

Statement of Cash Flows and its Role in Analyzing the Liquidity Index (Selected Banks)

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This research focused on shedding light on one of the most important financial statements prepared by banks, which is the statement of cash flows, as well as its importance in evaluating the liquidity quality of the sample bank (Bank of Baghdad and the Middle East Iraq), because it is a source of information for banking activities, investment. According to the monetary basis, this is the basis on which the users of the financial statements rationalise their decisions, as well as support the decision-making process as well as a major source to show the real financial position of the bank under study and evaluation; this is because the research reached one of the most important conclusions: that the cash flow is a tributary of the president to assess the quality of bank liquidity, by providing the necessary liquidity ratios to extract information from crossing the bank's ability to fulfill its obligations towards third parties. This is as well as the bank's policies in financing its activities, as well as setting a certain ceiling for that financing in order to reduce the expansionist policies of this bank that may expose it to high risks such as bankruptcy, as a result of its inability to meet its financial obligations to others. This is as well as a significant decline in the ability of the banks (Baghdad and the Middle East of Iraq) to meet their current liabilities and the ability of the Middle East Bank of Iraq to pay the interest of its debts and decline for the Bank of Baghdad, with a low coverage rate for the Middle East Bank of Iraq. The research recommended the need to work to raise the level of attention to financial information provided by the list of cash flows in order to make decisions for the project. In addition, we continue to rely on this list to assess the quality of liquidity and then determine the ability of the two banks to meet their current and future obligations to others.

Key words: *Banks, Cash flows, Investment, Financial data, Quality.*

Introduction

The Statement of Cash Flows is the most significant financial statement in the field of the accounting information system, which is characterised by being prepared on a cash basis, which specifies in detail the amount of cash inflows and outflows from the Corporation, while the rest of the financial statements, in particular, revenue and financial statements, are prepared on the basis of accrual of income and expenses, whether received or paid. Current supply facilities, financial institutions, and banking and non-banking information help to make the rational investment decision. It also increases the effectiveness of the accounting system, providing a certain level of disclosure, ability to disclose the original M financial position and the possibility of extracting many financial ratios. To assess profitability, liquidity or other financial ratios, the role and importance of assets (cash flows "cf") in assessing the liquidity quality of the Bank of Baghdad, Middle East, and Iraq through derivative ratios, were emphasised.

Research Problem

The problem of research is the possibility of using a bank (Baghdad, Middle East Iraq) for data list flows to determine and assess the quality of the level of liquidity, and then its ability to make investment decisions and financial governance of its activity.

Research Hypothesis

The research starts from the hypothesis that "the statement of cash flows contributes to the recognition of the level and assessment of the quality of liquidity in banks (Baghdad and the Middle East in Iraq) through the percentages extracted from them.

Research Aims

The objectives of the research are:

1. Understand the flows' list cash ('cf') and its components and objectives.
2. Identify the type of liquidity and the percentages that can be extracted from the list (cash flow "cf")
3. Highlight the emergence and development of the bank (Baghdad and the Middle East of Iraq) and determine its financial position.
4. Analyse and evaluate the presence of liquidity in banks (Baghdad and the Middle East in Iraq).

Temporal and Spatial Boundaries of Research

- ✓ Spatial boundaries: represented by the banks of Baghdad and the Middle East of Iraq
- ✓ Border Temporal: is the period 2015 -2017

Research Methodology

This was used to approach the analytical description to arrive at a health hypothesis or to look for a hypothesis across the line by collecting data and analysis to determine the ability of a Baghdad and Middle East bank to meet its financial obligations to third parties through the quality of liquidity that the valuation showed.

Structured Research

For the purpose of briefing all aspects of the research, they were divided into four topics: Section I included the theoretical framework of the list (cash flows "cf") and liquidity quality, while the second section included the assets and development of the sample, which allocated either section III to assess the quality of liquidity, and finally ensure that section IV showed the most important results that come from the research and the most important recommendations proposed on it. The theoretical framework of the list is cash flows ("cf") and the quality of liquidity.

First: The List (Cash Flows "Cf") of the Origin and Concept

Income and balance sheets are among the most widely used accounting lists in various countries around the world, providing sufficient information content for the needs of the average investor, as well as meeting the needs of official and government departments, especially the income and tax departments. The latter factor may play a major role in the widespread application and use of these lists in the world.

These are two lists that mentioned the importance of the beneficiaries as a result of the data and information they provide. The experts sought accountants to expand in the field of accounting and tracks disclosure B: First: interested in increasing accounting disclosure by enriching media content with two lists of income and balance sheet, while the second track included the work to create dangerous lists, and it pledges to meet the advanced accounting information, which led to the list of changes in the financial situation that has been applied and used since the 1960s (Buffalo, 1999: 234).

The notes that list the above three are based on information known in the accounting maturity rule and due to the need for many beneficiaries ("users, investors, or lenders") to have

information prepared on the basis of cash, especially as the institution's cash position and ability to meet debts, in order to avoid financial deficits and maintain pleasant liquidity; accounting research has been moving since the 1980s towards giving the largest financial statements. In addition to maintaining the traditional merit of accounting, studies and research have found professional accounting organisations in North America use the new annual cash-based statements to replace the change in the previous approved financial position - "cash flow", and in this regard the US Standard Financial Accounting Standards Board was issued no. 95 which is called the cash flow statement. In 1991, the British Accounting Standards Board issued Standard 1 (Cash Flow Statement). In 1992, the International Accounting Standards Committee (IASC) issued the revised Standard 7 as follows: Statement of Cash Flow (Dahmash, 1996: 229).

In the light of the foregoing, we can determine the list (cash flows "cf") where "the discovery includes cash receipts and payments to the enterprise within one year, because these receipts" (revenue) "and payments" (expenses) - cash derived from the organised practice of its activities; whether they purchase the sale of goods (goods and services) or fixed assets, as well as borrowing and repayment of debts, etc., is based on a cash basis of operations, so it explains how to manage the cash flows that occur during a fiscal year, also known as annual discovery, and are organised on a cash basis, and based on changes. Cash in Enterprise Net JH to perform its work, explains the difference in the change and quasi-money between the first and the most recent period (Horangren and Harrison, 1993: 808).

It should also be noted that these lists should be the institutions that disclose them in their annual reports. In addition, it allows investors to understand how the institution works and to show where the institution gets its money and how to use it (Syrian researchers, 2015).

From this, the researcher can determine the list of cash flows (cf); this is an annual list showing in detail the cash changes that occur as a result of the activities of the institution during two consecutive financial periods.

Because the list is different (cash flows "cf") relative to my "income and balance sheet", it does not include the future cash (whether credit or debit) recorded on the account. In credit therefore, cash flows are not equal to net income in the income statement, the latter being accessed by applying the accrual basis of accounting while the income statement is prepared for cash flows (cf) (only cash transactions made during the period covered; forward transactions are recorded on account. While the income statement describes the work done by the corporation during the financial year, as well as the accrual basis of revenue and expenditure, the income statement also shows the corporation's success in carrying out the activities through the profits it encourages, based on the profit and loss account provided by the statement. This shows the income during the financial year, while the cash flow statement

shows how the corporation obtained funding for its activities and how to use the financing. 2004: 66).

Second, The Importance of the List (Cash Flows "Cf")

The importance of the list (cf) is that it provides clear information on the sources and uses of cash flows either to or from the enterprise and helps to demonstrate the discrepancy between net accounting based on the accrual basis and net cash-based cash flows. The importance of these flows is demonstrated as follows (Abu al-Joud, 2019: 40):

- 1- The statement of the nature of the cash impact of the operations of the company during the financial year in terms of whether the cash flow is inside or the cash flow is outside.
- 2 - The division of cash flows according to the activities of the enterprise helps to determine the monetary impact of each activity.
3. B Tove gave information on operational activities to reflect the entity's ability to create cash flows to meet its obligations and cover all operational activities.
4. Clarify the institution's policies in financing its activities in terms of its reliance on internal sources such as property rights or external sources such as borrowing, as well as setting a certain ceiling for such borrowing in order to reduce the expansion policies in such facilities, which may expose them to high risks such as bankruptcy risks due to their inability to pay their financial obligations. The direction of others.
5. Provide the necessary information on the investment activities carried out by the corporation in order to indicate that the financial policy of the institutions is expansionary or deflationary, as increasing the outflow of funds to invest at the expense of the outflow of funds from the sale of assets produced whenever it indicates that the policy is expansionary and vice versa. True.
6. A statement of the sources of financing the Foundation and its uses.

Third: The List of Objectives (Cash Flows "Cf")

This list was developed in order to achieve many of the most important goals (Ghossein and Mosly, 2013: 34):

1. Assisting the beneficiaries of the financial statements in evaluating the performance of the establishment.
2. Control and manage revenue and expense flows with predictability for a future period.
3. A statement of the ability of the originator to settle non-trend obligations by providing information on the entity's cash income and expenditure during a given year.
4. Evaluate changes in the net assets of the entity, as well as its ability to adapt to changing circumstances.

5. Evaluate management decisions. If the investment decision management facilities are prudent they will flourish (then cash balance), while in the opposite situation they will suffer from many existing imbalances, show the results of investment activity in fixed assets, and provide investors and lenders with information on their income and expenses to judge the investment decision. Positive.

FASB also identified two cash flow statement targets (Abu Al-Joud, 2019: 41):

1. Giving information about cash receipts and disbursement of economic units is the main objective.
2. Provide information on the cash flows of economic units in various activities, "operational, investment and financing", which is the secondary objective.

Fourth: List Items (Cash Flows "Cf")

The list (cash flows "cf") consists of the three elements of the Chair:

1. Flows from operational activities (Rugby, 2013: 123)
2. It is the cash impact of transactions that are dealt with in the income statement from sales and purchases, including operating payments.
 - Net annual cash income.
 - Receivables from receivables for the sale of goods and services representing the main activity of the unit.
 - Cash payments to creditors for inventory acquisitions
 - Cash payments to taxes.
 - Cash payments for various expenses.

Flows from Investment Activities

These are the monetary effects of operations relating to the material and property of the entity used to generate revenue and income within one year and are therefore a disclosure of activities relating to the purchase or sale of long-term assets (Khanfar, 2006: 197).

Flows from Financing Activities

These flows represent the acquisition or return of resources from owners, in terms of obtaining or repaying loans from lenders, and are therefore a disclosure of transactions that result in changes in the size and components of equity and borrowing. These flows are also used as an indicator of the availability or use of cash through stocks, bonds and loans, and the extent to which the Corporation has distributed dividends to shareholders (Lutfi, 2005: 286).

We can list the menu items (cash flows "cf") as detailed in the following table:

Table 1: Items (cash flow "cf")

Cash flow		Activities
Cash outflows	Cash inflows	
-Purchases of goods -Salaries and wages -Interest paid -Purchase commercial paper in cash -Other expenses	-Sales of goods and services -Benefits received -Dividends received -Offering commercial papers -Other income expenses	Operational activities
-Purchase of property and equipment -Purchase of financial investments	-Sale of property and equipment -Sale of financial investments	Investment activities
-Purchase of Treasury Bonds -Debt payment (principal only)	-Issuing capital shares -Issuance of bonds	Financing activities

Source: Munir Shaker Mohammed Ismail, Abdel Nasser Nour, Financial Analysis Decision Making Approach, 2nd Floor, Wael Publishing House, Amman, Jordan, 2005, p. 144.

Fifth: Quality of liquidity

Liquidity is the ability of an entity to readily convert its financial and monetary assets into cash at low cost to meet current liabilities when they fall due. (Schroeder et al., 2001: 156). Liquidity ratios compare "current assets to current liabilities" to determine the entity's short-term financial position. Strong or weak liquidity is also related to the net operating income index. The higher the positive index, the higher the liquidity that the corporation can use to meet its obligations on the one hand and to expand investment activities on the other. This indicates that the company is in a state of deficit and should, therefore, seek sources to finance this deficit or sell part of its investment (Izzat, 2018: 8).

Sixth: Ratios that can be Derived from the List (Cash Flows "Cf") To Assess Liquidity

1. Percentage of Payments Required to Pay Interest on Debt

This percentage refers to the ability of the institution to repay the interest on the debt resulting from its loans. This ratio can be reached by dividing "Cash flows from operating activities/debt interest".

2. Cash Flows from Operating Activities to Current Liabilities

This ratio shows the extent to which an entity is able to meet its current obligations. A high ratio indicates that an entity is able to pay all or part of its current liabilities and vice versa if the ratio falls (Kieso, et al., 2005: 196). It can reach this ratio by dividing cash flows from current operational activities/liabilities.

3. Cash Coverage Ratio

This ratio indicates that an entity is able to meet its investment and financing obligations. The higher the ratio, the more indicators that indicate that the company has a good liquidity position and therefore does not suffer from liquidity risk (Matar, 2003: 164).

$$\text{Cash coverage ratio} = \frac{\text{Operational activities of cash flows "net}}{\text{Financing and investment flows}}$$

4. Depreciation and Amortisation Effect

This ratio illustrates the effect of depreciation and amortisation on the cash flows of operating activities and the low ratio indicates the institution's efficiency in using fixed assets and low impact and vice versa (Bergfin, 2002: 231). This ratio can also be obtained by dividing extinction expenses + amortisation expenses / net flows from operating activities.

The second topic: the origin and development of the sample bank

First: Bank of Baghdad

The Bank of Baghdad was established in 1992 with a capital of 250,000 million dinars and its total assets for 2017 by about 1,196,273 million dinars, and includes 11 branches in Baghdad and 21 branches in the provinces.

The Bank of Baghdad until 25 September 1998 practiced commercial banking services only. It then worked to diversify its services to include wider banking services after the CBI allowed all private banks to conduct all banking activities. The Bank of Baghdad's year of transition was in 2005, with UGB and Iraq holding shares in the bank's capital. In 2009, Burgan Bank acquired UGB shares, becoming the largest owner. This participation enabled the Bank of Baghdad to expand its global banking business by focusing on competitive technology and services. The Bank of Baghdad has evolved from a local bank to a global bank in recent years. They continue to grow and perform well despite the turmoil in global

financial markets and local instability affecting the Iraqi economy. Much of the bank's success has been achieved through future technical improvements and strategic interest.

The Bank of Baghdad is a member of the Kuwait Projects Company (Holding) Group and has a distinguished presence in the Arab region and North Africa. It is a group of seven partner banks: Bank of Baghdad in Iraq, Bank of Syria and Gulf in Syria, Gulf Bank Algeria in Algeria, Kuwait Bank of Kuwait in Jordan, Tunis International Bank in Tunisia, Burgan Bank in Kuwait and United Gulf Bank in Bahrain. The Bank of Baghdad provides commercial and international services to various institutions, whether medium or small, in addition to commercial real estate services, building loans, credit services, credits and trade finance. In addition to these services, they offer other services to their individual customers, which include a full range of savings accounts, housing loans, personal loans and auto loans. Whether you are in the Middle East or North Africa, they offer a range of financial services to meet customers' needs.

Comprehensive information technology and automation are the tools that enable the Bank of Baghdad to compete with foreign banks in Iraq. The Bank of Baghdad has introduced 10 ATMs and will be providing more such devices in addition to electronic banking services to provide additional benefits to customers and shareholders.

Financial Position of the Bank

The financial position of the Bank of Baghdad was 1,090,152 million dinars at the end of 2017, decreased by 9% than it was in 2016, where it was 1,200,424 million dinars. Assets contributed to this decline in accordance with the following: cash items (7.5%), bank deposits (10%) and financial assets at fair value (21%), investments held to maturity (8.3%), cash credit (25%) and intangible assets (4%). Liabilities also contributed to the decline, i.e. current accounts, deposits and bank balances (13.7%). The increase in the balance of other paragraphs has reduced the decline, as the percentage increase in other assets (70%), the increase in real estate and projects under construction increase (2.5%) and the increase in other paragraphs liabilities (14%) (Bank of Baghdad, 2017: 20).

Table 2: The development of the financial position of the Bank of Baghdad for the period 2011 - 2017 (billion dinars)

2017	2016	2015	2014	2013	2012	2011	the year
1,090	1,200	1,479	1,827	1,764	1,300	875	Financial Centre
714	827	878	1,491	1,393	1,046	699	Volume of deposits

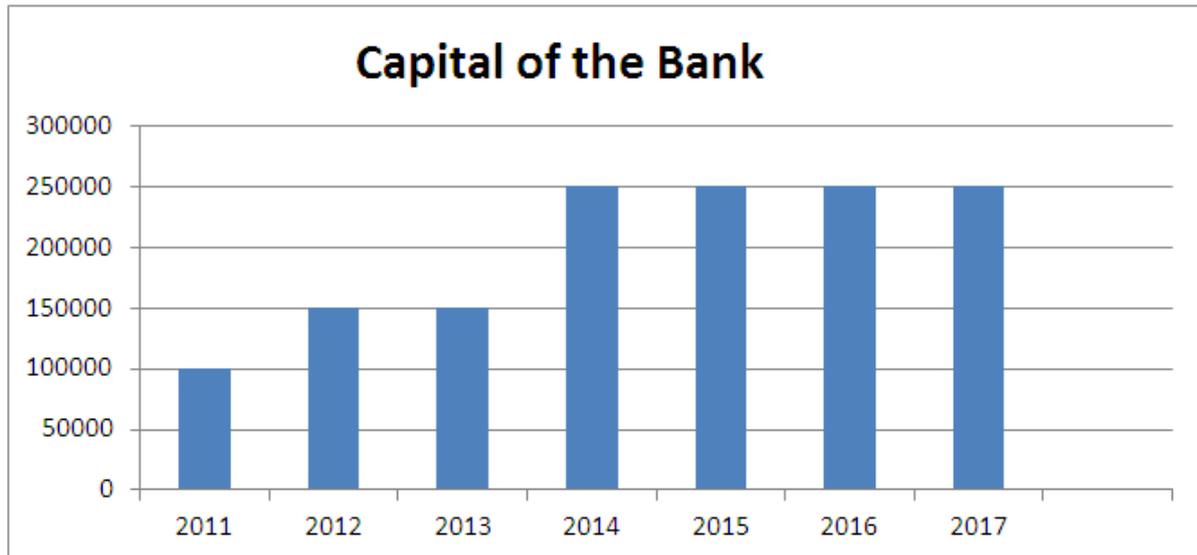
Source: Bank of Baghdad, Annual Report 2017, 2017, p. 21.

As shown in Table 2, the financial position of the Bank has increased continuously for the years 2011-2017, rising from 875 billion dinars in 2011 to 1,090 billion dinars in 2017. We also note from the same table that the volume of deposits with the Bank of Baghdad has been increasing in general during the period 2011 - 2015 and this indicates the extent of the bank's ability to attract deposits, through its ability to provide diverse services to customers as well as quality, in addition to the confidence of individuals. Deposits saw a decline in 2015 due to the economic downturn suffered by the economy in general, which weakened the work of investors who withdrew part of their deposits to facilitate their business.

Second - Middle East Iraqi Investment Bank

The Middle East Investment Bank of Iraq was established in 1993 after obtaining a certificate of incorporation from the Ministry of Commerce / Department of Companies Registrar and banking license from the Central Bank of Iraq. It started its banking business on 8/5/1994 with a capital of 400 million dinars. This bank has been ranked first excellent (1C among the Iraqi private banks according to the system CAMEL Global for four consecutive years (2007-2008-2009-2010)). The Bank also has a special unit to combat money laundering in accordance with Law No. 93 of 2004 and the instructions of the Central Bank of Iraq. The bank's capital also witnessed a remarkable development reaching KD 250 billion in 2017, which is 625 times higher than the date of its establishment. These increases were driven by the capitalisation of annual profits and the other part driven by shareholders since the establishment of the Bank. Note that it contains a number of branches, including 6 branches in Baghdad and 12 branches in other provinces. The following figure shows the evolution of the Bank's capital.

Figure 1. Growth of the capital of the Middle East Investment Bank during the period 2011-2017 (JD million).



Source: Middle East Investment Bank of Iraq, Annual Report and Financial Statements, 2017.

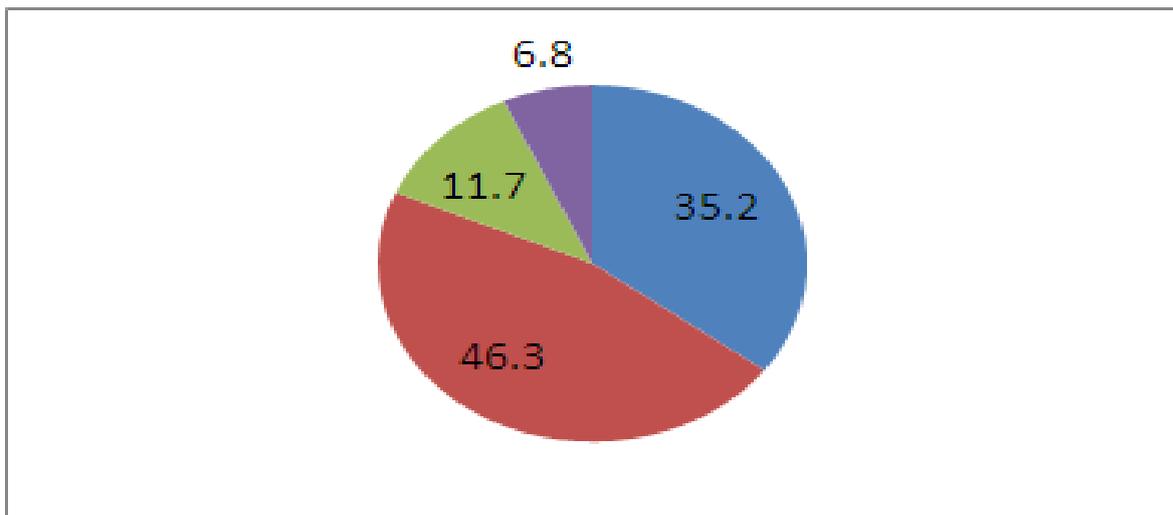
Table (3) shows the fluctuation of the volume of current deposits during the study period, sometimes upward and downward, recording the highest volume in 2012 by 256,940 million dinars, while the lowest volume in 2016 was 96,501 million dinars. Savings and Fixed Deposits witnessed a significant decrease after 2012. Savings deposits decreased from 274,466 million in 2012 to about 124,798 million in 2016 with a decrease of about -54.5% for the same period. A significant decrease was also from 67,263 million dinars in 2012 to about 26,717 million dinars in 2017. Its amount is -60.2% for the same period. As shown in the same table and figure (2), the dominance of savings deposits on the total deposits of the bank, which constituted about 46.3% of the total deposits as average ratios during the period 2011-2017, while the current deposits came second (35.2%), while fixed deposits ranked third (11.7%), while other deposits constituted about 6.8% of the total deposits for the same period.

Table 3: Analysis of bank deposits at the Middle East Investment Bank

4/5 ratio	3/5 ratio	2/5 ratio	Ratio of 1/5	Total deposits 5	Other deposits 4	Fixed deposits 3	Savings deposits 2	Current deposits 1	year
5.5	10.8	46.8	36.9	505,118	28,005	54,750	236,175	186,188	2011
2.8	10.9	44.6	41.7	615,784	17,115	67,263	274,466	256,940	2012
4.8	11.7	48.3	35.2	551,856	27,250	63,808	266,303	194,495	2013
4.9	15.4	52.1	27.6	358,118	17,706	55,073	186,501	98,838	2014
4.6	15.6	45.9	33.9	331,666	15,328	51,273	152,273	112,280	2015
22.7	9.5	38.2	29.6	326,517	74,237	30,981	124,798	96,501	2016
2.3	8	48.2	41.5	332,579	7,994	26,717	159,816	138,052	2017

Source: Middle East Investment Bank, Annual Report and Financial Statements, several years.

Figure 2. The contribution rates of all types of deposits in the formation of the total deposits of the Middle East Bank of Iraq for investment



Source: Preparation of the researcher based on data table(4)

The third topic: assessing the quality of liquidity using the ratios derived from the list (cash flows "cf")

Having considered the percentages derived from the list (cash flows "cf") (as in Section I), which represent the most important events to assess the liquidity quality of any facility, we come now to analyse and evaluate the quality of liquidity to absorb the shelf of Baghdad, as follows:

Table 4: Evaluation of liquidity quality of Bank of Baghdad

Ratio of net cash flows from operating activities to debt interest	Percentage of depreciation and amortisation effect	Cash coverage ratio	Ratio of net cash flows from operating activities to current liabilities	the year
403.7	8.7	17.4	20.4	2015
4,127.2	0.9	4,755.6	27.3	2016
334.8	9.5	10.6	2,4	2017

Source: Researcher work based on Annex 1 data

The table shows ratios extracted from the list cash flows "cf (Contribute to the assessment of the quality of the liquidity of the Bank of tomorrow Ed for three years only, as it is clear from the table 4 and Annex I of the following:

It is noteworthy the bank's ability to repay the debt interest resulting from its loans. This indicator shows the high level of the economy of the bank in repaying the interest of its debts, reaching the highest level in 2016, which reached about 4217.2%, 7,849 million dinars in the year 2015 to about 5,982.7 million dinars in 2017, down -2.37% from the same period. This means a high liquidity quality index for this ratio.

Table 5: Assessment of liquidity quality of the Middle East Bank of Iraq

Ratio of net cash flows from operating activities to debt interest	Percentage of depreciation and amortization effect	Cash coverage ratio	Ratio of net cash flows from operating activities to current liabilities	year
213.7	10.1	53.7	7.6	2015
291	34.3	190.6	2.2	2016
321.6	31.1	1037.7	19	2017

Source: Based on the work of the researcher on the data supplement(2)

1. The Bank's ability to meet current liabilities was low and this is what Od Hetta flows from operating activities related to current liabilities, where it decreased by 20.4% in 2015 to 2.4%. The reason for the decrease in net flows from operating activities is 17 years. With a decrease of -88.2% during the same period of this increase compared with the increase in current liabilities, where net inflows decreased by -36.8% for the same period, while the percentage of prolonged liabilities increased by 424.8%.

2. The coverage ratio indicates that the bank's ability to meet its obligations is different, whether investment or financing P increased by 17.4% in 2015 to 4755.6% in 2016. This

increase was attributed to the increase in net flows of activities and low flows arising from investment and financing activities, while the coverage ratio in 2015 fell 7 to about 10.6% due to the same reasons for the increase but negatively; it can be said that 2016 is the best year for the bank as the result meets its needs and commitments, both investment and financing.

3. The percentage of the depreciation effect (depreciation) and firefighters decreased from about 8.7% 2015 to about 0.9% in 2016 and a decrease of 89.6%. This increase is due to a decrease in the volume of warnings and fire during the same period. The net inflows from operating activities increased significantly, while this percentage increased to about 9.5% in 2017. This is due to the decrease in net inflows from operating activities in the same year, which indicates a low efficiency of the bank in the use of its fixed assets.

Table (5) shows the percentages extracted from cash flows (cf) contributing to the liquidity quality assessment of MEBI for only three years, as shown in Table 6 and Annex II as follows:

1. The bank's ability to meet its current liabilities was low, as reflected in the ratio of net flows from operational activities to current liabilities, which decreased from 7.6% in 2015 to 2.2% in 2016 and the rate of decline was -71%. This increase is attributable to the decrease in net inflows from operating activities in conjunction with the increase in the volume of current liabilities. The net inflows decreased by -70.8% for the same period while usually due to the increase in 2017, to 19% which is low. This means that the bank's ability to meet its obligations is weak.

2. The coverage ratio shows that the bank's ability to meet its various obligations, whether investment or financing is very high. This ratio increased from 53.7% in 2015 to 1,037.7% in 2017. This increase is attributed to the increase in net flows from operating activities on the one hand and the decrease in outflows from investment and financing activities, indicating the bank's ability to meet its needs whether it was investment or financing.

3. The impact of depreciation and firefighters increased from about 10.1% in 2015 to about 31.1% in 2017 and an increase of 207.9%, due to an increase in the volume of alarms and fire as well as the increase in net inflows from operating activities, which increased by more than 242.4% for the same period, indicating low efficiency in the use of its fixed assets.

4. The bank's ability to repay debts resulting from its interest is hard, as this indicator indicates the high level obtained by the bank and it felt that it should pay interest on its debts, taking this ratio gradually increasing from 213.7 % in 2015 (This increase is attributable to two factors: the first increase is in net inflows from operating activities (by 242.4%) and the second factor is lower volume and interest rate (-44.9%) in the same period. This means a high liquidity quality index for this ratio.

Chapter Four: Conclusions and recommendations

First: Conclusions

1. The list of cash flows ("cf") is the mainstream to assess the quality of bank liquidity by providing the necessary information to assess the level of liquidity in any institution.
2. The list of cash flows ("cf") is the bank's policies in financing its activities in terms of its reliance on internal sources such as property rights or external sources such as borrowing, as well as setting a ceiling for such borrowing; this is in order to limit the expansion policies of this bank that may expose it to high risks such as a bankruptcy as a result of its inability to meet its financial obligations to others.
3. The list of cash flows ("cf") in the statement of economic policies of the bank, whether deflationary or expansionary.
4. The results of the practical side showed the following:
 - A- A significant decrease in the ability of bankers (Baghdad and the Middle East) to meet their current liabilities;
 - B- The low rate of cash coverage of the Bank of Baghdad, which reflects negatively on the quality of liquidity, while this ratio was very high for the Bank of Middle East Iraq.
 - C- The Baghdad Bank was characterised by its efficiency in the use of fixed assets as a result of the low impact of depreciation and extinguishing it, as that effect was below the tens of salaries, while the Middle East Bank was less efficient compared to it and that effect was ranked tens. The high liquidity quality index of the banks' ability to pay interest on their debts.

Second: Recommendations

1. Raise the level of interest in the information provided by the cash flow list (cf) in order to make a good decision about the project.
2. The investment spending of the two banks should be through its ability to create flows from operational activities.
3. The need to continue to rely on the list (cash flows "cf") in the evaluation of liquidity in order to determine the ability of the bank to pay its current and future obligations to others.
4. Increase interest in net flows of operational activities because of its role in determining and making an investment decision by raising the level of liquidity quality.

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Supplements

Appendix I

Bank of Baghdad Financial Statements (Million Dinars)

Cash flows from financing activities	Current liabilities	Depreciation and amortization	Debt interest	Net cash flows from investing activities	Net cash flows from operating activities	year
(3355)	7.154953	2774.1	7849	185466	31690	2015
(1207.5)	917602.4	2429.7	6079.1	1735.1	250900.6	2016
(11789.6)	813210.6	1913.6	5982.7	19988.6	(20031.3)	2017

Source: Bank of Baghdad, annual report, multiple years, separate pages.

Appendix II

Middle East Bank Financial Statements (Million Dinars)

Cash flows from financing activities	Current liabilities	Depreciation and amortization	Debt interest	Net cash flows from investing activities	Net cash flows from operating activities	year
29865	368521.4	2883.2	13250.3	22855.9	28316	2015
2036.4	361739.5	2839.3	7206.3	2298.3	8262.8	2016
2324.2	509539	30144	7299.2	7019.9	96972.6	2017

Source: Middle East Bank, Annual Report, Multiple Years, Miscellaneous.