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THE EFFECT OF THE FINANCING STRUCTURE ON THE CASH FLOW STATEMENT INDICATORS ACCORDING TO IAS 7 AND ITS REFLECTION IN EVALUATING THE FINANCIAL PERFORMANCE OF TELECOMMUNICATIONS COMPANIES

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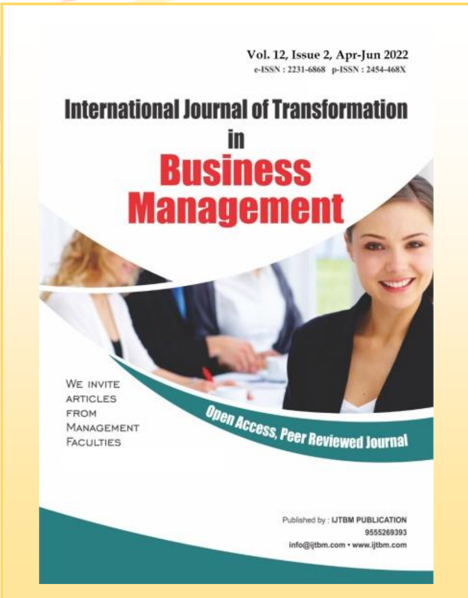

ABSTRACT

The financing structure is a homogeneous mixture of long-term financing and equity. These represent the main sources of financing to achieve the objectives of the economic unit and achieve the expected growth.

The research aims to show the effect of the components of the financing structure on the cash flow list indicators, which is the basis for evaluating the financial performance of the economic units listed in the Iraqi Stock Exchange. The research problem was represented in the companies listed in the Iraqi Stock Exchange neglecting the relationship between the financing structure and the cash flow list, which affects credit and investment decisions and the accurate financial evaluation of the performance of the unit's management. The research reached a set of conclusions, the most important of which is that defining the relationship between the financing structure and the cash flow statement indicators contributes to determining the return and risk values, profitability analysis, and evaluating financial performance. A set of recommendations were presented, the most important of which is that the unit's management should choose an appropriate financing mix that aligns with the unit's objectives and reduces the expected risks.

INTRODUCTION :

The cash flow statement indicators of financial ratios, liquidity and risk indicators represent objective bases for measuring the financial performance of the management of the economic unit. These indicators are related to operational, investment and financing activities, which depend mainly on multiple and diversified sources of funding.

The financing structure is a map of the sources of financing the economic unit's operational, investment and financing activities, which are components of cash inflows and outflows. Therefore, this clear causal relationship between the ownership structure and cash flow indicators is important and influential in analyzing returns, profitability and risks to take future investment or financing decisions that contribute to achieving the goals of those units.

Therefore, the research was divided into four axes. The first axis was devoted to a methodology, the second axis was devoted to the theoretical aspect of the research, the third axis was devoted to the practical aspect of research, and the fourth axis was devoted to conclusions and recommendations.

SECTION ONE: METHODOLOGY OF THE STUDY

First: Problem Statement

The management of finance operations represents one of the basic pillars of the senior financial management and an essential function of the financial manager's functions. In this, it depends on a group of total financial and non-financial indicators, mostly based on income information and cash flows. These in turn are affected by changes in funding sources. If the components of the financing structure of liabilities and property rights are considered influential in the components of cash flows, and therefore the financial ratios and indicators associated with the cash flow statement.

Therefore, the research problem can be formulated in the following questions:

1- Does the approved financing structure in the research sample companies affect the cash flow indicators?

2- Does the relationship of the financing structure with cash flow indicators affect the evaluation of the financial performance of the management of the research sample companies?

Second: Objectives of the Study

The research objectives are as follows:

1- Defining the components of the financing structure and their relationship to cash flow indicators.

2- Defining the importance of cash flow indicators as they are evidence of financial evaluation and the success of management decisions.

3- Defining the relationship between the financing structure and cash flow indicators, which allows defining a future financing vision and strategy for the research sample units.

4- Studying and evaluating the reality of the financial performance of the research sample companies.

Third: Significance of the Study

The importance of research at the present time is embodied in the increasing efforts of the research sample units and their interest in providing a successful environment to achieve the goals of those units, which are mainly related to financing and investment decisions. And directing the attention of the management of these companies to the importance of analyzing the relationship between the financing structure and cash flow indicators to be successful tools for making appropriate decisions and achieving the goals of achieving returns and reducing financing risks.

Fourth: Hypothesis of the Study

The research is based on two main hypotheses:

1- The components of the financing structure affect the cash flow statement indicators in the research sample companies.

2- The cash flow statement indicators represent appropriate tools for evaluating the financial performance of the research sample companies.

Fifth: Sample of the Study

The research sample represents a specific group of industrial companies listed in the Iraq Stock Exchange for the period 2019/2020.

Sixth: Analytical Tool of the Study:

The method of analyzing the financial reports of the research sample companies was relied upon and the adoption of financial ratios as evaluation indicators to determine the relationship between the financing structure and cash flows. In addition to the comparative method of financial reports over two financial years.

Seventh: Variables of the Study

It is represented by the components of the ownership structure as an independent variable and the cash flow indicators as a dependent variable.

SECTION TWO: THEORETICAL PART OF THE STUDY

First: Indicators of the cash flow statement according to IAS 7

1-The concept of the cash flow statement: Cash flow accounting (CFA) was defined by Lee (1981, 1981) as a term used to denote a financial reporting system that describes the performance of an economic unit on a cash basis. It is based on the matching between periodic cash inflows and periodic cash outflows excluding forward cash transactions and discretionary accounting provisions. Cash inflows include inflows from operating, investing and financing operations. Cash outflows include payments to replace and grow investments.

The statement of cash flows is also defined as a statement of how the operational, investment and financing activities of the economic unit, which affected the cash during the accounting period, work. It shows the net increase or (decrease) cash in the accounting period. For the purposes of preparing this list, cash within this framework is defined as including cash and rewards.

As for Horngren and others, they defined it as a report of all monetary activities that include receipts and payments in an economic unit during a certain period. It also explains the reasons for changes in cash by providing information about operating, investing and financing activities.

The cash flow statement was also defined as an analytical statement of the movement of cash changes that occurred in the unit, whether it increased or decreased, and to identify the causes of these changes. In the sense that it is a depiction of the sum of incoming cash transactions and the sum of outgoing cash transactions (Al-Saadi, 2012: 27).

2-The importance of the cash flow statement: The importance of the cash flow statement for economic units is concentrated in the following points:-

1- The statement of cash flows provides comprehensive information about the financial structure of the enterprise and shows its ability to pay its obligations and pay dividends and interests.

2- The statement of cash flows provides additional information about the assets, liabilities and property rights of the economic unit and helps in disclosing the changes that occurred in the financial position of the unit during the accounting period.

3- Interpretation of the discrepancy between net profit (income) and cash flow generated from different activities. The net income is determined on the basis of accrual. The net cash flow is determined on a cash basis.

4- Cash flow information is used to predict the ability of the project to generate future cash flows that help in preparing estimated budgets (operating and capital).

5- The establishment's realization of a positive free cash flow, which indicates that the establishment has met all its planned cash obligations and has cash available to reduce debts and expand its facilities.

6- The statement of cash flows shows the relationship between net income and the change in the cash available with the facility. A higher level of income leads to an increase in cash and vice versa. However, the cash balance can decrease with the establishment of high profits.

7- The statement of cash flows provides a historical analysis of the performance of the facility. It helps to identify the strengths and weaknesses. The disclosure of the information it contains is a tool for evaluating the efficiency of the policies adopted by the administration.

8- The list provides data on the changes that occur in the financial position of the facility during the financial period, which are difficult to obtain from other traditional financial statements published in the annual financial reports. (Saheb, 2013: 21-22)

3- The importance of analyzing cash flows from operating, investing and financing activities according to IAS 7.

A: Analysis of cash flows from operating activities according to IAS7:

The cash flow from operating activities is the most important part of the three categories because it results from the main or income producing activity. The cash generated from operating activities provides an indication of the economic unit's ability to produce cash from its main activity. The economic unit must generate sufficient cash from operating activities to finance its daily activities. An examination of the cash provided by the operational activities is started. If the amount is large, this confirms that the economic unit is able to generate sufficient cash internally through its operational operations to pay its obligations without having to borrow or increase capital. If the amount is small or negative, then it is an indication of the inability of the economic unit to generate sufficient cash from its operational activities, forcing it to think about borrowing or issuing new shares to fill its liquidity deficit (Al-Saadi, 2012: 54).

Creditors and investors do not prefer investing in an economic unit that does not generate sufficient cash from operating activities to pay its obligations and dividends due to shareholders. It is not expected that the economic unit will continue in the world of business depending on the cash received from investment activities, for example. The assets of the economic unit and other investments available for sale will be exhausted at some point, which means the gradual liquidation of them (Hammad, 2006: 287).

B: Analysis of cash flows from investing activities in accordance with IAS 7:

Analyzing cash flows from investing activities serves as an indicator of future growth and contraction possibilities. The negative net cash flow from investment activities indicates future growth possibilities and the possibility of an increase in profits because it reflects an increase in long-term assets or an increase in financial investments and the potential for obtaining benefits and profits in the future (Al-Saadi, 2012: 54)

On the contrary, the positive net cash flow from investment activities indicates that the company resorts to liquidating its long-term assets and financial investments, and what this entails from the possibility of contraction, reducing production capacity or reducing the return on its financial investments. This represents the potential for a decrease in net income in the future (Al-Habbash, 2009: 34).

C: Analysis of cash flows from financing activities according to IAS7:

International Standard No. (7) defined it as the activities that result in a change in the volume and composition of capital and loans, and the Iraqi Accounting Rule No. (7) defined it as the activities resulting from changes in the volume and composition of equity and borrowed funds for the unit. Independent disclosure of cash flows from financing activities is important as it is useful in forecasting future cash flow demands.

Financing activities include obtaining cash from debt collection, paying the borrowed amount, obtaining cash from the owners and providing them with the return on this investment (Kieso & other, 2000: 609), and financing activities include issuing shares and obtaining loans through issuing bonds or non-commercial payment papers and purchasing shares. Treasury and sale and payment of dividends to shareholders. As for the payments to borrowers, they include the principal of the debt only. As for the interest on loans, they are included in the operating activities (Al-Fatlawi, 2009: 18).

Second: Funding Framework - A Theoretical Introduction

1- The concept of financing structure: it is represented by the appropriate mixture of ownership and indebtedness that directs the management of the unit to achieve its planned goals and according to pre-defined strategies. The financing structure includes borrowed financing and equity financing, which make up the left-hand side of the balance sheet. Borrowed financing that includes short-term borrowed financing, long-term borrowed financing and proprietary financing that includes paid-up capital and retained earnings. Therefore, the financial structure consists of short-term financing and long-term financing (Al-Binaa, 2021: 4).

2- Components of the financing structure: The most important components of the financing structure can be identified as follows: (Al-Azzawi, 2014:54-55):

First: Short-term financing: It is one of the types of external financing sources, and it represents the financing that is used to finance the current operations of the company and is linked to achieving its objectives in terms of liquidity and profitability.

Among the main sources of short-term financing are trade credit:

Trade credit can be defined as a type of short-term financing that the company obtains from suppliers. And bank credit, as bank credit is a form of short-term financing and its provision depends on commercial banks and money companies.

Second: Long-term financing: Long-term financing represents the funds that are available to the company to finance the available investment opportunities. It is divided into financing with ordinary shares: Ordinary shares represent a right of ownership or the share of shareholders.

And financing with preferred shares, the holder of the preferred share enjoys the same advantages that the holder of the common share enjoys and more. Financing with retained earnings is one of the main objectives of companies. Profits can be distributed to shareholders or kept for the purpose of investing.

(Alwan, 2009) adds other components to long-term financing, which is the financing by bonds. The bond is a long-term loan. Bond financing carries a fixed interest rate, according to which the issuing company agrees to pay the interest due on it to the bond owner on specific dates, in addition to its obligation to pay the value of the bond on its maturity date. Financing by lease:

Financing by leasing is a recent idea to renew financing methods. It is a financing technique used by banks or specialized financial companies so that they obtain movable assets or real estate to rent to another company, and the latter, in turn, buys them back with a general residual value that is low at the end of the contract term. Payment is made in agreed installments called the rental price (Alwan, 2009: 254-255).

Third: The relationship of the financing structure with the cash flow statement indicators:

For the purpose of determining this relationship, the researcher presents the following points:

1- The cash flow statement indicators represent a set of indicators extracted from the results of specific financial ratios with a set of liquidity ratios, activity ratios, profitability ratios, growth rates and other sub-totals. The components of these ratios depend on the components of the financial reports, which represent the financing of all kinds as part of these components of the financial ratios and these ratios and thus the indicators change with the change in the values and amounts of the sources of financing.
2- The values and amounts of operational short-term financing are arranged by operating cash flow indicators, as they are affected by the rise and fall of the rise and fall in the operational financing values. Also,

the indicators of the financing and investment flow are related to the borrowed and owned long-term financing.

3- Cash flow indicators represent financial performance assessment tools and successful measures of financing risks, allowing the management of opportunities and threats according to successful and appropriate strategies.

Third: Evaluate the financial performance of economic units

First: The concept and nature of financial performance: Performance evaluation means the continuous process of evaluating and managing behavior and results in the workplace. The concept of performance is seen as the tool that is used to identify the bank's activity in order to measure the achieved results and compare them with the goals set in order to identify deviations and diagnose their causes while taking the necessary steps to overcome those deviations. Often the comparison between what is actually achieved and what is targeted at the end of a certain period of time is usually a year. Also, performance appraisal is one of the most important topics in financial management. Where performance and other securities are evaluated in light of the expected cash flows.

Performance transparency is the core component of most method tracks and metrics. Introducing performance transparency means that the bank allows employees to see how they work and how others work (Al-Khalidi, 2014: 59).

Second: Methods of performance appraisal: There are many tools that are usually used in the field of financial statement analysis. The disparity of these tools among themselves reflects a difference in the degree of analysis required, as well as in the areas of use of the results of the analysis. As well as the varying needs of users of financial statements, and there are many tools and methods of financial analysis in terms of their suitability for the purposes of the financial analyst on the one hand, and the nature of the data available to him on the other hand. There is a set of financial analysis tools and methods for banks and financial institutions and they include the following categories:

1- The method of comparative study of the financial statements (horizontal and vertical). The horizontal comparison of an item or group of items on two consecutive dates and the vertical showing the percentage that each item contributes to the total budget and profit and loss account compared to two years.

2- The method of using financial ratios, and this method shows the correlation between the bank's resources, its uses and groups of resources to each other and all aspects of activity.

3- Analysis using the funds disclosure (analysis of funds sources and uses)

4- Vertical proportional analysis of the paragraphs of the statements (the statements of normal size).

5- Analysis in absolute numbers from one period to another and changing the paragraphs and averages (Abdul-Ridha, 2008: 18)

Third: The objectives of performance evaluation: There are other objectives from the point of view of (Abbas, 2003: 139):

1- Strategic Objectives: The performance appraisal process seeks to link and integrate the organizational objectives (strategic) with the activities of the employees and their appropriate characteristics for the implementation of the organizational strategy represented by the predetermined outputs. Therefore, the performance evaluation system must be flexible and respond to any change in the bank's strategy by changing its components, behaviors and characteristics necessary for strategic performance.

2- Developmental Objectives: Staff development is one of the essential objectives of the performance appraisal system, especially for those employees who are active in their jobs. As for those whose performance rate is less than the standard rates, appropriate measures must be taken to improve their performance.

3- Administrative objectives: Banks use information related to the results of performance evaluation in making many administrative decisions such as increasing wages and salaries, re-use and laying off workers, as well as determining incentives.

SECTION THREE: APPLIED FRAMEWORK OF THE STUDY

1-Brief profile of the company, research sample:

Asiacell Telecom represents one of the private sector companies that provide mobile telecommunications services under the license granted by the Media and Communications Commission. As the company was established on 25/7/2007 with a founding capital of 100,000,000 dinars, and the listed capital amounted to 31/12/2021 (310,000 million). Due to the distinguished services provided by the company, subscribers to the services of this company constitute 38% of the subscribers to its services. Iraqi contact.

2- Evaluation of the financial performance of Asia Cell:

1- Revenue growth: The company succeeded in achieving revenues at the end of the fiscal year 2021 with a value of 1.481 (one trillion, four hundred and eighty-one million dinars) compared to what it achieved in the previous year 2020 with a value of 1.361 (one trillion three hundred and sixty-one million Iraqi dinars), so that the revenue growth rate is 8.8% .

2- The growth of profit before tax at the end of the year 2021 amounted to (677 billion dinars), while the profit before tax in the year 2020 amounted to (597 billion dinars), with an increase and growth of 13% as a result of the increase in the value of revenues.

3- The growth of the surplus at the end of the year 2021, as it amounted to (334 billion dinars), while the surplus for the fiscal year 2020 amounted to (244 billion dinars) due to the increase in profits.

Table 1. Financial performance of Asiacell company till the end of 2021

	2021	2020	2019
Revenue	1481	1361	1503
Growth in Revenue	8.8%	-9%	2%
Profit before subtraction of interest rates, taxes and depreciation	677	597	678
Growth in profit	46%	44%	45%
Surplus after paying taxes	334	244	172
Surplus growth rate after paying taxes	37%	42%	15%
Rate of surplus after paying taxes	23%	18%	11%

**made by the author based on financial reports of the company.*

3- Analysis of the financing structure of Asiacell:

The researcher intends to indicate the financing structure of the company for the fiscal years 2020/2021 and identify changes in the components of the financing structure for the purpose of determining their impact on the cash flow indicators in the next paragraph. For the purpose of analyzing the financing structure of the company, the researcher presents the following paragraphs:

A- Financing structure for the fiscal year 2020: Table (2) presents the components of a financing structure for Asia Cell for the fiscal year ending on 12/31/2020:

Table 2. Components of Financial framework of Asiacell till 31/12/2020

	Components of Financial structure	Amount (Million ID)
1	short term financing	
	● Short Term Provisions	266,181
	● Accounts payable	1,848,812
	total short-term financing	2,114,993
2	long term financing	
	● Paid-in Capital	310,000
	● reserves	882,856
	● Long-term liabilities	0
	total long-term financing	1,292,856

**made by the author based on financial reports of the company.*

B-The relative importance of the components of the financing structure: The researcher intends to determine the relative importance of each element of financing for the research sample for the fiscal year 2020 according to Table (3):

Table 3. The relative importance of the elements of the company's ownership structure for the year 2020:

	Components of Financial structure	Amount (Million ID)	Relative Importance
1	short term financing		
	● Short Term Provisions	266,181	12.5%
	● Accounts payable	1,848,812	87.5%
	total short-term financing	2,114,993	
2	long term financing		

	● Paid-in Capital	310,000	26%
	● reserves	882,856	74%
	● Long-term liabilities	0	0%
	total long-term financing	1,292,856	

made by the author based on financial reports of the company.

4 - Analysis of the cash flow statement indicators for the fiscal year 2020: The researcher analyzes the cash flow indicators according to the main financial ratios and as shown in the following table:

Table (4) Indicators of the cash flow statement for Asiacell for the year 2020

	financial ratios	Amount (Million ID)	Relative Importance
1	trade rate		85 %
	● Current Assets	1,797,898	
	● Current Liabilities	2,114,993	
2	Return on Equity Ratio		17.5%
	● net income	226,395	
	● Ownership Right	1,292,856	
3	debt ratio		62 %
	● Total Liabilities	2,114,993	
	● Total Assets	3,407,849	
4	The ratio of debt to total sources of financing		62%
	● Liabilities	2,114,993	
	● Total Liabilities and Equity	3,407,849	85 %

made by the author based on financial reports of the company.

5- Financial performance evaluation for the year 2020: In light of the comparative indicators between Table (3) and Table (4), the researcher presents the following:

A - The liquidity ratio measures the unit's ability to provide liquidity to pay its short-term obligations. The higher this ratio, the greater the cash capacity and liquidity that the unit possesses in the short term, and the margin of safety and the ability to continue. This ratio also measures the amount of short-term financing, the degree of dependence on it, and the risks posed by the company as it is a major part of the financing structure and an important part to reach the appropriate financing structure with high returns, average risks.

B- Ratio of return on equity: This ratio measures the return achieved from the company's activity, represented by net profit to equity, represented by the owned financing sources, which is the second component of the ownership structure and the unit management's ability to achieve the appropriate mix in the components of the financing structure.

C- Debt Ratio: This ratio measures the company's ability to finance its activity and production capacity from sources of financing by borrowing, and this ratio measures the total risk that the company bears from short-term and long-term borrowing. This ratio also measures the representation of financing sources by borrowing as part of the financing structure in the total components of the financing structure and the appropriateness achieved to reach the appropriate financing structure.

D- Debt to total sources of financing ratio: This ratio measures the ability of the company's financial management to achieve its goals and perform the company's operational and investment activity, depending on the mix of the financing structure, specifically the internal and external types of borrowing, and its ability to achieve a balance between return and financing risks. This depends on directing money. Successful management relies on short-term, low-cost borrowing to finance operational activities, and long-term, high-cost borrowing to finance investment activities with future returns.

6- Analysis of the financing structure of Asia Cell for the year 2021.

The researcher intends to explain the financing structure of the company for the fiscal years 2021 and to identify changes in the components of the financing structure for the purpose of determining their impact on the cash flow indicators in the next paragraph. For the purpose of analyzing the financing structure of the company, the researcher presents the following paragraphs:

A- Financing structure for the fiscal year 2021: Table 5. presents the components of a financing structure for Asia Cell for the fiscal year ending on 12/31/2020:

Table (5) Components of the financing structure for Asia Cell as on 31/12/2021

	Financing Structure Details	Amount ID
1	short term financing	
	● Short Term Provisions	267,158
	● account payable	876,496
	total short-term financing	1,143,654

2	long term financing	
	● Paid-up Capital	310,000
	● reserves	1,099,970
	● Long-term liabilities	91,117
	total long-term financing	1,501,078

made by the author based on financial reports of the company.

B- The relative importance of the components of the financing structure: The researcher intends to determine the relative importance of each element of the financing for the research sample for the fiscal year 2020 according to Table (3):

Table (6) the relative importance of the elements of the company's ownership structure for the year 2020:

	Components of Financial structure	Amount (Million ID)	Relative Importance
1	short term financing		
	● Short Term provision	267,158	23.3 %
	● short-term creditors	876,496	76.7 %
	total short-term financing	1,143,654	
2	long term financing		
	● Paid-up Capital	310,000	20,6 %
	● reserves	1,099,970	73 %
	● Long-term liabilities	91,117	6.4 %
	total long-term financing	1,501,078	

made by the author based on financial reports of the company.

7 - Analysis of the cash flow statement indicators for the fiscal year 2020: The researcher analyzes the cash flow indicators according to the main financial ratios and as shown in the following table:

Table (7) Indicators of the cash flow statement for Asiacell for the year 2020

	financial ratios	Amount (Million ID)	Relative Importance
1	trade rate		78.7 %
	● Current Assets	900,495	
	● Current Liabilities	1,143,654	
2	Return on Equity Ratio		

	● net income	378,753	27 %
	● Ownership Right	1,409,970	
3	debt ratio		46.6 %
	● Total Liabilities	1,234,771	
	● Total Assets	2,644,741	
4	The ratio of debt to total sources of financing		46.6 %
	● Liabilities	1,234,771	
	● Total Liabilities and Equity	2,644,741	78.7 %

8- Measuring the relationship between the components of the ownership structure and the cash flow statement indicators

The researcher makes a comparative table of the change in the relative importance of the components of the ownership structure sources and changes in cash flow indicators for the purpose of proving or denying the hypothesis of the first study according to Table (8):

Table (8) comparison of changes in the relative importance of the financing structure 2020/2021

	Financing Structure Details	Relative importance 2020	Relative importance 2021	Change in relative importance
1	short term financing			
	● Short Term Customizations	12.5 %	23.3 %	10.8%
	● short-term creditors	87.5%	76.7 %	10.8 % -
	total short-term financing			
2	long term financing			
	● Paid-up Capital	26%	20,6 %	5.4 % -
	● reserves	74%	73 %	1% -
	● Long-term commitments	0%	6.4 %	6.4 %
	total long-term financing			

**made by the author based on financial reports of the company.*

Table (9) comparison of changes in the relative importance of the financing structure 2020/2021

	cash flow indicators	2020 indicators	2021 indicators	Change in indicators
1	trade rate	85%	78.7 %	6.3 -
2	Return to Equity Ratio	17%	27 %	10
3	debt ratio	62%	46.6 %	15.4 -
4	The ratio of liabilities to total financing	62%	46.6 %	15.4 -

**made by the author based on financial reports of the company.*

Through the percentages shown in Tables 8 and 9, the researcher presents the following analysis:

1- The impact relationship between short-term creditors (financing structure) and the trading ratio indicator (cash flow indicators). It was found that the change in short-term creditors by (10.8% decrease) contributed to creating part of the change in the trading ratio index (6.3% decrease) as a major part of the change in addition to the change in current assets. Therefore, the researcher finds that the influence relationship is clear, as short-term creditors (financing structure - short-term) are a major part of the liquidity ratio equation and therefore the liquidity index, which is reflected in the evaluation of the company's financial performance in its ability to pay its short-term obligations and exceed the expected liquidity risks.

2- The relationship of the impact of equity (financing borrowed as part of the ownership structure) with the return on equity index (cash flow index / unit profitability). It was found that the change in property rights by (6.4% (capital + reserves decrease) contributed to creating part of the change in the return on equity ratio index (10% increase) as a major part of the change in net profit, since the property right represents the denominator in the equation of the return and its deficiency leads to an increase in the return on equity as shown by the calculated ratios. Therefore, the researcher finds that the influence relationship is clear, since the equity (financing structure - long-term) is a major part of the return equation and thus profitability, which is reflected in the evaluation of the financial performance of the company in its ability to achieve profits. from its owned funding sources.

3- The relationship of the impact of liabilities (the ownership structure) with the debt ratio indicator (cash flow indicator / indebtedness). It was found that the change in liabilities by (6.4%) contributed to creating part of the change in the debt index (15.6 decrease), since the liabilities represent the denominator in the debt equation in addition to the amount of total assets. Therefore, the researcher finds that the influence relationship is clear, since the liabilities (financing structure - long-term) are a major part of the debt equation and thus the indebtedness, which is reflected in the evaluation of the financial performance of the company in its ability to continue and face the risks of financial failure.

SECTION FOUR: CONCLUSIONS AND RECOMMENDATIONS

First, the conclusions:

1- The financing structure is a major part of the financing strategy. The ability of the financial department to manage the financing structure in an appropriate manner is a basis for the success of its financing decisions.

2- Choosing the financing mix in the financing structure represents a challenge facing the administration, as the preference of one component over another requires knowing the costs of this option and the benefits achieved, and requires a study of current and future options.

3- The cash flow indicators are financial ratios that show the unit's capabilities in managing and directing liquidity to serve the achievement of its operational, investment and financing objectives. And that its preparation in accordance with the International Accounting Standard IAS7 enhances its importance and the success of decisions based on it.

4- Through the analytical study of the financial statements of Asia Cell, it was found that there is a clear relationship between the components of the financing structure and the cash flow statement indicators. As the specific and calculated changes in the components of the financing structure contributed to creating changes in the cash flow indicators with the stability of the remaining components in the cash flow equations.

5- The change in the cash flow indicators affects the change in the evaluation of financial performance, as they are high-quality financial indicators to assess the performance of the financial management of the unit and its ability to exploit its resources.

Second: Recommendations:

1- The necessity of focusing the management of economic units on studying the components of the financing structure as they are strategic and influential tools to achieve the advantage of obtaining appropriate financing to achieve the goals.

2- The necessity for the company's financial reports, the sample of the study, to contain detailed financial ratios as reliable evaluation indicators to assess the performance of the management and the company's ability to achieve its goals, allowing appropriate decisions to be taken.

3- The introduction of electronic accounting programs for calculating the cash flow indicators and the ratios of blending components of the financing structure to reach the optimal financing structure.

4- Develop the skills of accountants and financial advisors with regard to analyzing the components of the ownership structure and cash flow indicators.

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