CASH FLOW AND PREVIOUS EARNINGS TO PREDICT FUTURE

EARNINGS ( EMPIRICAL STUDY OF MANUFACTURING LISTED IN BEI)

BY :

INDAH ARIA NINGSIH

43207010007

ABSTRACT

The objective of this research is to examine whether previous earnings and cash flows have predictive ability to future earnings.

The research sample are manufacturing industries which listed since year 2008-2009 by using purposive sampling method. There are 39 companies fulfilling criterion as this research sample. The data's analyze method is using regression analyze, t -test and F- test.

The result of this research that future earning is influenced significantly by cash flow and previous earnings. Also that future earning is influenced individually by cash flow and previous earnings .

Key words : Cash Flow, Income, Multiple Regression.