



## The Effect of Earning, Change in Account Payable, and Change in Account Receivable on Predicting Future Operating Cash Flows (Case Study on Food and Beverage Companies Listed in Indonesia Stock Exchange)

Muhammad Abdul Muis<sup>1)</sup>, Mery Wanialisa<sup>2)</sup>, Yusdianto<sup>3)</sup>

<sup>1)</sup>Politeknik Bisnis dan Pasar Modal, Universitas Persada Indonesia Y.A.I, [muis.pknstan@gmail.com](mailto:muis.pknstan@gmail.com)

<sup>2)</sup>Politeknik Bisnis dan Pasar Modal, Universitas Persada Indonesia Y.A.I, [wanialisa@gmail.com](mailto:wanialisa@gmail.com)

<sup>3)</sup>Politeknik Bisnis dan Pasar Modal, Universitas Persada Indonesia Y.A.I, [yusdi75@gmail.com](mailto:yusdi75@gmail.com)

Corresponding author: Muhammad Abdul Muis<sup>1)</sup>

**Abstract:** This study aims to analyze the effect of earning, change in account payable, and change in account receivable on predicting future operating cash flows. (Case Study on food and beverage companies listed in Indonesia Stock Exchange). The research methodology used is a quantitative method with panel data and secondary data obtained from the Indonesia Stock Exchange. The sampling technique uses purposive sampling method with annual data and research period from 2013 to 2018. The data analysis technique used is panel multiple linear regression by determined the panel data regression model, normality test, classic assumption test, and hypothesis testing t-statistics test partial regression coefficients and f-statistics to examine the significance of the effects together with a significance level of 5%. The results of this study show that partially earning have a positive effect and significant and change in account payable has a negative effect and significant on predicting future operating cash flows, whereas a change in account receivable has a negative effect but non-significant on predicting future operating cash flows. Meanwhile, earnings, change in account receivable, and change in account payable together have a significant relation to future operating cash flows. The coefficient of determination from this study shows 52.5%, it shows that the variation of earning, account changes receivable, and change in account payable can explain the rise and fall of future operating cash flows amounted 52.5%, while the remaining of 47.5% is affected by other factors.

**Keywords:** Earning, Change in Account Receivable, Change In

### INTRODUCTION

As the world economy develops, investment and finance will also develop. The community as an investor can invest their funds in the company and get a return as investment returns in the future as well as the company obtains funds from investors which are used to help increase production and operational activities.

Through the company's operating cash flow report, investors can assess and predict the company's financial ability to generate cash and cash equivalents and they certainly expect good liquidity conditions for the company so that they can receive returns on investment in the form of dividends and interest principal. Investors will increasingly have a high level of trust in the company if the company's operating cash flow is getting higher and better.

The research of Binilang et al.(2017) explained that net income can be used as a basis for users of financial statements in making economic decisions such as determining dividend policy, as a tax base, the basis for determining the number of earnings per share, as a guide in investing by investors, and profit can also be used to measure the level the success or failure of the company in the future.

Regarding profit, there is a term called the accrual component. According to Barth et al., (2001) in research Migayana and Ratnawati (2014) written SFAC No. 1 explains that earnings and its components, including accruals, provide a better indication of future cash flows than current cash flows and can also be used to predict future cash flows. The accrual components in this study are changes in accounts receivable and changes in accounts payable as indicators that are directly related to the company's operational activities.

Sales transactions are not always in cash, to relieve third parties and related parties, and to increase cooperation between the two parties, it is better to use credit sales transactions. This credit sales transaction is what is known as accounts receivable. In short, trade receivables represent receivables from third parties and related parties in business activities, and the company is entitled to receive cash in the future.

In addition to sales transactions, companies have purchase transactions. Just like sales transactions, purchase transactions are not always through cash. For the interest of reducing company financial expenses and continuing to collaborate with suppliers, it is better to use credit purchase transactions. This credit purchase transaction is called a trade debt. In short, trade payables are an obligation for the company to pay off purchases from suppliers, and the supplier is entitled to receive cash in the future.

The object of this research is the food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2013 - 2018. The food and beverage sub-sector is an important corporate sub-sector for Indonesian society because it provides primary needs, namely food, and this food and beverage sub-sector is ensured. will record transactions that are high in operating cash flows in each accounting period. However, it does not rule out the possibility of a negative or deficit operating cash flow report in the 2013-2018 period.

## **LITERATURE REVIEW**

### **Financial statements**

According to Kasmir (2015), financial report is a report that shows the company's financial condition at this time or in a certain period. Definition of financial statements according to Warren (2011: 22) is an accounting report that produces information after the transaction is recorded and summarized, it is prepared for users.

### **Net profit**

Net income according to Soemarso (2014) is the excess of all income against all costs of losses. It is said to be net profit if revenue is greater than expenses (Warren, 2011). Net

income helps attract capital from new investors who hope to earn dividends from the company's successful operations in the future.

### Accounts Receivable

Accounts receivable according to Samryn (2018) is a bill to a third party that occurs because the seller of the product or service is primarily on credit. Not far from the above understanding, according to Hery (2014) accounts receivable, namely the amount to be billed from customers as a result of the sale of goods or services on credit. In other words, it is called an account receivable when a company sells goods or services in cash or credit and is entitled to cash receipts in the future.

### Accounts Payable

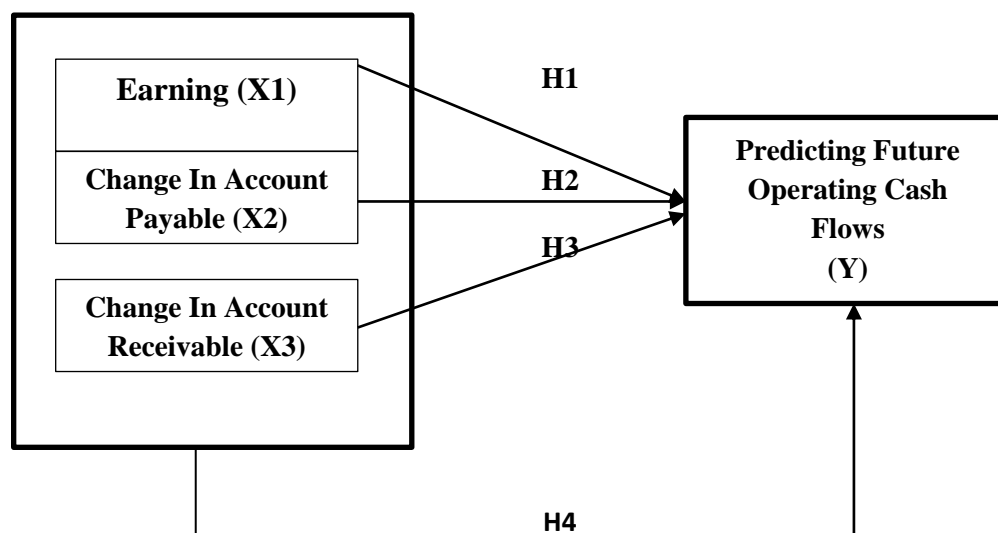
In research Binilang et al. (2017), trade payables are a company obligation that must be paid in the future. Accounts payable is a component of short-term debt with the highest transaction value and frequency (Samryn, 2018). In trading companies, trade payables occur because companies often buy merchandise on credit from suppliers which are then sold back to their customers.

### Future Operating Cash Flow

Cash flow consists of three activities, namely operations, investing and financing. According to PSAK No. 2 (2015), operating activities are the main revenue-producing activities of the company and other activities that are not investment activities or financing activities. The amount of cash flow originating from operating activities is the main indicator to determine whether the company's operations generate enough to pay off loans, run operations, pay dividends and make new investments without relying on outside funding sources and to be able to predict future operating cash flows. (Diana, 2017: 48).

### Conceptual Framework

The theoretical framework proposed in this study is as follows:



Picture 1. Framework

## RESEARCH METHODS

### Types of research

Based on the characteristics of the problem that discusses influence net income, changes in trade receivables, and changes in trade payables in predicting future operating cash flows for food and beverage sub-sector companies listed on the Indonesia Stock Exchange. The period studied was 2013 to 2018 with the research method used was quantitative methods.

### Population and Sample

The population used in this study were all food and beverage sub-sector companies listed on the Indonesia Stock Exchange totaling 26 companies and a sample of 10 companies taken using purposive sampling technique with the criteria / characteristics used to select the sample in this study were as follows:

- a. Food and beverage sub-sector companies listed on the Indonesia Stock Exchange
- b. The company discloses and presents the data needed in research during the period 2013-2018
- c. Companies whose financial statements use the rupiah currency during the period 2013-2018
- d. The company did not experience a loss or profit that was not negative during the 2013-2018 observation period

### Data collection technique

The type of data used in this research is panel data (time series and cross section) with a period of 5 years and the object of research is 10 companies. The data source used comes from secondary data in the form of annual financial statements of food and beverage sub-sector companies that have been published and accessed through the Indonesia Stock Exchange website. [www.idx.go.id](http://www.idx.go.id) and the websites of each company during 2013 to 2018.

### Operational Definition of Variables

The variables in this study are grouped as follows:

Y = Net cash flow from operating activities after the observation year or in the t + 1 period, namely operating cash flows for the 2014-2018 period (Binilang et al.,2017). With the following formula:

$$AKO = \frac{AKO_{t+1}}{TA_{t+1}}$$

X1 = Net income in the observed year or in period t, namely in the 2013-2017 period (Binilang et al.,2017). With the following formula:

$$LB = \frac{LB_t}{TA_t}$$

X2 = Changes in trade payables are obtained from the difference between the trade payables for the observation year t, namely 2013-2017 with the previous observation year or the t-1 period, namely 2012-2016 (Binilang et al.,2017). With the following formula:

$$PUU = \frac{UU_t - UU_{t-1}}{TA_t}$$

X3 = Changes in trade receivables are obtained from the difference between the trade receivables from the observation year t, namely 2013-2017 with the previous observation year or the t-1 period, namely 2012-2016 (Binilang et al.,2017). With the following formula:

$$PPU = \frac{PU_t - PU_{t-1}}{TA_t}$$

Furthermore, the data is processed in the form of statistical data tables using the Microsoft Office Excel 2010 program and then the statistical data tables are processed using the Eviews 11.0 software program.

**Method of Analysis**

This study uses multiple linear regression models in analyzing data. This research model can be written mathematically as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information :

- Y = Future Operating Cash Flow or the next observed year (2014-2018)
- β0, β1, β2, β3 = Coefficient
- X1 = Net Profit in the observed year (2013-2017)
- X2 = Change in Accounts Payable in the observation year (2013-2017) with the previous observation year (2012-2016)
- X3 = Change in Accounts Receivable in the observation year (2013-2017) with the previous observation year (2012-2016)
- e = Random error (*error term*)

**FINDINGS AND DISCUSSION**

**Regression Analysis Results**

**Table 1. Multiple Regression Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.061652	0.018046	3.416309	0.0013
X1	0.653386	0.141127	4,629775	0.0000
PUU	-0.466276	0.132882	-3.508956	0.0010
PPU	-0.462997	0.232965	-1.987412	0.0528

Source: Data processed with Eviews 11, 2020.

From the results of the regression analysis, the regression equation obtained is:

$$Y (AKO) = 0.061652 + 0.653386 (X1) -0.466276 (X2) -0.462997 (X3) + e$$

**1. The effect of net income in predicting future operating cash flows**

Net income yields a calculated T-value (4.629775)>T-table (201290). It can be concluded that the net income variable partially has a significant positive effect in predicting future operating cash flows. H1 accepted. This is because when there is an increase in profits, the company's cash flow will have a higher average probability value in the future.

The results of this study are in accordance with the research conducted by Dena Nursya'adah (2020), Son of Nainggolan (2020), Sulistyawan and Septiani (2015), Migayana and Ratnawati (2014).

## 2. Effect of changes in trade receivables in predicting future operating cash flows

Changes in accounts receivable generate the value of T-value (-1.987412) < T-table (201290). It can be concluded that the variable changes in trade accounts receivable partially do not have a significant effect in predicting future operating cash flows. H2 is rejected. This is because the accounts receivable period is less than one year, usually 30 to 60 days.

The results of this study are in line with previous research conducted by Saputri and Sari (2020), Angga Permadi Karpriana (2019), Binilang et al., (2017), as well Migayana and Ratnawati (2014).

## 3. Effect of changes in trade payables in predicting future operating cash flows

Changes in trade payables produce a calculated T-value (-3.508956) > T-table (201290). It can be concluded that the variable changes in trade payables partially has a significant negative effect in predicting future operating cash flows. H3 is accepted. This is due to an increase in trade payables, so the company has an obligation to pay off to suppliers in the future. The results of this study are in accordance with the research conducted by Dena Nursya'adah (2020), Sulistyawan and Septiani (2015), Migayana and Ratnawati (2014).

## 4. The effect of net income, changes in trade receivables, and changes in trade payables together in predicting future operating cash flows

The result of the calculated F value (16.97296) > F table value (2.81). It can be concluded that net income, changes in accounts receivable, and changes in trade payables simultaneously or together have an influence in predicting future operating cash flows. H4 accepted.

The variables of net income, changes in accounts receivable, changes in trade payables can all have an effect in predicting future operating cash flows because the operating cash flow calculation of a company involves components of operating activities. These operating activities are the main operational activities of the company, namely the existence of sale and purchase transactions on credit, there is cash in and out of cash, and there is a net profit from the net sales transaction after deducting expenses. And all of these factors have an impact on current and even future cash flows.

### Coefficient of Determination

The R-squared result is 52.5%. This shows that net income, changes in trade receivables, and changes in trade payables able to explain the variation up / down future operating cash flows 52.5% while the remaining 47.5% was explained by factors other than net income, changes in trade receivables, and changes in trade payables which were not included in this regression model.

## CONCLUSIONS AND SUGGESTIONS

### Conclusion

1. Partially, net income has a significant positive effect in predicting future operating cash flows for food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2013-2018.



2. Changes in trade receivables partially do not have a significant effect in predicting future operating cash flows for food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2013-2018.
3. Changes in trade payables partially have a significant negative effect in predicting future operating cash flows for food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2013-2018.
4. Net income, changes in trade receivables, and changes in trade payables simultaneously or together have an influence in predicting future operating cash flows in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2013-2018.

### Suggestion

1. For companies, The results of this study can be used as one of the considerations in an effort to improve financial performance, earnings management, accrual components, and pay attention to other factors that can be used by users of financial statements in predicting future operating cash flows.
2. For users of financial statements, The results of this study are information that can be used as a consideration in predicting future operating cash flows. With the company's financial information, investors can estimate the level of performance and development of the company in the future.
3. For further researchers, in order to be able to use other components that are different in predicting future operating cash flows and to be able to carry out research using other sectors and subsectors.

### REFERENCE

- Ariefianto, Moch. Doddy. 2012. *Ekonometrika : Esensi dan Aplikasi dengan menggunakan eviews*. Jakarta : Erlangga.
- Binilang, et al. (2017). *Pengaruh Laba Bersih, Perubahan Piutang Usaha, Perubahan Utang Usaha Dan Perubahan Persediaan Terhadap Arus Kas Operasi Di Masa Depan Pada Perusahaan Yang Terdaftar Dalam Indeks Lq45 Di Bursa Efek Indonesia Tahun 2011-2015*. Jurnal EMBA, Vol.5(No.2), 1484–1492.
- Brigham, E., dan Houston, J. (2011). *Dasar-dasar Manajemen Keuangan : Essentials of Financial Management*. Jakarta : Salemba Empat.
- Diana, A., dan Setiawati, L. (2017). *Akuntansi Keuangan Menengah Berdasarkan Standar Akuntansi Keuangan Terbaru*. Yogyakarta : ANDI.
- Hery. (2014). *Pengendalian Akuntansi dan Manajemen*. Jakarta : Prenada Media Group.
- Hery. (2017). *Teori Akuntansi*. Jakarta : Penerbit PT Grasindo.
- Ikatan Akuntan Indonesia. (2015). *Standar Akuntansi Keuangan*. Jakarta : Ikatan Akuntan Indonesia.
- Jamaludin, G., Mulyati, S., dan Putri, T. E. (2018). *Comparative Analysis Of Indonesia Capital Market Reaction Before And After Announcement Of Presidential Elections United States 2016 Donald Trump (Event Studies On Shares Member Index LQ-45)*. *Accruals*, 2(1), 1–27.
- Karpriana, A. P. (2019). *Analisis Kemampuan Arus Kas Operasi, Laba Bersih, Komponen Akrua, dan Rasio Piutang Dalam Memprediksi Arus Kas Operasi Masa Depan (Studi Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia)*. *Jurnal Akuntansi Keuangan Dan Bisnis*, 12(2).

- Kasmir. (2015). *Analisis Laporan Keuangan*. Jakarta : RajaGrafindo Persada.
- Kieso. (2011). *Intermediate Accounting*. Jakarta : Erlangga.
- Migayana, & Ratnawati, A. T. (2014). Analisis pengaruh laba bersih dan komponen akrual terhadap arus kas di masa mendatang (Studi Empiris di Perusahaan Manufaktur yang Terdaftar di BEI). *Media Ekonomi Dan Manajemen*, 29(2), 166–180.
- Nallareddy, S., Sethuraman, M., & Venkatachalam, M. (2020). Changes in accrual properties and operating environment: Implications for cash flow predictability. *Journal of Accounting and Economics*.
- Nursya'adah, D. (2020). Analisis Kemampuan Prediktif Laba Kotor, Laba Operasi, Laba Bersih, Arus Kas Operasi, Perubahan Hutang, Perubahan Piutang, Perubahan Persediaan Dan Perubahan Beban Depresiasi Terhadap Arus Kas Operasi Masa Depan (Platform Riset Mahasiswa Akuntansi), 1(1). Putra Nainggolan, E. (2020). *STUDI DETERMINAN ARUS KAS OPERASI MASA DEPAN*.
- Rahmania (2013). Pengaruh Laba, Ukuran Perusahaan Dan Komponen Akrual Terhadap Arus Kas Aktivitas Operasi Masa Depan Pada Perusahaan Wholesale And Retail Yang Terdaftar Di Bursa Efek Indonesia Periode 2008-2012 1(2), 1–15.
- Rinanda, Y. (2018). Pengaruh Kemampuan Laba Dan Arus Kas Operasi Dalam Memprediksi Arus Kas Operasi Masa Depan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bei). *Jurnal Profiet*. 1(2), 25–30.
- Samryn, L. . (2018). *Pengantar Akuntansi, Buku 2 Metode Akuntansi untuk Eleme n Laporan Keuangan Diperkaya dengan Perspektif IFRS & Perbankan*. Jakarta : PT. Raja Grafindo Persada.
- Saputri, D., dan Sari, G. P. (2020). Pengaruh persistensi laba , free cash flow dan komponen-komponen akrual terhadap arus kas dari aktivitas operasi masa depan ( The influence of variables consisting of earnings persistence , free cash flow and accrual components of cash flows on operating. *Jurnal Akuntansi, Keuangan, dan Manajemen (JKAM) Vol 1(2)*, 93–107.
- Soemarso, S. R. (2014). *Akuntansi Suatu Pengantar*. Jakarta : Salemba Empat.
- Subramanyam, K. R. (2017). *Analisis Laporan Keuangan*. Jakarta : Salemba Empat.
- Sulistiyawan, W., dan Septiani, A. (2015). Pengaruh Laba Bersih, Arus Kas Operasi Dan Komponen-Komponen Akrual Dalam Memprediksi Arus Kas Operasi Di Masa Depan. *Diponegoro journal of accounting*, 4, 1–11.
- Syaifullah, H. (2014). *Buku Praktis Akuntansi Biaya & Keuangan*. Laskar Aksara.
- Warren, C. S. (2011). *Pengantar Akuntansi : Adaptasi Indonesia*. Jakarta: Salemba Empat.
- Widarjono, Agus. 2013. *Ekonometrika Pengantar dan Aplikasinya (Edisi keempat)*. Yogyakarta : UPP STIM YKPN.
- Wild, John J. 2016. *Financial Accounting: Information for Decision*. Diterjemahkan oleh Yanivi S. Bachtiar. Jakarta : Salemba Empat.
- Winarno, Wing Wahyu. 2011. *Analisis Ekonometrika dan Statistika dengan evIEWS*. Yogyakarta : UPP STIM YKPN.
- Yusuf, M. (2014). *Metode Penelitian : Kuantitatif, Kualitatif, dan Penelitian Gabungan*. Jakarta : Prenada Media Group.
- Zamzami, F., dan Nusa, N. (2016). *Akuntansi : Pengantar I*. Yogyakarta : Gadjah Mada University Press.