

# Analysis of Influence on PT. Astra Agro Lestari Tbk Financial Performance In Measuring Financial Statements In 2018-2019 Period

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## ABSTRACT

This research aims to see how the financial performance of PT. Astra Agro Lestari Tbk in the period 2018-2019 by measuring financial statements using ratio analysis. Ratio analysis is an appropriate method for measuring financial performance using Liquidity, Solvency, Activity, and Profitability ratios. Data and information in this study were obtained from the Indonesia Stock Exchange. The result of this calculation is that the liquidity ratio has increased, which is good for the company. The solvency ratio shows that the company is not sufficient to guarantee the debt provided by creditors so that the company can be said to be in bad condition. The ratio of the company's activity has increased and also decreased. Whereas the profitability ratio results always decrease so the company has suffered losses, the company must increase its financial performance again.

## INTRODUCTION

The researchers tested how the company's financial performance can work well by analyzing financial statements that can be measured by financial ratios. By researching PT. Astra Agro Lestari Tbk can find out how the company is developing, especially in this era, competition in the industrial world is increasing and at PT. Astra Agro Lestari Tbk became a company that was seen as a role model in managing to make competitors want to excel more than PT. Astra Agro Lestari Tbk, such as excellence in its operations, finance to marketing a product or service. But in the operational activities of PT. Astra Agro Lestari Tbk finance has an important role in the sustainability of the company because finance has profit, which is the goal of a company so that it can look for opportunities to meet the needs of consumers.

Therefore the researcher will measure financial performance at PT. Astra Agro Lestari Tbk, is the company going well or not because measuring the company's financial performance will provide a clear picture of the success of a company. But in measuring financial performance not only

focuses on generating large profits for the company but also must have an ethical attitude in carrying out financial performance. According to (Gatimbu, 2016) In (Lastiningsih, 2020) said that there is increased awareness about how to do methods to improve long-term financial performance as can be done by using financial statement analysis using financial ratios.

According to (Tanor, 2015) By using financial ratio analysis, it requires at least the financial statements of the last 2 years of the running of the company to be compared. Ratio analysis can be classified in various types, including liquidity, solvency, activity, and profitability ratios. According to (Jain, 2007) In (Maisharoh, 2020) Explain that through liquidity for the survival of the company can be calculated with Current Ratios, Quick Ratios, and Cash Ratios. Second, there is solvency to measure the ratio of debt to long-term assets of the company or the ratio of debt to equity. Then the third is the activity ratio where the size of the activity on the set in the company is efficient or cannot be measured by the Total Asset Turnover Ratio, Total Equity Turnover Ratio, Inventory Turnover, and average age of accounts receivable.

Finally, there is profitability, which measures the extent of a company's ability to generate profits with its capital. Do companies that look big can already declare the effectiveness of the company's performance. By knowing the level of liquidity, solvency, activity, and profitability of a company, it will be known the actual state of the company so that it can be measured the level of financial performance in the company.

## **THEORY/CALCULATION**

### ***Finance***

According to the book Introduction to Corporate Finance (Booth, 2016) explains that finance is learning about how finance can be used, finance also has similarities with the economy, studying how scarce resources are allocated in an economy. Meanwhile, according to (Subramanian, 2009) by managing finances, knowing how to obtain to utilize business affairs effectively. So, finance is the most important thing in every business to the economy in doing work.

### ***Financial Management Concepts***

Finance additionally relates to how financial management takes area with authorities devices or institutions using the capability to acquire and allocate resources and can utilize techniques and controls to reap the desires set in accordance to (McKinney, 2004) In (Femi, 2016). Meanwhile, (Kautz, 2007) defined that financial management is a process of managing financial resources together with such as budgeting/costs, accounting, and financial reporting, and risk management.

According to (Kolchina, 2011) In (Khomnich, 2016), Financial management is the process of develop financial management objectives and to implement the impact on finance by using assistance in financial methods to achieve these goals. According to (Mehta, 2018) In (Maisharoh, 2020) explained that in the calculation of financial management consists of ratios, equity, and debt. Therefore, every organization cannot survive without the right financial management, according to (Maritz, 2005).

### ***Financial Performance***

According to (Fahmi, 2012) In (Lastiningsih, 2020) financial performance to analyze and study the company in implementing and the following implementation correctly, the usage of the financial records of the organization concerned and the financial data is reflected in the financial statements. According to (Muhammad, 2015), (Qi, 2014), (Kucukbay, 2016) say agree that environmental performance can affect financial performance.

According to (Harahap, 2002) In (Khaddafi, 2014) explained that financial overall performance has advantages the place monetary overall performance is as information on organization performance, particularly on profitability wanted to verify the workable for modifications in financial assets that can be controlled all through the front. Information on financial performance is useful for predicting the capacity of a company's performance to generate enough money and resources. Information is also useful for formulating a company's effectiveness considerations in utilizing resources. When companies can analyze financial performance, the company will be able to determine the development of financial management, by analyzing financial performance in the process can find out weaknesses in the company and the results obtained are good for future use.

### ***Financial Statements***

According to (Suyono, 2010) In (Mangantar, 2018), Financial statements are a presentation in the form of financial records along with a word meant to talk economic sources or duty at some point of a positive length by using government accounting standards.

According to (Faboyede, 2012) explained that financial statements are accounting reports with the economic things to do of a company, compiled periodically, and at the end of each financial year. In conducting business enterprise financial statements, of course, it must encompass facts such as the name of the company, the period of time covered, a quick description of its activities, prison form, and its relationship with big local and distant places suppliers, including direct and main mother or father entities, related or affiliated companies. Financial statements must additionally consist of the Statement of Accounting Policies, Balance Sheet, Income Statement, Cash Flow Statement, and others. The financial statements have been prepared in accordance with accounting standards and techniques of making use of the requirements (Ekeigwe, 1995a)

According to the Financial Accounting Book, A concepts-based introduction (Kolitz, 2017) Analysis of financial statements can be used to predict future events, primarily based on the company's financial overall performance and of the route on the monetary position in a positive period.

The main purpose of financial statements is to provide a true and fair view of a company's financial affairs and to meet the needs of users. Therefore, PT. Astra Agro Lestari Tbk needs to fulfill and prepare an income statement up to the balance sheet of the company's data (Gibson, 2013) so that in writing the financial statements of PT. Astra Agro

Lestari Tbk can easily judge whether their finances are good enough for the future.

### **Analysis of Financial Ratio**

Financial statements are information for owners, managers, and creditors. Therefore, the financial statements have presented data to be used as a basis for knowing and evaluating the outcomes of the company's operations in its things to do (Widyastuti, 2019). In measuring the company's financial performance to analyze financial statements, it is done using financial ratio analysis. There is a financial ratio to evaluate the financial health condition of the company when the financial statements have been made (Endri, 2019). Financial ratios also make it easier for investors to understand any information about the company's financial statements so that investors can analyze and predict the dividends they will receive. The following are the types of ratios, including:

#### **a. Liquidity Ratio**

Liquidity Ratio is a measurement of a company's ability to meet its short-term. Meanwhile, according to (Webb, 2010) Liquidity Ratios must meet the company's financial obligations in a timely and effective manner. The size of the ratio is influenced by the current ratio, cash ratio, quick ratio (al., 2009), (Chowdury, 2010), (Paydar, 2012)

- **Current Ratio**

Current ratio is the company's capability to pay temporary liabilities due to the fact the higher the ratio will have an advantageous effect on the organization that is capable of paying momentary liabilities, thereby growing creditor confidence and making agencies handy to get long-term debt (Fitrianingrum, 2020).

- **Quick Ratio**

This ratio suggests the company's capacity to pay debt easily (short-term debt), which is stuffed with cutting-edge assets that the employer besides taking into account the price of its stock (Willy, 2017).

- **Cash Ratio**

This ratio is a device used to measure the amount of cash to pay debts.

#### **b. Solvency Ratios or Leverage**

According to (Cashmere, 2010) and (Martono, 2010) Solvency ratios are a measure of the extent to which a company can be financed with debt. How much debt burden incurred must be in contrast with the property of the company. The solvency ratio can be measured by:

- **Debt to Assets Ratio**

Using this ratio will show how the company's universal assets are funded by means of debt, or in other phrases this ratio has the

total cost of belongings to measure the quantity of debt the employer has (Engle, 2010).

- **Debt to Equity Ratio**

This ratio is to determine debt with fairness so that it can be useful to locate out the amount and what has been furnished via creditors and agency owners.

#### **C. Activity Ratios**

This ratio is an activity to measure the effectiveness of a enterprise is the usage of its assets. According to (Jain, 2007) there is a relationship between asset management and activity ratios, where the use of assets efficiently makes the conversion of assets into sales quickly. But this ratio is additionally regarded to be the turnover ratio used to measure the degree of enterprise work with the following ratio measurements:

- **Receivable Turnover**

This ratio shows how old the accounts receivable in a certain period and converts the receivables into cash by paying off those receivables which require an efficient duration or time.

- **Total Asset Turnover**

This is the ratio used to measure all company assets and measure the number of sales obtained from those assets. Meanwhile, according to (William L. Megginson, 2008) explained that revenue in sales would be used on company licenses to compare net sales with total company assets.

- **Inventory Turnover**

This ratio is used to measure how much funds are invested, whether there is excess or not in inventory in a certain period. Because to generate greater sales from year to year.

#### **d. Profitability Ratio**

According to (Sultan, 2014) defined that a employer can be measured through income or success at a positive time of operation to have an effect on the capability of the business enterprise or gain debt and fairness financing that impacts liquidity and capacity. Another grasp of profitability ratio is that this ratio is used to investigate the company's ability to seem for earnings or it can be interpreted that this ratio has a image of the degree of effectiveness of the company's management to generate earnings for a sure period. The profitability ratio measurement consists of:

- **Net Profit Margin**

Net Profit Margin is a ratio that measures the net profit margin after interest and net sales tax for a certain period.

- **Return on Assets/ROA**

According to (Maisharoh, 2020). ROA is the cost of using debt to get low corporate profits and high-interest rates.

- Return on Equity/ROE

This ratio is the return of equity or the return on income from the capital itself; this ratio is to measure net income after tax with its capital. Meanwhile, according to (Hargrave, 2020) this Equity as a shareholder, which means the same as the company's assets, then the finance will be calculated by dividing net income and equity, which will be measured as financial performance.

### METHOD

This research uses quantitative descriptive methods. Where this method contains data numbers such as financial statements and balance sheets. This method analyzes using ratio analysis such as Liquidity Ratio (Current Ratio, Quick Ratio, Cash Ratio), Solvency Ratios or Leverage (Debt to Assets Ratio, Debt to Equity Ratio), Activity Ratios (Receivable Turnover, Total Asset Turnover, Fixed Asset Turnover, Inventory Turnover), Profitability Ratio (Net Profit Margin, Return on Assets / ROA, Return on Equity / ROE). Then there are secondary data where this data is used to analyze the financial statements of PT. Astra Agro Lestari Tbk from 2018 to 2019 which is registered on the website www.idx.co.id which contains data on publicly traded companies. Next, there is horizontal analysis, this analysis method is used for this research. Horizontal analysis is said to be a trend analysis where this analysis looks overtime in various financial statements (Patty Graybeal, 2019).

### RESULTS AND DISCUSSION

The results of these studies in ratio analysis to determine the financial performance of PT. Astra Agro Lestari Tbk, here are the formulas and results of the research:

#### 1. Liquidity Ratios, as following the calculation:

a. 
$$\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$

b. 
$$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \times 100\%$$

c. 
$$\frac{\text{Cash}}{\text{Current Liabilities}} \times 100\%$$

#### 2. Solvency Ratios, as a following the calculation:

a. 
$$\frac{\text{Total Liabilities}}{\text{Total Assets}}$$

b. 
$$\frac{\text{Total Liabilities}}{\text{Total Equity}}$$

#### 3. Activity Ratios, as a following the calculation:

a. 
$$\frac{\text{Revenues}}{\text{Receivables}}$$

b. 
$$\frac{\text{Revenues}}{\text{Total Assets}}$$

c. 
$$\frac{\text{Cost of Revenues}}{\text{Inventory}}$$

#### 4. Profitability Ratios, as a following the calculation:

a. 
$$\frac{\text{Net Profit Margin}}{\text{Inventory}} \times 100\%$$

b. 
$$\frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

$$\text{Return on Equity/ROE} = \frac{\text{Net Income}}{\text{Total Equity}} \times 100\%$$

**Table of Results Calculation Financial Ratios  
PT. Astra Agro Lestari Tbk Period 2018-2019**

Ratio	Year		The Results	Interpretation
	2018	2019		
<b>Liquidity Ratios</b>				
Current Ratio	46.28	85.42	up	Efficient
Quick Ratio	9.30	59.43	up	Efficient
Cash Ratio	5.95	4.46	up	Efficient
<b>Solvency Ratios</b>				
Debt to Assets Ratio	.27	.29	up	Not Efficient
Debt to Equity Ratio	.37	.42	up	Not Efficient
<b>Activity Ratios</b>				
Receivable Turnover	8.77	3.02	down	Efficient
Total Asset Turnover	.71	.65	down	Not Efficient
Inventory Turnover	.56	.75	up	Efficient
<b>Profitability Ratios</b>				
Net Profit Margin	.080	.014	down	Not Efficient
Return on Assets/ROA	.057	.009	down	Not Efficient
Return on Equity/ROE	.078	.013	down	Not Efficient

The following discussion:

### 1. Liquidity Ratios

Can be seen from the overall liquidity ratio of PT. Astra Agro Lestari in the period 2018-2019 is in good condition. Judging from the Current Ratio, Quick Ratio, Cash Ratio that has increased. The higher the value of the liquidity ratio, the situation in the company in good condition or liquid. The liquid itself can be interpreted where the company is declared healthy and good to pay off short-term obligations.

### 2. Solvency Ratios

In this ratio, it can be seen that in the period 2018-2019 there was an increase which meant that it was not good for the company.

Where this ratio is the ability to show the company is able to pay all obligations, but when the company has a high solvency ratio, the company has a risk of loss and bad performance in carrying out the company's financial performance. This is not very good for the state of the company. For this matter, the company is in an insolvent position, which is a situation where the company's ability to pay its debts in a timely manner is in a problematic position and even tends to be not timely.

### 3. Activity Ratios

It can be seen in this ratio that the movement of Receivable Turnover and Inventory Turnover has increased which is a good sign of company performance. But the Total Assets Turnover has decreased a sign that is not good for the company which indicates that the lack of efficient management in using its assets and the possible cause of the deteriorating operating conditions of the company because of declining sales causes the assets to slow down in generating profits and cause the use of assets is also not optimal.

### 4. Ratios profitability

This ratio is the capability of a company that is getting better at producing profits will entice traders in investing in the company, it is essential to decide the funding from the company's inventory ownership, but from the outcomes above can be stated to decline. So that at PT. Astra Agro Lestari Tbk in its operational performance is now not properly enough. Profitability ratios are a reference where the employer is right at the use of its property and can control its expenses. But at PT. Astra Agro Lestari Tbk, in fact the opposite is no longer able to manipulate spending that can produce a limit in net income.

## CONCLUSION

Based on the result of research good financial statements every now and then grow to be benchmarks of company management in carrying out its operational activities. Then it is crucial to calculate through ratio analysis; it can be considered that via liquidity ratios, solvency ratios, undertaking ratios, and profitability ratios can be used to measure the overall financial performance of PT. Astra Agro Lestari Tbk. In the liquidity ratio of PT. Astra Agro Lestari Tbk is in a precise condition. This can be seen in the current ratio, quick ratio, and money ratio that essentially has increased, where the enterprise is able to fulfill enterprise obligations. Furthermore, in the solvency ratio, in each ratio such as Debt to Asset Ratio and Debt to Equity Ratio skilled an extend which resulted in not true for the employer in the company's capability to pay its

money owed in a well-timed manner in a not easy function and even tends to be now not timely. Then there is the activity ratio on the whole property turnover ratio decreases, so the company has to be able to add a property to get good results. Finally, there is a profitability ratio where the ratio of internet income margins, ROA, and ROE has reduced, which is not correct for the company, so it needs to restructure the financing method so that the fees incurred are greater efficient. That way, the enterprise will be pleasant in the future. This ratio evaluation is a way of looking at the health of a company's overall performance, and the price range can be assessed each right and bad.

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