

\*

.2002

1993

26

1993

2002

risk analysis

.(2001 )

accrual

profitability

basis

analysis

2003/7/14

.2004/4/1

\*

accounting

measures

stock returns

(Wallace *et al.*, 1999)

accounting-based earnings

significant

%10

(Lev, 1989)

.takeholders.

:  
-1

-2

-3

-4

) -5

(

:  
-1

-2

1970

American Stock Exchange Commission (SEC)	-3
listed	
companies	-4
(SFAS95, 1987) 95	-5
International	
1977	
Accounting Standards Committee (IASC)	
(7)	

(Sharma and Iselin, 2001)

professional bodies

(2001 )

(Almisher (Penman, 1996)

.and Kish, 2000)

1998

financial performance

.( )

cash flow

statement

balance sheet

income statement

.(Henderson and Peirson, 2000: 573)

1963 AICPA

.(Mosich and

Larsen, 1983: 933)

current and potential

(Courtis, 1978 )

.shareholders

(Epstein and

.(Dunk, 1995)

Anderson, 1994)

(Nurnberg and Largay, 1999)

investing

operating activities

financing activities

activities

(Bernard, 1993)

(Revell, 2001)

(Almisher and Kish, 2000)

(Footnotes)

(2000)

(Ali and Pope, 1995)

.(Clubb, 1995)

(1998 )

.(Clubb, 1995; Vafeas *et al.*, 1998)

.(Charitou and Clubb, 1999)

(1998)

-1993

(1994-1985)

2002

database

(adjusted R<sup>2</sup>)

(2001)

1998 1993

.1993

2002

:

.2002

1993

•

•

•

1997-1970

%18

130

) 1995

%22.3

1960

%3.6

.(2000

(Ali and

Pope, 1995 )

%42

2001-1996

$$\overline{SMV}_{ijt} = b_{1it} + b_{2it}CFOE_{it} + e_{it}$$

Share Market Value

$:\overline{SMV}_{ijt}$

Cash Flow

$:CFOE_{it}$

to the Owner Equity

$:e_{it}$

$:b_{it}$

2002

1993

$:(\overline{SMV})$

-1

1997 (22)

)  
:(2003

$$SMV_{ijt} = \frac{\sum_{j=1}^n P_{ij}}{n}$$

$$\overline{SMV}_{ijt} = b_{1it} + b_{2it}AROE_{it} + e_{it}$$

Share Market Value

$:\overline{SMV}_{ijt}$

i j

$:SMV_{ijt}$

.t i j

$:AROE_{it}$

3:n

Accounting Return to the Owner Equity

.j i

$:P_{ij}$

.t

$:j$

$:e_{it}$

$:b_{it}$

.t

1998 : (AROE) -2

Barth *et al.* (2001)

$$OCF_{it} = \gamma_0 + \gamma_1 E_{it} + \gamma_2 AP_{it} + \gamma_3 INV_{it} + \gamma_4 AR_{it} + \gamma_5 DEP_{it} + \gamma_6 OTHER_{it}$$

$$AROE_{it} = \frac{\sum_{t=1}^{t=n} (AR_{it} / OE_{it}) \times 100\%}{n}$$

:  $OCF_{it}$   
 :  $E_{it}$   
 :  $AP_{it}$   
 :  $INV_{it}$   
 :  $AR_{it}$   
 :  $DEP_{it}$   
 :  $OTHER_{it}$

$$OTHER = E - (OCF + \Delta AR + \Delta INV - \Delta AP - DEP)$$

$$CFOE_{it} = \frac{\sum_{t=1}^{t=n} (CF_{it} / OE_{it}) \times 100\%}{n}$$

:  $H_{01}$   
 :  $H_{02}$   
 :  $H_{03}$

SPSS

1993

0.02 Sig. F

Regression analysis

.( )

:  
:H<sub>02</sub>

pooled

R<sup>2</sup> (2)

.regression

0.313

heteroscedasticity

0.313 (CFOE)

White's " "

Heteroscedasticity Test

residuals R<sup>2</sup>

Chi-Square " "  
%10 %5 %1

: (2)

$\overline{SMV}_{ijt} = 2.2006 + 0.2187 CFOE_{it}$

0.002 (1)

0.05

0.01

:  
:H<sub>01</sub>

:  
:H<sub>03</sub>

(1) Pooled regression

0.202 R<sup>2</sup>

(3) 0.202 (AROE)

(1)

(3)  $\overline{SMV}_{ijt} = 2.1792 + 0.4128 AROE_{it}$

$\overline{SMV}_{ijt} = 2.313 + 0.165 AROE_{it} + .465 CFOE_{it}$  (0.05)



(0.005)

Coefficients  
0.023

(3)

(4)

0.56

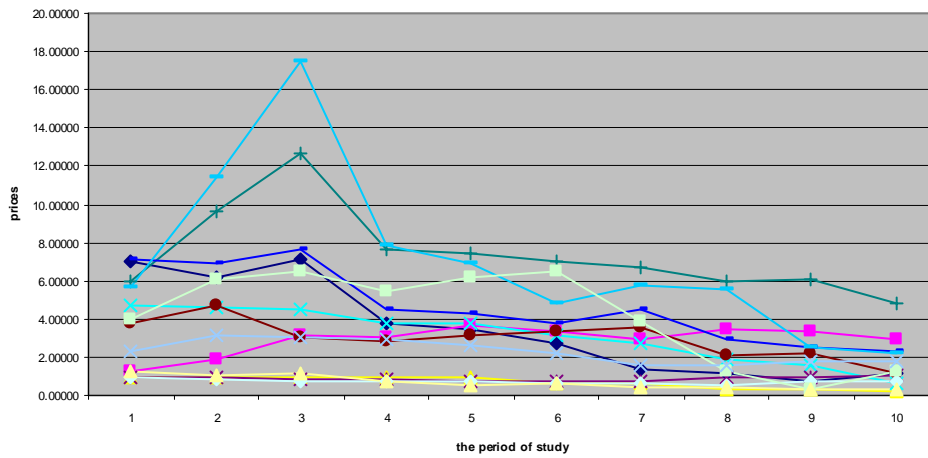
. 0.45

·  
:

.1998

(1)

. (1993-2002)



(1)

Regression Statistics				
Multiple R		0.44963		
R square		0.20217		
Observations		26		
ANOVA		df	F	Sig.F
Regression		1	6.0816	0.021
Residual		24		
Total		25		
		Coefficients	T	P-value
Intercept		2.179273	9.51327	0.000
AROE		0.412845	2.46610	0.0211

(2)

Regression Statistics				
Multiple R	0.5600			
R square	0.3136			
Observations	26			
ANOVA		df	F	Sig.F
Regression		1	10.965	0.0029
Residual		24		
Total		25		
		Coefficients	T	P-value
Intercept		2.2006	10.83473	0.000
CFOE		0.2187	3.311408	0.0029

(3)

<b>Regression Statistics</b>			
<i>Multiple R</i>	0.604		
<i>R square</i>	0.365		
<i>Observations</i>	26		
<i>ANOVA</i>	<b>df</b>	<b>F</b>	<b>Sig.F</b>
<i>Regression</i>	1	6.617	0.005
<i>Residual</i>	24		
<i>Total</i>	25		
	<b>Coefficients</b>	<b>T</b>	<b>P-value</b>
<i>Intercept</i>	2.313	10.715	0.000
<i>AROE</i>	0.165	1.368	0.050
<i>CFOE</i>	0.465	2.431	0.023

(4)

**CFOE AROE SMV**

<b>SMV</b>	<b>AROE</b>	<b>CFOE</b>
<b>Pearson correlation</b>	<b>0.450*</b>	<b>0.560**</b>
<b>Sig. (2 – tailed)</b>	<b>0.021</b>	<b>0.003</b>
<b>N</b>	<b>26</b>	<b>26</b>

\* Correlation is significant at the 0.05 level.

\*\* Correlation is significant at the 0.01 level .

.2 27  
2001

28 1998

.2

2000 .53  
2001

4 16

2003 .113 -97 .1 28 1998

:

.91-69 1 17 .25 1  
1999 2000

:

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## **The Relationship between Accrual-Based Values, Cash Based Values and Stock Prices**

*Husam Al-Deen Al-Khadash and Mohammad Issa Al-Abbadi\**

### **ABSTRACT**

This study examines the significance of the rate of return to equity as a ratio of accrual basis and the cash flow to equity as a ratio of cash basis in analysing the financial performance of the industrial public shareholding companies in Jordan. The study also examines the association between the accounting rate of return to equity, the cash flow to equity and the influence on stock market prices. Through this objective, the study aimed at examining whether the accounting rate of return (based on the accrual basis) or the cash flow (based on the cash basis) has more impact on companies stock prices.

The examination covered a sample of 26 Jordanian industrial public shareholding companies that are listed on the Amman Stock Exchange Market for the period 1993-2002. The suggested models have been tested for all companies. This provides the chance to examine the structural behavior among the tested variables. The study concluded that there is a significant relationship between both tested models, and revealed that the cash flow to equity is more related to stock prices in comparison with accounting rate of return to equity.

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