International Journal of Economics, Management, Business and Social Science (IJEMBIS)
Peer-Reviewed – International Journal
Volume 4, Issue 1, January 2024
E-ISSN: 2774-5376
https://cvodis.com/ijembis/index.php/ijembis

Analysis of Predictive Ability of Earnings and Cash Flow on Future Cash Flows
(Listed Banking in Indonesia Stock Exchange During Period 2009 – 2021)

Asih Widhi Trisnadi[1], Etty Puji Lestari[2], Diki[3]
Open University, Jakarta - Indonesia

Email: creep.android@gmail.com

Citation: Trisnadi, A.W., Lestari, E.P., & Diki (2024). Analysis of Predictive Ability of Earnings and Cash Flow on Future Cash Flows Listed Banking in Indonesia Stock Exchange During Period 2009 – 2021. INTERNATIONAL JOURNAL OF ECONOMICS, MANAGEMENT, BUSINESS AND SOCIAL SCIENCE (IJEMBIS), 4(1), 26-36. https://cvodis.com/ijembis/index.php/ijembis/article/view/287

Received: December 14, 2023
Accepted: December 30, 2023
Published: January 18, 2024

Abstract
The company's ability to generate cash in the future is the key for stakeholders to build expectations for the company. Therefore, the choice of variables used in modelling to predict future cash flows is the key to the precision of predictive modelling. The Financial Accounting Standard Board's recommendation states that accrual-based information regarding company value is a better basis for assessing a company's historical and future performance than current-year cash flow information. However, research regarding predictors of future cash flows suggests otherwise. This is due to the potential for asymmetric information from financial reports that are prepared as financial shenanigans. In this research, the ability of net profit will be tested again to predict aggregate cash flow. The choice of aggregate cash flow rather than operating cash flow as in previous research is because net profit is generated not only from operating activities but also from investment activities and financing activities.

Keywords: *Predictive Ability, Earnings Cash Flow, Future Cash Flow*

1. Introduction

The expectations of company stakeholders can be built by forecasting future cash flows by utilizing the predictive nature of the information in financial reports. With this forecast, stakeholders can measure the company's ability to generate cash for the company's sustainability in the future. As explained by Stice, et al (2004), financial reports must be able to be used to predict future cash flows, especially for creditors and investors. For creditors and investors, optimal returns are of course the main goal of investing cash in the company

On the other hand, Fernandez (2019) in his research stated that net profit is a predictor which is presented based on accounting assumptions related to the recognition of company expenses and income. Accounting policies that are applied inconsistently can result in asymmetric information between management and stakeholders. Furthermore, Fernandez (2019) also stated that cash flow is objective information that is presented without using any assumptions. Thus, measuring company performance is more precise if using cash flow as a single predictor. The use of net profit predictors can still be used but must pay attention to the assumptions used in presenting the profit and loss information

Financial shenanigans as stated by Schilit (2002), is an action carried out to obscure the company's financial reports and the company's financial condition. This action was carried out by adopting accounting policies that were not applied consistently. These misstatements are not only carried out to increase profits but also reduce profits by management's interests towards stakeholders within the company. Furthermore, Schilit (2002) explains that financial shenanigans are carried out by accelerating or slowing income recognition, delaying debt recording and imposing expenses whose benefits will only occur in the future.

Comparative research on cash flow forecasting models by comparing profit and cash flow predictors has been carried out before. Previous research conducted by Nouri (2020), Kim (2020), and even research conducted several decades earlier by Kim and Kross (2002) and Barth (1996), all used predictors of profit from normal activities as a proxy for predictors of current-year operating profit. and cash flow from operational activities as a proxy for current-year cash flow predictors. Therefore, this research needs to be developed by using aggregate cash flows as a proxy for cash flows for the current year. The consideration for this development is that profits from normal activities are not only generated from operational activities but also from investment and funding activities.

Financial Accounting Standard Board in Statement of Financial Accounting Concept 1 stated that accrual-based information related to enterprise value is a better basis for assessing a company's historical and future performance than cash flow. Furthermore, Standard Board in Statement of Financial Accounting Concept 1 stated that net income provides a better projection of the company's ability to generate cash expected to be earned in the future than cash flow itself.

However, it cannot be denied that there is a potential bias of net income as a result of asymmetric information due to inconsistent application of accounting policies. As explained in agency theory (Cahyono, 2012), in the relationship between stakeholders and management there is asymmetric information on company performances, mostly because the agent (management) has more accurate information than the stakeholder. Based on asymmetric information, the principal cannot assess the fact of company's performance.

Sharawi (2021), who tested the predictive ability of net profit compared to operating cash flow, concluded that cash flow-based information has a predictive ability for future cash flows when compared with accrual-based information shown by net profit information. This predictive ability even lasts for a forecasting period of up to 2 years into the future.

Noury, et al (2020) Current-year operating cash flow predictors are proven to have a higher regression value than company profits. The operating cash flow predictor value is even strong enough to predict up to 3 years in the future. The research model using current-year

operating cash flow predictors with segregation of accrual components from profit is the best model for predicting future operating cash flows.

As further research on the comparative test of predictive ability on future cash flow, this study builds a research gap by using aggregate cash flow as a proxy for cash flow variables. this variable is selected because earnings from normal activity which is used as a comparison are not generated from operating activity alone but also from investment activities and financing activities. The use of aggregated cash flow is expected to reduce bias in comparison between earnings and cash flow. Referring to the description above, the hypothesis built in this study can be described as follows: (1) Current cash flow is a better predictor of future cash flow than earnings, and (2) Segregation of accrual and cash flow components in model prediction can increase the predictive power of future cash flow.

2. Research Methods

This research is a panel data study that examines a sample of financial reports from 24 companies for 12 years. Sample selection in this research was chosen using the purposive sampling method. This method is carried out by establishing previously established criteria for sampling. The criteria taken for this research are as follows: (1) The company has been listed on the Indonesian stock exchange, (2) Listed on the Indonesian Stock Exchange during the test period 2009 – 2021, and (3) The financial reports reported by the company are complete for the period 2009-2021.

The research model uses a linear regression model. The selected independent variables will be regressed in the Common Effect Model, Fixed Effect Model and Random Effect Model. Those models will be tested in the Chow Test, Haussmann Test, and Lagrange Multiplier Test to select the best regression model.

The regression model used in this research can be described as follows.

Model I : $CFit+1 = \alpha_0 + \alpha_1 Eit + \alpha_2 CFit + et$

Information :

CF_{it+1} = Cash flow of company i in year t+1
Edit = Profit from normal activities i in year t
CFit = Cash flow of company i in year t
α_0 = Constant coefficient
$\alpha_{1,2}$ = independent variable coefficient
e_t = nuisance variable

Model II: $CF_{it+1} = \alpha_0 + \alpha_1 CFit + \alpha_2 \Delta ARit + \alpha_3 \Delta OA\ it + \alpha_4 \Delta APit + \alpha_5 \Delta TPit + \alpha_6 DEPit + \alpha_7 \Delta DEFTAXit + et$

Information :

CF_{it+1} = Cash flow of company I in year t+1
α_0 = Constant coefficient
α_1 to α_7 = Independent variable coefficient
CFit = Cash flow of company i in year t
ΔARit = Change in Receivables of company i in year t
ΔOA it = Changes in Other Assets of the company i in year t
ΔAPit = Change in debt of company i in year t
ΔTPit = Change in Tax Payable of the company i in year t
DEPit = Depreciation company i in year t

ΔDEFTAXit = Change in deferred tax of company i in year t
et = nuisance variable

The hypotheses to be tested in this research are as follows.

a. Hypothesis I
   - H_1 = Current year cash flow is a better predictor than earnings from the current year for predicting future cash flow
   - H_0 = Current year cash flow is not a better predictor than earnings from the current year for predicting future cash flow

b. Hypothesis II
   - H_1 = Segregation of accrual and cash components will increase the predictive power of future cash flows compared to a forecasting model without segregation of accrual components.
   - H_0 = Segregation of accrual and cash components will not increase the predictive power of future cash flows compared to a forecasting model without segregation of accrual components.

3. Research and Discussion

The population of this research is banking companies listed on the Indonesian Stock Exchange. The research sample was selected using a purposive sampling method with criteria to obtain the desired results. By using the criteria as stated in Table 4.1, the sample selected was a data sample of 288 financial reports.

Table 1. Sample Selection Criteria

Criteria	Amount
Banks registered on the Indonesia Stock Exchange	47 companies
Registered during the test period (2009-2021)	30 companies
Complete Financial Reports (2009-2021)	24 companies
Test Period (12 years)	288 mples

3.1. Descriptive Statistics

Statistical description analysis is used to describe the character of each variable used in this research. The results of descriptive statistics will provide an overview of the distribution of sample data from each variable which can be determined by looking at the maximum and minimum values for each variable, the mean (average) of the sample in the population, and the standard deviation which shows the distribution of the sample relative to the average. The results of the descriptive analysis in this research can be seen in Table 2

Table 2. Descriptive Statistics (in million rupiahs)

Variable	Obs	Mean	Max	Min	Std. Dev
Cash Flow $_{(t+1)}$	288	2,206,150	83,541,419	(65,116,261)	12,677,818
Earning	288	3,470,463	34,413,825	(6,483,084)	6,851,842
Cash Flow$_{ti}$	288	1,608,479	60,680,446	(65,116,261)	10,831,797
Δ AR	288	(14,928,980)	15,673,002	(144,655,145)	26,512,334
Δ OA	288	(143,758)	23,311,739	(11,728,077)	1,861,670
Δ AP	288	46,457,835	1,337,265,181	(19,854,435)	167,244,181
Δ TP	288	(4,525)	1,763,913	(4,798,538)	359,531
DEP	288	336,018	3,933,691	(385,243)	537,304
Δ DEFTAX	288	117,117	5,651,852	(1,659,280)	642,909

Source: Data Processing Results

Descriptive statistics of all variables are described by the Mean, Maximum, Minimum and standard deviation values of each variable. The mean which has a positive value is recorded for the aggregate cash flow, earnings, Change in debt, Depreciation and Change in deferred tax. The negative mean is only recorded by the variables Change in receivables and Change in other assets. The largest standard deviation is recorded for the Change in debt variable and the smallest standard deviation is recorded for the tax change payable.

3.2. Regression Results

Research Model I

Table 3. T-test and F-test results

Uraian	CEM	FEM	REM
CF (uji t)	0.001	0.427	0.001
Earnings (uji t)	0.292	0.088	0.291
Prob>F	0.0045	0.8989	0.0041
R squared	0.0372	0.0117	0.0372

Research model I is intended to see the relative predictive ability between the two independent variables, earnings from normal activity and aggregate cash flow for the current year. This model is regressed into three regression models, Common Effect Model, Fixed Effect Model and Random Effect Model. In the Common Effect Model, it can be seen that earnings are partially significant with a t-test of 0.001 below the α value of 0.05. Meanwhile, the aggregate cash flow variable is not partially significant with a t-test value of 0.292. However, simultaneously these two variables are significant with the F test results with a probability below the α value of 0.05 of 0.0045. The predictive power of the common effect model is shown by the R squared value of 0.0372.

In the Fixed Effect Model, it can be seen that earnings are not partially significant with a t-test of 0.088 above the α value of 0.05. Meanwhile, the aggregate cash flow variable is not partially significant with a t-test value of 0.427. Furthermore, these two variables are also not significant simultaneously for both variables with the F test results with a probability above the α value of 0.05, namely 0.8989. The determination value for the Fixed Effect model is 0.0117. Meanwhile, the Random Effect Net Profit Model is partially significant with a t-test of 0.001 below the α value of 0.05. Meanwhile, the aggregate cash flow variable is not partially

significant with a t-test value of 0.291. However, simultaneously the two variables with F test results with a probability below the α value of 0.05 are 0.0041. The predictive power of the Random effect model is shown by the R squared value of 0.0372.

To formulate the model chosen as a prediction model, regression models are tested in the Chow test, Haussman test and Lagrange multiplier test. The results of these three tests can be seen in Table 4.4 as follows.

Table 4. Regression Model Selection Test

Nilai	Uji Chow	Uji Haussman	Uji LM
Prob > F	0.898	0.0261	1

The Chow Test results can be seen to have an F-test value with a probability of 0.898 above the α value of 0.05. The conclusion drawn from the Chow test is that the Common Effect Model is better than the Fixed Effect Model. The Haussman test results can be seen to have an F-test value with a probability of 0.0261 below the α value of 0.05. The conclusion drawn from the Haussman Test is that the Fixed Effect Model is better than the Random Effect Model. The Lagrange Multiplier results can be seen to have an F-test value with a probability of 1 above the α value of 0.05. The conclusion drawn from the Lagrange Multiplier Test is that the Common Effect Model is better than the Random Effect Model. Thus, the research model chosen is a common effect model with the following equation.

- $\mathbf{CF_{t+1} = 1{,}079{,}021 + 0.3585E_t - 0.0728CF_t}$

Research Model II

Table 5. T-test and F-test results

Uraian	CEM	FEM	REM
CF_t	0.013	0.002	0.012
ΔAR_t	0.144	0.332	0.143
ΔOA_t	0.000	0.000	0.000
ΔAP_t	0.667	0.014	0.667
ΔTP_t	0.022	0.486	0.022
DEP_t	0.569	0.647	0.569
$\Delta DEFTAX_t$	0.000	0.000	0.000
Prob>F	0.0000	0.0000	0.0041
R squared	0.1669	0.0563	0.0372

Research model II is a further test aimed at obtaining conclusions regarding the impact of accrual component segregation in future cash flow prediction models. This segregation of accrual components involves the independent variables of Change in receivables, Change in other assets, change in debt, change in tax payables, depreciation, and change in deferred taxes.

In the Common Effect Model, significant independent variables can be identified simultaneously to predict future cash flows. This significance can be seen by the F test value which is below the α value of 0.05, namely 0.0000. Four variables are partially significant with t-test values below the α value of 0.05. The cash flow variable for the current year recorded a t-test value of 0.013. Change in other assets has a t-test value of 0.0000. Change in tax payable recorded a test value of 0.022, while Change in deferred tax was partially significant with a t-test value of 0.0000. The variables that are not partially significant include the change in

receivables with a t-test value of 0.144, Change in debt with a t-test value of 0.667, and depreciation with a t-test value of 0.569. The determination value of the common effect model can be seen from the R-squared value of 0.1669.

In the Fixed Effect Model, significant independent variables can be identified simultaneously to predict future cash flows. This significance can be seen by the F test value which is below the α value of 0.05, namely 0.0000. Four variables are partially significant with t-test values below the α value of 0.05. Cash flow for the current year recorded a t-test value of 0.002. Change in other assets has a t-test value of 0.0000. Change in debt recorded a test value of 0.014, while Change in deferred tax was partially significant with a t-test value of 0.0000. The variables that are not partially significant include change in receivables with a t-test value of 0.332, tax change payable with a t-test value of 0.486, and depreciation with a t-test value of 0.647. The determination value of the fixed effect model can be seen from the R-squared value of 0.0563.

In the Random Effect Model, significant independent variables can be identified simultaneously to predict future cash flows. This significance can be seen by the F test value which is below the α value of 0.05, namely 0.0041. Four variables are partially significant with t-test values below the α value of 0.05. The cash flow variable for the current year recorded a t-test value of 0.012. Change in other assets has a t-test value of 0.0000. Change in tax payable recorded a test value of 0.022, while Change in deferred tax was partially significant with a t-test value of 0.0000. The variables that are not partially significant include change in receivables with a t-test value of 0.143, change in debt variable with a t-test value of 0.667, and depreciation with a t-test value of 0.569. The determination value of the random effect model can be seen from the R-squared value of 0.0372.

The three models above were tested on a set of test equipment, namely the Chow test, Haussman test and Lagrange multiplier test. The results of these three tests can be seen in Table 4.6 as follows.

Table 6. Regression Model Selection Test

Nilai	Uji Chow	Uji Haussman	Uji LM
Prob > F	0.9811	0.3245	1

The Chow Test results can be seen to have an F-test value with a probability of 0.9811 above the α value of 0.05. The conclusion drawn from the Chow test is that the Common Effect Model is better than the Fixed Effect Model. The Haussman test results can be seen to have an F-test value with a probability of 0.3245 above the α value of 0.05. The conclusion drawn from the Haussman Test is that the Random Effect Model is better than the Fixed Effect Model. The Lagrange Multiplier results can be seen to have an F-test value with a probability of 1 above the α value of 0.05. Conclusions drawn from the Lagrange Test Multiplier is a Common Effect Model that is better than the Random Effect Model. Thus, the regression model chosen is the Common Effect Model with the following equation.

- CF_{t+1} = 98.853.25 - 0.1721 CFt - - 0.0633 ΔARt– 1.9351 ΔOAt + 0.0079 ΔAPt –4.5955 ΔTPt + 1.3383 DEPt + 5.3379 DEFTAXt

Hypothesis I

Earnings before extraordinary items have a t-test value of 0.001 where the t-test value is below the alpha value of 0.05. Meanwhile, the current year cash flow variable has a t value of 0.292 above an alpha value of 0.05. Based on the results of the t-test, it can be seen that the net profit variable before extraordinary items is partially significant, but on the other hand, the cash flow variable for the current year is partially insignificant. Thus, a hypothesis that states "Cash flow for the current year has an incremental ability to Profit for the year in predicting future cash flows" cannot be accepted.

Hypothesis II

Research model II is a development of research model I by separating the accrual components to be used as predictors in the prediction model. Incremental capability can be demonstrated by comparing the coefficient of determination of each model. As is known, the aggregate accrual model and the accrual segregation model have both been proven to be simultaneously significant for predicting future cash flows, so both can be used as prediction models.

Research model I using the variables net profit before extraordinary items and cash flow for the current year is significant simultaneously with an F test value of 0.0000 and a coefficient of determination of 0.0372. Meanwhile, research model II using the variables cash flow, receivables, other assets payable, taxes payable, depreciation and deferred taxes has an F test value of 0.0000 and a coefficient of determination of 0.1699. It is proven that the segregation of accrual components can provide an incremental capacity of 0.1269. Thus, the third hypothesis which states "The accrual component segregation model has incremental ability to the aggregate accrual component model in predicting future cash flows" can be accepted.

4. Conclusion

This research is aimed at formulating the best prediction model for cash flow forecasting. The controversy regarding the relative predictive ability of earnings to cash flows is retested using aggregate future cash flows as the predicted variable. The incremental ability to earn to aggregate cash flow for the current year can be seen with partial significance, while the aggregate cash flow for the current year is not capable of being partially significant. The role of accrual component segregation in the prediction model for future cash flows is consistent with previous research. This segregation is proven to be able to increase the determination value of the prediction model for future cash flows. This conclusion strengthens the indication that the controlled banking industry environment with supervision from the Financial Services Authority (*Otoritas Jasa Keuangan*) has an impact on the reliability of net profit information even though it results from the accounting policies chosen by management. In the future, to meet the need for cash flow forecasting, the reliability of financial reports needs to be maintained. This reliability is created from consistency in the application of accounting policies. Comparability of financial report information can be prepared horizontally or vertically. Horizontal conditions are shown in the dynamics of the industry that is the object of the research sample and vertically in the test period. If extraordinary conditions are found within the test period, adjustments need to be made to avoid bias from these extraordinary conditions

References

Agana JA, Mireku K, Appiah KO. (2015). Comparative Predictive Abilities of Earnings and Operating Cash Flows on Future Cash Flows: Empirical Evidence from Ghana. *Journal Accounting and Finance Research.*Vol. 4, No. 3

Aliasghar Mottaghi. (2011). Accrual Accounting, Cash Accounting and The Estimation of Future Cash Flows. *Sussex Research Online*.

Almilia, et al. (2013). The Predictive Power of Earnings and Cash Flows (Testing at Every Stage of Company's Life Cycle). *The Indonesian Accounting Review.* Volume 3, No. 1

Ayers BC, Call AC, & Schwab CM. (2018). Do Analyst's Cash Flow Forecast Encourage Managers to Improve the Firm's Cash Flow? Evidence From Tax Planning. *Contemporary Accounting Research.* Vol. 35. No. 2

Barth, Mary E, Donald P. Cram dan Karen K. Nelson. (2001). Accruals and the Prediction of Future Cash Flows. http://papers.ssrn.com /sol3/papers.cfm?abstract_ id=194931

Bilinski, Pawel. (2013). Do Analysts Disclose Cash Flow Forecasts with Earnings Estimates When Earnings Quality is Low? *Journal of Business Finance & Accounting*. Volume 41. 401-434

Chen, *et al*. (2022). Surrogate Measures of Operating Cash Flows: Problems and Solutions. *Social Science Research Network*

Chen, Keji, Gregory A. Sommers, dan Gary K. Taylor. (2006). Fair Value's Affect on Accounting's Ability to Predict Future Cash Flows: A Glance Back and a Look at the Potential Impact of Reaching the Goal. http://dx.doi.org/10.2139/ssrn.930702

Christian & Junnetine. (2021). Analisis *Revenue Shenanigans Pada Perusahaan PT Garuda Indonesia (persero) Tbk. Jurnal Pendidikan Akuntansi dan Keuangan Universitas Banten Jaya. Vol 4 No. 2*

Dan Givoly, Carl Hayn, Reuven Lehavy. (2008). *The Quality of Analysts' Cash Flow Forecasts*. Penn State. University of Rochester

Dwi Cahyono. (2019). Pengantar Akuntansi Keperilakuan Sebuah Eksplorasi Model Konseptual Bagi Pemula. Taman Kampus Pressindo

Fernandez, Pablo. (2019). Cash Flow is a Fact. Net Income is Just an Opinion. *Social Science Research Network.*

Finger, Catherine A. (1994). "The Ability of Earnings to Predict Future Earnings and Cash Flow". *The Journal Accounting Research.* Vol. 32, No.2.Autumn. Pp. 210—223.

Gujarati, Damodar. (2004). *Basic Econometrica*. Fourth Editions. Prentice Hall Inc.

Hartono, et al. (2018). Accrual And Real Laba Operasional Management Through Cash Flows Operating Activity Toward Market Performance. *Journal of Applied Management.* Vol 16 No. 3

Hashim and Strong. (2022). Do Analysts' Cash Flow Forecasts Improve Their Target Price Accuracy? *Contemporary Accounting Research*. Volume 35, Issue 4

Hendriksen. (1982). *Accounting Theory.* Fourth Editions. Irwin Homewood, Inc.

Henry Ellis & Dyna Seng. (2006). Earnings versus Cash Flows as Predictors of Future Cash Flows: New Zealand Evidence. *Corporate Ownership & Control*, Vl. 13, Issue 1

Huu AN and Thanh TH. (2019). The Prediction of Future Operating Cash Flows Using Accrual-Based and Cash-Based Accounting Information: Empirical Evidence from

Vietnam. *Management Science Letters*, Vol.10, 683-694 Vietnam. National Economics University

Hussain. (2004). *Corporate Data and Future Cash Flows. Journal of Business Finance & Accounting*. Vol. 31(7), 861-903

Howard Schilit. (2002). Financial Shenanigans 2nd Edition: How to Detect Accounting Gimmicks & Fraud in Financial Reports. *Mc Graw Hill*

Ikatan Akuntan Indonesia. (2007). Standar Akuntansi Keuangan Per 1 September 2007. *Salemba Empat*.

Irma Setyawati & Rizki Amalia, et al. (2018). The Role of Current Ratio, Operating Cash Flow and Inflation Rate in Predicting Financial Distress: Indonesia Stock Exchange. *Jurnal Dinamika Manajemen*. Vol. 9, 140-148

Jing Liu, Doron Nissim, & Jacob Thomas. (2006). Cash Flow is King? Comparing Valuations Based on Cash Flow Versus Earnings Multiples. *Social Science Research Network*. DOI: 10.2139/ssrn.926428

Jennifer Andersson and Karin Karlsten. (2019). The Paradox of Project Cash Flow Forecasting. *Department of Technology Management and Economics*

Jemma, Toukabri, Jilani. (2015). *The Examination of the Ability of Earnings and Cash Flow in Predicting Future Cash Flows: Application to the Tunisian Context*. Accounting and Financing Research. Vol.4, No. 1

Kaspina RG, Molotov LA, & Kaspin LE. (2014). Cash Flow Forecasting as an Element of Integrated Reporting: An Empirical Study. *Journal Asian Social Science*. Vol. 11, No. 11

Khansalar, et al. (2017). Cash Flow Disaggregation and Prediction of Cash Flow. *Journal of Applied Accounting Research*, Vol. 18 No. 4, 464-479

Kieso, Weygandt, Warfield. (2014). *Intermediate Accounting IFRS Edition. Second. Edition*. Jon Wiley and Sons Inc.

Kim, M., and W. Kross. (2005). The ability of earnings to predict future operating cash flows has been increasing—not decreasing. *Journal of Accounting Research* 43 (5), 753-780.

Kimouche, Bilal. (2021). Persistence and Predictive Ability of Earnings: Evidence from France and the UK. *Journal of Economics and Business*. Volume 35. 190-200

Masero NR & Manjon JDL. (2020). The Usefulness of Operating Cash Flow for Predicting Business Bankruptcy In Medium-Sized Firms. Revista Brasileira De Gestão De Negócios. Vol. 22, No.4, 917-931

Mong'ina, et al. (2021). Cash Flow Forecast and Its Effect on Financial Sustainability of Community-Based Organizations in Kakamega County. *The International Journal of Business & Management*. Vol. 9, Issue 9

Muhammad Yusra. (2016). Akuntansi Keperilakuan. Universitas Malikussaleh

Mulenga and Bhatia. (2017). The review of Literature of The Role of Earnings, Cash Flows and Accruals in Predicting of Future Cash Flows. Dar es Salaam. Institute of Finance Management Tanzania. *Journal Accounting and Finance Research.*Vol. 6, No. 2

Nallareddy, Sethuraman, Venkatachalam. (2018). Earnings Or Cash Flows: Which Is Better Predictor Of Future Cash Flows? *Social Science Research Network*. DOI:10.2139/ssrn.3054644

Nazaripour, Ramezani, and Motamedi. (2015). The Impact of Dividend Distribution on Cash Flow Predictability in Tehran Stock Exchange. *Mediterranean Journal of Social Science*. Vol. 6, No. 6

Noury B, Hammami H, Ousama AA, & Zeitun R. (2020). The Prediction Of Future Cash Flow Based On Operating, Cash Flow, Laba Operational and Accruals In The French Context. *Journal of Behavioral and Experimental Finance.* Vol. 28

Oh, et al. (2020). Do Analysts' Cash Flow Forecasts Improve Firm Value? *International Journal of Financial Studies.* Volume 8. 60

Rabia Aktas and Sibel Kargin. (2012). *Predictive Ability of Earnings and Cash Flows: Evidence from Turkish Firm's Cash Flow Statements That Prepared by IAS 7. Journal of Money, Investment and Banking.* Issue 25

Ray Ball & Valeri Nikolaev. (2020). FASB Was Right: Earning Beat Cash Flows When Predicting Future Cash Flow. *Chicago Booth Research Paper.* No. 20-23

Sarraf. (2019). Cash Flow Forecasting by Using Simple and Sophisticated Models in Iranian Companies. *Iranian Journal of Finance*. Vol. 3, No. 1

Sekaran, Uma. (1992). Research Method for Bussiness: A Skill Building Approach. Second Edition. John Wiley & Sons Inc.BPFE

Senan, NAM. (2019). Ability of Earnings and Cash Flows in Forecasting Future Cash Flows: A Study in Context Of Saudi Arabia. *Academy of Accounting and Financial Studies Journal*. Volume 23, Issue 1

Shansan Pan. (2019). Analysts' Cash Flow Forecast Accuracy and Recommendation Profitability. *Journal of Accounting and Finance*. Vol. 19(5)

Sharawi, Horsham. (2021). Earnings Versus Cash Flows in Predicting Future Cash Flows: Evidence from Egypt and KSA. *Alexandria Journal of Accounting Research*. Vol. 5, First Issue

Shubita, MF. (2021). Predictive value of accruals and the moderating role of company size: Empirical evidence from Jordan. *Journals Investment Management and Financial Innovations*. Volume 18, 142-150

Stice, Stice, and Skousen. (2004). *Akuntansi Intermediate.* Edisi 15. *Salemba Empat*

Thomas Buus. (2015). A General Free Cash Flow Theory of Capital Structure. *Journal of Business Economics and Management*. Volume 16(3), 675-695

Yunanda dan Islahuddin. (2017). The Influence of Earnings, Cash Flow Components and Operating Working Capital on Future Cash Flow of Banking Sector in Indonesia. *Jurnal Unsyiah.*