THE ABILITY OF CASH FLOWS STATEMENT IN PREDICTING THE PROFIT OF THE GO-PUBLIC COMPANIES

[1]Eni Wuryani

Universitas Negeri Surabaya
INDONESIA

Email: [1]eniwuryani_bm@yahoo.com

ABSTRACT

It is important for the companies to be able to predict the profits in any business progress. Therefore, attempts to analyze the cash lows should also be conducted for that purpose. The study has its purpose to analyze the ability of cash flows in predicting the company's profit. The data used consists of the entire annual financial statements taken from the go-public companies as listed in the Indonesian Stock Exchange (Bursa Efek Indonesia or BEI) in 2014-2016. These listed companies are of 225 companies for analysis. It has its independent variable that is cash flow statement using the proxy of operating cash flow, investment cash flow, cash flow financing. The dependent variable is in the form of profit. All these data were analyzed using multiple linear regressions. From the analysis, it was found as the following. It indicates that cash flow statement is proved to be able to predict the companies' profit. Furthermore, it is the fact that all the information contained in the financial statements of cash flows can be expected to assist the investors in making decisions whether they continue to invest their capital.

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Keywords: Cash Flow, Operating Cash Flow, Cash Flow Investment, Financing Cash Flow, Income, Multiple Regression Liner, Go Public Company, Indonesia

INTRODUCTION

Cash flow statement represents the company's ability to generate cash, plan, control incoming and outgoing cash. Therefore, it can also provide information to assess a company's ability to generate cash and cash equivalents, develop models to assess and compare the present value of future flows of various companies. In this respect, historical cash flow information can become an indicator of the amount of time and certainty of future cash flows, as well as check the accuracy of estimated future cash flows and determining the relationship between the profitability and net cash flow and the impact of price changes.

Some benefits of cash flows as based on The Indonesia Association of Accountants or IAI (2009), cash flow statement can provide information that allows the users to evaluate the changes in net assets, financial structure (including liquidity and solvency) and the ability to influence the amount and timing of cash flows in the context of adaptation to changes of circumstances and opportunities. In addition, high profit does not guarantee that the company is in good shape if there is not enough cash to pay obligations as they are in maturity date because the company would complicate it to keep operating. Cash in this case is the most liquid working capital needs to be utilized properly in order to get maximum results and suitable for the company's needs. Harahap (2008: 255) states that the cash flow statement is a report that provides relevant information about the cash receipts and disbursements in a given period by classifying transactions in operational activities, financing, and investment.

A good company condition can be seen from the financial statements, a complete financial report consisting of the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements (IAI, 2009). Recognizing the inherent weaknesses in the income statement, the researchers used the cash flow statement as a predictor of the profits. The investors or users of financial statements need more cash flow information for cash describe the company's ability to survive and not be affected by problems such as measurement of profit. In the income statement shows income earned in one period.

SFAC No. 2 describes the characteristics of accounting information to be used in decision-making, in this statement; there are two main characteristics that make accounting information useful in decision-making, namely the relevance and reliability. Relevant accounting information is capable of influencing economic decisions users by helping them evaluate past events, present, and future. While reliable accounting information is reliable information about the condition and showing the actual performance of the company (FASB, 1980).

OBJECTIVES OF THE STUDIES

This study attempts analyze the ability of a cash flow statement in the earnings forecast. In this effort, cash flows are measured by operating cash flow, cash flow investing, and financing cash flows.

MATERIALS & METHODS

Signaling Theory

Signaling Theory as described by Spence (1973) is that a good quality company can differentiate itself with a company of poor quality through a credible signal to the capital markets on the quality of its performance. This theory explains the urge companies to provide information to external parties. Signals can be given that the information contained in the financial statements. Given this information, it is expected to assist investors in making decisions in investing. Signal theory provides accounting information and it can reduce the information asymmetry between management and investors.

The disclosure of financial statements, one of which in the form of a cash flow statement, can be a good or bad signal which will affect the decision of investors to invest in companies that generate profits. The cash flows are disclosed in the financial statements can help investors in making investment decisions. Cash flows for the year can be used by investors to predict company's profit. Thus, the cash flow is good for the investors in getting confidence that the investment is right.

Financial Statements

Financial statement is a report containing the financial information of an organization. It is published by the company as the result of the accounting process. It is intended as a means of communicating financial information primarily to external parties. Financial report is a report that is designed for decision makers, especially outside the company, the financial position and results of operations of the company (Soemarsono, 2004: 296).

Financial statement has a purpose to provide information about the financial position, financial performance and cash flows of the entity that will benefit the majority of users in making economic decisions report. The financial statements also show the results of management accountability for the use of the resources entrusted to them. In order to achieve the objective of financial statements, financial statements provide information about an entity that includes the assets, liabilities, equity, and income, and expenses, including gains and losses, contributions from and distributions to owners in their capacity as owners and cash flow. That information, along with other information contained in the notes to the financial statements, the report helps users predict future cash flows and in particular, the timing and certainty of cash and cash equivalents acquired (IAI, 2009).

Francis et al. (2004) divides the two major groups of financial reporting quality attributes, the attributes of accounting-based and market-based. Financial reporting quality attributes based accounting is accrual quality, persistence, predictability, and income smoothing. For the quality attributes, it is a fact that a market-based financial statement includes value relevance, timeliness, and conservatism. Francis et al. (2008) found that companies that show good earnings quality tends to provide greater voluntary disclosure of the companies with poor earnings quality. Yet, McNichols (1989) find that management earnings forecast prediction contains errors related to historical stock returns, where managers neglect to include the information that is contained by the stock price into their profit predictions efficiently. The prediction error may arise from errors of judgment about the prospects of the company's business manager. Also an uncertain operating environment can aggravate knowledge information manager, which also leads to errors of judgment about the prospects of the business manager (Hirshleifer, 2001).

The users of financial statements according to the Framework for the Preparation and Presentation of Financial Statements of Financial Accounting Standards paragraph 9 (IAI, 2009), it is stated that users of financial statements include present and potential investors, employees, lenders, suppliers and other business creditors, customers, governments and other agencies and the public. Components of the complete financial statements according to IAS 1 paragraph 49 (IAI, 2009) consists of the following:

a. balance sheet,
b. income statement,
c. statement of changes in equity,
d. cash flow statement,
e. notes to the financial statements.

Based on the Statements of Financial Accounting Concept 2 Qualitative Characteristics of Financial Information (Qualitative Characteristics of Accounting Information) this statement aims to provide quality characteristics that must be possessed by the accounting information so that the information becomes more useful.

a. Relevance of information

Relevant information if the information is said to have benefits, according to the actions to be taken by users of financial statements. In other words, the relevant information is the ability of a manager to influence decisions or other financial statement users that the existence of such information or support is able to change their expectations about the results or consequences of any actions taken.

b. Feedback value and predictive value of the relevant elements

Information can make different decisions by improving the ability of decision makers to predict or to correct their initial expectations. Information effect on human behavior and because different people may react differently to the information, the financial information can be evaluated by means of forecasting the extent of truth on the basis of that information. Predictive value is an important consideration in separate accounting information relevant and irrelevant.

c. timeliness

Timeliness is an aspect of relevance supporters. When information is not available when needed or available after a period after reporting that information has no value for future action. Such information has relevance and benefits low. Timeliness means that the availability of information in decision making before the information is lost influence capacity in influencing the decision.

d. Reliability of information

Reliability is the quality of information that can lead to the use of accounting information, which is highly dependent on the correctness of the information produced. Reliability of the information is highly dependent on the ability of information to appropriately describe the circumstances / events that are described in accordance with the actual conditions.

e. representational faithfulness

Representational faithfulness relates to the degree of correspondence between the measurement or description of the phenomena described. In accounting phenomena described are economic resources, obligations, transactions and events that change resources and obligations of the entity. Sometimes the information is not reliable due to errors of interpretation.

Statement of Cash Flows

In Indonesia, the cash flow statement should be reported in 1994 by Statement of Financial Accounting Standards (SFAS) No. 2 paragraph 1. It states that the company should prepare a cash flow statement and should present the report as an integral part of the financial statements for each financial statement presentation period (IAI, 2009). This policy is of course related to the benefits that can be taken by users of financial statements, especially investors and creditors. IAI (2009) explained that information about a company's cash flow is useful to users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assess the need for the company to use the cash flow.

A company’s cash flow information can help in predicting future earnings (Sloan, 1996). Kieso and Weygandt (2002: 373) also argue that the statement of cash flows is useful to help investors, creditors, and other parties in assessing the entity's ability to generate cash flows in the future. Simply put cash is important. If the company does not have enough cash, then the employee's salary cannot be paid, the debt cannot be paid, dividends cannot be paid, and the equipment cannot be bought.

Cash flow statement shows how the cash is used and where the cash is coming from. Employees, creditors, shareholders, and customers have an interest in this report because they can see the cash flows that are occurring in the company. By examining the company's investment activities (purchases and sales of assets other than products) and financing activities (borrowing and repayment of loans, investments by owners and distributions to owners), one cash flow statement readers can better understand why assets and liabilities increases or decreases during a period.

Components of Cash Flow

Cash flows from operating activities

IAI (2009) explains that the amount of cash flows arising from operating activities is an indicator that determines whether the operating company can generate sufficient cash flows to repay loans, maintain the operating capability of the enterprise, pay dividends and make new investments without recourse to external sources of financing. Information about the specific components of historical cash flow along with other information is useful in predicting future operating cash flows. Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the company. Therefore, cash flow is generally derived from transactions and other events that affect the determination of net profit or loss. IAI (2009) describes examples of cash flows from operating activities are as follows:

1) Cash receipts from sales of goods and services
2) Cash receipts from royalties, commissions, and other income.
3) Cash payments to employees.
4) cash receipts and payments by insurance companies for premiums and claims, annuities and other insurance benefits.
5) Cash payments to suppliers of goods and services.
6) Cash payments or receipts back (refund) for income tax unless specifically identifiable as part of the financing and investment activities.

Harahap (2008: 256) also describes that operating activities are principal revenue-producing activities of the company and other activities that are not investing activities and financing activities, transactions and other events that cannot be considered as investment or financing activities. Here are the characteristics of the transaction cash inflows and cash outflows operating activities:

Cash flows from investing activities
IAI (2009) states that the separate disclosure of cash flows arising from investing activities is important because the cash flows reflect the cash receipts and disbursements in connection with resources that aims to generate income and future cash flows. According to IAI (2009) cash flows arising from investing activities are:
1) Cash paid for purchase of fixed assets, intangible assets and other long-term assets, including capitalized development costs and self-constructed assets.
2) Cash receipts from the sale of land, buildings and equipment and intangible assets and other long-term assets.
3) Acquisition of shares or other financial instruments
4) Advances and loans made to other parties as well as the repayment (unless committed by a financial institution)
5) Cash payments in connection with futures contracts, forward contracts, option contracts and swap contracts except when the contracts are carried out for the purpose of trafficking (dealing or trading) or if the payments are classified as financing activities.

Cash flows from financing activities
According to IAI (2009), a separate disclosure of cash flows arising from financing activities is important because useful in predicting claims on future cash flows by the suppliers of the company's capital. Financing cash flow is the cash flow generated from the issuance of new shares or bonds, dividend payments, stock repurchases, debt borrowing or repayment of debt. According to IAI (2009) Cash flows from financing activities are as follows:

1) Cash received from issuance of shares or other capital instruments.
2) Cash payments to shareholders to withdraw or redeem shares of the company.
3) Cash received from issuance of bonds, loans, notes, mortgages and other loans.
4) Repayment of loans.
5) Cash paid by the tenant (lessee) to reduce the balance of liabilities relating to finance lease (finance lease).

Method of Preparation of Cash Flow Statement

IAI (2009) revealed two alternative presentations of the net cash flow from operating activities. In this case, cash flow operating activity is what distinguishes the direct method and the indirect method. Direct method is essentially a re-examination of every profit and loss accounts with the aim to report how much cash is received or incurred in connection with the account (Stice et al., 2009). The indirect method starts with net income reported in the income statement, and adjust this accrual rate for everything that does not affect cash flow (Stice et al., 2009). The adjustment is in three basic things:

1) Income and expenses not involving cash inflows and outflows.
2) Gains and losses due to investing activities or financing activities
3) Adjustment for change-change in current assets and liabilities indicating the sources of non-cash income and expenses.

Both methods produce the same amount of the net cash flows used in operating activities. The indirect method is preferred and used by many companies because it is relatively easy to use and reconcile the differences between net incomes to net cash flows from operating activities. The users of financial statements mainly used more direct method because this method directly reported source of cash inflows and cash outflows without having to be confused with the adjustment to net income.

Profit

One of the main objectives of the company's operations is to get a maximum profit. It is important for management to predict their profit expected by the company. SFAC No. 1 states that earnings information is used to assess the performance of management help predict the long-term earnings capacity, forecast earnings estimate risk in borrowing or investment (FASB, 1978). Income prediction is important because it provides information to investors and creditors that help them predict the amount, timing, and uncertainty of future cash flows (Kieso and Weygandt, 2002).

Febrianto and Widiastuty (2005) describe that the third number the accounting profit gross profit, operating income and net income is useful for measuring the efficiency of managers in managing the company. Investors and creditors believe that the preferred performance measure in assessing the company's performance is a measure of performance that is able to describe the condition and future prospects of the company better. This company is based performance assessment through the information on the income statement that presents information in gross profit, operating income and net income.

Gross profit is the difference between the company's revenue minus the cost of goods sold. Cost of goods sold are sacrificed all costs, for companies invoice calculation starts from the stage when the incoming raw materials to the plant, processed, until sold. All costs directly associated with the creation of these products are classified as cost of goods sold (Febrianto and Widiastuty, 2005).

Operating profit is gross profit margin to operating costs while operating costs are those costs associated with the operation of the company or the costs that often occurs in the company and operative. Moreover, these costs are assumed to have a relationship with income generation. Among the operating expenses are the cost of employee salaries, administrative costs, travel expenses, advertising and promotion costs, depreciation costs and other (Febrianto and Widiastuty, 2005).

Net income indicates the difference between the total income of the company's operations and non-operating companies. Thus, the actual net income is income that shows the profits to be retained in the company and which will be distributed as dividends. Each of the earnings results has its own information content that can be used to predict earnings and future cash flows (Febrianto and Widiastuty, 2005).

Company conducts operations aim to maximize profits in order to maintain the viability of the company (Bringham, 2006: 69). Prediction of corporate profits is very important to be done in determining the company's stock price in the future (Sundaresh, 2008). High profits can be seen from the performance of the company, the higher the profits, the better and the company's performance. The information about profit contained in the income statement often be paid attention by investors (Beattie et al, 1994).

Cash Flow Statement on Earnings

All companies need cash for the same reasons however different their principal revenue-producing activities (revenue producing activities). If the company can manage the operational and investment, it can easily obtain funding to be used in the operations of the company, it will affect the performance of the company in generating profits. According Manurutng (2009) are usually cash and net income move together, the high cash flow tends to cause an increase in profit and vice versa.

Patmono (2004) examined the cash flow statement and the ability of earnings forecast where cash flows are comprised of the operating activities, investing and financing activities. These are used in predicting earnings in which it can show that, it is either used alone or together with cash flows from operating, investing and financing influence significant impact on future earnings. Investment analysts use more financial information relating to receipts and disbursements that better reflect liquidity than income information.

Wulandari (2005) analyzed the cash flow within the company forecast earnings. The results of the tests have been carried out. It indicates that the cash flow can simultaneously predict earnings, partially only operating cash flow are having a significant impact on corporate profits in the future of cash flow from operating activities that show the company is able to operate as a profitable read by investors.

Yaniartha (2010) examined the predictive ability of earnings and cash flows in predicting earnings and cash flow in the future. This research results show that (1) the ability of earnings to predict earnings predictors of one year to the next is not better than the ability of earnings to cash flow predictor (2) the ability of predictors to predict cash flow cash flow next year better predictor than the current capability cash to earnings (3) the ability of earnings does not provide incremental prediction of the cash flow predictor. The ability of current cash flow is not better predictor than cash flows in predicting future cash flows in accordance with the theory set forth in SFAS # 2 regarding the usefulness of the information flow cash is useful to assess the company's ability to generate cash and cash equivalents and enables users to develop models to assess and compare the present value of future cash flows.

Wardani (2013) examined the model comparison of aggregate and disaggregate models of operating cash flow to predict future earnings. The results showed that the model of aggregate and disaggregate models of operating cash flow cannot explain future earnings consistently, but disaggregate models of operating cash flow can predict future returns better than the model of aggregate cash flow operating activities due to disaggregate models consisting of components accrual and the separation of net CFO is a major component of the activity is the company's contributor with greatest value in the statement of cash flows operating activities that affect the company's profit.

Dwiati (2008) examined the ability of cash flow, earnings, and accruals to predict future cash flows and future earnings. The results showed that the cash flow and earnings and cash flow can also predict future earnings. Cash flow can predict earnings due to the cash receipts and disbursements, especially from operating cash that will affect profit or loss. For that reason, the hypothesis can be stated as follows:

H1: Cash flows affect the income

Operating Cash Flow to Profits

True operating activity is information about some transactions such as the sale of goods, receivables, and other income and payment-load liability. Yuliafitri (2011), Nuraina (2011) gives the result that operating cash flow effect on earnings. In theory, if the value of cash flows from operating activities showed a high value, it can be said that the income earning of the company is greater than the liability of the company in that period. Earning will create revenue stream inflow while the load will create cash flow exit.

Nuraina (2011) examined the ability of operating cash flow in predicting future operating earnings. The results of the study stated that the current cash flow can be used for predicting future operating earnings. Transactions in operating cash flow entering the determination or the determination of net income (net income). So the higher the cash flow from operating activities shows the company is able to operate profitable, because of the operation of any enterprise activity can generate cash well.

Yuliafitri (2011) also examined the ability of operating cash flow and earnings in predicting future cash flow on companies listed in Indonesia Stock Exchange. The results showed that the effect of operating cash flow in one year forecast earnings to future operating cash flow. It can affect the determination of net profit or loss for the company's largest revenue comes from its operating activities. Operating cash flow statement can be used to assess how can the company generate any income in cash and cash equivalents for the company which will affect company profits will be accepted. The second hypothesis can be stated as follows:

H2: Operating cash flow effects earnings

Investing Cash Flow to Profits

Investment activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents (IAI, 2009). Cash flows from investing activities can be considered for forecasting earnings, cash flow investment as can be demonstrated on the acquisition and disposition of corporate assets where fixed assets are the resources that support the company to get income.

In the previous study, Patmono (2004) gave the result that the investment cash flows have an impact on earnings. In theory, if the value of the cash flows from investing activities showed high value which can be said that the result of the acquisition of the fixed asset sales has higher value than the purchase of fixed assets. That is, the result of the acquisition of the asset sales or profit increases due to the decrease effect. Proceeds from asset sales will create cash flow while asset purchases will create cash flow of the company. Therefore, the third hypothesis can be stated as follows:

H3: The cash flow affects investment earnings

Financing Cash Flow to Profits

Financing activities are activities that result in changes in the number and composition of capital and loan companies. Previously, Patmono (2004) provide results that financing cash flows have an impact on earnings. The higher total financing cash flows shows that a high proportion of ownership will have an impact on investor confidence and the effect on earnings of the company. It is stated that the higher the financing cash flows shows that the company has a lot of action relating to the capital increase and the payment of long-term debt, so the picture of capital and the obligation will show a high proportion of ownership. The sale of shares will

create cash flow stream for the company, while the long-term payment obligations will create cash flow out of the company. Based on the above description, the hypothesis is formulated as follows:
H4: Financing cash flows affects the income

METHODS FOR EXPERIMENTAL

This study uses SPSS regression for analysis and the data are the entire annual financial statement data publicly traded companies as listed on the Indonesian Stock Exchange (BEI) in 2010-2012. There are 225 data used in this research. The data used in this research is the documentation of data, using purposive sampling in getting the data. The independent variable is that the cash flow statement using the proxy operating cash flow, investment cash flow, cash flow financing, and the dependent variable in the form of profit.

Cash Flow

The independent variable is the cash flow. Cash flow is a report that provides relevant information about the cash receipts and disbursements of a company in a given period to classify transactions for operations, finance and investment. Cash flow in this study is divided into three namely operating cash flow, cash flow investment and financing cash flows.

Operating Cash Flow

Operating activities according to IAI (2009) is the principal revenue-producing activities), and other activities that are not investing activities and financing activities. In cash flows from operating activities include the sale of merchandise or services, revenues from subscriptions, royalty income, commission fees, other remuneration, interest income and dividends. Cash out flows of activity include payments to suppliers, employee payroll, tax payments, and interest payments and other costs.

Cash Flow Investment

Investing activities according to IAI (2009) are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Cash inflow of activity investment is the sale of fixed assets and sale of long term investments. On the other hand, cash outflow from investment activities is the purchase of fixed assets, and the purchase of long-term investment.

Financing Cash Flow

Financing activities according to IAI (2009) are activities that result in changes in the number and composition of capital and loan companies. Cash inflow from financing activities is namely the issuance of new shares and the issuance of debt (bonds). Cash outflow from financing activities are dividend payments, withdrawal of shares (treasury stock), and the payment of long-term debt.

Profit

Earnings are the net profit. Net income is the excess of revenue over expenses charged which is a net increase of capital, net of tax

Regression Analysis

The analysis model used is a model of multiple linear regression analysis. This multiple regression analysis is used for testing how the direction of the dependent variables is and how the independent variables are towards the dependent ones. The analysis used for testing such formula can be seen as follows:

Profit = β0 + β 1AKOt + β 2AKIt+ β 3AKPt + e
Description:
Profit : Net profit
β 0 :Intercept
β 1,β 2,β 3 : Slope from the regression
AKOt : Cash flow
AKIt : Investment cash flow
AKPt : Financing cash flow
e : Error term

RESULTS AND DISCUSSION

Results

The results from a description of each of variables are presented in Table 1.

Table 1. Results of descriptive statistic testing

Source: SPSS Output Data processed

	N	Min	Max	Mean	Std. Deviation
Operating cash flow	225	18.368.463	169.889.532.129	36.897.407.979,44	41.291.023.449,142
Investment cash flow	225	413.897	182.029.127.313	25.492.244.658,77	32.453.814.690,500
Funding cash flow	225	82.706	153.223.344.000	25.273.666.157,44	32.113.124.599,151
Profit	225	63.591.218	2.065.884.091.526	67.453.174.074,25	200.794.900.518,146

Based on Table 1, the results of the analysis using descriptive statistics to operating cash flow indicates the minimum value of Rp 18,368,463 achieved by PT. ATPK Resources; The maximum value of Rp 169 889 532 129 achieved by PT. Bank Bumi Arta with an average value of 36,897,407,979.44 and has a standard deviation value of 41,291,023,449,142.

The results of the analysis using descriptive statistics on investment cash flow indicates the minimum value of Rp 413 897 achieved by PT. ATPK Resources; The maximum value of Rp 182 029 127 313 achieved by PT. Nusantara Infrastructure with an average value of 25.492.244.658,77and has a standard deviation of 32,453,814,690.500 value.

The results of the analysis using descriptive statistics to financing cash flows show the minimum value of Rp 82 706 achieved by PT. Harato Tarinka; The maximum value of Rp 153 223 344 000 achieved by PT. Bank Agroniaga with an average value of 25,273,666,157.44 and has a standard deviation of 32,113,124,599.151 value.

The results of the analysis using descriptive statistics on earnings showed a minimum value of Rp 63,591,218 achieved by PT. Centris Multi Pratama Persada; The maximum value of Rp 2,065,884,091,526 achieved by PT. Arpeni Pratama Ocean Line with an average value of 67,453,174,074.25 and standard deviation values sebesar200.794.900.518, 146.

Classical Test Assumptions

Normality Test Results

Normality test results it is necessary to test the data statistically using Kolmogrov- Smirnov test. Based on Table 2 obtained a significant value of un-standardized residuals subsequent to the data by using a log10 transformation is equal to 0.128 or 12.8% so un-standardized residuals can be said to be normally distributed because of significantly greater value than the value of significant level of 0.05 or 5%.

Autocorrelation Test Results

Autocorrelation test aims to test whether the linear regression model is no correlation between the errors in period t with bullies bully error in period t-1 (previously). To test whether autocorrelation can be detected with a test run statistical tests. A regression equation is said to be free if the autocorrelation test results of the run's tests of significance greater than 0.05.
Based on the test results of the test run in table 2 note that the significance of the un-standardized residual value of 0.946 is greater than 0.05 means are random. It can be concluded that the regression model in the study free of autocorrelation.
Here Kolmogrov- Smirnov tests results:

Table 2. results of Normality and Autocorrelation test

	Normality test	**Autocorrelation test**
	One Sample KS	**Runs Test**
Asymp. Sig. (2-tailed) Unstandardized Residual	0.128	0.946

Sources: Data Output SPSS processed

Test Results multicollinearity

Multicollinearity can be seen from the value of tolerance and VIF. Both of these measurements indicate each independent variable Which explained by other independent variables. Values used to indicate the presence of multicollinearity is tolerance value <0.10 or equal to the value of VIF> 10 And vice versa if the VIF <10 then there is no multicollinearity. As in Table 3, it can be seen that the value of the entire known tolerance values above 0.1 and VIF values below 10 so it can be concluded that the regression model is free from multicollinearity.

Test Results heterocedastity

Based on Table 3, it obtained the significance of un-standardized residuals of each independent variable amount of more than 0.05, so it can be concluded that the regression model does not occur heterocedastisity.
The following are the test results and test multicollinearity Heterodasidacity:

Table 3. Test Results and Test Heteroskidastity Multicollinearity

Multikolinearity test				**Heteroskedacity test**
Indep Variables	**Tolerance Value**	**VIF Value**	**Description**	**Sig. (2-tailed) Unstandardized Residual**
Operating cash flow	0.803	1.246	No multicolonearity	0.962
Investment cash flow	0.797	1.255	No Multicolonearity	0.152
Funding cash flow	0.801	1.248	No Multicolonearity	0.810

Test Results of multicollinearity

Multicollinearity can be seen from the value of tolerance and VIF. Both of these measurements indicate each independent variable Which explained by other independent variables. Values used to indicate the presence of multicollinearity is tolerance value <0.10 or equal to the value of VIF> 10 And vice versa if the VIF <10 then there is no multicollinearity. As in Table 3, it can be seen that the value of the entire known tolerance values above 0.1 and VIF values below 10 so it can be concluded that the regression model is free from multicollinearity.

Test Results heterocedastity

Based on Table 3 obtained the significance of un-standardized residuals of each independent variable amount of more than 0.05, so it can be concluded that the regression model does not occur heterocedastisity.

The following test results and test multicollinearity Heteroskidastity:

Table 4. Test Results and Test Heteroskidastity Multicollinearity

Multikolinearity Test				**heterocedastity test**
Independent variables	**Tolerance Value**	**VIF Vale**	**Description**	**Sig. (2-tailed) Unstandardized Residual**
Operating cash flow	0.803	1.246	No multikolinierity	0.962
Investment cash flow	0.797	1.255	Noi multikolinierity	0.152
Funding cash flow	0.801	1.248	Tidak terjadi multikolinieritas	0.810

Source: Data Output SPSS processed

Linear Multiple Regression analysis

Multiple linear regression analysis was intended to examine the extent to which and how the direction of the independent variables affect the dependent variable. Therefore, researcher conducted a data transformation using the formula log10 transformation of the regression equation is mathematically formulated as follows:

B1AKOt LogLABA = β0 + + + β2AKIt β3AKPt + ε

The results obtained by multiple linear regression analysis the magnitude of the constants and regression coefficients for each variable are as follows:

Table 5. Testing the Path Coefficient

Exogenous Variable	**Endogenous Variable**	**Estimation Coefficient**	**t-statistic**	***p-value***	**Description**
Cash flow	Profit	9,870	167.459	0,000	Significant
Operating cash flow (X_1)	Profit	0,0000000000007843	7,258	0,000	Significant
Investment cash flow (X_2)	Profit	0,0000000000001060	0,768	0,443	Tidak Significant
Financing cash flow (X_3)	Profit	0,0000000000004535	3,261	0,001	Significant

Based on Table 4 the results of multiple regressions, the cash flow statement can predict earnings with significant value of 0.000 which is smaller than the significance level of 0.05. Based on these results Hypothesis 1 is accepted. Furthermore, based on the partial test, the operating cash flow affects earnings with a significance value of 0.000. The significant value is 0.000 which is smaller than the significance level of 0.05 so that Hypothesis 2 is accepted.

Investing Cash Flows has no effect on earnings with a significance value of 0.443. Significance value of 0.443 is greater than the significance level of 0.05 was concluded reject Hypothesis 3.
Acrua financing cash impact on earnings with a significance value of 0.001. 0.001 significance value is less than the 0.05 level so it can be concluded receive Hypothesis 4.

DISCUSSION

Based on the regression test simultaneously the proxy statement of cash flows into operating cash flow, investment cash flow, cash flow funding has an influence on earnings. The results of this study support the research Patmono (2004), Wulandari (2005), Wardani (2013), Dwiati (2008). These results endorse the Signaling Theory signal is given in the form of the information contained in the financial statements of the consolidated cash flow can be predicting earnings. Given this information, is expected to assist investors in making decisions in investing.

Operating cash flow to earnings

The results of statistical calculation provide indication that operating cash flow has a partial effect on earnings. It also provides results that operating cash flow relationship with profits is a positive effect. That is, the higher the total current year operating cash flow, the higher profits to be received by the company due to the higher total cash flows from operating activities shows that the company is able to operate profitable, because of the company operating activities generate cash well so that will affect the profit.

The value of cash flow from operating activities showed a high value, it can be said that the result of the revenue gains from the company greater than the burden of the company during the period. Cash flows operating activities recorded revenue and expenses arising from the main operations of the company so that the cash flow operating activities may affect the profit contained in the statement of income as an indicator of the income statement are income and expenses. The results of this study support other research Nuraina (2011), Yuliafitri (2011) operating cash flow has an influence on earnings. Operating activities are principal revenue-producing activities of the company (the principal revenue-producing activities), and other activities that are not investing activities and financing activities.

Cash flow of investment to profit

The results of statistical calculation provide the result that investment cash flow cannot predict earnings. Statistical test results no effect between investment cash flow to earnings. This is due to investment activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Furthermore, cash flow investment is the purchase and sale of financial instruments with the aim not to be traded. That is, not including the sale of the company's business segments is traded each period. So it has no effect on earnings. Investment activity is not a routine activity. The results of this study support the research conducted by Patmono (2004). Investment cash flow may indicate about the acquisition and disposition of assets of the company in which the fixed assets are supporting resources in getting company higher earnings. If the value of the cash flows from investing activities showed high value which can be said that the result of the acquisition of the fixed asset sales with higher value than the purchase of fixed assets.

Financing cash flows to Earnings

Statistical tests showed the results of financing cash flow affects earnings. It also provides results of the relationship between financing cash flow relationship and profits in which it has a positive effect. That is, that the higher total cash flow funding will increase profits. An increase in cash flow from financing activities will attract investors to buy the stocks and it can increase the company's stock price, which in turn also affects the profit.

Thus, the higher total financing cash flows shows that a high proportion of ownership will have an impact on investor confidence and the effect on company profits. Conversely, the smaller the total financing cash flows shows the proportion of ownership is low, so it will have an impact on investor confidence and the effect on company profits. Heightened financing cash flows shows the company has a lot of action relating to the capital increase and the payment of long-term debt, so that the capital and liability picture will show a high proportion of ownership.

The results of this study support the results of research conducted by Patmono (2004). Financing activities are activities that result in changes in the number and composition of capital and loan companies. Where in the financing activities, is the true information about some transactions such as the issuance of new shares, issuance of debt (bonds), dividend payments, withdrawal of shares and the payment of long-term debt. Issuance of new shares and the issuance of debt (bonds) which describes the composition of the company's capital occur. Yet, dividend payments, withdrawal of shares, and the payment of long-term debt companies describe loans.

CONCLUSIONS

It can be concluded that this study can predict the cash flow statement and earnings. Cash Flow Statement with the measurement of operating cash flow has a positive effect on earnings. It indicates the higher the total current year operating cash flow, the higher the profit is for the company because the higher total cash flows from operating activities also shows that the company can be profitable in operation because of its ability to get more revenue for paying all the liabilities they have in their operation. It can also create a stream of revenue inflows while the load will create cash flow. The presence of incoming and outgoing cash flow will affect corporate profits.

However, investment cash flow has no effect on earnings. It is due to cash flow investment that includes the purchase and sale of financial instruments that are not traded goals. That is, not including the sale of the company's business segments is traded each period. Thus, it has no effect on earnings. In this case, operating activities are activities that are routine, while investment activity is not a routine activity.

The relationship of financing cash flow has a positive effect on earnings. This means that the higher total cash flow funding will increase the profits to be received by the company. Due to the higher total financing cash flows shows that a high proportion of ownership that will have an impact on investor confidence and the effect on company profits. The increase of financing cash flows shows the company has a lot of action relating to the capital increase and the payment of long-term debt, so that the capital and liability picture will show that a high proportion of ownership. The sale of shares will create cash flow stream for the company, while the long-term payment obligations will create cash flow out of the company.

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