Generating Power of Cash, EPS, Stock Price According to the Egyptian Accounting Standards -Panel Data Analysis

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الملخص

الهدف – هدف الدراسة تحديد تأثير الطاقة المولدة للنقد GPC وEPS على سعر السهم في ضوء معيار المحاسبة المصري رقم ٤ بعنوان قائمة التدفقات النقدية المعدل عام ٢٠١٥ ومعيار المحاسبة المصري رقم ٢٢ بعنوان Earnings per Share المعدل عام ٢٠١٥.

التصميم/المنهجية – تستخدم الدراسة بيانات رقمية من ٣٨ شركة غير مالية لمدة ٥ سنوات تقابل ١٩٠ مشاهده خلال الفترة ٢٠١٧-٢٠٢١. تطبق الدراسة طريقة بيانات اللوحة. عينة الشركات المحددة مدرجة في مؤشر EGX 100 ، ولديها قوائم مالية سنوية، غير متوقفة خلال فترة الدراسة، وتعمل نقدا، والعملة بالجنيه المصري، ولديها بيانات كاملة. تطبق الدراسة الانحدارات المتعددة، ويتم تطبيق التأثير الثابت والتأثير العشوائي والنماذج المجمعة، تتضمن الدراسة سعر السهم الذي يمثل العامل التابع، وكذلك القوة المولدة للنقد GPC وربحية السهم EPS التي تمثل العوامل المستقلة.

النتائج – تشير النتائج إلى أن الطاقة المولدة للنقد GPC ومكوناته لا تؤثر على سعر السهم SP ومع ذلك، فإن ربحية السهم EPS تؤثر بشكل كبير وإيجابي على سعر السهم SP.

القيود/الآثار – هناك توافر للمعلومات والفترة الزمنية للدراسة تسمح بتتبع التحكم في ربحية السهم EPS والقوة النقدية المولدة على سعر السهم وفقًا لمعايير المحاسبة المصرية EAS .

الأصالة – تحدد نتائج هذه الدراسة المتغيرات التي تؤثر بشكل إيجابي على سعر أسهم شركات الأعمال المدرجة في سوق الأوراق المالية المصري، ومن المفترض أن تساعد هذه النتائج المستثمرين على فحص كيفية تفاعل سعر السهم SP مع القوة النقدية المولدة وربحية السهم EPS عند اتخاذ القرارات المالية، بالإضافة إلى ذلك، أثبتت نتائج الدراسة أنها مفيدة للمديرين الماليين عند قياس ربحية السهم EPSعلى سعر السهم.

Abstract

Objective - The objective is to study the effect of the Generating Power of Cash and EPS on Stock Price in light of Egyptian Accounting Standard EAS No. 4 titled Statement of Cash Flows amended in 2015 and Egyptian Accounting Standard EAS No. 22, titled Earnings per Share amended in 2015.

Design/Methodology –The study uses numerical data from 38 non-financial firms for 5 years corresponding to 190 firm year observations during 2017-2021. The study applies the panel data method. The designated sample of firms are listed on the EGX 100, have yearly financial statements, not discontinued during the study period, run in cash, currency is in the Egyptian pound, and have complete data. The study applies multiple regressions. It applies fixed effect, random effect, and pooled models. The study includes the stock price that represents the dependent factor, as well as, the generating power of cash GPC and earnings per share EPS that represent the independent factors.

Results - Findings imply the generating power of cash GPC and its components don't influence the firm stock price SP. However, the earnings per share EPS substantially and positively effects the firm stock price SP.

Limitations/Implications – There is information availability and the time span of the study allows for tracking the control of earnings per share EPS and generated cash power over Stock Price according to the Egyptian Accounting Standards EAS.

Novelty/Originality – Results of this study specifies the determinants that positively influence the stock price of the business firms listed in the Egyptian stock market. These results should help investors to examine how firm stock price SP react to generated cash power and earnings per share EPS when making financial decisions. In addition, study results prove useful for financial managers when measuring earnings per share EPS on Stock Price.

Key Words: Generating Power of Cash, EPS, Stock Price Egyptian Accounting Standards

Introduction

The goal of any firm is to increase its shareholder wealth. Bani et. al., (2014) confirmed that maximizing the profit is the major target of shareholders. Cash is the most current asset of a company used to finance its operational activities. Cash flow is a most essential factor for determining stock price of the firm (Mundia, 2016). Investment and cash flow are usually associated as they both have a strong bind (Lewellen and Lewellen, 2016).

Based on financial information from financial statements, stakeholders make decisions that reflect the movement of stock. Current financial reports are detailed explanations of the firms' activities. They characterize firm property and financial positions, as well as, risks and prospects, mapping out market activities of the firm (Pelekh et. al., 2020). Stockholders invest in businesses where funds are essential to accomplish well-designed procedures that achieve company value through increased profits.

Among other things, investors consider the value of stock prices when deciding to invest or not to invest in a business (Pamungkas et. al., 2020) in the capital market (Hiltari & Rahayu, 2015). When the amount of investors interested in the acquisition of shares escalates, the stock prices increase. However, when there is a decrease in investors willing to sell shares, stock prices drop. Thus, the stock prices fluctuate, and the investor returns fluctuate accordingly.

There are many methods used to measure a firm financial performance such as cash flow (Mundia, 2016). An investor prefers cash flows because it is characterized with the low accounting manipulations. Cash flows are essential for the earnings (Havranek, 2011). Firm financial performance is one of many factors that can affect stock prices (Pamungkas et. al., 2020). Investors can use information available in the cash flow statement to determine the relationship between stock prices, as well as, firm cash income and spending (Pamungkas et. al., 2020).

Egyptian Accounting Standard No. 4 titled Statement of Cash Flows amended in 2015 confirms that information available about the cash flows of an entity is useful in providing a basis for evaluating the entity's ability to

generate cash and cash equivalents. This standard aims to assist the entity to provide information about the historical changes in the cash and cash equivalents through the statement of cash flows. The standard points out that cash can be generated from firm operation, firm finance, and firm investment represented in the cash flow statement.

Egyptian Accounting Standard No. 22, titled earnings per share EPS amended in 2015 explains how information related to EPS is determined and displayed to improve the comparison of firm performance between different entities for the same accounting period and between different accounting periods for the same entity. There are restrictions on the data pertaining to the EPS due to the difference in accounting rules and regulations applied to determine the profits. Never the less, related information is determined through the equation applied to define the EPS.

The study made by Häger & Karlsson (2021) explained that EPS is a unique and relevant variable that influences share price movements. In addition, Robbetze et. al., (2017) indicated that EPS is a fundamental accounting risk indicator for firm operation and success. The EPS estimate possible progress in forthcoming share prices through the alterations in share price behavior.

The Pallathadka (2020) study pointed out that when the firm makes any trading transaction in the stock market, it is subjected to market risk. Therefore returns can be affected. Financial managers generate cash for the firm to invest in other assets that can be transformed into a reliable source of cash flows for the firm and its owners. When the value of generated cash flows exceeds the cost of assets, then there is added value to the firm. The balance between the timing and risk of the expected cash flow contrary to the size of the anticipated returns is a vital consideration for financial managers when acquiring cash and investing it. A firm can obtain cash externally by selling securities and borrowing from a lender. A firm can also generate cash flow internally from asset sales. The cash flows are a fundamental determinant for the corporate existence. The cash flows are also vital for decision-making of related parties (Takhtaei & Karimi, 2013). Once cash is available, a decision must be made on how to invest this cash.

The study will proceed as follows: second is the literature review then hypothesis, third is the study methodology, fourth is the statistical result, and fifth is the conclusion followed by further studies.

Literature Review

This study was built upon the economies of scale notion that proposed huge companies have a competitive advantage over smaller ones. Large firms, have more capability of encountering competition, a better chance of renegotiating with customers and suppliers, able to keep prices higher than the competitive point, and have greater strategic variation. This theory relates profitability of the business firm to its size. The (Sritharan, 2015; Serrasqueiro and Nunes 2008; and Padrón et. al. 2005) studies, just to name a few, support the prevailing positive relation between profitability and firm size. The prior study (Schmitt and Yu, 2001) determines an increase in economies of scale boosts gross production and size of external industry trade.

The Robbetze et. al., (2017) study aimed to determine which category of EPS relates most to share prices. Data from financial statements of a sample of 40 non-financial institutions listed on the Johannesburg Share Exchange JSE South Africa was evaluated during 2005-2013. Findings infer basic EPS pairs up with the fluctuating behavior of share prices. Furthermore, headline EPS provides lower correlation coefficients.

The Hidayat, (2016) study evaluated the effect of net profit margin NPM, inflation, earning per share EPS, interest rate, as well as, return on equity ROE on stock price of the companies registered on the Indonesia Stock Exchange IDX Indonesia during 2010 - 2014. The study sample was obtained from the food and beverage segment. The financial numbers were obtained from the Indonesia Capital Market Directory ICMD plus Bank Indonesia BI monetary magazine. The multiple regressions evaluated the sample data. Findings proved positive correlation existed among ROE, EPS, NPM, and stock price. However, there was a negative correlation among inflation, interest rate, and stock price. In addition, the study explained that ROE affected stock price the most.

The previous Segoro & Andrian (2014) paper evaluated the financial performance of 16 mining institutions located at PT Bukit Asam Tbk mine in South Jakarta, Indonesia during 2010-2013. The numerical data was collected from annual financial reports related to current ratio CR, net present margin NPM, return on assets ROA, return on equity ROE, and earnings per share EPS on the stock price. The study applies the multiple regression analysis. Findings confirm the CR, NPM, ROA, EPS and ROE had joint and simultaneous control over the stock price.

Another related study Innocent et. al., (2020) determined the relationship among debt to equity ratio, assets turnover rate, book value per share and stock prices of firms in the Nigerian stock market. The study evaluated data from financial statements of 23 manufacturing companies. The study applied Ordinary Least Square method on cross sectional data that represented 10 years form 2008 till the end of 2017. The study inspected the legitimacy of the fixed, pooled, and random effects models. Accordingly, the result of the fixed effect model was accepted. In-turn, findings proved debt to equity ratio and assets turnover rate had positive effect while book value per share was the opposite on the stock prices. Thus, there was substantial relationship between accounting information and stock prices.

Also, the Nazir, et. al., (2020) research paper attempted to measure the relationship that existed among the stock price, book value/share B/S, dividend per share DPS, gross domestic product GDP, earning per share EPS, and interest rate. The financial reports were used to obtain numerical data of 16 nonfinancial institutions recorded on the Pakistan Stock Exchange Pakistan all throughout 2007 - 2016. Findings reveal a positive relation among EPS, DPS interest rate and stock price.

Similarly, Arefin & Pervin, (2016) study aimed to reveal the impact of firm financial performance on their stock price. The financial performance is the independent variable represented by net asset value per share NAVPS, earnings per share EPS, and return on common stock equity ROCE. The multiple regression analysis evaluated the dependent and independent variables. Findings showed weak linear impact of NAVPS, EPS, and ROCE on market price of pharmaceutical and chemical industries operating in Bangladesh.

Correspondingly, the Sayar & Tokdemir, (2018) study tests the effects of mandatory Integrated Reporting IR implementation on companies listed in the Johannesburg Stock Exchange South Africa. The study applies panel data analysis for numerical data collected from financial reports of non-financial institutions during 2007 – 2016. Findings confirmed the existence of statistically meaningful association between firm share price and earnings per share when considering mandatory Integrated Reporting.

In the same line, the work of Häger & Karlsson, (2021) tested the relationship among dividend per share DPS, earnings per share EPS and the share price of publicly listed companies known as tenbaggers located in the Nordic region (Sweden, Norway, Denmark, Finland, and Iceland) for 10 years. The multiple linear regressions tested the dependent and independent variables. Outcomes of the tests undertaken in the study proved significant positive influence of EPS on the share prices.

The previous Sihaloho & PS, (2021) study aims to analyze the power of earning per share EPS, price to book value PBV, and price earnings ratio PER against the stock price with firm size demonstrating a moderator variable. Numerical data is collected from the financial statements for the period 2015-2020 of 32 manufacturing companies operating in the food and beverage division. This sample was registered on the Indonesia Stock Exchange. The multiple regressions investigate the independent and dependent variables. The results showed PER had no effect. However, PBV and EPS had a significant positive effect, as well as, EPS with PBV.

Respectively, the Sunaryo, (2020) study analyzed the impact of dividend per share DPS and earnings per share EPS on the stock price of 19 automotive and spare parts companies recorded on the Southeast Asian Stock Exchange from 2014 till the end of 2018. Results of the multiple linear regression analysis conveyed the insignificant effect of DPS on the stock prices as opposed to the significant effect of the EPS.

The purpose of the Idawati & Wahyudi, (2014) study was to empirically demonstrate the relationship among stock prices, return on assets ROA, and earnings per share EPS of nonfinancial institutions disclosed in the Indonesia Stock Exchange IDX. The panel data analysis examines the numerical data for the dependent and independent variables. After comparing pooled, fixed and random effects models evidence proved

fixed effect most appropriate. Thus, outcomes indicate that EPS and ROA had a positive association with stock price.

Correspondingly, in the Neupane, (2020) study the independent variables represented price earnings P/E ratio, book value per share BPS, dividend per share DPS, and earning per share EPS while the dependent variable was the stock price. Numerical data was collected from the financial reports of a sample of four manufacturing institutions registered in the Nepal stock exchange NEPSE. The causal-comparative and descriptive research schemes evaluated the numerical data. Findings indicated the BPS and DPS had substantial negative effect on the stock price. However, the P/E ratios and the EPS had mutual irrelevant impact.

The related Mirzaldi et. al., (2021) investigated the relationship among the variables stock price, dividend yield, and earning per share EPS. The stock price represented the dependent variable in the study while the dividend yield represented the independent variable in addition the earnings per share EPS was the intervening variable. Secondary data was gathered for 22 industrial institutions registered on the Indonesia Stock Exchange in the LQ45 index during 2015-2019. Statistical data analysis was measured using smart PLS (Partial Least Square) software. Results proved that the dividend yield had a major negative influence on the stock price. Results also proved that the dividend yield had a positive impact on the intervening variable EPS.

Another related study Raza, et. al., (2021) explored the influence of macro variables represented by GDP and INF, as well as, micro variables represented by (EPS, LNFS, DPS and BVS) on share price of 62 textile institutions recorded on the Pakistan Stock Exchange (PSX) during 2009 - 2017. This paper applied panel data analysis. The statistical tests used were fixed effect model, correlation matrix, Breusch and Pagan LM check, pooled OLS, Hausman test as well as descriptive statistics. Results of the statistical tests implied that EPS, BVS, LNFS and GDP had significant positive relationship with share price. However, DPS and INF were irrelevant.

The Elsheikh, et. al., (2021) paper inspected the relationship among earning per share EPS, dividends per share DPS and stock price. Numerical data from the financial statements of a sample of non-financial firms was

evaluated. This sample was recorded in the Saudi Stock Exchange (Tadawul) from 2015 till the end of 2018. Multiple regression models were applied. The outcome showed a major effect of DPS and EPS on the stock price. More specifically, opposed to DPS, the EPS was more influential on stock price. That is to say, investors were more prone to using EPS rather than DPS.

Similarly, the Asp, (2016) study evaluated value relevance of book value of equity and earnings per share EPS to the stock price of 12 automotive & components firms registered on the Indonesia Stock Exchange IDX from the beginning of 2011 all the way till the end of 2013. Multiple regressions were used. The outcomes implied that both book value of equity and EPS were relevant to measure firm value. Accordingly, the investor must consider the values of book value of equity and EPS in making investment decisions. Thus, it is essential to measure the potential accepted revenue.

Relevantly, the Kalama, (2013) study examined the association concerning the share prices and earnings of 42 non-financial institutions registered on the Nairobi Securities Exchange (NSE) during 2007 - 2012. Moreover, the control variables were represented by price/earnings P/E ratio, price to book value ratio PBV, payout ratio POR, and dividend per share DPS. Multiple linear regression analysis was applied to evaluate the relationship among the dependent, independent and control variables. Results prove an important positive connection concerning share prices and earnings. In addition, DPS and PBV were significantly correlated with share price. The DPS had a stronger significant positive relationship with share price than EPS. The POR and P/E proved to be irrelevant.

The purpose of the Hidayat, et. al., (2020) study was to explore the weight of debt to equity ratio D/E ratio, earning per share EPS, in addition to return on assets ROA on stock price. Secondary data was gathered from the financial reports of the manufacturing firms recorded on the Indonesia Stock Exchange from the beginning of 2015 till the end of 2017. The multiple linear regression analysis tests the independent and dependent variables. The results explained that EPS had direct influence on stock prices. However, DER and ROA do not affect the stock price.

Likewise, Pallathadka, (2020) aimed to study the power of net worth, earning per share EPS, dividends per share DPS, price/earnings P/E ratio, and current ratio on the share price of top 5 publicly registered performing IT companies in India. The results suggested EPS and P/E ratio affect most of the share prices.

By the same token, the Badruzaman, (2020) study aimed to determine earning per share EPS and return on equity ROE effects on stock prices of 57 firms excluding banks and insurance companies recorded on the Japan Stock Exchange during 2018. Based on the results, it was inferred that stock prices were positively affected by EPS. Furthermore, ROE had a negative effect on stock prices.

The related Toly, (2009) studied the importance of some accounting ratios on stock price of a sample of nonfinancial establishments listed in the Indonesia Stock Exchange ISX under the LQ45 index. More specifically, the accounting ratios were proxied by return on assets ROA, earning per share EPS, book value per share plus the dividend payout ratio. Numerical financial data was gathered from the financial statements for five years from 2002 till the end of 2006. The panel-data regression model was utilized to examine the independent and dependent variables. The results of the study revealed that the ROA, EPS, dividend payout ratio, and book value per share were all of significance to the stock price.

An alternative related study Agrawal & Bansal, (2021) examined the causality concerning stock price as well as earnings per share EPS in the Indian stock market. The regression analysis was applied with the help of Eviews for a sample of 115 listed non-financial companies. Secondary data was collected for 19 years. Outcomes indicated EPS and stock price had significant relationship.

The Chang, et. al., (2008) study, investigated the stock prices and earnings per share EPS association. The panel co-integration methods examined the dependent and independent variables. The empirical results demonstrated existence of long-run co-integration relationship between stock prices and EPS. Furthermore, EPS had a weak influence on the firm stock price when the growth rate was high. However, EPS had a strong influence on the firm stock price when the growth rate was low.

Thus, literature above demonstrated diverse studies prepared on several corporate contexts of different countries (South Africa, India, Indonesia, Pakistan, Nigeria, japan, Bangladesh, Nepal, Saudi Arabia, Kenya, South East Asia, and Nordic region). The study aimed to detect different variables such as (EPS, ROE, NPM, CR, ROA, BPS, DPS, NAVPS, PBV, ROCE, P/E ratio, D/E ratio, asset turnover rate, payout ratio, dividend yield, book value of equity, GDP, interest rate, and inflation rate) that affect the stock price of emerging Egyptian business context. There was unanimous agreement (Agrawal & Bansal, 2021; Raza, et. al., 2021; Elsheikh, et. al., 2021; Häger & Karlsson, 2021; Sihaloho & PS, 2021; Hidayat, et. al., 2020; Pallathadka, 2020; Badruzaman, 2020; Sunaryo, 2020; Nazir, et. al., 2020; Robbetze et. al., 2017 ASP, 2016 Hidayat, 2016 Segoro & Andrian, 2014; Idawati & Wahyudi, 2014; Toly, 2009; Chang, et. al., 2008) that the EPS was the most positively influential determinant on the firm stock price. Never the less, there was literature (Neupane, 2020; Arefin & Pervin, 2016; Kalama, 2013) that confirmed EPS to have an insignificant impact on stock price. In addition, (Kalama, 2013) proved DPS had significant positive impact on stock price.

Accordingly, a modest review of literature, revealed that no study had been made that evaluated the relationship among the Generating Power of Cash and its components along with EPS on Stock Price in light of Egyptian Accounting Standards EAS No. 4 amended and EAS No. 22 amended.

The following question aroused:

Q- Do Generating Power of Cash and its components and EPS impact firm Stock Price in Egypt?

From here the succeeding hypotheses evolved:

H1 a significant association between EPS and stock price exists

H2 a significant association among the Generating Power of Cash its components and Stock Price exists

Study Methodology

This study evaluates the influence of EPS and GPC and its components financing, operating, and investing cash flows on stock price in light of Egyptian Accounting Standards EAS No. 4 amended and EAS No. 22 amended in the emerging Egyptian business environment. The study used numerical data from 38 non-financial firms for 5 years corresponding to 190 firm year observations during 2017-2021. The study applies the panel data method. The designated sample of firms are listed on the EGX 100, have yearly financial statements, not discontinued during the study period, run in cash, currency is recorded in the Egyptian pound, and have complete data. The study applied multiple regressions. It applied fixed effect, random effect, and pooled models. The dependent variable was the stock price. The independent variable was the generating power of cash GPC and earnings per share EPS.

The independent variables were EPS X_1 and generating power of cash GPC X_2 (represented by the equation operating cash flow OCF X_3 divided by operating cash flow OCF X_3 plus investing cash flow ICF X_4 plus financing cash flow FCF X_5). Thus the independent variable is composed of operating cash flow, investing cash flow, and financing cash flow. The dependent variable was stock price Y_1. The study measures a 5% standard error.

Step one: the Fixed Effect and Pooled models are evaluated by F-test. If prob (0.0000) is less than 5% the Fixed Effect model is best. If prob (0.0000) is more than 5% the pooled model is best.

Step two: in case the Pooled model is best from step two do not continue.

Step three: in case the preference goes to the Fixed Effect model from step two, it is evaluated along with the Random Effect model by using the Hausman test.

Step four: If there is proof that prob (0.0000) is less than 5% priority goes to Fixed Effect model. If there is proof prob (0.0000) is more than 5% the Random Effect model is preferred.

The basis is:

$$y_{it} = \alpha_{oi} + \beta_{it} X_{it} + E_{it} \quad (1)$$

y_{it}: dependent variable, accompanied by unit i, over period t

α_{oi}: fixed term for sample i

$\beta_{it} X_{it}$: independent variable and slope

E_{it}**:** random error

This statistical analysis is to identify which of the Random Effect, Pooled, Fixed Effect models is most likely to demonstrate the influence of the EPS and the generating power of cash GPC (represented by the equation operating cash flow OCF divided by operating cash flow OCF plus investing cash flow ICF plus financing cash flow FCF) on stock price. This relation can also be represented by the impact of X_1 and X_2 (represented by X_3 / X_3 + X_4 + X_5) on Y_1.

The results of these models are shown in the following tables:

Evaluating the Impact of EPS X_1 and GPC X_2 on SP Y_1

The Fixed Effect and Pooled models are evaluated by F-test.

Table 1: X_1 and X_2 on Y_1 F-test			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.406136	(37,150)	0.0000

Results of SPSS

From Table 1 above, result of the F-test implies Fixed Effect model is superlative in comparison to Pooled Model because prob (0.0000) is below (0.05) or 5%. The Fixed Effect model is evaluated along with the Random Effect model by considering the Hausman test.

Table 2: X_1 and X_2 on Y_1 Hausman test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	26.189680	2	0.0000

Results of SPSS

From Table 2 above, the Hausman examination results imply that the Fixed Effect model is preferred compared to the Random Effect model because prob (0.0000) is less than (0.05) or 5%. Thus, the Fixed Effect model best represents the relationship between the X_1, X_2 and Y_1.

Table 3: X_1 and X_2 on Y_1 Fixed Effect model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.57524	0.193651	70.10160	0.0000
X_1	0.433927	0.158718	2.733960	0.0070
X_2	-6.18E-06	1.52E-05	-0.405592	0.6856

Results of SPSS

According to the Fixed Effect model represented in Table 3 above, there is a significant impact of the X_1 prob (0.0070) less than 0.05 or 5% on Y_1. This result similarly agrees with (Agrawal & Bansal, 2021) that argues the EPS has a significant positive influence on the firm share price. The relationship is positive coef (0.433927). It can be inferred from Table 3 above there is no impact of the X_2 on Y_1 because X_2 prob (0.6856) is more than 0.05 or 5%. This result agrees with (Neupane, 2020) that confirms no effect of GPC on the firm share price.

Evaluating the Impact of EPS X_1 and OCF X_3 on SP Y_1

The Fixed Effect and Pooled models are evaluated by F-test.

Table 4: X_1 and X_3 on Y_1 F-test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.462131	(37,150)	0.0000

Results of SPSS

From Table 4 above, result of the F-test implies that the Fixed Effect is preferable compared to the Pooled Model because prob (0.0000) is below (0.05) or 5%. So, continue to the next step. The Fixed Effect model is evaluated along with the Random Effect model via Hausman test.

Table 5: X_1 and X_3 on Y_1 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	27.061988	2	0.0000

Results of SPSS

From Table 5 above, the numerical outcome infers the Fixed Effect model is better than the Random Effect model because prob (0.0000) is less than (0.05) or 5%. Thus, the fixed effect model best represents the relationship between the X_1, X_3 and Y_1.

Table 6: X_1 and X_3 on Y_1 Fixed Effect model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.51379	0.195199	69.23091	0.0000
X_1	0.431259	0.158792	2.715869	0.0074
X_3	0.000219	0.000140	1.566413	0.1194

Results of SPSS

According to the Fixed Effect model represented in Table 6 above, there is a significant impact of the X_1 prob (0.0074) less than 0.05 or 5% on Y_1. This result correspondingly agrees with (Raza, et. al., 2021) that the EPS has a significant positive impact on the firm share price. The relationship is positive coef (0.431259). It can be inferred from Table 6 above there is no impact of the X_3 on Y_1 because X_3 prob (0.1194) is more than 0.05 or 5%. However, according to Lumbanraja (2018) study, cash flow from operating activities positively affect stock price.

Evaluating the Impact of EPS X_1 and ICF X_4 on SP Y_1

The Fixed Effect and Pooled models are evaluated by F-test.

Table 7: X_1 and X_4 on Y_1 F-test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.171199	(37,150)	0.0000

Results of SPSS

From Table 7 above, results of the F-test implies proves Fixed Effect model more advantageous than the Pooled Model because prob (0.0000) is below (0.05) or 5%. Thus, moving on to the next step Fixed Effect model is evaluated along with the Random Effect model by using the Hausman test.

Table 8: X_1 and X_4 on Y_1 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	26.965297	2	0.0000

Results of SPSS

From Table 8 above, result of the Hausman test implies Fixed Effect model is more appropriate than the Random Effect model because prob (0.0000) is under (0.05) or 5%. Thus, the fixed effect model best represents the relationship between the X_1, X_4 and Y_1.

Table 9: X_1 and X_4 on Y_1 Fixed Effect model				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.49212	0.255176	52.87388	0.0000
X_1	0.430625	0.156745	2.747297	0.0067
X_4	-0.000357	0.000586	-0.609135	0.5434

Results of SPSS

According to the Fixed Effect model represented in Table 9 above, there is a significant impact of the X_1 prob (0.0067) less than 0.05 or 5% on Y_1. This result respectively approves with (Elsheikh, et. al., 2021) that the EPS has a significant direct influence on firm share price. The relationship is positive coef (0.430625). It can be inferred from Table 9 above there is no impact of the X_4 on Y_1 because X_4 prob (0.5434) is more than 0.05 or 5%. This result agrees with (Arefin & Pervin, 2016) that the GPC and its components, represented by operating, financing, and investing cash flows, do not impact firm share price.

Evaluating the Impact of EPS X_1 and FCF X_5 on SP Y_1

The Fixed Effect and Pooled models are evaluated by F-test.

Table 10: X_1 and X_5 on Y_1 F-test			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.681610	(37,150)	0.0000

Results of SPSS

From Table 10 above, result of the F-test implies Fixed Effect model is better than the Pooled Model because prob (0.0000) is under (0.05) or 5%. In turn, when proceeding to the following step Fixed Effect model is evaluated along with the Random Effect model by using the Hausman test.

Table 11: X_1 and X_5 on Y_1 Hausman test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	26.171729	2	0.0000

Results of SPSS

From Table 11 above, numerical outcomes imply that the Fixed Effect model is suitable than the Random Effect model because prob (0.0000) is less than (0.05) or 5%. Thus, the fixed effect model best represents the relationship between the X_1, X_5 and Y_1.

Table 12: X_1 and X_5 on Y_1 Fixed Effect model				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.58317	0.196116	52.87388	0.0000
X_1	0.424085	0.158248	2.747297	0.0082
X_5	-0.000248	0.000586	-1.029570	0.3049

Results of SPSS

According to the Fixed Effect model represented in Table 12 above, there is a significant impact of the X_1 prob (0.0082) less than 0.05 or 5% on Y_1. This result is parallel to the results of the (Häger & Karlsson, 2021) study that confirms the EPS has a significant positive influence on firm share price. The relationship is positive coef (0.424085). It can be inferred from Table 12 above there is no impact of the X_5 on Y_1 because X_5 prob (0.3049) is more than 0.05 or 5%. This result agrees with (Kalama, 2013) that the GPC and its components, represented by operating, financing, and investing cash flows, do not impact firm share price.

Evaluating the Impact of EPS X_1, OCF X_3, ICF X_4 and FCF X_5 on SP Y_1

According to the previous related Lumbanraja (2018) study, investigation of cash flows plays a progressively vital part in the study of business operations and firm economic performance.

The Fixed Effect and Pooled models are evaluated by F-test.

Table 13: X_1, X_3, X_4 and X_5 on Y_1 F-test			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.817308	(37,148)	0.0000

Results of SPSS

From Table 13 above, result of the F-test implies the Fixed Effect model is because prob (0.0000) is below (0.05) or 5%. The Fixed Effect model is evaluated along with the Random Effect model by using the Hausman test.

Table 14: X_1, X_3, X_4 and X_5 on Y_1 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	26.821788	4	0.0000

Results of SPSS

From Table 14 above, result of the Hausman test implies the Fixed Effect model is prefered because prob (0.0000) is less than (0.05) or 5%. Thus, the fixed effect model best represents the relationship between the X_1, X_3, X_4 and X_5 on Y_1.

Table 15: X_1, X_3, X_4 and X_5 on Y_1 Fixed Effect model				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.57290	0.286426	47.38705	0.0000
X_1	0.398826	0.161761	2.465524	0.0148
X_3	-0.001165	0.000901	-1.293418	0.1979
X_4	-0.001491	0.001111	-1.341610	0.1818
X_5	-0.001288	0.000937	-1.373567	0.1717

Results of SPSS

According to the Fixed Effect model represented in Table 15 above, there is a significant impact of the X_1 prob (0.0148) less than 0.05 or 5% on Y_1. This result resembles to (Sihaloho & PS, 2021) that infers the existence of a significant positive impact EPS on firm share price. The relationship is positive coef (0.398826). It can be inferred from Table 15 above there is no impact of the X_3 prob (0.1979) on Y_1, X_4 prob (0.1818) on Y_1, X_5 prob (0.1717) on Y_1 because probabilities are more than 0.05 or 5%. These results are identical with those in the literature of (Neupane, 2020; Arefin & Pervin, 2016; Kalama, 2013) that prove the GPC and its components, represented by operating, financing, and investing cash flows, have no impact on the firm share price.

Thus the overall findings imply the generating power of cash GPC X_2 and its components do not affect firm stock price SP. However, the earnings per share EPS has a significant positive influence on firm stock price Y_1. The Häger & Karlsson (2021) study describes how that EPS is one of the most important and appropriate variables when expressing the

influence on share price movements. On the contrary, (Kalama, 2013) proves that dividends per share DPS has a significant positive impact on the firm stock price.

Conclusion

Financial reports are an important resource, especially for the shareholders, and other company's interest groups, which based on the presented accounting information, assess the company's performance. The Toudas et. al., (2022) study investigates the significance of financial statements analysis subsequent to the implementation of International Accounting Standards IAS. Moreover, the study illustrates the formulation of the Cash Flow Statement. The outcomes of the study confirm that investigating the application of the cash flow adds to the appreciation of the business firm's aptitude to generate cash and cash equivalents through operations. The cash flow statement presents the amount of money generated from operating, investing and financing activities. The cash generated from each activity is very important for the company to know. The cash flow statement will assess how much each of these activities contributes to cash in the company.

Previous literature (Agrawal & Bansal, 2021; Raza, et. al., 2021; Elsheikh, et. al., 2021; Häger & Karlsson, 2021; Sihaloho & PS, 2021; Hidayat, et. al., 2020; Pallathadka, 2020; Badruzaman, 2020; Sunaryo, 2020; Nazir, et. al., 2020; Robbetze et. al., 2017 ASP, 2016 Hidayat, 2016 Segoro & Andrian, 2014; Idawati & Wahyudi, 2014; Toly, 2009; Chang, et. al., 2008) made in the business environments of different countries (South Africa, India, Indonesia, Pakistan, Nigeria, Japan, Bangladesh, Nepal, Saudi Arabia, Kenya, South East Asia, and Nordic region) that examined the impact of different variables such as (EPS, ROE, NPM, CR, ROA, BPS, DPS, NAVPS, PBV, ROCE, P/E ratio, D/E ratio, asset turnover rate, payout ratio, dividend yield, book value of equity, GDP, interest rate, and inflation rate) on the firm stock price. Results confirm that the EPS is by far the most positively influential determinant.

The objective is to study the effect of the Generating Power of Cash and its components of operating, financing, and investing, cash flows and

EPS on firm stock price in light of Egyptian Accounting Standards EAS No. 4 amended and EAS No. 22 amended by applying the multiple regressions.

Findings of the study on hand imply the generating power of cash GPC and its components do not affect firm stock price SP. However, the earnings per share EPS has a significant positive impact on the firm stock price. Results of this study specify the determinants that have a positive influence on the stock price of the business firms listed in the Egyptian stock market. These results should help investors to examine how firm stock price react to GPC and EPS when making financial decisions. Steady and strong net operating cash flow is an indication of high worth of earnings that can simply affect the progression of share prices. When demonstrating decent financial performance, business firms are inclined to be of interest to creditors, investors, and other interested parties.

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