

ABSTRACT

As stated in the Statement of Financial Accounting Standard (SFAS) No.2 which requires companies to publish 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.

The objective of the study is to examine the influence of total cash flows, components of cash flows and accounting earning toward stock prices. The data were provided by Jakarta Stock Exchange. By using firms that included in LQ-45 index computation during 2002 – 2004, that were obtained 19 firms as a sample of 58 firms which were included in, because consistently always included as component of LQ-45 index. To test the hypotheses, multiple regression method had been used.

The result of this study shows that total cash flows and accounting earning have a positive and significant impact to stock prices, so do components of cash flows. From regression analysis, accounting earning have bigger impact than total cash flows. This result shows that the increasing of accounting earning will be followed by the increasing of stock prices, because accounting earning shows value of the firm that will increase value of stock holder . Cash flow components have a positive and significant impact to stock price, and operational cash flow has a dominant impact to stock price. Result of this study has a same result with the study before, like the study from Triyono and Jogiyanto Hartono (2000). From this study, investors can learn about financial report information before take their assets to the firm.

Keywords : total cash flows, cash flow components, accounting earning, financial report, stock prices.

ABSTRAK