

# The Impact Of Accounting Disclosure Of Cash Flows On Enhancing Company Value

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**Abstract:** The main goal of this research is to determine how cash flow accounting disclosure affects the addition of the corporate value in the competitive economic environment. The investigation dealt with the philosophical constructs supporting the nature of accounting disclosure, cash flow reporting, and corporate valuation. In order to achieve the identified goal, the investigator designed an electronic questionnaire with a structured set of sections based on the research dimensions, thus, eliciting responses and views of the experts in the fields of finance and administrative science. After the collection of data, the data were processed using the Statistical Package to the Social Sciences (SPSS) and means, standard deviations, and frequency distributions of each part of the research were obtained. The interpretation of the answers given by the respondents was then based on the statistical outputs that were produced by SPSS. The research was summed up in the number of conclusions, the most salient of which is the evidence of statistically significant effect of cash flow disclosure on corporate value improvement. To this extent, the first suggestion in this line of thinking is the necessity to broaden cash flow disclosure because the increase on disclosures is hypothesized to increase corporate value.

**Keywords:** Accounting Disclosure, Cash Flows, Company Value.

**Introduction:** With the increasingly competitive economic business environment, the pressure to deliver the necessary information to the users of financial statements to enable them make sound decisions has been a greater force and thus, increased the significance of disclosure. The trend is attributed to the central role, which disclosures play in providing credible and prompt information on the items that create cash flows in addition to presenting how such flows happen and consequently affect the profit and loss. The cash flow presentation provides the financial statement users with the capacity to determine the change in the net assets of a company, measure liquidity and capacity to fulfill obligations, and determine the level of financial flexibility of a company. Moreover, full disclosure of cash-flow improves the comparison of firms because it isolates the impacts of alternative accounting treatment of the same financial data with emphasis put on the cash basis as opposed to the accrual basis. The greater cash flow disclosure, the greater the other side of the financial statements receives a positive perception, which in the end

strengthens the success of the company and enhances its competitiveness in the economic business environment. It also helps to evaluate the performance of corporations. Accordingly, the research paper is about the issue of The Impact of Accounting Disclosure of Cash Flows Enhancing Company Value.

A: Study Design 1: Using convenience sampling, data were gathered in the study design by examining 30-year-old individuals residing in Australia.<|human|>Section 1: Research Methodology  
A: Study Design In the study design, 30-year-old people living in Australia were studied using convenience sampling

1-1 Research Problem:

The growth of enterprises in volume and the extension of their business operations, as such, naturally increases the desire to share of disclosing not only financial data but also non-financial data among users of the information. This, in its turn, facilitates the development of the informed future choices, encourages the prospective vision of the companies, and allows making the most out of the corporate

landscape to reach the goals. Based on this, the research problem is as follows: Does accounting cash flow disclosure affect enhancement of company value?

1-2 Research Hypothesis:

The main theory of this research is that the accounting cash flow disclosure does not have a statistically significant impact on the value improvement of the company.

The research has historical importance as it was carried out at a time when this field had not explored the problem thoroughly.

1-3 Significance of the Research:

The research obtains its relevance in the importance of accounting disclosure in providing full information on cash flows to the users of information. This kind of information depicts the actual worth of businesses in a competitive business world and the identification of high-performing businesses and the significance in investing in them as they are stable in the financial and cash grounds thus drawing investment and enhancing their image among other businesses.

1-4 Research Objectives:

The following are the objectives of this research:

- A. To survey the academic sources on accounting disclosure.
- B. To analyze the literature on cash flows.
- C. To investigate the literature of firm value.
- D. To examine the effects of accounting disclosure of the cash flows on improvement of firm value.
- E. To create an electronic questionnaire in order to gather information about the effect of accounting disclosure of cash flows on firm value, and make conclusions and recommendations.

### **Section Two: Philosophical Accounting Disclosure of Cash Flows in Adding More Value to a Company.**

The phenomena of accounting disclosure is the concept that accounting should disclose certain information to users of the accounting system.

2-1 The Concept of Accounting Disclosure: Accounting must disclose some information to users of the accounting system.

There is still a scholarly dispute over the concept of disclosure. Hendrickson defines disclosure as provision of crucial information on economic entities, and as a result, this leads to the efficient functioning of efficient capital markets. On the contrary, it has been argued that financial statements ought to be transparent and free of misleading information to the users and this is done by providing the necessary information (Al-Bayati, 2007: 150). In addition, the disclosure of

accounting includes the presentation of descriptive and quantitative financial data in financial statements in a way that is sufficient and not misleading to users, thus supporting the decision-making process (Hanan, 2014: 77).

The researcher argues that disclosure gives a clear and detailed description of the operations of economic entities, which means that users of financial information make sound decisions.

2-2 Accounting Disclosure of Two Types.

Full Disclosure: The strategy involves providing all the information that users need regardless of how much they feel they need at that time, thus providing a complete set of data that will guide future strategic planning of the company (Hamad, 2013: 157).

Differential Disclosure: Under this category comes about as a result of two different approaches. The former one is to share information in very technical and detailed format because of the involvement of professionals with high level of expertise. Second strategy provides data in easier and less technical form which suits well with those who are not professionals (Al-Bayati, 2007: 151).

Adequate (Appropriate) Disclosure: This refers to the process of providing information that is both sufficient and non-misleading so that financial statements will not be non-misleading to the present and potential users (Hamad, 2013: 157).

Selective Disclosure: This is the type of offering of selective information to investigators and non-investigators that is not published to allow them make better-informed economic decisions (Al-Bayati, 2007: 151).

Fair Disclosure: It involves providing financial information to all people that use financial information with full information that would allow them to make reasonable decisions in good time without favoring one group to the disadvantage of the other (Hanan, 2014: 79).

2 3 The Idea behind the Cash Flow Statement:

The cash flow statement describes the sources and receipt of cash inflows and outflows in an entity based on operating, investing, and financing activities (Al-Sabban et al., 2019: 168).

24 The Object of Preparing a Statement of Cash Flows.

The main aim of the statement of cash flows preparation is to provide the parties of financial statements with the pertinent information about cash inflows and outflows within a given time (Kieso et al., 2014: 1182).

It helps investors and lenders to assess the ability of the entity to allocate profits and fulfill investment and expansion needs (Al-Shirazi, 1990: 226).

It also provides important data to the users about the operating, investing, and financing activities in a specified period (Spiceland et al., 2016: 172).

It helps investors, creditors, and other stakeholders in evaluating the future cash receipts and they can also give an understanding of the existing cash flows (Schroeder et al., 2016: 287). 5. It contains helpful data on the existing revenues and payments thus helping in the analysis of the cash flow, financial flexibility, profitability, and risk of the entity (Wolk et al., 2013: 525).

It is used in predicting future cash flows (Wolk et al., 2013: 526).

2-5 Stated Simpler Classifications of the Cash Flow Statement:

The cash flow statement summarizes the events of the operating, investing, and financing activities of the period as follows:

1. Operating Activities: Operation cash flows are classified as the operating cash flows in the income statement, and the classification of the cash flows as operating cash flows creates a difference between the cash outflows and inflows of the core business activities. Under this scheme, the objects that form the net income in a cash basis are taken into consideration but the accrual-based objects are omitted.

Cash inflows encompass the following (Spiceland, et al., 2023:189):

Receipts of cash received on the delivery of services.

Bills of interest and dividends on investments

Such amounts can be varying to sales revenue and investment income recorded on the income statement. Expensively, the sales revenue determined using the accrual basis is the revenue that has been recognized in the period, but does not necessarily imply revenue obtained. Cash revenue realized on customers will not be cash in case amounts receivable on customers or deferred revenue vary during the period.

Cash paid out further involve money paid to the following:

Purchasing expenses on inventory.

Salary and wages, other operating costs.

Interest payment on debt.

4. Income tax payments.

Investing Activities: Cash flows arising out of investing activities include cash flows of both inflows and outflows associated with acquisition and disposal of

long-term assets used in business operations such as property, plant and equipment, and investment assets. It should be mentioned that the activities that are classified as operating activities, but not investing activities, are inventory transactions that are made to be sold as a part of the main activities of the company (Spiceland, et al., 2023:192)

Some of the cash outflows incurred during investing activities are cash paid to purchase the following (Spiceland, et al., 2023:192):

Acquisition of long duration assets that are utilized in the business.

Acquisition of investment securities including stocks and bonds of other parties (not cash equivalent and current securities).

Lending to other economic bodies.

The cash inflows in the sale of assets (or the collection of loans and securities) are also reported as cash inflows in investing activities and are therefore classified as investing activities as follows:

Sale of long-term assets of the business.

Disposition of investment securities (not cash equivalents, current-market securities).

Gathering of non-commercial attentives (excluding collection of interest, which is an operating action).

Financing Activities: This includes cash receipts as a result of selling of short term investments, issuing of shares and bonds along with other borrowings made by creditors. Moreover, dividend payments, long-term loan repayments are also a part of the financing activities (Brigham & Davis, 2007:222).

2.6 Accounting Basis of preparing the Statement of Cash Flows:

Accrual Basis: In this basis, revenue is recorded once it is earned and not at the time of receipt of cash. The expenses are realized and not recorded at the point of cash disbursement but at the point of incurring. The purpose of accrual accounting is to match the revenues and expenses more closely during the accounting period and in general lead to financial statements that better represent the financial position and operating performance of the company. Certain accounting systems rely on cash revenues and cash payment rather than accrual accounting (Stice & Stice, 2014:2-22).

1. Cash Basis:

Under cash-based accounting, one of the key measures obtained is the concept of net operating cash flow; which is the net difference between receipts and cash payments that occur during the transactions involved in the supply of goods and services to customers in the period of calculations. Such a ratio, which is the net

difference between these receipts and disbursements, has a long-term relevance in the lifespan of a company. However, in the short-term, the variability of operating cash flows are not always an indication of the ability of a firm to produce sustainable cash flows. It is common to have a firm record cash flows in a separate accounting period that is related to activities that cross boundaries of accounting periods. Indicatively, during one period, a company can be on a receipt of cash about sales in the previous period or advance payments on the cost of future periods (Spiceland, et al., 2023:7).

### 2.7 Preparation of Statement of Cash Flows.

The statement of cash flows records the development of cash and cash equivalents of a corporation both operating, investing, and financing activities within the stated accounting period.

Cash equivalents are listed as highly liquid investments that can easily be converted into a known amount of cash and are of such maturity that are proximate enough to the present date that they do not change the risk profile of the portfolio in any material way due to the volatility of interest rates.

Usually, cash equivalents are only taken into account by investments that have original maturities no longer than three months since the date of purchase (Schroeder et al., 2014:258).

To prepare a cash flow statement, four steps are required (Kieso et al., 2014:199):

1. Identify net cash generated by (or used in) operating activities.
2. Calculate the net cash generated of (or used in) investing and financing.
3. Establish the change (increase/decrease) in cash in period.
4. Balanced the change of cash against the beginning and ending cash balance.

Net cash generated by the operating activity implies the excess cash inflows as compared to cash outflows related to the operating activities of the firm. This amount is translated by companies into net income on an accrual basis to a cash basis. By doing this they will include or exclude in net income those line items which do not impact the cash flow, and thus require an analysis to go beyond the current year income statement to include comparative financial statements, and select transaction information.

In general, two common procedures exist in computing and reporting net cash flows of operating activities, the indirect method and the direct method. The most commonly used method of reported financial

statements is the indirect method that is used by about 95 per cent of large U.S. based companies.

#### 1. The Direct Method

The direct method basically reexamines every item in the income-statement to report on the quantity of cash received or paid against that item. An example of this is that the sales line entry in the income statement is related to an entry on the cash-flow statement called cash received by customers; equal is cost of goods sold which is also associated with cash paid to suppliers. The direct method to prepare the operating-activities section will involve having to adjust every item of the income-statement to reflect accrual effects (Stice and Stice, 2014: 5-12).

#### 2. The Indirect Method

The indirect method starts with the net income as reported by the income statement and manipulates the figure to any other item that does not impact on cash flow. There are three major types of adjustments (Stice and Stice, 2014: 512):

1. Income and costs that are not related to cash receipts and payments.
2. All the gains and losses related to investing or financing activities.
3. Adaptations to variations in the current operating asset and liability that is an indicator of non-cash sources of revenue and expense.

Both procedures have the same end product; that of the same net cash flow created by- or consumed in-operations. The use of indirect method is very common due to its relative facility of use and the fact that it balances between the net income and the net cash flow that the operations generate. Others though are more attached to the direct method because it has been found to be transparent in reporting cash inflow and outflow without the possibly confusing adjustments which alter net income. Financial Accounting Standards Board (FASB) considered the merits of the two techniques, and finally approved either one of them. The choice of the indirect and the direct methods only affect the operating-activities classification because the other two classifications of activities, which are the investing and financing activities, are not affected by the selection of the method to report cash flow of operations.

### 2-8 The Concept of Company Value

Industrial enterprises strive to increase their macroeconomic value, which will bring such augmented profits, and the well-being of their owners. An increase in the price of shares is an empirical measure of the maximization of market value in a firm, which is introduced to investment, financial decisions,

and distribution of income that can be distributed (Al-Mousawi and Al-Amiri, 2017):14). In the economic application, value refers to the usefulness of goods to people in comparison with other goods on the basis of the benefits it generates and the expected outcomes. In investment perspective, value is the amount that an investor is ready to pay in exchange of a service or asset. Different common share market prices are usually used as a proxy of the corporate value in general (Al-Mazouri and Al-Shujairi, 2010: 69).

2-9 Determining Company Value Objectives.

Corporate value is the ultimate objective of economic players and is the ultimate of firms as well as investors. The breakthrough method of increasing the company value is based on the sound economic principles. Company value goals can be outlined (Al-Awad and Al-Saadi, 2021: 75-76) in the following way:

1. Maximizing the wealth of the owners.
2. Optimizing the financial value of the corporation.
3. Optimizing common equity market value.
4. Optimizing the value of the entire company in the market.

2-10 Measuring Company Value

There are a myriad of studies that have studied measurement of company value, many of which have different methodologies that are available at different levels. At the company level, value could be measured through the evaluation of debt and equity. In the perspective of the shareholders, corporate value could be measured as net realized dividends at the cost of capital meaning that the present value of the cash flow is represented. Using any model theoretically should result in a similar valuation. The Balanced Scorecard approach is one of such frameworks, and it considers the five dimensions (Badawi, 2017: 177):

1. Financial Dimension: This includes accounting-specific measures and includes Return on Investment (ROI), Net Operating Profit (NOP), Residual Income (RE), Return on Equity (ROE), Economic Value Added (EVA), and Market Value Added (MVA).
2. Customer Dimension: It involves customer satisfaction rates on products and services, sales

recovery rates, number of new sales and service channels, customer complaint rates and ability to attract new customers and retain the existing customers.

3. Internal Operations Dimension: Aimed at the ability of the organization to attract competent and high-performing staff, evaluate the performance of the employees and their incentives and develop a favorable climate in which there are clear lines of authority and responsibility.

4. Learning and Growth Dimension: The comparison of the latest innovations with the past, the measure of the productivity of the employees, the level of computer applications, R & D budgets and development of intellectual capital.

5. Social Responsibility Dimension: This will include environment protection against pollution, consumer protection, saving natural resources of future generation and community building of the local people.

**The Third Section is the Applied Aspect.**

First: Population and Sample of Study.

The research population and sample included a group of researchers and university staff members with vast experience in the field of research, including professionals in the financial and administrative field, and employees in the public sector with a significant amount of knowledge related to the subject of the research. The researcher developed an electronic survey using questions that were based on the thematic interest of the research. This tool was sent electronically to professionals working in the profession and 32 of them responded.

Second: Descriptive Data

The researcher performed a descriptive study of the data collected concerning the respondents and the results were computed with the help of the Statistical Package of the Social Sciences (SPSS). This data included academic qualifications, specialization in the field of discipline, and years of service of the sample. Table (1) shows the demographic sample of the study.

**Table (1) Descriptive Data**

Ratio	Repetition	Details	
15.6 %	5	Bachelor's Degree	Academic qualification
12.5 %	4	Higher Diploma	

3.1 %	1	Certified Public Accountant	
43.8 %	14	Master's Degree	
25.0 %	8	PhD	
9.4 %	3	Finance and Banking	<b>Scientific specialization</b>
21.9 %	7	Business Administration	
68.8 %	22	Accounting	
3.1 %	1	Less than 5 years	<b>Number of years of service</b>
28.1 %	9	5-10 years	
21.9 %	7	11-15 years	
34.4 %	11	16-20 years	
3.1 %	1	21-25 years	
9.4 %	3	Over 25 years	
100%	32	Total number of individuals in the research sample	

Source: Compiled by the researcher using the SPSS statistical analysis software.

Third: Questionnaire Reliability and validity.

After a detailed evaluation of the reliability and the validity coefficients of the questionnaire using Cronbach alpha, Table (2) shows that the overall coefficient of reliability of all the axes of the study was relatively good with a value of 0.867 being achieved when the overall 16 questionnaire items were

considered. The range of reliability was between the minimum and maximum of 0.707 and 0.839 respectively. These results imply that the questionnaire items indicate a strong level of reliability and can be used in field research, which follows the criterion that Nanley established a minimum level of reliability of 70% (Sharma, 2016, p. 273).

**Table (2): Questionnaire Reliability and Coefficients of Validity.**

Validity Coefficient = Square Root of Reliability	Stability Coefficient	Number of paragraphs	Axis
0.840	0.707	8	Axis One
0.915	0.839	8	Axis Two
0.931	0.867	16	Total

Data: This is based on the analyses of the data that the researcher conducted using the SPSS statistical software package.

**Fourth Section: Presentation and Interpretation of the First Axis Findings.**

The SPSS statistical analysis software was used by the

researcher to derive an analytical interpretation of the responses and perceptions of the respondents in relation to the items in the first axis, that is, accounting disclosure and cash flows. In this axis, the arithmetic

mean and standard deviation of each item were calculated by the research, following a five-point Likert scale. The following Table (3) is an expression of these statistical indicators.

**Table (3) First Axis: Accounting Disclosure and Cash Flows.**

Result	standard deviation	arithmetic mean	I don't complet	I	neutral	agree	I	scale	Paragraph	number
I completely agree	0.525	4.42	0.00	0.00	0.00	10	22	Repetition	Disclosing the cash flow statement is an indicator of the company's ability to meet its financial obligations, which contributes to enhancing the company's value.	1.
			0.00	0.00	0.00	31.3	68.8	Percentage %		
I completely agree	0.660	4.38	0.00	0.00	3	14	15	Repetition	Disclosing cash flow information in a non-misleading manner and in accordance with accounting standards increases the value of the company.	2.
			0.00	0.00	9.4	43.8	46.9	Percentage %		
I completely agree	0.665	4.41	0.00	0.00	3	13	16	Repetition	Disclosing the information contained in the cash flow statement in a clear and easy-to-understand manner for users contributes to raising the company's value.	3.
			0.00	0.00	9.4	40.6	50.0	Percentage %		
I	0.615	4.59	0.00	0.00	2	9	21	Repetition	The company's regular	4.

			0.00	0.00	6.3	28.1	65.6	Percentage %	disclosure of cash flow forecasts through financial analysts enhances the company's value.	
<b>I completely agree</b>	0.653	4.34	0.00	0.00	3	15	14	Repetition	Presenting and publishing the cash flow statement using standard presentation methods helps decision-makers make sound decisions, which supports the company's value.	5.
			0.00	0.00	9.4	46.9	43.8	Percentage %		
<b>I completely agree</b>	0.567	4.53	0.00	0.00	1	13	18	Repetition	Disclosing the net cash flow generated from financing activities is an indicator of the efficiency of the company's management, which contributes to enhancing the company's value.	6.
			0.00	0.00	3.1	40.6	56.3	Percentage %		
<b>I completely agree</b>	0.906	4.22	0.00	1	7	8	16	Repetition	Disclosing the financial events of operating, investing and financing activities in a thorough, comprehensive and timely manner increases the strength of the	7.
			0.00	3.1	21.9	25.0	50.0	Percentage %		

									company's value.	
I completely agree	0.609	4.38	0.00	0.00	2	16	14	Repetition	The company's disclosure of the extent of risks it has previously been exposed to contributes to enhancing the company's value.	8.
			0.00	0.00	6.3	50.0	43.8	Percentage %		
I completely	0.400	4.53	0.00	1	2.6	12.2	17	Repetition	First Axis Result	
			0.00	0.3	8.2	38.2	53.1	Percentage %		

The researcher made the source material using the data that were created using the SPSS statistical analysis software.

After examining the responses of the respondents to questions included in the first axis, which are accounting disclosure and cash flows, the frequency, percentages, arithmetic means and standard deviations of every item in the axis were tabulated as shown in Table 3. The most highly endorsed item in the first axis was Item 4 that reads, The regular reporting of cash flow projections of the company by the financial analysts increases the value of the company and achieved an arithmetic mean of 4.59 and a standard deviation of 0.615. These scores show that the data dispersion is rather low; the level of the corresponding response was strongly agree, estimated on the five-point Likert scale, and the outcome is statistically significant. The sample, therefore, highlights the significance of cash-flow reporting to the investors, thus boosting the perceived corporate value.

On the other hand, the lowest relative importance in the first axis was logged by the item 7, which is, Disclosing the financial events of the operating, investing and financing activities in a comprehensive and timely manner, it enhances the value of the company. It got an average of 4.22 and standard deviation of 0.906. Though these values also imply a low dispersion and a high percentage of strongly agreeing as per the Likert scale, the mean is relatively low as compared to the rest of the items.

Fifth: Presentation and Interpretation of Results of the Second Axis.

The researcher used the Statistical Package for the Social Sciences (SPSS) to analyze the data to determine the respondents views and answers about the items in the second axis (company value). The standard deviation and the mean of every item in the second axis were computed on the five point likert scale and the results are tabulated in Table 4 as below.

**Table 4: Company Value**

Result	standard deviation	arithmetic mean	I don't	I	neutral	agree	I	scale	Paragraph	number
I	0.671	4.47	0.00	0.00	3	11	18	Repetition	Decisions related to investment	1.

			0.00	0.00	9.4	34.4	56.3	Percentage %	activities contribute to maximizing the value of the company.	
I completely agree	0.568	4.50	0.00	0.00	1	14	17	Repetition	Operating activities contribute to managing profits and cash flows and distributing them to shareholders, thereby maximizing the value of the company.	2.
			0.00	0.00	3.1	43.8	53.1	Percentage %		
I completely agree	0.683	4.28	0.00	0.00	4	15	13	Repetition	Decisions regarding financing activities lead to a balance in the financing structure between invested and borrowed capital, which in turn leads to an increase in the value of the company.	3.
			0.00	0.00	12.5	46.9	40.6	Percentage %		
I completely agree	0.554	4.38	0.00	0.00	1	18	13	Repetition	The quality of disclosure of accounting information related to cash flows affects the expansion of the investment base, which helps to increase the company's marketing value.	4.
			0.00	0.00	3.1	56.3	40.6	Percentage %		

<b>I completely agree</b>	0.609	4.38	0.00	0.00	2	16	14	Repetition	<b>Effective working capital management helps increase the efficiency of disclosing free cash flows used in valuing the company and maximizing its value.</b>	<b>5.</b>
			0.00	0.00	6.3	50.0	43.8	Percentage %		
<b>I completely agree</b>	0.660	4.38	0.00	0.00	3	14	15	Repetition	<b>The financial policy of effective working capital management in a company affects the level of profitability and risk, which in turn affects the value of the company.</b>	<b>6.</b>
			0.00	0.00	9.4	43.8	46.9	Percentage %		
<b>I completely agree</b>	0.644	4.31	0.00	0.00	3	16	13	Repetition	<b>Having sufficient internal cash flows helps a company avoid unnecessary problems with external investment and financing flows, which leads to an increase in the company's value.</b>	<b>7.</b>
			0.00	0.00	9.4	50.0	40.6	Percentage %		
<b>I completely</b>	0.660	4.38	0.00	0.00	3	14	15	Repetition	<b>A company's ability to generate and disclose positive cash flows to investors</b>	<b>8.</b>
			0.00	0.00	9.4	43.8	46.9	Percentage %		

									contributes to increasing its growth, continuity, and survival, which in turn affects the company's value.	
I completely	0.525	4.42	0.00	0.00	2.5	14.7	14.7	Repetition	Result of the second axis	
			0.00	0.00	7.8	46.1	46.1	Percentage %		

The researcher carefully compiled the source material through the use of data which was obtained using the SPSS statistical analysis software.

Having studied the responses of the respondents to the questions in the second axis (company value), the frequencies, percentages, arithmetic mean and the standard deviation of each question were tabulated in Table (4). It was noted that item (2), that says, "Operating activities help in the management of profit and cash flows and sharing them with the shareholders thereby maximizing the value of the company, had the first rank among all the items in the second axis with an arithmetic mean of (4.50) and the standard deviation of (0.568). This implies that there was minimal data dispersion and the response intensity level to item (2) was strongly agree based on the estimated balance of the five point Likert scale that is very significant. This implies that the study sample highlights the significant

role that the operating activities play in the management of both the profits and cash flows thereby leading to the maximization of the company value. At the same time, the item (3), according to which, the decisions concerning financing activities contribute to the identification of the financing structure between invested and borrowed capital and, therefore, add company value to it, came second. The mean of the last of all items on the second axis was (4.28) with a standard deviation of (0.683), which shows that there is minimum data dispersion and a high degree of agreement (strongly agree) on the five-point Likert scale, but lower than the other items.

Sixth: Research Axis Correlation Analysis.

Table (5) below shows that the researcher used the Pearson correlation coefficient to measure the relationship between the first and second axes.

**Table (5): Coefficients of Correlations between axis one and axis two.**

Second Axis	First Axis		
0.434*	1	Correlation coefficient	First Axis
0.013		Significance value	
32	32	Sample size	
1	0.434*	Correlation coefficient	Second Axis
	0.013	Significance value	
32	32	Sample size	
* Correlation coefficient at a statistical significance level of 0.05			

Source: The researchers prepared it using the SPSS statistical software.

The table above shows the Pearson correlation coefficient between the first axis, which represents the accounting disclosure and the cash flows, and the second axis, which is the company value. This coefficient is 0.434 and has a significance level of 0.013 which is less than the traditional level of 0.05. The asterisk (\*) is used to indicate that the relationship is statistically significant on the 0.05 level. As a result, the moderate positive correlation between the outcome based on accounting disclosure and cash flows and the proxy of company value, as is in accordance with the five-point Likert scale, is inferred.

Seventh: Verification of the Research Hypothesis.

To evaluate both the null and alternative hypotheses, the researcher used the linear regression analysis, and therefore, it would be identified which hypothesis would be dismissed or accepted.

H0: The statistically significant effect at the 95 percentage level of accounting disclosure of cash flows does not exist in increasing the company value.

H1: The effect of accounting disclosure of cash flows on the improvement of the company values is statistically significant at the 95 per cent confidence level.

**Table (6): Findings of the primary research hypothesis testing.**

Regression Coefficient	Correlation Coefficient	Standard Deviation	Arithmetic Mean	Axis
0.013 <sup>b</sup>	0.434 <sup>a</sup>	0.400	4.53	First Axis
		0.525	4.42	Second Axis

Ready to be used by the researcher with SPSS statistical program.

The results of the empirical findings regarding the main research hypothesis, which is calculating the correlation coefficient and the regression coefficient, is provided in Table 6. The findings show that there is a positive, moderate relationship between the first axis, which consists of accounting disclosure and cash flows, and the second one, which is the company value, and the correlation coefficient is 0.434a. This correlation is statistically significant at the 5 -percent confidence level, implying that cash flow related disclosures have a significant effect on company value maximization. This result is below 0.05, which is the level of significance set by the researcher. The regression result shows that the value of 0.013b is less than the ANOVA. As a result, the null hypothesis, which assumes that there is no statistically significant effect of accounting disclosure of cash flows on the increase in the value of a company at the 95 0 per cent confidence level, is rejected. The other assumption- that there is a statistically significant effect of such disclosure on company value is accepted. Based on this, the linear regression model can be represented as follows:  $Y = 1.843 + 0.569X$ .

**Section Four: Conclusions and Recommendations**

**CONCLUSIONS**

Cash-flow disclosure provides the indicators of what, when, and how much certainty there is relative to future cash flows and thus explains the correlation between what an accounting profit and what the actual cash earnings will be. The announcement of cash flows has a statistically significant influence on the increase

in corporate value. There is a direct correlation between such disclosure and the value of the company; the greater the level of disclosure, the better the investor vision on the value of the firm. Timely, accurate and precise reporting of cash-flow volumes enhances the confidence of stakeholders hence optimizing the value of the company.

**RECOMMENDATIONS**

The companies should pay attention to the cash-flow disclosure requirements as they can be seen as the invaluable sources of information that enable investors to make authorized decisions and evaluate the corporate performance. The cash flows should be disclosed, classified and presented depending on the operating, investing and financing activities. This classification provides financial statements users with the tool to assess the financial-position impact of these activities, determine sources of liquidity, and understand how the relationship between them works out- resulting in the enhancement of competitive valuation of the company. Moreover, companies ought to invest in and develop superior talent as a response to the competition in the form of strategic value addition thus adding corporate value.

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