Original Article

Mediating Effect of Inflation on the Relationship between Cash Flow Accounting Information and Share Prices of Listed Firms in Nigeria

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Abstract: In addition to analyzing the mediating role of inflation on the links between cash flow and share prices of firms listed on the Nigerian Exchange Limited (NGX), this study also assesses the impact of cash flow on share prices of listed companies in Nigeria. The study makes use of information gathered from a sample of 75 companies chosen at random from the Nigerian exchange. The results of the regression analysis and structural equation model (SEM) analytical techniques show that the share price of companies listed on the Nigerian Exchange Limited is significantly negatively impacted by net cash flow per share and that inflation has no significant impact on this relationship. As a result of its effects on share price, the study advises investors in shares to pay closer attention to cash flow accounting data in order to effectively and efficiently manage their investments. Reiterating that there is a requirement to record the individual impact of inflation on all the accounting information, including cash flow accounting information, despite the fact that inflation does significantly mediate the relationship between cash flow and share price.

Keywords: Cash flow, Inflation, Share price.

I. INTRODUCTION

One of the constituent part of general purpose financial statement according to IAS 1 is the statement of cash flow. Cash flow statement measures how cash and near cash items of a company are utilized by management. Because investors have a well-established notion of the relationship between cash flow and the value of a firm, it is consequently seen as a reliable source of information for the appraisal of future liquidity of a company and, subsequently, their share value (Abu Al-Rab (2019).

Consequence to the vital role of the capital market, the need for continuous research of the capital market becomes imperative. Further to this, among the activities of the capital market, trading in shares stand out as very important. This goes to make the study of share price more desirous. Additionally, the relevance of quality information to the world is equally attracting attention in recent time and more specifically accounting information communicating economic and monetary information has a way of influencing the behaviour of investors whose activities make the capital market vibrant (Lucia & Grigoras, 2016). This has equally made the need for study in share prices as well as accounting information more imperative. As a result, numerous studies in this crucial area of human endeavour have been carried out, though few in emerging economies and where they are, the scope is constrained to the relationship between accounting fundamentals and share price without taking other economic factors like inflation into account. These have enhanced the need for research of this kind, particularly given that the world economy is still highly competitive and is currently going through a period of high inflation as a result of the terrible COVID 19 pandemic and the ongoing Russia-Ukraine war.

In established markets like the USA and the UK, such as share price reaction to information content of accounting statements disclosure, have been tested on several occasions (Menike & Prabath, 2014). The information content hypothesis and the efficient market hypothesis (EMH) are generally supported by the findings of these investigations. Testing market responses to information in emerging markets is therefore difficult because these markets are characterized by a sizable number of inexperienced and poorly informed investors, low liquidity levels, a weak institutional and institutional framework, and operational bottlenecks. Furthermore, it is difficult because of significant price volatility, which results from politically and economically unpredictable macroeconomic conditions.
Mulenga and Bhatia (2017) assert that accounting information plays a very important role in the communication of wealth of businesses to owners, investors, and potential investors through the financial statements of companies. The aim or objective of accounting information is to provide information about company performance, financial position, and to enable users to make informed decisions. This is in addition to the aforementioned necessity for research in share price as an output of capital market research. Satisfactory accounting information is vital for the effective working of capital markets viz a viz share prices and by extension economic growth of a nation. One of the major sources of information for investors and potential investors alike is financial statements which supplies accounting information in form of earnings, dividends, book value, cash flow and other vital information required by investors.

According to Meir et al. (2020), accounting information contains quantitative, structured, formal, audited, numerical, and past-oriented material reporting of a company's activities. From a historical perspective, accounting information is crucial to a company's success or failure. Similar to how Jackson and Sawyers (2018) view accounting information, but extending the aforementioned definition, they see it as quantitative and non-quantitative data on corporate entities that is used by a variety of decision-makers. From the above opinion, accounting information stands as the periodic quantitative and non-quantitative information releases by firms or organizations to be used by various stakeholders. Again, accounting information means the process by which economic events are measured and communicated to respective stakeholders (Osundina et al., 2016).

The purpose of this study is to determine whether inflation has any kind of mediating effect on the relationship between cash flow and share price of companies listed in the Nigerian Exchange Limited (NGX), as well as to examine the impact of cash flow on share prices of companies listed in the Nigerian Exchange Limited (NGX). Based on the aforementioned goals, the following hypothesis was put forth:

i. \( H_0 \): On the share prices of listed businesses on the NGX, Net Cash Flow Per Share has no appreciable impact.

ii. \( H_1 \): The link between Net Cash Flow Per Share and Share Prices of Listed Companies in the NGX is not significantly moderated by Inflation.

II. REVIEW OF RELATED LITERATURE

A study of the literature that focuses on the ideas of cash flow, share prices, and inflation will also be discussed under this subsection, as well as other empirical relationships between the variables.

A) Concept of Cash Flow

For the sake of this study, the cash flow statement is distorted by cash flow per share, and the assessment of a company's financial potential is the after-tax profits plus depreciation on a share-per-share basis. Comparatively speaking, financial analysts pay more attention to cash flow than they do to earnings per share. Cash flow per share is more difficult to manipulate than earnings per share, making it a more accurate measure of the health and viability of a given company model.

According to Scot (2020), cash flow per share is computed as a ratio that shows how much money a firm produces based on its net profit after adding back the costs of depreciation and amortization because these costs actually involve the movement of money into or out of the company. Amuzu (2018) in his own study opined that cash flow per share is an effective tool in predicting corporate failure and as a result investors give apt attention to the cash flow situation in firms.

Additionally, cash flow per share concentrates on the amount of operating cash flow that is available to common shareholders following dividend payments. It has a corresponding denominator that is used to figure out earnings per share. However, compared to the conventional earnings per share, cash flow for each share of a corporation reduces the effects of numerous possibilities for accounting for assessment of reported income. As a result, cash flow per share provides a good place to start when analyzing significant changes that may be occurring within a firm during a specific time frame. In contrast to investors, it can seem that auditors and accountants are less interested in it. To ascertain cash flow per share, the following calculation is adopted:

\[
\text{Cash Flow per Share} = \frac{\text{(Operating Cash Flow} – \text{Preferred Dividends)}}{\text{Common Shares Outstanding}}.
\]

B) Inflation

Inflation is a persistent rise in the average price of goods and services that ultimately leads to a loss of buying power and disruption of the economy. Every nation in the globe must pay attention to inflation because of its damaging repercussions, which include the redistribution of money to the benefit of property owners and the loss of wages and salaries, as well as the rise in uncertainty and instability in macroeconomics.

Amadeo (2019) defines inflation as a long-term trend of rising prices for goods and services. In the field of economics, inflation is defined as a long-term, steady increase in the average price of goods and services across an economy. Each unit of currency can only purchase a smaller number of goods and services as the general price level rises. Therefore, inflation is a loss
of real value in the money used as a medium of exchange and a unit of account within the economy. It also indicates a decrease in the purchasing power per unit of money.

Deflation, a continuous drop in the general level of prices for goods and services, is the reverse of inflation. The annualised percentage change in a broad price index, typically the consumer price index, over time, known as the inflation rate, is the most widely used indicator of inflation. In a similar spirit, Chen (2019) asserted that inflation is a measurement of the rate of decrease in an economy's overall price level of goods and services over time. A unit of money now buys less than it did in earlier periods because of the ongoing increase in the general level of prices. Inflation, which is frequently stated as a percentage, shows a decline in the value of a country's currency. Not all price increases are due to inflation, according to Kwofie and Ansah (2018). Inflation, according to him, is an increase in the overall price level that is persistent and noticeable and must be sustained over time in order to qualify as inflation. The increase must be permanent and should impact practically all market commodities.

The following methods of measuring inflation were provided by Fatukasi (2017): the implicit deflator of the gross national product (GNP), which is a measurement of the cost of all the goods and services included in the gross domestic product (GDP); the consumer price index (CPI); and the wholesale or producer price index (WPI or PPI). The WPI and CPI period-to-period change are regarded as the direct measurements of inflation.

The pervasiveness of inflation, especially in a developing country, and the devastating effects it has on many economies is one of the reasons for the relevance of inflation accounting (Cenap, 2019). According to Kaplan (2018), in a related development, South American countries experienced hyperinflation that increased by thousands of percentage points annually and disrupted economic activity and popular incomes in a way that hasn't been matched by recent changes in business cycles. Again, Zimbabwe recorded an inflation rate of 417.823% in March 2008, as a result of its return to harmonized government which include presidential, senate and parliamentary elections (Coomer & Gstraunthalter, 2011). These sets of hyper inflationary rates put a big question on the relevance of financial statements prepared on the assumption of stable monetary unit thereby justifying the rising need for inflation accounting reporting system. Further to these, Aziz (2012) found out that countries experiencing high rates of inflation tend to devalue their local currency in an attempt to make their products competitive in the international markets. Though, this policy may have worked for countries, it is not always the case especially with countries that are bond to the export of primary product like petroleum (Oluwoje & Ayodeji, 2019).

There are various dimensions to the classification of inflation. One of such classification is according to its magnitude. According to Alade (2017) added that there are essentially only two drivers of inflation: demand-pull and cost-push. But historically, a significant amount of economic writing focused on the issues of what drives inflation and its consequences. There are various schools of thought regarding what causes inflation. The majority of them fall into one of two categories: quality theories of inflation or quantity theories of inflation. While the quantity theory of inflation relies on the quantity equation of money, which connects the money supply, its velocity, and the nominal value of exchanges, the quality theory of inflation is based on the expectation that a seller accepting money will be able to exchange that money for goods they desire as a buyer later.

Currently, the quantity theory of money is widely acknowledged as a reliable long-term inflation model. There is now widespread agreement among economists that, over the long run, the inflation rate largely depends on how quickly the money supply is expanding relative to how quickly the economy is growing. Inflation may, however, be impacted in the short and medium term by economic pressures on supply and demand as well as the relative elasticity of wages, prices, and interest rates.

The main point of contention between monetarist and keynesian economists is whether the short-term impacts persist long enough to be significant; however, this study does not address this issue.

C) Share Price

The activities of capital market in general is driven by the forces of demand and supplies. It is a place for trading in securities and for every trading activity there must be an exchange of value in form of price. The price or worth of a single share of many marketable shares of a company, derivative, or other financial asset is referred to as the share price or share value. A layperson might define the share price as either the most money someone is prepared to spend on a stock or the cheapest price at which it may be purchased. According to Afolabi and Dada (2014), the supply and demand for a share at any one time determine whether the price of a share rises or falls. The amount of shares that investors and potential investors are willing to buy or sell at any one time, as well as their ability to do so, are indicated by the demand and supply. The economic law of demand is also applicable to share trading, meaning that when the supply is more than the demand there is a tendency that the price of such share will drop because of the excess of supply over demand. In a similar way, when the demand exceeds
The rise and fall in share prices is a continuum, therefore, investors can gain or lose depending on when they decide to sell or buy shares.

Varul (2016) noted that this means that determining a value in exchange or pricing can be found in the earliest trades in antiquity. Even though they were impromptu, tablets from Sumerian culture that recorded the cuneiform count of sheep show that livestock marketplaces existed almost 3,000 years ago. In the early stages of the evolution of valuing a corporation as a going concern, private form prices were expressed similarly to how other commodities prices were expressed, but in different units.

The development of three major units and the resulting price ratios price per unit of earnings based on the statement of comprehensive income, price per unit of net worth or book value based on the statement of financial position, and price per unit of cash flows based on the statement of cash flows followed Luca Pacioli's invention of double entry principles in 1494 and its subsequent improvement. Even though these priceings were not scientific in nature, they provided an improvement in the pricing of shares. Subsequent advancement emphasized the pricing of shares of business venture or companies as against the pricing of the whole company experienced in the preceding advancement in share pricing. This second era in the evolution of share pricing also witnessed the establishment of stock exchanges for share of joint stock companies. In the 16th century, the Amsterdam Stock Exchange played a significant role in the development of share prices.

The transition from heuristic to scientific pricing measures marks the third phase of share price progression. The Dividend Discounted Model (DDF) was created using the Discounted Cash Flow (DCF) methodologies, which are based on the time value of money and the theory of interest. In more precise words, discounted cash flow techniques are used to ascertain the inherent worth of an investment asset of a given company at a particular period rather than price. It should be noted that company valuation process differs from share pricing process but discounted cash flow value can be used as a good estimate of fair prices for shares because discounted cash flow techniques of valuation are scientific and scientific valuations are more rational and accord more relevance to information from them as compared to the non-scientific method.

The change from using price ratios to scientific pricing models and from pricing stock shares in a single firm to portfolio pricing of stocks in several companies was emphasised in the fourth stage of share pricing evolution. In the year 1952, Harry Markowitz developed Modern Portfolio Theory (MPT), and in 1964, Sharpe William developed the Capital Asset Pricing Model (CAPM). Although MPT and CAPM are scientific in nature, they are only useful for stock portfolios rather than specific companies.

The scientific approach of portfolio pricing gave way to pseudo-scientific return models of stock portfolio pricing in the fifth stage of the evolution of share price. This way of pricing portfolio stock, which is related to the second phase, was similar to what is possible in the private markets for closely held corporations, but with a switch from unit prices to price yields. This step also demonstrates that whereas price yields or yields on price have the share price as the denominator, unit prices have the firm price as the numerator. This suggests that price yields are inversely correlated with unit prices.

The stages in share price do not follow in a sequential and progressive order, unlike the phases in a biological evolution. The existence of one can co-exist with the previous stage without extinction and can be regressive.

D) Cash Flow and Share Price

Cash flow and its relationship with share price has attracted attention as indicated in previous studies. According to Abu Al-Rab (2019), the study revealed a direct correlation between cash flow, particularly from operating activities, and share prices, and on the basis of that it was advised that investors should concentrate on cash flow information when making investment decisions. Solely cash flow from operating activities, which represents a small fraction of the firm's total cash flow, was used in this study, which solely considers the banking sector of the economy. Similar to this, Al-Amoudi's (2011) earlier research indicated that there may be a direct correlation between percentage fluctuations in share market price and cash flow. Utomo and Pamungkas (2018) used a purposive sampling technique to collect 204 samples in order to study the association between cash flow activities and share prices of manufacturing companies in Indonesia. The findings suggest that while cash flow from investing activities has a negative impact on share prices, operational and financial cash flow has a favourable impact on share return. This study is also limited to a particular industry and the purposive sampling techniques can adversely affect the outcome of the study because of bias.

Khan et al. (2020) investigated the connection between cash flow and stock prices in Pakistan's oil and gas sector. The variables for the study were share price as a dependent variable and cash flow (operational, investment, and financial cash flow) as an independent variable utilising data from the five largest listed oil firms. The study found a substantial correlation between share prices and cash flows in the five biggest oil companies listed on the Pakistan Stock Exchange (PSX). An expanded investigation of this kind is necessary because the sample for this study was restricted to just the oil and gas sector of the economy, which may have had an impact on the study's findings.
Etale and Bingilar (2016) used the Nigerian banking sector to study the impact of cash flow on share price. Market price per share (MPPS), which served as a stand-in for share price and the dependent variable in the study, was utilised in conjunction with cash flow per share ratio (CFPS), one of the independent variables. Data were collected from a group of ten commercial banks through their annual financial statement for the period 2005 – 2014 and the result displayed that cash flow has a positive significant impact on share price in Nigeria banking industry. This is study is also limited to the banking sector which has a peculiar cash flow requirements from other sector of the economy and again, the non-consideration of other macro-economic concurrently with accounting information and share price makes this current study a necessity where the effect of inflation will be examined on the relationship between cash flow and share price.

III. METHODOLOGY

Because the type of data needed for the study is quantitative, the design for this study is quantitative. This makes it possible to analyze how the independent variable affects the dependent variable. The annual financial statements of a select group of businesses from across all segments of the Nigerian Exchange Limited were used to gather data for the study. A total of 75 companies were selected randomly using stratified random sampling method from a population of 162 listed as at 2020. The method of data analysis is regression analysis as well as structural equation modem for the mediation analysis.

IV. RESULTS AND DISCUSSION

Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Obs.</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price</td>
<td>687</td>
<td>13.4791</td>
<td>31.3248</td>
<td>0.17</td>
<td>275</td>
</tr>
<tr>
<td>Net Cash flow Per Share</td>
<td>687</td>
<td>0.0692</td>
<td>2.1485</td>
<td>-19.91</td>
<td>16.55</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>687</td>
<td>11.6670</td>
<td>2.7179</td>
<td>8</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Note. STATA 14 output (2023)

The determined mean, standard deviation, minimum, and maximum values for each of the study variables for the NGX 75 firms from 2011 to 2020 are shown in Table 1. However, some years were eliminated because of unavailability of data for those years. Table 1 also shows that the study uses 687 firm year observations. According to the descriptive data, the sampled enterprises' share prices were, on average, 13.4791 while the standard deviation was 31.3248. Since the standard deviation is much higher than the mean, this implies a significant range around the mean. This is supported by maximum of 275 and minimum value of 0.17.

The table also showed that the sample companies' net cash flow per share averaged 7%, which suggests that the company's net cash flow per share at the end of the year was quite low. The observed value, which is 214.85 percent standard deviation of net cash flow per share, implies that the mean value for proportion of net cash flow to shares exhibits a high dispersion from the mean. The result documented the minimum value of -19.91 and maximum value of 16.55. Table 1 also reveals that the inflation rate in Nigeria during the period of the study on average 11.6670 and standard deviation of 2.7179. This suggest that the data spread wide around the mean. It also, indicates that Nigeria inflation has not been stable throughout the study period. The study shows a minimum value of inflation rate of 8 and maximum of 16.5.

A) Correlation Analysis

This section analyses the degree to which each predictor variable and share price are related to one another. It also shows the extent of the association between a pair of explanatory variables. Aside the relationship, it also serves as first order test of presence of significant multicollinearity among the explanatory variables. This section presents the correlation coefficients in Table 2 for all samples in the entire research variables.

Table 2: Correlation matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>SP</th>
<th>NCFPS</th>
<th>IFTR</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>SP</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCFPS</td>
<td>0.0985</td>
<td>1.0000</td>
<td></td>
<td>1.78</td>
</tr>
<tr>
<td>IFTR</td>
<td>-0.0509</td>
<td>0.0146</td>
<td>1.0000</td>
<td>1.05</td>
</tr>
</tbody>
</table>

Note. STATA 14 output (2023)

The correlation coefficients between the study's independent factors and the dependent variable (share price) are displayed in Table 2. The correlation matrix is also displayed, along with numbers that represent the Spearman correlation coefficient between each pair of research variables. The choice of the Spearman correlation, over the Pearson correlation, ensue because the outcome of skewness and Kurtosis and Shapiro Wilk test indicate that the data are not normally distributed.
Table 2 show the sign of relationship between net cash flow per share and share price, it shows that NCFPS associate positively with share price, though the relationship is weak at correlation coefficient value of 10%. On the other hand, inflation rate associates negatively with share price. However, the relation is weak at correlation coefficient of 5%. This suggest that inflation rate and share price moved in separate way. An increase in inflation rate led to equal decrease in share price.

B) Normality of Residual

Table 3: Shapiro-Wilk W test for Normal Data

| Variable | Observation | W       | V       | Z       | Prob>|z| |
|----------|-------------|---------|---------|---------|------|
| Residual | 687         | 0.96749 | 7.020   | 6.166   | 0.08772 |

Note. STATA 14.0 Output (2023)

The Shapiro Wilk test was employed in the study to verify the normality assumption of the CLRM on the model's residuals. The swilk test, which asserts that the distribution's error term is normally distributed, has a level of significance of 0.08772, which is more than 5%.

C) Multicollinearity

The correlation coefficients in Table 2 shows that there is absence of perfect linear relationship among the predictors. The correlation coefficients observed in the table between NCFPS and INFR which reveals a weak non-perfect linear relationship among the predictor variables. This also indicate the absence of harmful multicollinearity since independent variables has relationship between themself at 0.0146 which is less than 0.8 (Gujirati, 2009). In addition to the correlation matrix, the study uses Variance Inflation Factor (VIF), the minimum VIF obtained is 1.05 and the maximum is 1.78. None of the VIF excess 10.

D) Homoscedasticity of the Residuals

One of the assumptions of the CLRM is the homogeneity of variance (homoscedasticity) of the residuals. The error variance should be constant for all values of the explanatory variables. The Breusch-Pagan Godfrey test is used in the study to determine whether the research model and the assumption agree. The Breusch-Pagan-Godfrey test for heteroscedasticity resulted in an insignificant p-value at a probability value of 0.8638, which suggests that the variance of the residuals in the model is constant.

Table 4: Direct Effects (Accounting Information and Inflation Rate, Accounting Information and Share price)

| Paths         | Coefficients | Z       | p>|z| |
|---------------|--------------|---------|------|
| NCFPS → INFTR | 0.0113       | 0.77    | 0.439 |
| INFTR → SP    | 0.4016       | 2.08    | 0.008*** |
| NCFPS → SP    | 0.1654       | 3.03    | 0.002*** |

Note. STATA 14 Output based on data generated (2011-2020). ** and *** indicate significance level at 5% and 1% respectively.

Net cashflow per share has a positive but statistically small impact on the inflation rate, as the outcome of path "a" demonstrates in Table 4. The coefficient of 0.0113 and the p-value of 0.439 both demonstrate this. The implication of the findings is that as NCFPS increases inflation would increase. Though the increase has no effect on inflation rate significantly. The positive coefficient suggests that 1% of NCPS would lead corresponding increase of inflation rate by 1%

Table 4's "Path b" demonstrates another way in which the value of inflation rates influences share price favourably. The share price of the corporation is positively and significantly impacted by inflation. It means that the price of the company's shares will rise whenever the rate of inflation rises. As a result, the findings indicated that the effects of inflation rates at 40% are sufficient and negligible to alter the share price of a company.

The findings also imply that a 1% increase in inflation would result in a 40% increase in the price of a company's stock. However, when the inflation rate has increased, the price of goods will certainly increase. This will result in costs to be incurred by the company will also increase. This would affect firm share price. Inflation is able to affects share price of the company significantly because when a company has a good performance, then the company will not be unduly influenced by the effect of an increase in the rate of inflation.

In addition, path c discovered that the net cash flow per share has a favourable and considerable impact on the share price based on the findings of the data analysis in Table 4. These results suggest that an increase in NCFPS will increase share price. Investors will invest more funds in the capital market when the NCFPS is set high. This will increase investors' interest
in investments, especially in the equity capital market, which will in turn lead to rising share prices. This result suggests that investors believe the company will have more cash at the end of the fiscal year to declare dividends and fund operations.

| Paths       | Coefficients | RIT | Z      | p>|z|/ |
|-------------|--------------|-----|--------|-----|
| NCFPS → INFTR → SP | -0.004 | 0.028 | -0.483 | 0.629 |

Note. Zhao et al. (2010) procedure for STATA 14.0 outputs (MEDSEM) based on data generated (2011-2020). **, *** indicate significance level at 5% and 1% respectively.

The results in Table 5, which estimate the study's path, show that the inflation rate is unable to mediate the effect of net cash flow per share on stock prices, as indicated by the P-value of 0.629 (>0.05) indicated. The path coefficient is -0.004. This shows that an increase in inflation caused net cash flow per share to increase, but this increase caused the share price to fall. Likewise, the 3% of the ratio indirect-to-total effect (RIT) indicates that about 3% of the effect of NCFPS on the stock price is mediated through inflation. Consequently, the mediation effect is insignificant considering the p-value of 0.629. Comparing the results of the direct effect between NCFPS and stock price and the results of the indirect effect, it was observed that the value of the NCFPS path coefficient on stock prices is positive, but the NCFPS mediation effect of inflation reduces the coefficient value, from 0.1654 to -0.004, also from significant to insignificant.

The decline in path coefficient results shows that the inflation rate weakens the relationship between NCFPS and stock prices. A negative sign indicates that if the NCFPS increases, the company's share price will also increase. Inflation-adjusted NCFPS can be used as a measure of accounting information needed for investor decision-making. The inflation variable also affects stock prices indirectly via NCFPS, meaning that inflation in a country affects the rise in stock prices. In this scenario, businesses raise prices on consumers to boost earnings and their capacity to pay dividends to shareholders, maintaining investors' interest in the market despite inflation. The high level of interest in the company's shares will raise the share price.

The study does, however, offer enough data to refute the null hypothesis, which holds that net cash flow does not significantly affect the share price of listed Nigerian companies. The finding is consistent with findings of Alade (2017) who documented negative but significant effect of net cash flow per share on share price especially in the pre IFRS era. It is, however, inconsistent with the finding of Omokhodun and Ibadin (2015) and Kabir (2021) whose studies revealed that net cash flow per share has positive effect on share price. Their studies assert that net cash flow per share increases share price.

Therefore, based on the discussion above, it can be said that the inflation rate does not significantly mediate the relationship between NCFPS and the share price of Nigerian listed companies. This is because, per the study, both inflation and the inflation rate have negligible effects on stock prices. This leads to the conclusion that there is insufficient evidence in the study to disprove the null hypothesis that inflation mediates the association between NCFPS and stock price. The null hypothesis, according to which NCFPS does not significantly moderate the relationship between NCFPS and share price, is not refuted by the study.

V. CONCLUSION AND RECOMMENDATION

The results show that there is a substantial association between share price and cash flow accounting data, even if the negative coefficient shows that the relationship is actually inverse but still significant. This gives a reason to reject the null hypothesis that there is no connection between the share prices of companies listed on the NGX and net cash flow per share. According to the results of the mediation model, inflation does not mediate the connection between cash flow and share prices of NGX-listed companies.

As a result of its effects on share price, the study advises investors in shares to pay closer attention to cash flow accounting data in order to effectively and efficiently manage their investments. Reiterating that there is a requirement to record the individual impact of inflation on all the accounting information, including cash flow accounting information, despite the fact that inflation does significantly mediate the relationship between cash flow and share price.

VI. REFERENCES


