Flow Statement: Problems with the Current Rules”, CPA Journal, martie 2007, pg. 2-4

Wojakowski Rafal M., „How should firms selectively hedge. Resolving the selective hedging puzzle”, Journal of Corporate Finance, nr. 18, 2012, pg. 560-569

Yilei Zhang, ”Are Debt and Incentive Compensation Substitutes in Controlling the Free Cash Flow Agency Problem”, Financial Management, nr. toamna 2009, pg. 507-541

Zhang Weining, ”Real Activities Manipulation to Meet Analysts Cash Flow Forecasts, 2008, Working Paper, University of Texas, Dallas

Zhang Yilei, ” Are Debt and Incentive Compensation Substitutes in Controlling the Free Cash Flow Agency Problem?”, Financial Management, toamna 2009, pg. 507-541

BVB Website, (www.bvb.ro)

CNVM Website (www.cnvmr.ro)

Deloitte IAS Plus Website (www.iasplus.com)

IASB, "The Conceptual Framework for Financial Reporting", 2010, IFRS Foundation (www.ifrs.org)

R. Edward Freeman site (www.redwardfreeman.com)