

ABSTRACT

As stated in the Statement of Financial Accounting Standard (SFAS) No. 2 which requires companies to publish the statement of cash flows as a part of financial report, so this research try to explain furthermore about the association information content of cash flows and earning with stock prices and stock returns.

The objective of the study is to examine the influence of total cash flows, components of cash flows and accounting earning toward stock prices or stock returns in levels and return models. The datas were provided by Jakarta Stock Exchange. By using firms that included in LQ45 indice computation during 2005, that were obtained 37 firms as a sample of 52 firms which were included in, because consistently always included as component of LQ45 indice. To test the hypotheses, multiple regression method had been used.

The result of this study shows that accounting earning have a significant impact to stock price, so do components of cash flows. By using stock return as dependent variable, it find that total cash flows, accounting earning and components of cash flows don't have any significant impact.

Keywords : total cash flows, cash flows components, accounting earning, financial report, stock prices, stock returns, levels model, return models.