Financial Distress and Abnormal Operating Cash Flows: Firm-Size Moderation of Auditor Going-Concern Opinions

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ABSTRACT

Auditors routinely assess financial distress and unusual patterns in operating cash flows when judging a client's ability to continue as a going concern. This study investigates whether (i) financial distress and (ii) abnormal operating cash flows influence the likelihood of receiving a going-concern audit opinion, and whether firm size moderates these relationships. The sample comprises 40 property and real-estate firms listed on the Indonesia Stock Exchange over 2018–2022 (N = 200 firm-year observations). Financial distress is proxied by Altman's Z′-Score, abnormal cash flows are measured as discretionary deviations from expected operating cash flows, and firm size is captured by the natural logarithm of total assets. Logistic regressions are estimated in SPSS 26. Results show that higher financial distress significantly increases the probability of a going-concern opinion. In contrast, abnormal operating cash flows do not exhibit a statistically significant effect. Firm size moderates the distress–opinion link—larger firms facing distress are less likely to receive a going-concern qualification—indicating a pure moderation effect. Firm size does not, however, moderate the association between abnormal cash flows and the audit opinion. These findings highlight the primacy of traditional distress metrics in auditors' going-concern judgments and suggest that organisational scale can temper the audit consequences of financial distress, whereas cash-flow abnormalities per se carry limited incremental weight in this setting.

Keywords: Going Concern Audit Opinion; Financial distress; Abnormal cash flow from operating; Firm Size; Altman Z'Score.

Financial Distress *dan Arus Kas Operasional Abnormal: Moderasi Ukuran Perusahaan terhadap Opini Auditor tentang Kelangsungan Usaha*

ABSTRAK

Kondisi keuangan perusahaan seperti financial distress *dan arus kas operasional abnormal menjadi perhatian utama bagi auditor dalam mengevaluasi risiko keberlanjutan perusahaan. Penelitian ini bertujuan untuk menganalisis pengaruh financial distress dan abnormal cash flow from operating terhadap opini audit going concern, dengan ukuran perusahaan sebagai variabel moderasi. Sampel penelitian terdiri dari 40 perusahaan properti* dan real estate *yang terdaftar di Bursa Efek Indonesia selama periode 2018–2022, dengan total 200 data yang dianalisis menggunakan metode regresi logistik melalui SPSS versi 26. Hasil penelitian menunjukkan bahwa* financial distress *yang diukur dengan* Altman Z'Score *berpengaruh negatif signifikan terhadap opini audit* going concern *. Sebaliknya,* abnormal cash flow from operating *tidak menunjukkan pengaruh signifikan. Ukuran perusahaan terbukti memoderasi pengaruh* financial distress *terhadap opini audit* going concern *, berfungsi sebagai* pure moderator, *tetapi tidak memoderasi hubungan* antara abnormal cash flow from operating *terhadap opini audit tersebut.*

Kata Kunci: Opini Audit Going concern; Financial distress; Abnormal cash flow from operating; Ukuran Perusahaan; Altman Z'Score.

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INTRODUCTION

Sustaining long-term financial stability is critical for corporate success in a dynamic economy. A firm's stability is evident in its ability to meet obligations, generate consistent profits, and retain managerial flexibility. Financial statements—audited and publicly released—remain the principal information source for diverse stakeholders. For investors, the auditor's opinion is a pivotal signal of investment feasibility because it attests to the accuracy and reliability of the statements. Auditors, as independent professionals, therefore shoulder responsibility for asserting that reported figures faithfully reflect the firm's condition.

A core element of the audit is the assessment of going-concern uncertainty. Under ISA 570 (Ikatan Akuntan Indonesia, 2011), auditors must consider whether the entity is likely to continue operating for at least twelve months after the financial-statement date. When substantial doubt exists, auditors issue a going-concern audit opinion (OAGC), disclosed either in an explanatory "material uncertainty" paragraph or directly in the opinion section (Wiguna et al., 2021).

The 2023 failure of Wanaartha Life illustrates the consequence of an erroneous going-concern judgment. Despite clear signs of manipulated statements and an inability to honour policyholder claims, the auditors did not flag going-concern risk. The insurer's licence was ultimately revoked, and the audit firm's licence was temporarily suspended for negligence—underscoring the stakes attached to a correct OAGC.

Going-concern risk is equally salient in Indonesia's property and real-estate industry. This sector is highly cyclical: economic downturns dampen demand, revenues fall, and companies struggle to liquidate inherently illiquid assets. Such conditions heighten exposure to financial distress and the temptation to manipulate reports, thereby increasing the likelihood of an OAGC. For example, Kota Satu Properti Tbk received consecutive OAGCs from 2018–2022, and Duta Anggada Realty Tbk from 2019–2022 (Bursa Efek Indonesia, 2024).

Financial distress (FD) is a well-documented determinant of the OAGC (Rahmayani, 2023). When firms cannot meet maturing obligations, auditors are expected to warn users through a going-concern paragraph, signalling elevated failure risk (Citra, 2017). Yet empirical findings remain mixed. Studies by Anggarini et al. (2023), Widiatami et al. (2020), Ray and Wulandari (2024), and Islamiati et al. (2021) report a negative association between FD and OAGC issuance, whereas Putri and Astuti (2023) and Rahmayani (2023) document a positive link. These inconsistencies motivate further inquiry into how distress indicators and contextual factors, such as firm size or cash-flow anomalies, shape auditors' going-concern decisions in the Indonesian property market.

In addition to financial distress (FD), abnormal cash flow from operations (AB-CFO) may shape auditors' going-concern judgments. Managers sometimes pursue real-activity manipulation (RAM)—for example, accelerating sales, deferring discretionary expenses, or cutting production costs—to meet short-term targets. Although not necessarily in breach of accounting standards, such actions distort normal cash-flow patterns. Prior work Zang (2012) and Xu et al., (2018) identifies AB-CFO as a salient RAM proxy and documents that elevated RAM

increases the likelihood of a going-concern opinion for distressed firms, suggesting auditors view abnormal operating cash flows as a red flag.

Firm size can moderate these relationships. Large firms typically possess deeper resource pools and greater strategic flexibility, reducing the probability of a going-concern qualification. Accordingly, size may attenuate the impact of both FD and AB-CFO on auditors' opinions. Yet the literature offers no consensus: some studies find size weakens the FD–OAGC link Afiati, (2020) ; Putri & Hariani, (2024); and Iswajuni et al., (2023), whereas others report no moderating effect (Nurul Hidayati et al., 2019). Evidence on size and RAM is likewise mixed; Andriyani and Khafid (2014) observe that larger firms engage more in RAM (proxied by AB-CFO), but its consequence for going-concern reporting is unclear.

Most prior studies adopt agency theory but underutilise signalling theory. They also rely on the original Altman Z-Score and seldom employ AB-CFO as a RAM measure. To address these gaps, the present study employs the updated Z′-Score for distress assessment, incorporates AB-CFO as an earnings-management proxy, and evaluates firm size as a moderator.

Empirical findings remain divergent. FD is negatively associated with going-concern opinions in Anggarini et al. (2023), Islamiati et al. (2021), Ray & Wulandari (2024), and Widiatami et al. (2020), but positively associated in Putri & Astuti (2023) and Rahmayani (2023). AB-CFO shows a negative effect on OAGC in Iswajuni et al. (2023) and Xu et al. (2018), yet no effect in Putri & Lastanti (2023). These inconsistencies underscore the need for further investigation, particularly within Indonesia's property and real-estate sector.

Grounded in signalling theory, sustained financial deterioration—manifested in declining profits, negative cash flows, or working-capital deficits—signals heightened failure risk and should prompt auditors to issue a going-concern opinion (Monika & Mertha, 2021). Investors interpret such opinions as warnings and may re-evaluate their capital allocations.

H_1: Financial distress is negatively associated with the probability of receiving a going-concern audit opinion.

Management may engage in real-activity manipulation (RAM)—for example, accelerating sales, delaying inventory purchases, or curtailing discretionary expenditures—to inflate current-period operating cash flows. Although such actions need not violate accounting standards, they distort normal cash-flow patterns and can alert auditors to heightened going-concern risk. Abnormal cash flow from operations (AB-CFO) therefore functions as a red flag: sustained or sharply negative deviations suggest deteriorating core activities and a greater likelihood of bankruptcy. Consistent with this view, Iswajuni et al. (2023) and Xu et al. (2018) find that AB-CFO is negatively associated with the issuance of a going-concern audit opinion (OAGC).

H_2**:** Abnormal cash flow from operations (AB-CFO) is negatively associated with the probability of receiving an OAGC.

Firm size can moderate auditors' going-concern judgments. Larger firms typically possess deeper resource pools and more avenues for external financing, reducing perceived failure risk (Mutchler, 1985). Agency theory also predicts that, as financial pressure mounts, information asymmetry widens; auditors act as external monitors who flag continuing-operations risk to principals through an

OAGC, thereby prompting corrective action. Empirical evidence is mixed. Some studies Afiati, (2020) ; Putri & Hariani, (2024); Iswajuni et al., (2023) show that size weakens the distress–OAGC link, whereas Suwarji et al. (2022) report the opposite.
H_3: Firm size moderates the relationship between financial distress and the OAGC: the distress effect is weaker for larger firms.

Size may also influence how auditors interpret AB-CFO. Large firms are more likely to undertake RAM Andriyani & Khafid, (2014); Ningsih & Subarkah, (2018), yet their resource endowments can buffer liquidity shocks, potentially tempering auditors' concern. Conversely, pronounced cash-flow abnormalities in a large entity could heighten scepticism because sophisticated systems are expected to curtail such volatility. Prior findings remain inconclusive, underscoring the need for further investigation.
H_4. Firm size moderates the relationship between AB-CFO and the OAGC.

Based on the explanation and hypothesis that have been explained. So the research model is as follows :

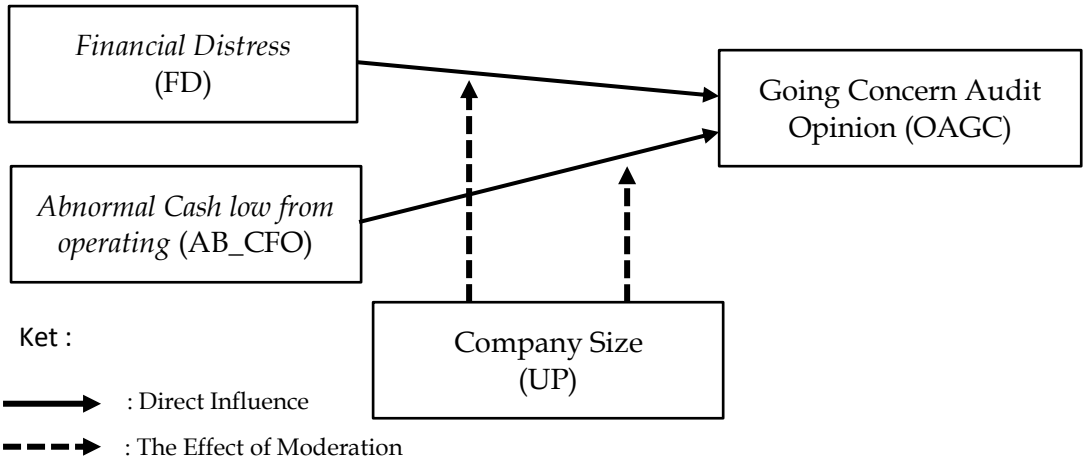

Figure 1. Research Model

Source: Research Data, 2025

RESEARCH METHODS

The quantitative approach is the research method employed in this study. It is conducted inductively, objectively, and scientifically by collecting numerical data or statements that are subsequently analyzed using statistical techniques. The research begins with the formulation of a hypothesis, which is then tested through observation of the collected data. The data utilized in this study consist of several years of time-series financial information drawn from company reports. The aim is to analyze causal relationships, specifically the influence of the independent variables—Financial Distress (FD) and Abnormal Cash Flow from Operating Activities (AB_CFO)—on the dependent variable, the Going-Concern Audit Opinion (OAGC), with Company Size (UP) serving as a moderating variable.

The dependent variable in this study is the Going-Concern Audit Opinion (OAGC). This audit opinion evaluates a company's ability to maintain operational continuity. It is represented as a dummy variable: a value of 1 indicates a going-

concern audit opinion, whereas a value of 0 indicates a non-going-concern opinion (Averio, 2020).

The independent variables are factors that trigger the emergence of the dependent variable. In this study, the independent variables are Financial Distress (FD) and Abnormal Cash Flow from Operating Activities (AB_CFO). Financial distress describes a condition in which a company faces significant financial difficulties and is at risk of bankruptcy. Numerous researchers have assessed the predictive power of financial ratios for bankruptcy, and the Altman Z-Score model remains one of the most accurate, demonstrating a 95 percent accuracy rate (Altman, 1968).

$$Z' = 0{,}717WC/TA + 0{,}847RE/TA + 3{,}107EBIT/TA + 0{,}420BVE/TL + 0{,}998S/TA \quad (1)$$

Where:

WC/TA = *Working Capital to Total Assets*
RE/TA = *Retained Earnings to Total Assets*
EBIT/TA = *Earning Before Interest and Taxes to Total Assets*
BVE/TL = *Book Value of Equity to Total Liabilities*
S/TA = *Sales to Total Assets*

Based on this formula, the Z'-Score values obtained are divided into three categories, namely:

Table 1. Categories of Z'-Score Values

Criteria	Category
$Z' < 1.23$	Safe area
$Z' > 2.9$	Grey area
$1{,}1 < Z' < 2.9$	Distress Area

source: (Altman & Hotchkiss, 2006)

Abnormal Cash Flow from Operating Activities (AB_CFO) represents the difference between the actual operating cash flow reported in period t and the firm's normal (expected) operating cash flow for that same period. A negative AB_CFO—where actual cash flow falls below the expected level—may signal earnings-management behaviour, such as accelerating future-period sales into the current year through limited-time discounts (Saripujiana, 2017).

Before testing the hypotheses, regression analysis is performed to estimate AB_CFO. This study applies the Roychowdhury (2006) model, specified as follows:

$$CFO_{it} / TA_{it-1} = \alpha_0 + \alpha_1(1/TA_{it-1}) + \alpha_2(S_{it}/TA_{it-1}) + \alpha_3(\Delta S_{it} / TA_{it-1}) + \varepsilon_{it} \quad (2)$$

Where:

CFO_{it} = Cash flow from operations in year t
TA_{it-1} = Total assets at the end of year t-1
S_{it} = Net sales in year t
ΔS_{it} = $S_{it} - S_{it-1}$

The moderating variable modifies the strength or direction of the relationship between an independent and a dependent variable, potentially either amplifying or attenuating that association (Sugiyono, 2017). In this study, Company Size (UP) serves as the moderator.

Company size distinguishes firms by scale: entities with larger total assets are classified as large firms and typically exhibit stronger profit growth, whereas those with smaller asset bases are considered small firms and often display lower growth rates (Nurul Hidayati et al., 2019). Company size is measured as the natural logarithm of total assets:

$Y = \alpha + \beta1 (X) + e$ ..... (3)

$Y = \alpha + \beta1 (X) + \beta2 (Z) + e$ ..... (4)

$Y = \alpha + \beta1 (X) + \beta2 (Z) + \beta3 (X*Z) + e$ ..... (5)

According to Ghozali (2011), moderation testing consists of four types of moderator variables: Homologizer Moderator, Quasi Moderator, Pure Moderator, and Predictor Moderator. The classification of these moderator types is fundamentally based on the results of the relationships in two regression models, namely Equation (2), which tests the direct relationship between the independent variable and the moderator (coefficient β2), and Equation (3), which tests the interaction between the independent variable and the moderator (X*Z) through the coefficient β3. If β2 is not significant (indicating that Z has no direct relationship) and β3 is also not significant (indicating that the interaction is not significant), then variable Z is not a moderator and is called a Homologizer. If β2 is not significant but β3 is significant, then Z acts as a Pure Moderator, meaning that it only influences the relationship through interaction. Furthermore, if β2 is significant and β3 is not significant, then Z is a Predictor, not a moderator, because it has a direct effect but does not moderate the relationship. Finally, if both β2 and β3 are significant, then Z is called a Quasi Moderator, meaning that the variable acts as both a moderator and a direct predictor. This classification is important for understanding the role of variable Z in the interaction model (Ghozali, 2011).

Property and real estate companies listed on the Indonesia Stock Exchange (IDX) constitute the population in this study, totaling 84 companies for the 2018–2022 period. In selecting the sample, this study employs purposive sampling, a technique based on specific criteria. The sample selection criteria in this study are presented in Table 2.

Table 2. Sample Criteria Selection Procedure

Information	Amount
Population: Property and Real Estate companies listed on the Indonesia Stock Exchange (IDX).	84
Sampling selection is based on criteria using purposive sampling technique as follows:	
1. Companies that were not consecutively listed on the IDX during the research period 2018-2022.	-25
2. Companies that did not issue Financial Statements audited by Independent Auditors consecutively during the research period 2018-2022.	-10
3. Companies that do not have published and complete annual reports related to the variables used in this study consecutively during the research period 2018-2022.	-9
Research Sample	40
Total Sample (n x research period) (40 x 5 years)	200

Source: Research Data, 2025

Based on Table 2, 40 property and real-estate companies listed on the Indonesia Stock Exchange (IDX) satisfy the predetermined criteria and are therefore included in the study sample. With a five-year observation period, the dataset comprises 200 firm-year financial statements covering 2018–2022.

Because the dependent variable is dichotomous, logistic regression is employed as the primary analytical technique. Descriptive statistics are also presented to summarise the characteristics of the variables under examination. The logistic-regression model is specified as follows.

$$OAGC = \alpha + \beta 1FD + \beta 2AB\_CFO + \beta 3UP + \beta 4FD.UP + \beta 5AB\_CFO.UP + e \quad \text{..... (6)}$$

Where:

OAGC	= Audit Opinion Going Concern (1 = Going Concern Opinion, 0 = Non-Going Concern Opinion)
FD	= Financial distress
AB_CFO	= *Abnormal cash flow from operating*
UP	= Company Size
FD.UP−AB_CFO.UP	= Interaction terms between Independent Variables
α	= Constant
β	= Regression Coefficients
e	= Standard Error

RESULTS AND DISCUSSION

Descriptive statistical analysis offers an overview of the research data—both dependent and independent variables—thereby facilitating an understanding of their characteristics. In this study, descriptive statistics are applied to ratio-scale variables, while frequency analysis is used for nominal-scale variables. The descriptive statistics for the ratio-scale variables are presented in Table 3 below.

Table 3. Descriptive Statistical Analysis

Variable	N	Minimum	Maximum	Average	Std. Deviation
FD	200	-0.10	33.14	2.36	4.06
AB_CFO	200	-0.23	0.26	0.02	0.04
UP	200	25.63	31.64	29.13	1.42
Valid N (listwise)	200				

Source: Research Data, 2025

Table 3 presents the characteristics of the research-variable data. This study comprises 200 observations, representing 40 companies that meet the research criteria over a five-year period. The highest value of the independent variable, Financial Distress (FD), is 33.14, whereas the lowest FD value is –0.10. The mean FD is 2.36, which is lower than the standard deviation of 4.06. This indicates that the FD data are widely dispersed around the mean, suggesting heterogeneity.

The highest value of the moderating variable, Company Size (UP), is 31.64, while the lowest UP value is 25.63. The mean UP is 29.13, exceeding the standard deviation of 1.42. This shows that the UP data are clustered relatively closely around the mean, indicating homogeneity.

Table 4. *Descriptive Frequencies* Going concern audit opinion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non OAGC	145	72.5	72.5	72.5
	OAGC	55	27.5	27.5	100.0
	Total	200	100.0	100.0	

Source: Research Data, 2025

Based on Table 4, which presents the results of the descriptive statistical analysis for the nominal-scale variable, the following description can be provided: the dependent variable, Audit Opinion Going Concern (OAGC), is measured on a nominal scale using a dummy code. In this study, a company that receives an OAGC is coded "1," and a company that does not receive an OAGC (Non-OAGC) is coded "0." The validity of this variable is ensured because all data have passed a verification process. Of the total sample analysed, 55 observations (27.5 %) received an OAGC, while 145 observations (72.5 %) did not receive this opinion.

Table 5. Linearity Analysis Results on Logit

Variabel	Sig.
FD by LN_FD	0.058
AB_CFO by LN_AB_CFO	0.983
UP by LN_UP	0.884

a. Variable Dependent: OAGC

Source: Research Data, 2025

The Box–Tidwell transformation indicates a linear relationship between each predictor and the logit of the Audit Opinion Going Concern (OAGC). Specifically, this applies to the independent variable Financial Distress (FD) and the logit of OAGC, the independent variable Abnormal Cash Flow from Operations (AB_CFO) and the logit of OAGC, and the moderating variable Company Size (UP) and the logit of OAGC. This conclusion is supported by significance values (sig.) exceeding 0.05. As shown in Table 6, all variables have significance levels above the 0.05 threshold: FD = 0.058, AB_CFO = 0.983, and UP = 0.884.

Table 6. Multicollinearity Analysis Results

Model	Collinearity *Statistics*
	VIF
FD	1.064
AB_CFO	1.227
UP	1.297

a. Variable Dependent: OAGC

Source: Research Data, 2025

Table 6 presents the multicollinearity diagnostics for the study variables. The independent variables—Financial Distress (FD) and Abnormal Cash Flow from Operations (AB_CFO)—together with the moderating variable, Company Size (UP), exhibit Variance Inflation Factor (VIF) values of 1.064, 1.227, and 1.297, respectively. As all VIFs are well below the conventional threshold of 10, multicollinearity is not a concern.

Table 7. Results of Hosmer and Lemeshow's Goodness of Fit Test

Step	Chi-Square	Df	Sig.
1	8.543	8	0.382

Source: Research Data, 2025

Based on Table 7, the significance value is 0.382, exceeding the 0.05 threshold. Accordingly, the model demonstrates adequate capacity to estimate the observed values and is therefore deemed acceptable. This finding enhances confidence in the model's reliability and in the accuracy of the predictions generated for the variables under investigation.

Table 8. Comparison of Initial -2 LL Value with Final -2LL Value

Block Number = 0	Block Number = 1	Information
235.268	152.226	Decrease

Source: Research Data, 2025

Table 8 shows that the initial, intercept-only model yields a −2 log-likelihood of 235.268. After adding the independent variables, this value drops to 152.226—a reduction of 83.042. The substantial decrease indicates that the model with predictors provides a significantly better fit. Accordingly, the augmented specification more effectively explains variation in the dependent variable, confirming that the hypothesised model is appropriate for the data.

Table 9. Nagelkarke R2 Square Test Results

Step	2 Log Likelihood	Cox & Snell R2	Nagelkerke R2
1	152.226	0.340	0.491

Source: Research Data, 2025

Table 9 reports a Nagelkerke R-square of 0.491, indicating that the independent variables and the moderating variable collectively explain 49 % of the variance in the dependent variable, while the remaining 51 % is attributable to factors outside the model.

Table 20. Identification Results Prediction Classification

Observed		Predicted		
		OAGC		Percentage Correct
		NON OAGC	OAGC	
Step 1	Non OAGC	135	10	93.1
	OAGC	30	25	45.5
	Overall Percentage			80.0

Source: Research Data, 2025

Based on Table 10, the regression model achieves an overall prediction accuracy of 80.0 %. Its predictive strength for assessing a company's ability to sustain business continuity is 93.1 %, meaning that 135 of 145 cases were correctly classified. Conversely, the model's accuracy in predicting the likelihood of a company receiving an OAGC is 45.5 %, with 25 of 55 cases accurately identified. Thus, the model's aggregate accuracy remains 80.0 %.

Based on Table 11, the F-test results using the Omnibus Test show a significance value of 0.000, which is less than 0.05, indicating that this research model is fit.

Table 11. F Test Results

		Chi-Square	df	Sig.
Step 1	Step	83.042	5	0.000
	Blok	83.042	5	0.000
	Model	83.042	5	0.000

Source: Research Data, 2025

Table 12. Data Significance Test

		B	S.E.	Wald	df	Sig.	Exp (B)
Step 1	FD	-29.386	12.560	5.474	1	0.019	0.000
	AB_CFO	16.946	167.5500.388	0.010	1	0.919	22890092.51
	UP	-0.817	0.425	4.427	1	0.035	0.442
	FDxUP	0.922	5.758	4.715	1	0.030	2.515
	AB_CFOxUP	-0.651	11.400	0.013	1	0.910	0.522
	Constant	25.577		5.034	1	0.025	1.282E+11

Source: Research Data, 2025

Based on the logistic-regression analysis and the significance tests presented in Table 12, the model can be formulated by using the parameter estimates reported in the "Variables in the Equation" section. The resulting logistic-regression equation is as follows:

OAGC = 25.577 + (-29.386) FD + 16.946 AB_CFO + (-0.817) UP + 0.922 FD.UP + (-0.651) AB_CFO.UP + e

The variable Financial Distress (FD) has a regression coefficient of –29.386 with a significance level of 0.019, below α = 5 %. Accordingly, the first hypothesis is accepted: FD exerts a negative effect on OAGC. Thus, the lower the Z′-Score, the higher the likelihood that the auditor will issue an OAGC. This finding is consistent with prior studies (Anggarini et al., 2023; Islamiati et al., 2021; Ray & Wulandari, 2024; Widiatami et al., 2020).

The variable Abnormal Cash Flow from Operations (AB_CFO) shows a regression coefficient of –16.946 with a significance level of 0.919, exceeding the α = 5 % threshold. Consequently, the second hypothesis is rejected: AB_CFO does not influence OAGC. Auditors may view abnormal cash flows as temporary—stemming from seasonal fluctuations, one-off transactions, or accounting-policy changes—and therefore insufficient to undermine the going-concern assumption, especially when firms hold ample cash reserves or have ready access to funding. This result aligns with Putri S.A.F. & Lastanti H.S. (2023) and Widiyati & Alfiah (2023).

The moderating effect of Company Size (UP) on the relationship between FD and OAGC yields a regression coefficient of 0.922 with a significance level of 0.030, which is below α = 5 %. Hence, the fourth hypothesis is accepted: UP strengthens the FD–OAGC relationship, acting as a significant moderator. The specific type of moderating effect is detailed in Table 13.

Table 13. Type of UP Variable on the Relationship between FD and OAGC

Model Testing Description	Sign.	Information
Model 1 : OAGC = α + β1 (FD) + e		
β1 (FD)	0.00	
Constant	0.00	
Model 2 : OAGC = α + β1 (FD) + β2 (UP) + e		
β1 (FD)	0.00	
β2 (UP)	0.65	→ No Relationship
Constant	0.38	
Model 3 : OAGC = α + β1 (FD) + β2 (UP) + β3 (FD.UP) + e		
β1 (FD)	0.01	
β2 (UP)	0.02	
β3 (FD.UP)	0.02	→ There is Interaction
Constant	0.02	

Source: Research Data, 2025

Based on Table 13, the results of the three regression tests show that Company Size (UP) functions as a Pure Moderator. The β_2 (UP) value in Model 2 is 0.65 > 0.05, indicating no direct relationship, whereas in Model 3 the β_3 (FD ·UP) value is 0.02 < 0.05, indicating a significant interaction.

These findings support the notion that larger companies are better equipped to mitigate Financial Distress (FD). The interaction term (FD ·UP) signals to auditors and other stakeholders that a large company possesses sufficient resources to manage its operations. This result aligns with Suwarji et al. (2022), who report that Company Size strengthens the negative effect of FD on the Going-Concern Audit Opinion (OAGC). However, it contrasts with Afiati (2020) and Putri N. A. & Hariani (2024), who find that Company Size weakens this effect, and with Hidayati et al. (2019), who find no moderating influence.

Regarding the effect of Company Size (UP) on the relationship between Abnormal Cash Flow from Operations (AB_CFO) and OAGC, Table 13 shows a regression coefficient of –0.651 with a significance value of 0.910 (above α = 5 %). Thus, the fourth hypothesis is rejected: UP does not moderate the AB_CFO–OAGC relationship. The type of moderating variable tested here is detailed in Table 14.

Based on Table 14, the results of the three regression tests indicate that Company Size (UP) functions as a Predictor variable: the β_2 coefficient for AB_CFO in Model 2 is 0.69 (> 0.05), showing no direct relationship, and the β_3 coefficient for the interaction term AB_CFO × UP in Model 3 is 0.45 (> 0.05), showing no significant interaction.

Table 14. Type of UP Variable on the Relationship between AB_CFO and OAGC

Model Testing Description	Sign.	Information
Model 1 : OAGC = α + β1 (AB_CFO) + e		
β1 (AB_CFO)	0.61	
Constant	0.00	
Model 2 : OAGC = α + β1 (AB_CFO) + β2 (UP) + e		
β1 (AB_CFO)	0.53	
β2 (UP)	0.69	→ No Relationship
Constant	0.51	
Model 3 : OAGC = α + β1 (AB_CFO) + β2 (UP) + β3 (AB_CFO.UP) + e		
β1 (AB_CFO)	0.48	
β2 (UP)	0.56	
β3 (AB_CFO.UP)	0.45	→ No Interaction
Constant	0.42	

Source: Research Data, 2025

Manipulative activities affecting Abnormal Cash Flow from Operations (AB_CFO) by either large or small firms are generally detectable and harm the reputation and credibility of property and real-estate management teams. Consequently, firms are likely to reconsider engaging in such practices. This finding aligns with Agustia and Suryani (2018), who report that company size does not influence real-activity manipulation, implying that size is not an effective moderator of the AB_CFO–Going-Concern Audit Opinion (OAGC) relationship. By contrast, Ningsih and Subarkah (2018) suggest that larger firms have a greater propensity for real earnings management, including AB_CFO manipulation, while Andriyani and Khafid (2014) find a positive association between company size and real-activity manipulation proxied by AB_CFO.

CONCLUSIONS

This study examines the influence of Financial Distress (FD) and Abnormal Cash Flow from Operating activities (AB_CFO) on the issuance of a Going-Concern Audit Opinion (OAGC), with Company Size (UP) as a moderating variable. The results indicate that FD negatively affects the likelihood of receiving an OAGC, whereas AB_CFO shows no significant effect. Moreover, UP moderates the FD–OAGC relationship but does not moderate the association between AB_CFO and OAGC.

The research is limited to a sample of 40 property and real-estate companies listed on the Indonesia Stock Exchange and does not incorporate other factors that might influence the examined relationships. Future work should extend the observation period, enlarge and diversify the sample, and consider additional moderators—such as board oversight and audit quality. Employing

qualitative methods may also yield deeper insights into how auditors evaluate AB_CFO and UP when assessing going-concern risk.

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