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**Cash Flow Statement: An Empirical Study Of
Voluntary Disclosure Practices Of Malaysian
Companies**

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ABSTRACT

Cash flow is a critical business solvency measure. The mandatory disclosures on cash flow statements do not provide all the necessary information to evaluate an entity's performance, liquidity and solvency. No prior studies so far, have thoroughly discussed the merits of providing additional information and relating it to firm specific variables. This study has two purposes. The first purpose is to provide empirical evidence on direct and indirect method of presenting operating cash flows. The second part of the study provides empirical evidence on the voluntary disclosure practices of Malaysian companies as encouraged by MASB 5 and relating it to firm specific characteristics. The study, which is based on a sample of 257 top market ranking companies, examines the relationship of voluntary cash flow disclosures with eight firm-specific variables. The eight firm-specific variables are size, listing status, leverage, assets-in-place, type of audit firm, ownership diffusion, industry membership and NACRA awards. The results of the study suggest positive association between extent of disclosure with firm size, listing, type of audit firm, NACRA and ownership diffusion. However, there is no conclusive evidence to support leverage, industry membership and proportion of assets-in-place.