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Statement of Cash Flows (IAS 7) and Financial Performance of Listed Deposit Money Banks in Nigeria

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Abstract: The effectiveness of cash flows and liquidity contributions to the financial performance of deposit money banks in Nigeria have been of concern that requires special attention. Therefore, this study examined the "significance of Statement of Cash Flows (IAS 7) to the financial performance of listed deposit money banks in Nigeria". *Ex-post facto* research design was adopted. The population of the study was 14 while the sample of eleven banks was purposively selected mainly on available data from Nigeria Stock Exchange in 2019. Secondary data collection method was used in extracting data for periods between 2015 and 2019 from their published annual accounts. Both descriptive and inferential statistical methods were adopted using "correlation and regression analysis techniques". The findings of the study reveal that cash flow activities have no "significant effect on deposit money banks financial performance". However, when the moderating variable of banks' size was introduced, the result shows that Cash flows with moderating variable have a "significant effect on financial performance of deposit money banks in Nigeria". Also, the study established that there is no uniform method adopted by the listed banks in the preparation of the statement of cash flow analysis. The study recommended that the users of the statement should recognize the effect of banks' size before making any investment decision based on cash flow information. Regulators should persuade banks to adopt a uniform method of preparing Cash Flows Statement for easy comparison and analysis. Finally, contents and accuracy of Statement of Cash Flows should be of interest to both the regulators and external auditors because some stakeholders placed more reliance on the statements in making investment decisions.

Keywords: Cash Flows Statement, Financing Cash Flows, Investing Cash Flows, Net Profit After Tax Margin, Operating Cash Flows

1. Introduction

Financial Statement is a statement required to be prepared by corporate entities to showcase their financial positions and performances periodically; monthly, quarterly or semi-annually or yearly depending on the entity concerned. It shows the financial position as at the reporting date and financial performances known as profit or loss for the period. However, some stakeholders believe that such performances may not be real and probably may have been manipulated since they were prepared on an accrual basis and reasonable decisions may be difficult to be placed on such financial statements [11]. Based on this position; some stakeholders prefer reports prepared on a cash basis and show the actual cash movements in the companies [10]. The argument is that whatever position depicted on the report is actual, authentic and more reliable. Therefore, an additional report known as Statement of Cash Flow is required to be prepared to form a critical document of financial statements by all reporting entities.

Financial reporting consists of four key types of statements known as Income Statements, Statement of Financial Position, Statement of Retained Earnings and finally; Statement of Cash Flow. "IAS 7 - Statement of Cash Flow" was first issued by International Accounting Standard Committee in 1992 and later adopted by International Accounting Standard Board (IASB) in 2001. It was designed to show the amount of cash moving in and out of the business as a result of operations, investment, and ~~or~~ financing activities. It gives stakeholders the feasibility of how cash were generated in the business operations and how such cash were effectively managed to pay off all debts and current expenses and finance future investments. IAS 7 simply defines Cash Flow Statements as statements of Cash and Cash Equivalents. All assets easily convertible to cash within 90-days are cash equivalents. Treasury Bills within 90 days maturity and short term investments are all cash equivalents.

Financial performance determines the sustainability and growth of any organizations. It determines the dividends' payments as returns to shareholders. Payment of dividends to attract prospective stakeholders can only be done out of profitability; not out of capital. Internal stakeholders are responsible for managing the affairs of the company and prepare financial statements which show the score card of their entire activities for the period. External stakeholders are looking forward for growth and wealth maximization by investing in such entities and the ultimate dividend payments as cash return on their investments from the companies' profitability and financial performances [18]. Cash dividends are generally subject to the entity's profitability and liquidity and normally attract prospective shareholders to buy shares of the company.

In Nigeria, listed deposit money banks are required to pay dividends out of their profits. However, some banks may be assumed to be profitable based on their published accounts, but a detailed statement of cash flow analysis may reveal their non-sustainability and in-abilities to meet all required financial obligations including payment of dividends and tax liabilities. The cases of Oceanic Bank Plc and Intercontinental Bank Plc were typical examples before the intervention of the Central Bank of Nigeria (CBN) in 2009. This study focused on the "relationship of Cash Flow Statements and Financial Performance of listed deposit money banks in Nigeria" as the base model while firm sizes will be introduced as moderator to cash flow to determine its impact on financial profitability. The study has reviewed several literature and note that some previous researchers like Amah, Michael and Ihendinihu [10]; Hamza [11] and Nangih, Ofor and Onuorah [12] never introduced firm size as moderator to cash flow variables in determining their financial performances. Also, Amah, Michael and Ihendinihu [10] and Soet, Muturi and Oluoch [15] limited the scope of banks and the years studied. Few selected banks were studies which were considered too small as samples. All the listed gaps in the previous studies have been the problems this study sought to address in this research work.

Consequently, our study's main objective was to examine the influence of cash flow statement on financial performance of listed deposit money banks in Nigeria. In addition, we investigated the effect of cash flow statement on their financial performance if moderated by banks' size. We therefore, hypothesized as:

H_{O1} Cash Flow Statements have no "significant influence on financial performance of listed deposit money banks in Nigeria".

H_{O2} Moderated Cash Flow Statements by Banks' Size have no "significant influence on financial performance of listed deposit money banks in Nigeria".

2. Literature Review

This section presents the conceptual, theoretical and empirical reviews.

Conceptual Review: We reviewed the entire variables; independent, dependent and moderating variables including their concepts as related to this study.

Cash Flow Statements: (IAS 7) - International Accounting Standard is the standard issued by IASB for Cash Flow Statements. Though Cash Flow Statement was first issued by IASC in 1992, IASB adopted it in 2001. The standard requires all reporting entities to prepare the Statement of Cash Flows in addition to the existing accounts prepared on an accrual basis. It is a revised financial statement from an accrual basis to a cash basis. Therefore, Net Profit obtained from Income Statement will be adjusted to reflect only cash related transactions and exclude non-cash transactions. The statement is further categorized into three categories namely; "Operating, Investing and Financing Activities". The summation of the net balances from each of the categories including net profit adjustment gives the net increase / (decrease) in cash and cash equivalent. This result will be added to the Cash and Cash Equivalent at the beginning of the year, adjust for any exchange rate fluctuation to get Cash and Cash Equivalent at the year end. This is called Cash flow Reconciliation and expected to be positive to show the positive liquid position of the reporting entity and compare with the "Cash and Cash Equivalent" on the Statement of Financial Position. "Cash Flow Statement" is the only accounting statement prepared with the exception of accrual basis principle and using the only cash basis principle. It is important to note that movements between cash and cash equivalent are not qualified to be captured on this report since there is no effect of such on the Cash and Cash Equivalent Statement; just reclassification. Expectedly, the Cash Flow statement supposes to be on the increase except any major expansion or investment is undertaking. Some stakeholders like analysts and corporate investors actually rely more on the Cash flow statement as the true position of the company to determine their sustainability and going concern to the future. Cash is cash; not subject to any manipulation of accrual and provisions. The statement shows how much was generated and from where i.e. are they operating, investing or financing activities?

Cash and Bank balances: These are physical cash in the

vault or deposited in demand accounts or with Central Bank of Nigeria or any other banks. This may be denominated in local currency or foreign currencies like Dollars, Pounds or Yens.

Cash Equivalent: IAS 7 defined it as short term investments and high liquid assets that can be easily converted to cash within a period of 90-days. All treasury Bills of less than 90-days are qualify as Cash Equivalent.

"Net Cash Generated From / (Used in) Operating Activities": This is considered the most important section of Cash Flow Statements. It shows the banks' abilities to generate funds from its main operations. It consists of activities from the main operations or any other activities that cannot be classified as Investing of Financing activities and they affect the changes in cash and cash equivalent movements. Changes in Operating Assets and Changes in Operating Liabilities are captured along that line and summed up to get the "net cash generated from / (used) in operating activities". Both direct and indirect methods can be adopted in calculating net cash generated but some authors prefer the indirect approach to direct method because it is easy to prepare. This is denoted in the study as OPC.

Net Cash Generated From Investing Activities: This section captures all activities relating to long term assets and investments not captured in cash equivalents because their maturities are generally more than 91- days. It contains interest received, proceeds of investments, acquisition of investment securities, proceeds of long term investment disposal. Cash going out are indicated as negative while positives stand for cash coming to the banks. The summation of all the activities gives the net cash generated from investing activities denoted as ICF in this study.

Net Cash (used in) / Generated From Financing Activities: IAS 7 specifies the following to be captured under this section; dividends paid to owners, debt securities issued, purchases of own share, repayment of debt securities issued, proceeds and repayment of interest bearing borrowings and interests paid on debt securities issued and interest bearing borrowings. This captures the sources of financing and their related obligations as interests. The summation of all the activities in this section results to net cash (used in) / generated from financing activities. This is denoted as FCF.

Net Increase / (Decrease) in Cash and Cash Equivalent: This is the summation of cash movements for the period reported. IAS 7 requires all the three categories of cash flows to be summed up to arrive at the net movement for the period which may be positive or negative. This is critical to the assessment of the banks' liquidity position in meeting their obligations as required. Some researchers and analysts like Hamza [11], Mohammed, Zheng and Sadaf [14] and Soet, Muturi and Oluoch [15] actually rely more on this position than financial performance which is assumed to have been manipulated.

"Cash and Cash Equivalent at the End of Year": IAS 7 requires a brief reconciliation of the movements. This shows the cash and cash equivalent at the commencement of the period, add the "net increase / (decrease) in cash and cash equivalents", adjust for the effect of exchange rate fluctuations on cash held to arrive at "Cash and cash equivalent at the end of the reporting period". The net balance obtained goes to the Statement of Financial Position as Asset.

Bank Performance: The stewardship of banks' executive managements is being measured by the performances of their institutions. This measurement may be by the growth of the assets; total assets or risk assets or by the measurement of their returns in terms of profitability and earnings. In this study, Net profit after margin denoted by NPTM was adopted in measuring banks' performances as our dependent variables.

Firm Size: Moderating variable of Firm Size was introduced to moderate the independent variables. This was measured as the log of assets and denoted by FSIZ.

Theoretical Framework: The study was anchored on Agency and Stakeholders Theories. Agency theory was first discussed by Berle and Means [1] and supported by Davis and Donaldson [2], Eisenhardt [3]; Jensen and Meckling [4]; Ahmed, Igbal, Khan and Sheikh [5]. The principals (shareholders) own the company but the agents (managers) control it. The theory stipulates that principal (owner) and manager (an agent) may have different interests though the agent may originally have been hired to pursue the principal's interest i.e. increasing shareholders wealth. As managers can access more information than the shareholders due to their position, the agency relationship leads to information asymmetry problems as the managers exploit this gap to their personal advantages. The relevance of the theory to the study cannot be over-emphasized. The agents known as executive managements are responsible for running the affairs of the banks and present their stewardship via financial statements and their values are measured only by profitability posted.

Stakeholder theory was first described in 1983 by Dr. Edward Freeman [6]. It suggests that shareholders are merely one of the many stakeholders in a company. The theory was later supported by Garba, Mikailu and Sanda [7]; Pandey [8] and Parveneh, Saudah and Siti [9]. The theory suggests that every organization strives to create value for all stakeholders as a reason for its existence. However, fostering positive connections with key stakeholders help improve the performance of the firm and its value. The relevance of these two theories to the study cannot be over-emphasized. Stakeholder Theory is relevant to the study by showing how internal stakeholders are manipulating financial statements to report profits and entice prospective external stakeholders to buy into their banks.

Empirical Review: The study reviewed several previous studies on the related cash flows statements and their significance on companies' financial performance.

The study of Amah, Michael and Ihendinihu [10] made use of only four banks as samples using secondary data collection method. The research confirmed that operating cash flows has a strong significant relationship with banks' performance while "investing and financing cash flows" have

a negative and weak relationship with banks' financial performances. It was recommended that banks' regulators should be securitizing banks' financial statements and external auditors should also commence with the use of cash flow ratios in financial statements' performance evaluation.

The aim of research work of Hamza [11] was to show the importance of cash flows content and stock returns using listed insurance companies in Damascus for the period between 2006 and 2010. The study found that many companies prefer direct method of cash flows statement preparation to indirect method. The study also confirmed the relationship between cash flows and stock returns are mixed relationship ranging between statistically significant relationship and statistically insignificant relationship.

Nangih, Ofor and Onuorah [12] studied "Cash Flows management and Financial Performance of Quoted Oil and Gas Firms in Nigeria". Cash Flows Statement provides the basis for corporate entities to generate and the utilization of their cash and cash equivalents. The study was anchored on Stakeholders' Theory and made use of judgmental research design, including secondary data collection method for the data collected between 2013 and 2016 (6 years' period). Both descriptive and inferential statistical techniques were adopted. The research established that both operating and investing cash flow activities had a negative and insignificant relationship with profitability of Quoted Oil and Gas companies in Nigeria while financing activities had positive and significant influence. Firms were advised to re-evaluate their strategies as related to cash flows for them to be operating more profitably.

Konak [13] examined the "effect of cash flows on firm performance listed on the Borsa Istanbul" using a 10-years index period of 2008 – 2017. Dependent variables of ROA, ROE and Tobin's q were used against independent cash flows statements. The study confirmed the existence of a statistically significant relationship between cash flows and firm performance.

Mohammed, Zheng and Sadaf [14] examined the significance of cash flows statements on profitability of firms listed at the Karachi Stock Exchange Market. Secondary data collection method was used to obtain data from 2010 – 2014 while descriptive statistics was adopted. The study revealed the existence of a significantly and positively correlated relationship between cash flows activities and firms' profitability.

Soet, Muturi and Oluoch [15] studied the operating cash flows management effect on Kenya Mutual Funds' financial performance. The study examined 22 mutual funds for the period between 2011 and 2016 using secondary data. It was concluded that "operating cash flow management" had a significant and positive effect on ROA while its effect on ROE was insignificant but positive.

According to Sharifi and Asadi [16], the relationship between the cash flows and the stock value of listed companies on the Tehran Stock Market was analyzed using 102 companies as samples. The outcome of the research revealed an Inverse relationship between cash flows and stock values.

Gap in Literature: The empirical review above has revealed that no reviews have introduced moderating variable of Firm sizes in the measurement of Cash Flows Statements against performance. Also, few banks were considered as samples in reviewed literatures relating to Nigeria. Those are two significant gaps this study sought to address.

3. Methodology

"*Ex–post facto* research design" was adopted using secondary data collected from the published financial statements for the five years period of 2015 - 2019. The population of the study was based on the number of quoted banks as at December 31, 2019 which was fourteen (14). A sample of eleven (11) banks was selected using purposive sampling techniques. This choice of purpose sampling technique was due to non-availability of complete data for other listed banks. Dependent variable in this study was Net Profit after Tax Margin denoted by NPTM while independent variables were Operating, Investing and Financing Cash Flows denoted by OPC, ICF and FCF respectively. Banks' Size denoted by FSIZ was used as moderating variable. Both Descriptive and Inferential Statistical research methods were adopted. The Descriptive examined the mean, median and mode including the standard deviation parameters of variables while the regression analysis as the inferential statistical method was adopted to explain the relationship between the variables. Both the "R square" and "Adjusted R square" were used as measures of explanatory power of the proxies. The models' specifications are:

Model 1

$$NPTM = f(OPC, ICF, FCF)$$

$$NPTM_{it} = \alpha_1 + \beta_1 OPC_{it} + \beta_2 ICF_{it} + \beta_3 FCF_{it} + \mu_1$$

$$y_{1it} = \alpha_1 + \beta_1 x_{1it} + \beta_2 x_{2it} + \beta_3 x_{3it} + \mu_1$$

Model 2

$$NPTM = f((OPC,ICF,FCF)FSIZ)$$

$$NPTM_{it} = \alpha_2 + \beta_4 OPC_{it*}FSIZ_{it} + \beta_5 ICF_{it*}FSIZ_{it} + \beta_6 FCF_{it*}FSIZ_{it} + \mu_2$$

$$y_{1it} = \alpha + \beta_4 x_{1itZ1it} + \beta_5 x_{2itZ1it} + \beta_6 x_{3itZ1it} + \mu_2$$

4. Data Analysis and Results

In this study, the evaluation of the effect of cash flow on firm performance among the "listed deposit money banks in Nigeria" has been carried out empirically. Analysis and the interpretation of the data used in this section are examined. The study consists of yearly data from 2015 – 2019 of "listed deposit money banks in Nigeria". The result of the data and the discussion of the analysis are as displayed below.

Table 1. *Descriptive Statistics.*

Variables	Observations	Mean	Std. deviation	Minimum	Maximum
NPTM	55	22.4581	17.3347	3.8234	67.4988
OPC	55	113862.5	226140.2	-450494	779607.2
ICF	55	-57439.39	118294.6	-436866	270741
FCF	55	-18403.44	11567.6	-546291	235378
FSIZ	55	9.3088	0.3424	8.589	9.8541

Source: Researcher's computation, 2022.
Where "NPTM indicates net profit after tax margin; OPC – Operating cash flow; ICF – Investing cash flow; FCF – financing cash flow, FSIZ – firm size, and Std. deviation – standard deviation".

Table 1 shows the result of the summary statistics of both the dependent and the independent variable alongside with the moderating variable (firm performance, cash flow, and firm size). The result displays the number of observations, mean, standard deviation, minimum, and maximum values. From the result of the descriptive statistics, it was observed that among the three types of cash flow considered in the study, operating cash flow has the highest mean value of 113,862.5 million naira with the maximum value of 226,140.2 standard deviation, the minimum value of -450,494 million naira, and the maximum value of 779,607.2 million naira for the period of 2015 to 2019. The amount collected on average for ICF is -57439.39 million-naira, and -18403.44 million naira for financing cash flow. The average level of firm size for the period of 2015 to 2019 is 9.3088. Standard deviation results for each of the variables' slight degree of variation among each others were also considered under this research.

Table 2. *Correlation Analysis.*

	Bivariate Analysis					Collinearity Test	
	NPTM	OPC	ICF	FCF	FSIZ	VIF	1/VIF
NPTM	1.0000						
OPC	0.1120	1.0000				3.40	0.2938
ICF	-0.0300	-0.7351	1.0000			2.59	0.3860
FCF	-0.2702	-0.4789	0.1160	1.0000		1.54	0.6476
FSIZ	0.4369	0.3809	-0.3055	-0.2077	1.0000	1.17	0.8512
Mean VIF						2.18	

Source: Researcher's computation, 2022.
Where VIF – Variance Inflation Factor, 1/VIF – Tolerance Level; FSIZ – firm size, and Std. deviation – standard deviation.

Table 2 shows a significant association between NPTM, OPC, ICF, FCF, and FSIZ with a weak correlation. The result shows that OPC and FSIZ had a weak positive correlation while ICF and FCF show a weak negative correlation. Further investigation was done through the correlation analysis. Also, the result displayed in Table 2 reveals that there is no problem of multicollinearity. This is as a result of the correlation coefficient value not being greater than 0.75 for all the variables. Meanwhile, the multi-collinearity test is tested using the variance inflation factor "VIF" and tolerance level indicated by "1/VIF". The result as indicated in Table 2.0 shows that there is no problem of multi-collinearity since the VIF values of all the explanatory variable is less than 5 (VIF < 5) and the tolerance level also confirmed that there is no problem of multicollinearity since the 1/VIF value is less than 1 (1/VIF < 1). They are all within the limits of 5 and 1 respectively as recommended by Baltagi [17]. Therefore, there is a need to proceed with the regression analysis since there is no evidence of multi-collinearity among the variables.

Table 3. *Regression Analysis.*

NPTM	Baseline Model				Baseline with Moderators			
	Coeff	Std. Error	T-value	P-value	Coeff	Std. Error	T-value	P-value
Constant	21.8234	2.6274	8.31	0.000	-190.3287	62.2006	-3.06	0.004***
OPC	-4.19e-06	0.000019	-0.22	0.824	-0.00001	0.00002	-0.820	0.415
ICF	-5.32e-06	0.000032	-0.17	0.867	0.0000	0.0000	0.01	0.990
FCF	-0.000044	0.000025	-1.75	0.087	-0.0000	-0.0000	-1.74	0.088
FSIZ	-	-	-	-	22.9567	6.7257	3.41	0.001***

	Model Summary							
	SS	DF	MS		SS	DF	MS	
Model	1199.5570	3	399.8523		4039.3119	4	1009.8280	
Error	15026.9395	51	294.6459	$F(3,51) = 1.36$	12187.1847	50	243.7437	$F(4,50) = 4.14$
Adj. R square	0.0195	R-square	0.0739	Prob > F = 0.0739	Adj. $R^2 = 0.1888$	R-square	0.2489	Prob > F =0.0056

Source: Researcher's Computation, 2022.
Where "SS – Sum of square; DF – Degree of freedom, and MS – Mean Square".

The goodness of fit of the dataset is determined through Adj. R square. The baseline model shows that 1.95% of cash flow is attributed to measure of firm performance while the remaining 98.05% is lost to an error term or the variables not considered in the model. Due to this, the result of the regression model is explained accordingly.

$$NPTM_i = \alpha_0 + \alpha_1 OPC_i + \alpha_2 ICF_i + \alpha_3 FCF_i + \mu_i \tag{1}$$

$$NPTM_i = 21.8234 - 4.19e\text{-}06 OPC_i - 5.32e\text{-}06 ICF_i - 0.000044 FCF_i \tag{2}$$

$$NPTM_i = 21.8234 - 0.000044 FCF_i \tag{3}$$

Equation 2 and 3 in the baseline model examines the effect of cash flow (OPC, ICF, and FCF) on firm performance (measured by NPTM). The result shows that OPC has a negative and insignificant effect on NPTM ($\alpha_1 = -4.19e\text{-}06$, $p = 0.824$). ICF ($\alpha_2 = -5.32e\text{-}06$, $p = 0.867$) also has an insignificant negative effect with NPTM, and the result obtained from FCF ($\alpha_2 = -0.000044$, $p = 0.087$) shows a negative and significant effect of NPTM at 10% significance level. The result of OPC, ICF and FCF means a percent increase in any of the proxies of the cash flow will result in a decrease in NPTM. However, the overall result shows that the null hypothesis is not rejected at a p-value (0.0739), indicating the p-value > 0.05. This means that cash flow has no "significant effect on firm performance of some listed deposit money banks in Nigeria".

The further examination conducted on the regression analysis considered the baseline with a moderating variable (firm size). The Adj. R^2 of 18.88% shows the composition of cash flow in firm performance while the remaining 81.12% constitutes factors not considered in the study. Table 3 explains how the firm size has a moderating effect on the "significant of relationship between cash flow and firm performance". The regression model is formulated as follows:

$$NPTM_i = \alpha_0 + \alpha_1 OPC_i + \alpha_2 ICF_i + \alpha_3 FCF_i + \alpha_4 FSIZ_i + \mu_i \tag{4}$$

$$NPTM_i = -190.3287 - 0.00001 OPC_i + 0.0000 ICF_i - 0.0000 FCF_i + 22.9567 FSIZ_i \tag{5}$$

$$NPTM_i = -190.3287 - 0.0000 FCF_i + 22.9567 FSIZ_i \tag{6}$$

The result in Equation 5 shows that OPC ($\alpha_1 = -0.00001$; $p = 0.415$) and FCF shows a negative contribution to NPTM while ICF and FSIZ have positive contribution with NPTM. The result indicates that an increase in OPC and FCF will result to decrease in NPTM. Also, an increase in ICF and FSIZ result to an increase in NPTM. It was observed from the analysis that FCF ($\alpha_3 = -0.0000$; $p = 0.088$) and FSIZ ($\alpha_4 = 22.9567$; $p = 0.001$) have a significant effect with NPTM, even though FCF was significant at 10% significance level. However, OPC ($\alpha_1 = -0.00001$; $p = 0.415$) and ICF ($\alpha_2 = 0.00001$; $p = 0.990$) was insignificant. The overall hypothesis stated that if the p-value is less than 0.05, reject the null hypothesis, otherwise do not reject. The result obtained from Table 3 of the baseline with moderators shows that the null hypothesis is rejected at p-value (0.0056) < 0.05 (5% significance level). Therefore, the study of baseline results with moderators concluded that firm size has "a significant effect on the relationship between cash flow and performance of listed deposit money banks in Nigeria".

Comparing the results of the baseline and the baseline with moderators, it was observed from the value of the adjusted R^2 (representing the goodness of fit of the model) that model 2 (the baseline with moderator) performs better than model 1 (baseline model). It is revealed through the result of the analysis that if more variables are added to either equation 1 or equation 2, then the model might perform better.

5. Discussion of Findings

The findings of the study showed the significance or otherwise of cash flows activities proxied by OPC, ICF and FCF on "listed deposit money banks' performance in Nigeria" proxied by NPTM. While both OPC and ICF have negative and insignificant effects on NPTM, the FCF effect was significant but also negative. The effect at a combined level is negatively significant to NPTM which means both cash flows and profitability are inverse that is a percentage increase in any of the proxies of cash flows will result to a decrease in NPTM. The overall baseline result shows that the null hypothesis is not rejected at a p-value (0.0739) which was greater than 0.05 significant level. Cash flow has no "significant effect on the performances of listed deposit money banks in Nigeria". This was contrary to *a priori* expectation of "a positive and significant effect on banks' performance". This result aligns with the positions of Sharifi and Asadi [16] and Nangih, Ofor and Onuorah [12]. However, the findings of Soet, Muturi and Oluoch [15]; Mohammed, Zheng and Sodak [14]; Konak [13] and Amah, Michael and Ihendinihu [10] contradict the result. They all established that cash flows activities have "a significant and positive relationship with performances".

However, the finding of the baseline model with moderating variable of Banks Sizes confirmed that the moderator has "a significant effect on the firms' performance of listed deposit money banks in Nigeria". This agreed with *a priori* expectation of "a positive and significant relationship between cash flows and performances". It also aligned with the positions of Konak [13]; Soet, Muturi and Oluoch [15]; Mohammed, Zheng and Sodaf [14] and Amah, Michael & Ihendinihu [10] that established "a positive and significant

relationship between Cash flows activities and firms' performances".

6. Conclusion and Recommendations

The study reviewed the "IAS 7 Cash Flows Statements and Financial Performance of listed deposit money banks in Nigeria" and concluded that cash flows has no "significant effect on listed money banks in Nigeria" under the baseline hypothesis; however, when the moderating factor of firms' size was introduced to the independent variables; the cash flows become significant to the "financial performances of listed deposit money banks in Nigeria". The study confirms the importance of firms' sizes for economic benefits and costs control. The prior study in the Oil and Gas by Nangih, Ofor and Onuorah [12] supported this position. Also, the study concluded that the majority of listed deposit money banks prefer the indirect method of cash flow preparation to the direct method. However, few that did not support indirect method are very significant to the industry and made comparison of the cash flow statements relatively difficult because of a non-uniform standard of preparation.

The recommendations of the study after the thorough analysis of the findings and results are:

First, the analysts and other users of cash flow statement should be mindful of the implication of banks' size before using the output of the statements; apples should be compared with apples since the study has established that banks' sizes are very critical in cash flow activities and financial performances.

Secondly, regulators should encourage a uniform method of cash flows statement preparation. Different methods have their objectives and results may be misleading to the users of financial statements in making investment decisions.

Lastly, because of much reliance placed on the information derived from cash flow statements by the external stakeholders in making decisions; both bank's regulators and auditors should be more focused on the contents of the statements and their accuracy.

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